Nova Scotia

Annapolis Valley

Farmland values have remained relatively stable year-over-year in the heart of Nova Scotia's agricultural industry—the Annapolis Valley—despite consistent demand and limited supply. Approximately 40 properties are currently listed for sale on MLS from Port Wade to Hants County, ranging from hobby farms starting at $110,000 to a 200-acre cash crop farm priced at close to $1.6 million. While MLS sales have been steady to date, private transactions between family members and neighbours are occurring at an even pace. Most of the purchasers are local, with a handful of out-of-province buyers. Gentleman farmers and hobby farms continue to represent a significant percentage of farmland sales, with demand greatest for properties under 50 acres. Tighter lending practices are in place for rural properties, with financial institutions only willing to finance the home and five acres. Purchasers intent on buying will need to make up the difference. The region boasts approximately 1,000 farms, including dairy, cattle, and mink, as well as cash crop operations, with farmers growing apples, cranberries, blackberries, raspberries, gooseberries, blueberries and other fruits, as well as vegetables such as carrots, broccoli and onions. The increasingly diverse mix has bolstered demand for quality agricultural land. Vineyards have also become increasingly popular in recent years, thanks to the area's micro-climate and ideal glacial soil. The highest priced vineyard, located in Bear River, is currently available at $1.19 million. Many farms in the area are smaller and family-owned, although amalgamation and expansion are under-way throughout Annapolis, King, and Hants Counties. Price per acre has remained stable, generally ranging from $3,000 to $8,000, depending on soil type and location. Softer commodity prices have had negligible impact on land values in the Annapolis Valley to date. Demand is expected to remain stable moving forward, with prices forecast to hold relatively steady for the remainder of the year.

Ontario

Windsor – Essex County

Tight supply and strong demand have once again served to drive double-digit price growth of farmland year-over-year in Windsor-Essex County. Purchasers are seeking out vacant land ideal for cash cropping, with parcels of 30 to 100 acres moving quickly. Large parcels of 100-plus acres are very few and far between. Multiple offers are commonplace of late and pent-up demand continues to characterize the market. Most farmland is moving for close to list price. Tiled, quality land in Windsor-Essex County now ranges from $6,500 to $8,000 an acre. Prime sandy loam in Kingsville, Leamington, Wheatley and Lakeshore has climbed to $11,000-plus an acre, while clay composition cash crop land in Lower Essex generally garners approximately $6,500 to $7,500 an acre. Some sellers continue to test the market—with one recent farmland listing reportedly sporting a $15,000 per acre sticker price. Time on market has held steady over the past 12 months. Quality properties, priced fairly, are generally snapped up within days of coming on stream—often before hitting the MLS system. Many deals are taking place privately, negotiated among neighbours. Confidence remains solid, particularly given consecutive years of price growth. As a result, some small investors have begun to enter the fold, snapping up land and renting it out to local operators. Given the severe shortage of inventory, there remains a good contingent of farmers seeking to rent land in close proximity to their existing operations in order to meet expansion needs or to increase yields. Some types of product have experienced a considerable increase in demand over the past 24 to 36 months. Greenhouses continue to multiply in number throughout Leamington and the surrounding area, with prices ranging from $10,000 to $14,000 an acre. Another rising trend is the upswing in the residential use of farmland. Purchasers are increasingly seeking out a home with agricultural acreage, especially in light of lower property taxes and income potential. Parcels offering some brush/woodlots can command a premium, coveted for recreational use. Some of the upswing can be attributed to an increased number of hobby farmers, while others are simply capitalizing on ideal opportunities. Although some farmers may see reduced yields due to excessive rain—tomato farms lost most or all of their early crop, prompting industry giant, Heinz, to open much later this year—the issue is not expected to put a damper on demand. Momentum is forecast to continue, especially as fall—the peak season for farmland—approaches. Further upward pressure on pricing is possible, despite a recent softening in commodity values.

Chatham – Kent

Demand for farmland properties in the highly productive, highly diversified county of Chatham-Kent remains strong. Yet, buyer intentions continue to be hampered by a shortage of supply, which has once again placed substantial upward pressure on prices year-over-year. Price per acre over the past 12 months ranged from $5,000 to $19,000, up from $4,000 to $15,000 in the previous 12-month period. The wide range at top and bottom end of the price spectrum reflects the large disparities in soil type in this vast region. Chatham-Kent is still viewed as some of the best land in the province with an abundance of rich soils, great climate and high heat units, being further south than the majority of the province. Buyer confidence has not faltered in light of lower commodity values, with the recent softening shepherding in a more diligent—and less emotional—consumer mindset. Days on market has increased slightly, compared with 2012, but quality parcels that are reasonably priced continue to move quickly, particularly tiled, raw land, ideal for cash cropping and/or vegetables. Properties between 50 to 100 acres are most sought-after. Expansion remains a strong driver of market activity. There have been significant areas of bush that have been cleared in this region, adding to the workable farmland, but it is also causing concern in many areas given the lack of trees in the county. Despite tighter lending criteria, most farmers are able to secure the needed financing to add to existing operations. Private sales remain quite commonplace,



although auctions and tendering are faltering. As a result, many of these properties have been listed and sold on the open market (MLS). Some farmers are choosing to rent farmland in close proximity, with the going rate now around the $300 per acre range or higher for prime vegetable land. Various vegetable crops, corn, soybeans and wheat remain the dominant crops in the area, although specialty crops such as tomatoes, corn seed, tobacco and greenhouse vegetables are on the rise. In general, demand on the livestock/supply-managed end has softened and continues to decline in this county. The once-popular green energy trend seems to be on hold at the present time. To date, the growing season is shaping up well for the most part, with excess rain hampering some areas. Overall, farmland purchasers are expected to move forward with confidence heading into the busier fall market. Conditions will remain tight into 2014, as supply and demand remain at odds, while the price per acre holds steady, unlikely to experience further double-digit upward momentum.

London – St. Thomas

Farmland sales in the past 12-month period remained strong in London-St. Thomas, on par with levels reported in the previous years, as operators looked to expand amid/following 2012's exceptional yields and high crop prices. The first quarter of 2013 was particularly active, with solid momentum evident through March, prompting multiple offers and further upward pressure on prices. The price per acre has surged once again, posting significant double-digit appreciation in Middlesex, Elgin and Lambton Counties. Middlesex remains most sought-after, commanding an average price per acre in both the east and west of approximately $12,000. Lambton North has edged into second, now garnering $11,000 per acre, up from $9,500 one year earlier. Elgin County East is now priced at $10,000 per acre, while Elgin County West and Lambton South both offer lower price points at $8,000 and $7,500 per acre respectively. While prices have climbed, the momentum has slowed in recent weeks, in tandem with the drop in commodity values and the quieter summer season. Inventory remains an obstacle impeding momentum, with a shortage of prime farmland and a greater share of smaller, gentleman farms listed for sale. An emerging trend that became evident last year, whereby tendered sales and farmland auctions proved increasingly unsuccessful, has now largely become the norm—an indication that cooler heads are prevailing in the sale process. Purchasers are generally taking more time to make decisions—that is, unless the ideal parcel presents. Farmers continue to pay a premium for quality farmland in close proximity to existing operations. Roughly 40 per cent of farm listings are moving in multiple offers—slightly less than one year ago. Although the bulk of buyers are end users, small and large investors remain active in London-St. Thomas and surrounding areas, attracted to the land's "growth potential." Some benchmarks have been set year-to-date, including farmland in Mount Elgin that moved for $21,000 an acre, while heavier land in Lambton County was able to command over $10,000 an acre—proof that value can be in the eye of the right buyer. Tiled cash cropping farmland remains most sought-after. While demand for livestock/supply-managed farms has slowed, hog finishing barns are still sought after commodities. Gentleman farms have climbed in popularity, as a growing number of former city dwellers seek out the tranquility of country living. While pent-up demand has not yet been satisfied, it's not building at the same rate experienced in recent years. Days on market are on the upswing. While most buyers and sellers are exercising patience, those intent on selling quickly may need to adjust pricing, particularly if the land is less-than-prime. Deals that get the most buyers to the table are generating better results overall, and as a result, some have started to rethink the private sale strategy. Commodity prices will continue to be a key factor impacting conditions in the months ahead, although demand is expected to remain healthy, particularly as yields are forecast to be favourable in 2013, offsetting lower crop values. In the longer term, some moderation is likely, given several years of back-to-back record-setting gains.



Woodstock – Stratford

Despite a slower start to the year, demand for farmland gained momentum in the Woodstock-Stratford area throughout the spring and has remained steady into the traditionally softer summer months. Sales are on par with 2012's exceptional levels, while prices hovering at $15,000 to $18,000 an acre, have now largely stabilized—a fact that has not necessarily registered with all sellers. In some cases, expectations remain ahead of the market, and a number of properties that have been tendered did not sell through the tendering process. Many of those were subsequently listed and sold with local realtors through MLS. While buyer confidence still clearly exists, they have become more careful in their approach, particularly given the fall in commodity prices. Yet, many are still willing to ante up for just the right parcel, especially those in close proximity to existing operations. Most properties are garnering close to list price if listed at fair market value. The desire to expand continues to be the primary market driver, but many intentions remain hampered by the limited supply of available farmland listings. While the market appears relatively balanced overall, the mix of available listings does not necessarily reflect demand. There remains a shortage of workable, 100-acre parcels, priced within reason. Plenty of buyers are waiting in the wings, with bare land and dairy farms most sought-after. The tight supply of listings has created strong competition for rental land, with quality farmland now commanding upwards of $350 to $400 per acre. Hog and beef operations remain a tougher sell in the current climate. Some of those operators are seeking out crop land to add to existing farms as a buffer against low margins. Many are using the land to grow their own feed or supplement income with a crop rotation. While lending criteria has tightened, established farmers are having no issue with financing, and some deals are taking place as cash transactions. While few new start-ups are breaking in to the industry, farms continue to pass from generation to generation, with sons and daughters expanding long-standing operations in Woodstock-Stratford. Although investors continue to make up a very small component of the buyer pool, there has been some activity noted this year. The vast majority of purchasers, however, remain end users. The trend toward hobby farming continues unabated and these properties continue to move. The 2013 growing season has benefitted from favourable conditions, with adequate rainfall and moderate temperatures. The expectation of higher yields—barring any unforeseen circumstances—may serve to somewhat offset the drop in commodity values. Overall, the outlook for farmland real estate remains positive in Woodstock-Stratford, with stability continuing to characterize the market in the months ahead.

Kitchener – Waterloo

Demand has remained strong and steady for farmland in Kitchener-Waterloo and surrounding areas in 2013. While sales have held firm year-over-year, with 14 farm properties changing hands through MLS, dollar volume has climbed 56 per cent—in part, a reflection of higher farmland values. The average price per acre has increased roughly 20 to 35 per cent from year-ago levels to reach a new record of $15,000 to $18,000. Inventory still remains the greatest challenge facing purchasers, as large parcels of quality, workable land remain in tight supply. Just under three dozen listings are currently available for sale—although roughly one-third is smaller hobby/gentleman farms. Confounding the supply issue is the reality that many properties never make it to the open market, with approximately one quarter to one half of all farms moving in private transactions or at auction. Although plenty of buyers are waiting in the wings, ready to jump should the right parcel come on stream, the overall mindset of farmland purchasers has begun to shift in recent months. Rapid price escalation and a dip in peak commodity values have resulted in a more cautious approach. As a result, fewer multiple-bid situations are resulting in sales over the asking price. Average days on market has started to edge up, now hovering at 86 days (YTD 2013) vs. 72 (YTD 2012). However, prime parcels remain the exception—some have sold within hours of hitting the market. Demand remains evenly spread between cash croppers and livestock/supply-managed operations. Some benchmarks have been set in the latter category so far this year, with



two dairy farms fetching in the neighbourhood of $25,000 and $28,000 an acre, but these were particularly attractive given the amounts of quota attached. The typical dairy operation is realizing an average price per acre of $20,000. Cash croppers, by far, remain most confident, and end users account for the lion's share of purchasers. While the banks have tightened lending criteria, most operators are having little issue securing financing, particularly given a solid equity position in many cases. Young farmers will face the greatest obstacles, but many will secure ownership with the help of family and/or seasoned farmers. One hundred-acre parcels are most sought-after. Farms priced up to $1.8 million are moving quickly, but over that threshold, a smaller buyer pool means properties will take longer to sell. Most farmland properties, however, are being absorbed, with a current sales-to-listings ratio of 94 per cent. The outlook for the farmland real estate market in Kitchener-Waterloo remains positive, although appreciation is expected to shift into a more moderate trend into 2014.

South Simcoe

While steady demand for farmland continues to characterize the South Simcoe market, sales remain hampered by limited inventory levels. Just 15 properties classified as "farmland" are currently listed for sale, including six horse farms, five investment tracts, three cash crop properties, and one farm in the Holland Marsh. Tight market conditions have yet again prompted a significant upswing in values to date, with the price per acre rising about 10 per cent on average year-over-year in communities such as Barrie/Tottenham/Innisfil ($11,000), Holland Marsh ($20,000+), and Bradford ($25,000+). Investment tracts have generated the highest return, with price per acre posting strong growth in areas like Bradford, East Gwillimbury, and Innisfil. Urban sprawl —south from Barrie and north from the Greater Toronto Area—has also contributed to the uptick in prices, as well as the anticipated 404/400 extension. Foreign investment is ramping up as out-of-country purchasers strategically position themselves for the future. Smaller farms, under 10 acres, remain sought after in South Simcoe, with demand building for "rural residential" properties. Five of these properties sold between $500,000 and $600,000 in 2012, compared to an average of $550,000 to $650,000 on the five sales to date. Days on market continue to decline, with buyers primarily coming from the GTA. The quest for true farmland—and acreage—remains in the hands of the same group of players that have been in the market for 35 years. Expansion is key, especially given that buyers are now vying against builders for prime product. Younger farmers are reluctant to enter the business, particularly since it difficult to find anything they can afford. This year's bumper crops haven't helped, with those sitting on acreage choosing to hold on, despite the softening of world commodity values. Although consolidation appears to be in the cards for cash-cropping farmers in coming years, demand for farmland is expected to remain solid. Price appreciation should continue, but at a more moderate pace than in recent years.

Bruce County

Solid demand for farmland continues to outstrip supply in Bruce County, as tight conditions limit sales activity in 2013. Only a handful of properties in the coveted 100-acre-plus category have changed hands year-to-date through MLS, while less than a dozen are currently listed for sale. Private deals are exacerbating the supply issue in Bruce County's closely knit agricultural community, as neighbour-to-neighbour transactions remain commonplace. The desire to expand existing operations remains a serious impetus, and bare land—tiled, in particular—remains most sought-after. Pent-up demand continues to build, fuelled by an imbalance in the inventory mix. Most listings that do come on stream are smaller acreages, often with residences or structures that can make transactions cost-prohibitive. When the right parcels eventually hit the open market, they are generating good interest—some moving in multiple offers, but rarely selling for more than list price. One recent farmland sale, however, set a new record for Huron township, moving at approximately $9,000 an acre. Quality parcels generally sell within 30 days, but prime land rarely lasts a week. Despite a continuation of seller's market conditions, buyers



remain more grounded in recent months, particularly as commodities have fallen from peak levels. As a result, farmland prices have held relatively firm overall in Bruce County, although some momentum has been noted, particularly at the top end. The price per acre now runs between $5,000 and $9,000. The most sought-after properties offer 100 acres (or more), with at least 80 acres of workable land. Yet, as larger parcels are fewer and further between, some cash crop farmers with sizable operations—intent on expansion—are starting to compromise on location, travelling upwards of 80 kilometres to secure additional land. Some buyers, sensitive to price growth in recent years, have migrated to more affordable farming communities to the north. Most, however, are placing value on greater convenience and operational efficiency, opting to sit on the sidelines until a parcel in close proximity arises. Renting is an option—with good farmland generating an average rate of approximately $200 per acre—a figure on par with year-ago levels. Increasingly, existing farm owners—especially those nearing retirement—plan to capitalize on their land's income potential down the road. Activity has fallen off in recent years among foreign buyers hailing from countries such as Holland and Germany, and among large investor-operators like Canadian Agra. Overall, investors remain a very small component of the market. The bulk of purchasers remain independent end users, which bodes well for price stability moving forward. Demand is forecast to hold steady over the next six months, fuelled by healthy—although less lofty commodity prices—and low interest rates.

Grey County

A shortage of farms and cropland has contributed to upward momentum in the price per acre in Grey County this year. Values now range from $3,500 to $6,500 per acre of productive land. Strong commodity prices were the single greatest factor driving appreciation in recent years. Yet, by late summer, land values had largely levelled out, given the softening of world commodity markets. Little product is coming to the open market (MLS), with the vast majority of farmland sales occurring between neighbours. Expansion remains the primary impetus. Dairy farmers, restricted by existing quotas, are now vying with cash croppers for suitable farmland. The greatest demand exists for working farms and cropland with over 100 acres. Larger stone-free, well-drained lands in southern parts of the county tend to command top dollar. Rental rates have also increased as a result, with the price per acre—usually around $100 for large tracts of well-drained fields—rising as high as $185 in prime areas. Another trend that has emerged is the demand for recreational farms—with purchasers from Greater Toronto and the surrounding areas buying up country homes on acreage and renting the working land to croppers or neighbouring farmers. Other developments include the draining, removal of fence rows, and conversion of marginal farms to cropland. Some farmers with bush lots are taking advantage of lumber values to turn woodlots into profit centres. Healthy commodity values for corn, soybeans and canola have contributed to the continued upswing in farmland values in recent years. A good yield in both Canada and the US is expected to offset the impact of softer commodity prices. Although there is no evidence yet of the impact of tighter lending criteria in the market, that could change down the road. Commodity prices will definitely be a major factor in the market in the months ahead, as well any changes to quotas in the diary industry, especially if controls are lifted. Given the desire to expand operations on so many different levels, prices for farms and cropland could reach new record highs in southern Grey County, particularly in communities where there are larger tracts of land and slightly higher heat units.



RE/MAX MARKET TRENDS, FARM EDITION 2013
Canadian Farmland – Price Per Acre by Market

Market	2011 Price Per Acre	2012 Price Per Acre	2013 Price Per Acre
NOVA SCOTIA			
Annapolis Valley	n.a.	$3,000 - $8,000	$3,000 - $8,000
ONTARIO			
Windsor-Essex County	$5,000 - $6,500	$5,000 - $6,500	$6,500 - $8,000
Leamington	$7,000 - $7,800	$7,000 - $10,000	$11,000 +
Lower Essex County	$4,800 - $5,200	$5,000 - $5,500	$6,500 - $7,500
Chatham-Kent	$4,000 - $15,000	$4,000 - $15,000	$5,000 - $16,000
London-St. Thomas			
Middlesex East	$9,000	$10,500	$12,000
Middlesex West	$6,000	$7,500	$12,000
Elgin County East	$7,000	$8,500	$10,000
Elgin County West	$5,000	$6,500	$8,000
Lambton North	$8,000	$9,500	$11,000
Lambton South	$4,400	$5,900	$7,500
Woodstock-Stratford	$9,000	$15,000	$15,000 - $18,000
Kitchener-Waterloo	$10,000 - $11,000	$11,000 - $15,000	$15,000 - $18,000
South Simcoe			
Barrie/Tottenham/Innisfil	$8,000 - $10,000	$8,000 - $10,000	$11,000
Holland Marsh	$15,000 - $18,000	$18,000 +	$20,000 +
Bradford	$20,000	$20,000	$25,000 +
Bruce County	$4,500 - $7,000	$5,000 - $8,000	$5,000 - $9,000
Grey County	$3,000 - $4,000	$3,000 - $6,000	$3,500 - $6,500
Eastern Ontario			
Renfrew/Cobden	n.a.	n.a.	$3,000 - $5,000
Ottawa/West Carleton	n.a.	n.a.	$4,000 - $5,000
North Gower/Winchester/ St. Isidore/Casselman/Maxville	n.a.	n.a.	$8,000 - $12,000
MANITOBA			
Southwest Manitoba	n.a.	$1,200 - $1,500	$1,350 - $1,600
SASKATCHEWAN			
Northern Saskatchewan	$650 - $1,200	$800 - $1,500	$1,500 - $2,000
East Central Saskatchewan	$700 - $1650	$800 - $2,000	$850 - $2,500
ALBERTA			
Central Alberta	$1,600 - $3,800	$2,000 - $4,500	$3,400 - $6,500
Southern Alberta	n.a.	$800 - $6,500	$800 - $8,500
BRITISH COLUMBIA			
Peace River North	$1,150	$1,250	$1,300 - $1,350
Fraser Valley	$40,000 - $60,000	$40,000 - $60,000	$40,000 - $60,000

Source: RE/MAX



Ottawa Valley

Large farm operators continue to be the dominant force in the market for farmland, with expansion driving sales of 100-acre plus cash crop parcels east, west, and south of the nation's capital. Approximately a dozen, 100-plus acre properties moved over MLS in 2012—with sales to date on par with last year's solid pace. A shortage of available product has pushed up values in the area by eight to 10 per cent on average. Price per acre now ranges from $3,000 to $3,500 in Renfrew/Cobden, $4,000 to $5,000 per acre in Ottawa/West Carleton, and $8,000 to $12,000 per acre in North Gower/Winchester/St. Isidore/Casselman/and Maxville—and can command more, depending on the type of buildings on the property. Severances are not uncommon in the area, with farmers often selling off parcels under 10 acres with an existing dwelling. The move serves to offset the cost of the land, especially in instances where a farmer has paid a premium because the property is adjacent or abutting existing operations. Tighter lending criteria has yet to have an impact on farmers in the area, given the tremendous equity realized in recent years. Some farmers are choosing to lock in for longer terms in anticipation of rising rates down the road. Well-tiled and drained land with a clay composition remains most sought-after for cash crop operations that include corn, soybean, wheat and barley. While good demand exists for dairy farms, few properties ever make it to open market, with many absorbed by larger dairy farmers looking to expand their quotas. In fact, few dairy farms now boast herds of cattle as large as two to three-hundred. While demand for small-acreage hobby farms has softened from previous years, there has been an upswing in investment in the agricultural community. Institutional and foreign investors are an increasing presence, with large tracts of land being purchased and then leased back to the seller and/or another local farmer. Record high commodity levels in recent years have certainly played a role in the uptick in demand for farmland, as have lower interest rates. However, given the recent softening in commodities, demand may taper somewhat from levels posted earlier this year east, west, and south of Ottawa, while farmland values are expected to remain healthy and stable in the foreseeable future.

Manitoba

Southwest Manitoba

Despite a severe shortage, sales of farmland in Southwest Manitoba were up 16 per cent in the first half of 2013, compared to the same period one year ago. Values continued to appreciate, with the price per acre of dryland rising from $1,200 to $1,500 in 2012 to $1,350 to $1,600, with some prime parcels selling for $2,000 an acre or more. Irrigated land, especially those tracts designated for specialty crops such as potatoes commanded even higher values, ranging from an estimated $3,500 to $4,500 per acre. While several properties moved over MLS this year, the vast majority of sales were private transactions between farmers and neighbours, further exacerbating already tight market conditions. Farms in the sought-after Yellowhead region in particular, rarely make it to open market, in spite of the competition that exists. As a result, just 17 properties are currently listed for sale within the 1,300 square mile radius northwest of Brandon. The farm industry, once dominated by small mom and pop operations, has given way to big business in Manitoba. Amalgamation of farmland operations has created "uber-farms" ranging in size from 5,000 to 8,000 acres. These farms, on serious growth trajectories,



are consistently looking to expand, and tend to act swiftly when quarter and half sections come to market. Price is not as great an issue for larger operations, given that the vast majority has been accumulating acreage at various price points over the past decade, starting at a low of $350 per acre in some instances. While the larger players are by far the most aggressive buyers, investors, smaller farmers, and new immigrants account for the remaining purchasers in the marketplace. Investors represent a minute percentage of overall activity, attracted to the return on investment. In recent years, there have been purchases of large tracts of land that have been rented back to local farmers—typically at a return of five or six per cent. For immigrants looking to begin new lives as farmers in Manitoba, the shortage has been a challenge, prompting some to look for parcels in locations north of the desired Yellowhead area, closer to Parkland. While demand for both dryland and irrigated land remains unprecedented, the cattle industry has softened, with fewer purchasers in the market for beef farms. As a result, some livestock farmers are converting good pasture to grainland. Low interest rates and rising commodities values have served to stimulate purchasing activity in recent years, but new market realities may have somewhat of an impact moving forward, with prices for cereal grains, including wheat, barley, and canola well off peak levels. However, a good yield in 2013 should serve to offset the impact of lower commodity prices in the short term. Overall demand for farmland is expected to remain consistent for the remainder of the year, while values in Southwest Manitoba are forecast to hold steady.

Saskatchewan

Northern Saskatchewan

Demand has been brisk for farmland in Northern Saskatchewan this year, outpacing supply throughout much of the region. Price per acre has escalated substantially over the past 12-month period, almost doubling from $800 to $1,500 at the lower price points to $2,000 at the top end of the starting price scale. Prime farmland situated on Regina Gumbo continues to command a premium, selling for as much as $2,200 to $2,800 per acre in the Rosetown and Kindersley areas. Communities in the northwest/central west are most sought after, whereas properties in Eastern Saskatchewan are typically less attractive to farmers and investors due to the early frost. Inventory levels remain a going concern, although the higher prices are prompting some farmers to list their land for sale during the traditionally softer summer months. Some farmers are stepping up to the plate, buying up farmland at higher prices in anticipation of increased values down the road. While foreign investment has tapered from last year's steady pace, those that are buying farms in today's climate appear to be more interested in the production component as opposed to investment. Tighter scrutiny by the Farmland Security Board in an effort to investigate the long-term capability of wealth may be responsible for the slowdown in activity. Investors overall continue to prop-up demand for agricultural land, although they've adjusted their purchases in light of lower commodity values. More stringent lending criteria—including a 25 per cent downpayment on land purchases—have had somewhat of an impact in recent months. Farmers that are debt-free will find financial institutions far more accommodating. Flooding earlier in the year held up production by two to three weeks, yet this year's yield is expected to be above average, with some bumper crops reported. Sales of properties are just slightly ahead of year-to-date 2012, as farmers take advantage of appreciating land values and a good return on their crops in Northern Saskatchewan. Prices are expected to hold steady or experience some moderation in the event that commodity values pull back further in the year ahead. However, if commodities begin to climb once again, land values will follow in lockstep.

East Central Saskatchewan

Strong grain prices and relaxed Saskatchewan farm ownership regulations bolstered buyer enthusiasm in the first half of 2013, creating unprecedented demand for farmland in East Central Saskatchewan. Farmland values reached new heights in many communities, with the price per acre climbing to as high as $2,000 to $2,500 for prime B and C grade parcels in areas such as Balcarres and in communities north of Yorkton. However, lesser quality land is available from $850 per acre. Overall market conditions remained relatively balanced year-over-year, with supply meeting demand. Larger parcels—over 50 quarters—are coveted, with demand driven primarily by out-of-province investor groups, including some from Toronto and Vancouver. Private individuals and well-organized corporate investment groups have been serious players in the East Central Saskatchewan market for several years, with many realizing significant returns in terms of peak commodity prices and rapidly escalating land values. Some are now looking to cash out, listing their properties for sale at substantially higher prices than when purchased. More than 100 properties are currently listed in East Central Saskatchewan, ranging from poor pasture lands to prime B and C parcels, with approximately 10 to 12 per cent of those farms priced at $1 million plus. Days on market have edged higher in recent weeks as a result of softer commodity values. Cash croppers remain most active in the marketplace, with many taking advantage of low interest rates to expand their operations. While most are looking for well-priced product, some farmers will pay a premium for packaged land in one block or a few quarters adjacent to an existing operation. Cattle farmers have experienced softer market conditions year-over-year, given the limited demand for livestock farms. Some cattle farmers have moved into cash cropping to increase the overall value of their operations, converting some of their pastured land to grain land. Once an expensive, physical, and time-consuming undertaking, mixed and grain operations are now able to emerge quicker from former cattle ground. Rental rates continue to climb, with investors showing a definite preference for long-term leases—a mutually-beneficial arrangement as long as grain prices remain stable. Tighter lending practices have been in play for more than a year in East Central Saskatchewan, given the rapid escalation in farm values. Some financial institutions are asking for a larger downpayment on transactions, ranging from 25 per cent to as high as 50 per cent. With commodities values off peak levels reported in previous years, there are concerns that continued downward trending will have an impact on farmland in the coming year. In the interim, overall demand is expected to remain stable, while price per acre holds relatively steady in East Central Saskatchewan.

Alberta

Central Alberta

Low interest rates and record crops continue to fuel demand for farmland from Kneehill north to Red Deer Counties, with the number of parcels transferring ownership in the 12-month period (June 2012 to May 2013) on par with last year's strong performance. Inventory continues to be a challenge in the area, with the shortage placing serious upward pressure on values. Price per acre has increased about 15 per cent on average this year over last, with prime land fetching substantially more. Properties that would have sold at an average of $2,800 to $3,500 an acre one year ago now have a sticker price as high as $3,400 to $4,500 per acre, or as high as $5,500 an acre in Olds. In the Lacombe area near Red Deer, even greater pressure exists, with values rising to as high as $6,500 per acre. Private deals continue unabated between neighbours and landlords/tenants, further hampering listing inventory. By far, the most aggressive players in the market are the supply-managed farms and the Hutterite Colonies—both of whom are looking to expand existing operations. New players have also emerged in recent years, including the investment community, who are now diversifying portfolios to include agricultural land.



Many are opting for 3,000 acres to start, with land ideal for cereal grains, including wheat, canola, and barley. Interest rates continue to play a crucial role in the compilation of farmland, with variable rates hovering at two to three per cent. Some farmers, anticipating higher rates down the road, are locking in at five- and ten-year terms to secure more long-term favourable rates. The low interest rate environment has discouraged some people from selling their land (unless they can sell at a premium), ultimately limiting the amount of land for sale. Yet, it has also created confidence amongst buyers that can now budget their cash flow to service new debt. Managing risk continues to be a mainstay for those in farming, with many lending institutions now working alongside agricultural communities. One trend that has been supported by loans offered by Farm Credit Canada (FCC) and other financial institutions is the return of younger farmers back into the market. Tremendous crops and record commodity prices in recent years have been a major impetus, in spite of commodities off last year's peak levels. While market conditions are expected to remain stable for the remainder of the year in Central Alberta, the rapid appreciation experienced in the past is unlikely to continue. Banks are expected to somewhat tighten lending practices in the coming year, which will further serve to slow escalation. Still balance sheets show strong equity across the board, one factor that will support the market for farmland in the months and years ahead.

Southern Alberta

A serious shortage of farmland listings continues to temper momentum in Southern Alberta's market. Buyers continue to seek out cultivated, dry land and irrigated parcels, but available properties remain few and far between. Approximately 10 farmland listings are currently available for sale. Exclusive listings and private deals continue to be commonplace, keeping listings from the open market and an expanded buyer pool. Any quality sections that have come on stream have moved quickly, and although demand remains strong, lower commodity values have served to create a new level of diligence among buyers. Purchasers are weighing their options and waiting for the ideal parcel. However, when the right opportunity presents, they're moving quickly. Most farmland properties generally sell within two weeks —some within days. Confidence remains high and most purchasers feel secure in long-term value and potential that farmland investment represents. The bulk of buyers are local end users. The need and desire to expand continues to bolster the market, as everyone from smaller operators, local Hutterite colonies and major players vie to increase their stake. Some U.S. investors have bought up parcels for a long-term hold, with the intent to rent the land to existing operators. Competition for rental land remains solid, with rents averaging $50 to $60 an acre for dry land, while irrigated land with pivot commands a premium. While supply outpaces demand, prices have managed to hold firm over the past year. Grassland is commanding $800 to $1,200, while dry, bare land typically generates $1,000 to $1,600 per acre. Irrigation land requires a premium outlay, usually moving between $5,000 and $8,500 per acre. Farmland closer to key cities/municipalities have garnered top dollar, with notable sales this season running between $9,200 and just under $10,000 an acre. Deals are coming together rather fluidly, as most vendors continue to have realistic expectations. Financing is rarely an issue,

despite tighter lending restrictions. Buyers exist for virtually all types of product, from large parcels to quarter sections, gentleman/hobby farms to ranchland and dairy operations, as long as the price reflects fair market value. To date, the board has recorded roughly three dozen sales, with the busiest season for farmland real estate set to get underway this fall. While the pace remains steady, there are few multiple offers to speak of, as most properties sell right away through word of mouth, either exclusively or in private deals. Or in the case of MLS listings, most realtors have their own willing buyer pool waiting in the wings. Despite news of widespread flooding in Southern Alberta earlier this spring, most crop land was unaffected, although some hail did damage crops in the southeast area of the province. On the whole, yields look good for 2013. Overall, vendors can expect demand to remain in line with current levels for the foreseeable future, while purchasers will benefit from price stability. The potential for rising interest rates is not expected to prove a significant deterrent to eager purchasers, whose belief in land remains steadfast.

British Columbia

Peace River North

Solid demand continues to exist for farmland in British Columbia's Peace River North region. Activity has kept pace with year-ago levels, with roughly a dozen sales taking place year-to-date. While demand for operational farms has eased somewhat, there has been a noticeable upswing in demand for quarter sections. Some of the interest reflects the growing trend toward hobby/gentleman farmers, but there has also been a considerable increase in buyers looking to secure farmland acreage for seasonal recreational use—this is common among U.S. purchasers and those from larger centres—while others secure farmland properties for residential country living. The most sought-after parcels tend to be within 15 minutes of Fort St. John/Dawson Creek. Meanwhile, the desire to expand remains the primary impetus for traditional farm operators. The limited supply of farmland listings has tightened further over the past year, and as a result, parcels that are reasonably-priced are commanding close to list value. The price per acre of good, workable farmland has climbed modestly, now fetching between $1,300 and $1,350 vs. $1,250 in 2012. Private deals remain commonplace between neighbours, particularly those involving larger parcels. While restrictions from the Agricultural Land Commission generally protect existing farmland from over-development, the City of Fort St. John has expressed a need to expand its borders, and as a result, approximately 600 acres are expected to be released for re-zoning. Some existing/generational farmers, who've been in the business for decades, are anticipated to benefit, particularly as development land will sell for a significant premium. While the move will have a temporary impact on the market—the timeline is still uncertain. Sprawl is expected to result in further demand from hobby farmers and rural residential buyers, now forecast to expand their search parameters to within a 20-minute commute. Confidence in the future value of the land is a serious draw, especially given the affordability factor. While commodity values have slipped, demand should hold up through to year end. Appreciation, meanwhile, will moderate or stabilize, given the outlook for the 2013 harvest. Weather extremes in Western Canada will impact yields—particularly in areas that experienced too much rainfall. In Peace River North, some crop damage is expected, already evident in hay. This will serve to temper demand for farmland real estate in the 2014 season, as operator cash flow and purchasing power is reduced.

Fraser Valley

While strong demand and limited supply continue to characterize the market for farmland in British Columbia's Fraser Valley, price per acre in the agricultural land reserve remains consistent at $40,000 to $60,000. Local operations intent on expanding remain the primary players, although there has been some interest from farmers down in the valley. Acreage for blueberry operations remains



most sought-after, with most purchasers seeking 20-acre parcels of bare land. This year's bumper crop is expected to net top dollar as a result of low yields in other parts of the world—which could place upward pressure on land values moving forward. Cranberries have seen an upswing in popularity, with an increasing number of farmers investing in cranberry crops. Dairy and chicken farms continue to experience growth, especially as quotas are issued and raised. Inventory is tight in the region, with few properties currently listed for sale. Most farmers are looking for farmland in close proximity to their operations and will pay a premium for convenience. Existing farms that allow for boundary adjustments tend to command top dollar—at $60,000 an acre—especially if a farmer can sever and sell a smaller parcel. Dairy acreage with buildings will typically sell for $55,000 an acre, while bare acreage can be had for $40,000-plus. Given the substantial number of dairy and chicken farms in the Fraser Valley and the relative security of the quota system, tighter lending practices have yet to impact farmers in the region. Overall, the agricultural community is doing well in British Columbia, especially given the slowly improving provincial economy and the government's commitment to business growth. The market for farmland in Fraser Valley is expected to remain healthy for the remainder of the year as a result, with consistent demand forecast to support price stability in the days and months ahead.

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