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business of agriculture.

Alberta Farm Land Values: So What's Been Growing On?

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Alberta Farmland: What's Been Growing On?

- Long Term Trends
- Short Term Trend
- Regional Analysis
- Land Price and Yield Comparison
- Looking Forward

Question 1

- What do you think will happen to farm land values?
 - Go UP
 - Go DOWN
 - Stay the SAME

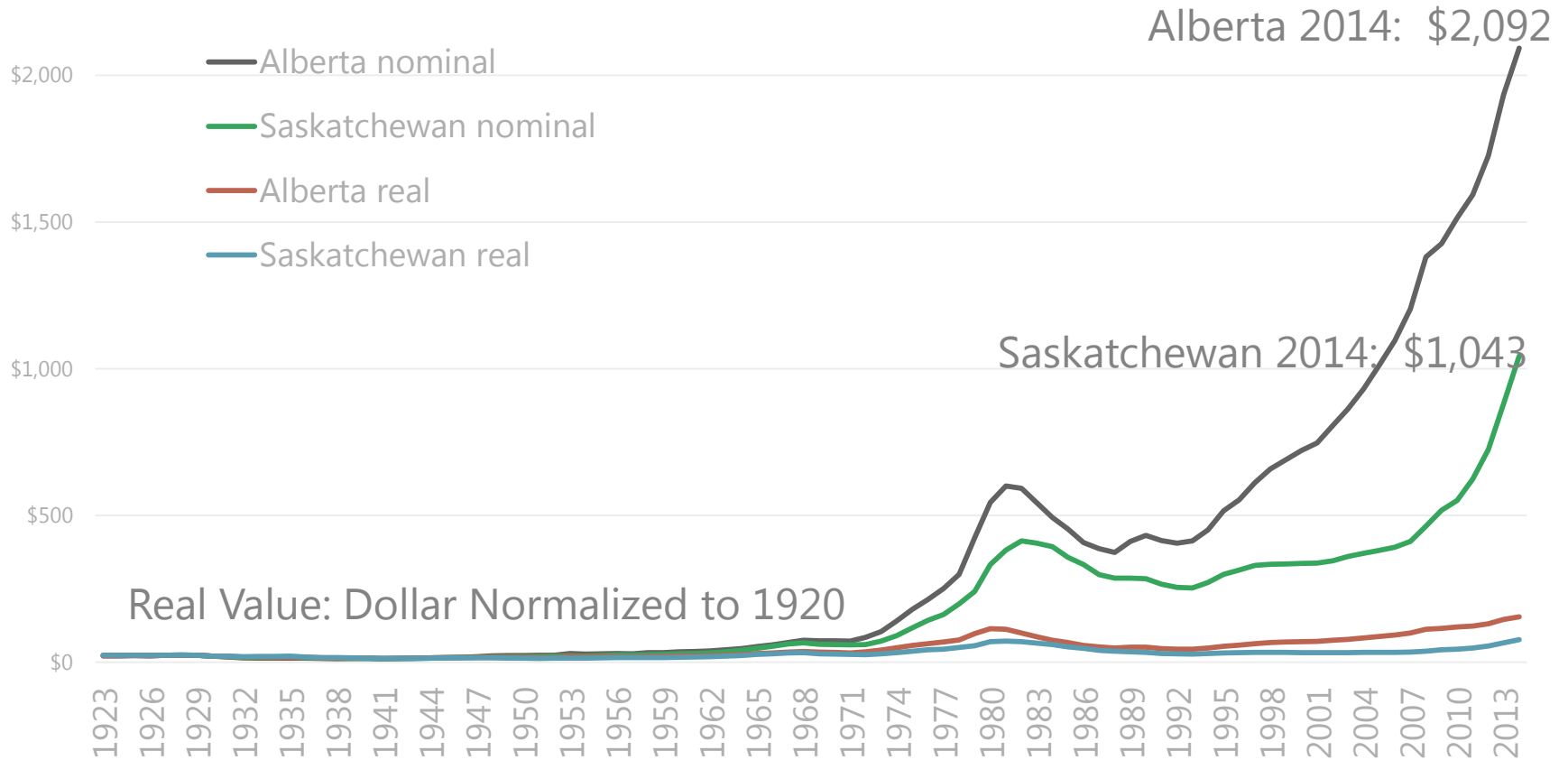
Question 2

- What do you want to happen to farm land values?
 - Go UP
 - Go DOWN
 - Doesn't matter

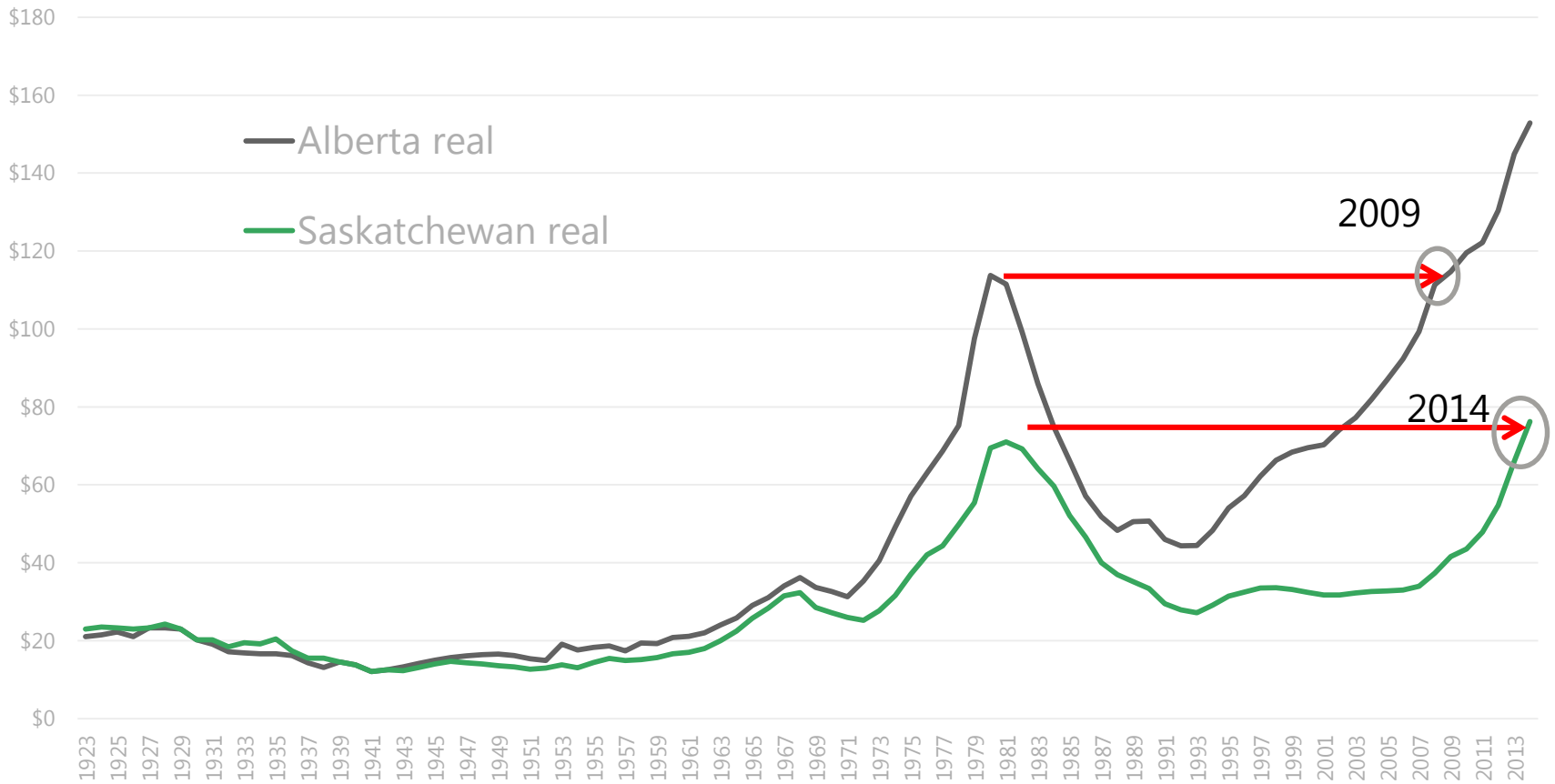


Long Term Trends

Nominal vs Real Farmland Values



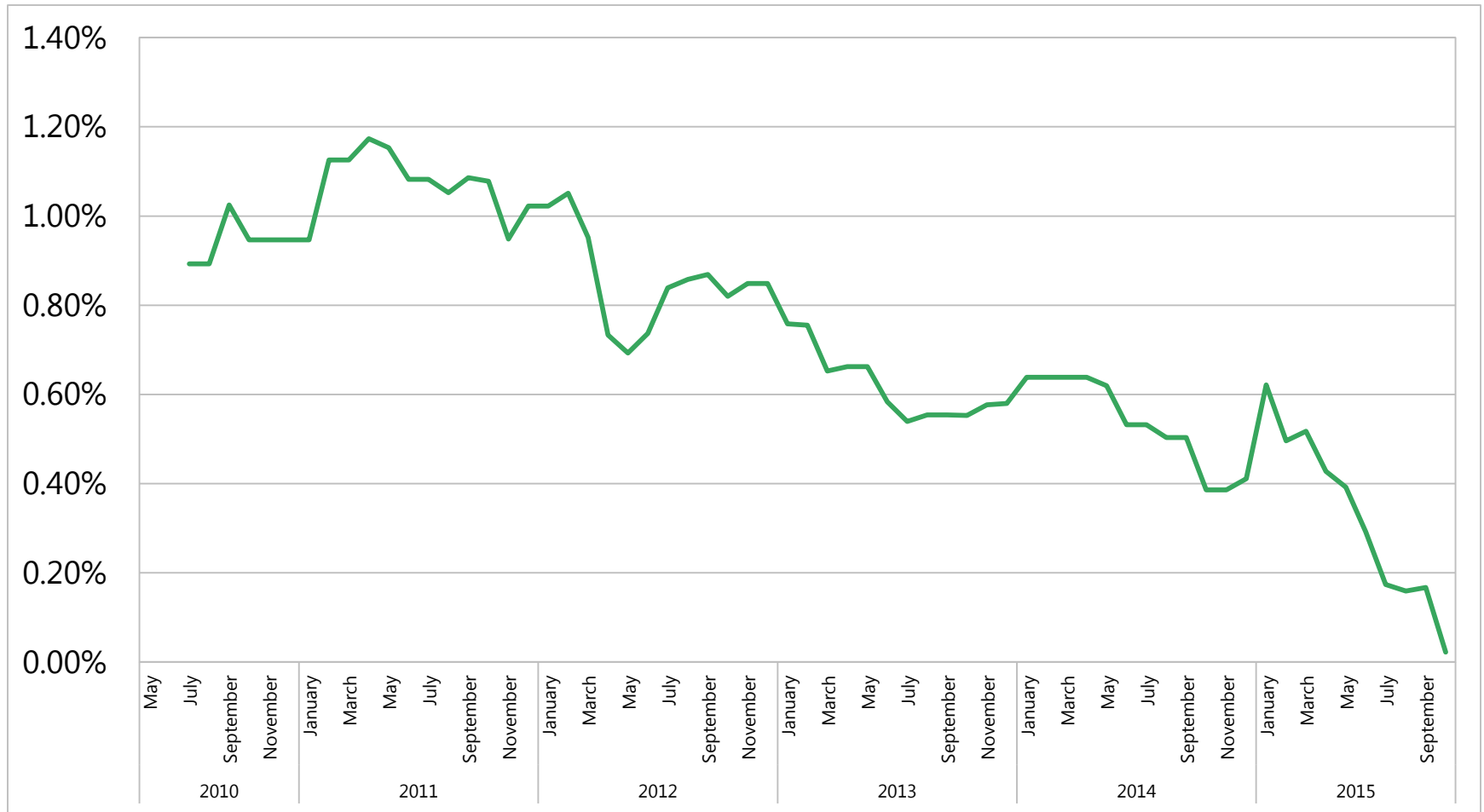
Real Farmland Values



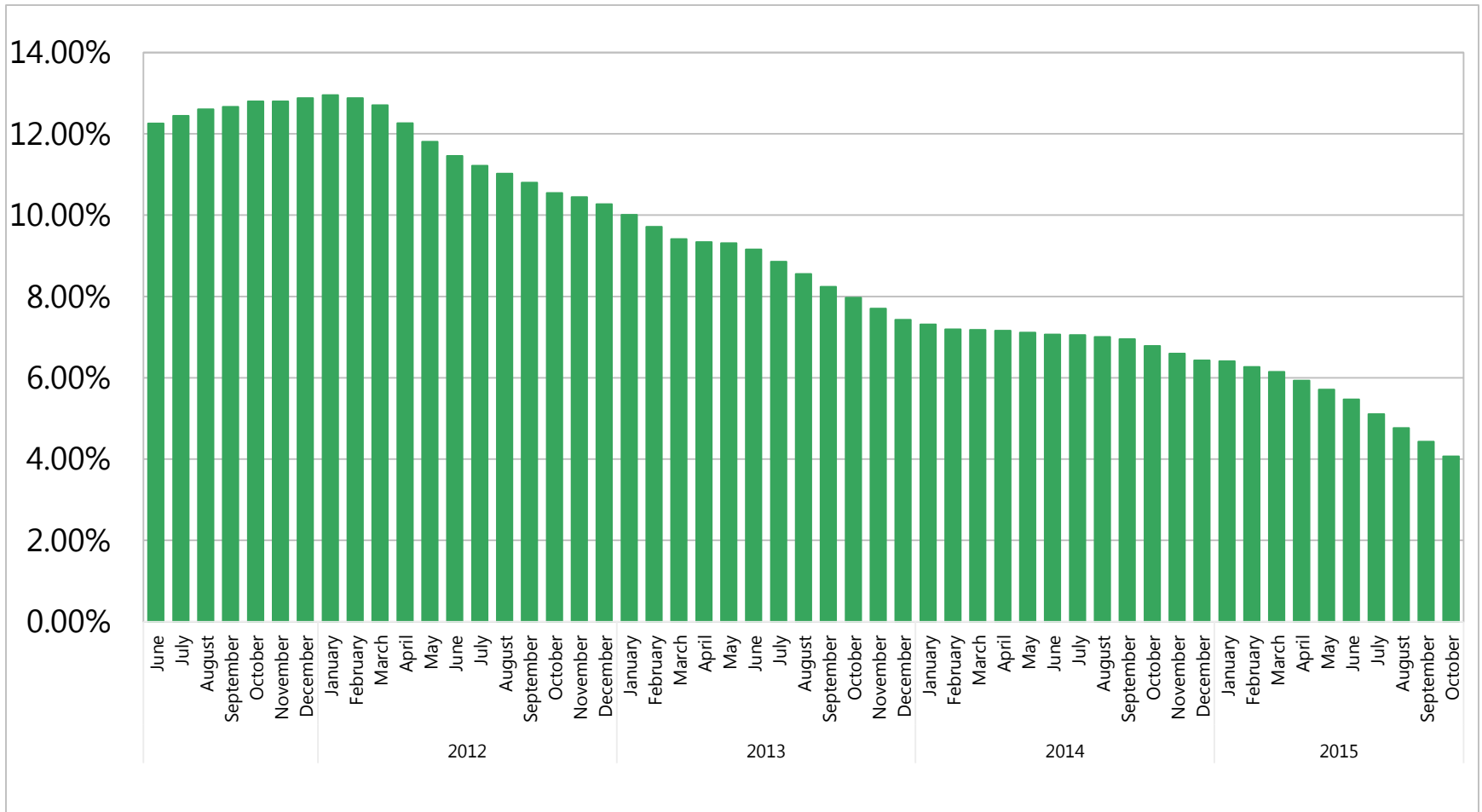


Short Term Trends

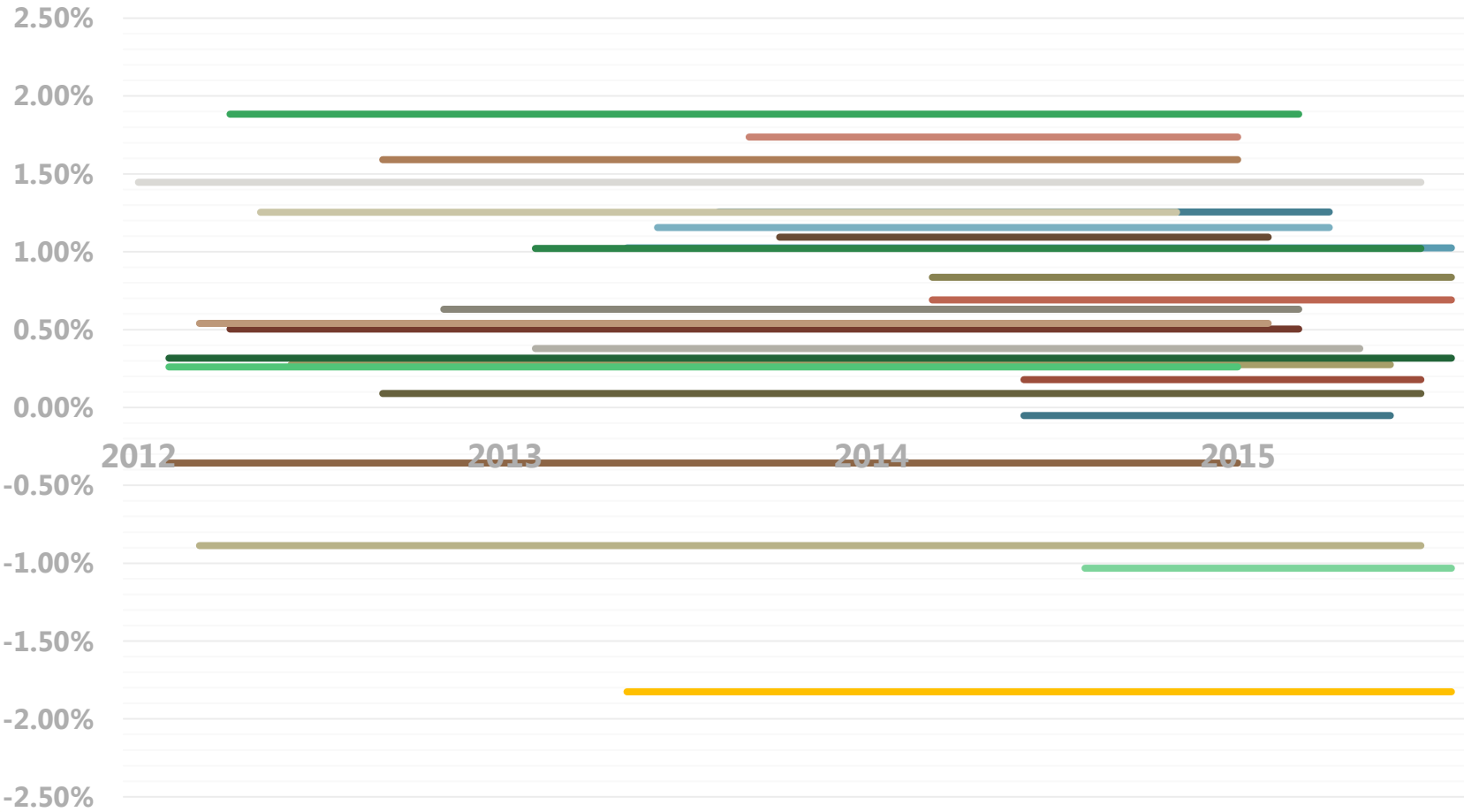
Average Monthly Change Alberta



12 Month Sum Alberta



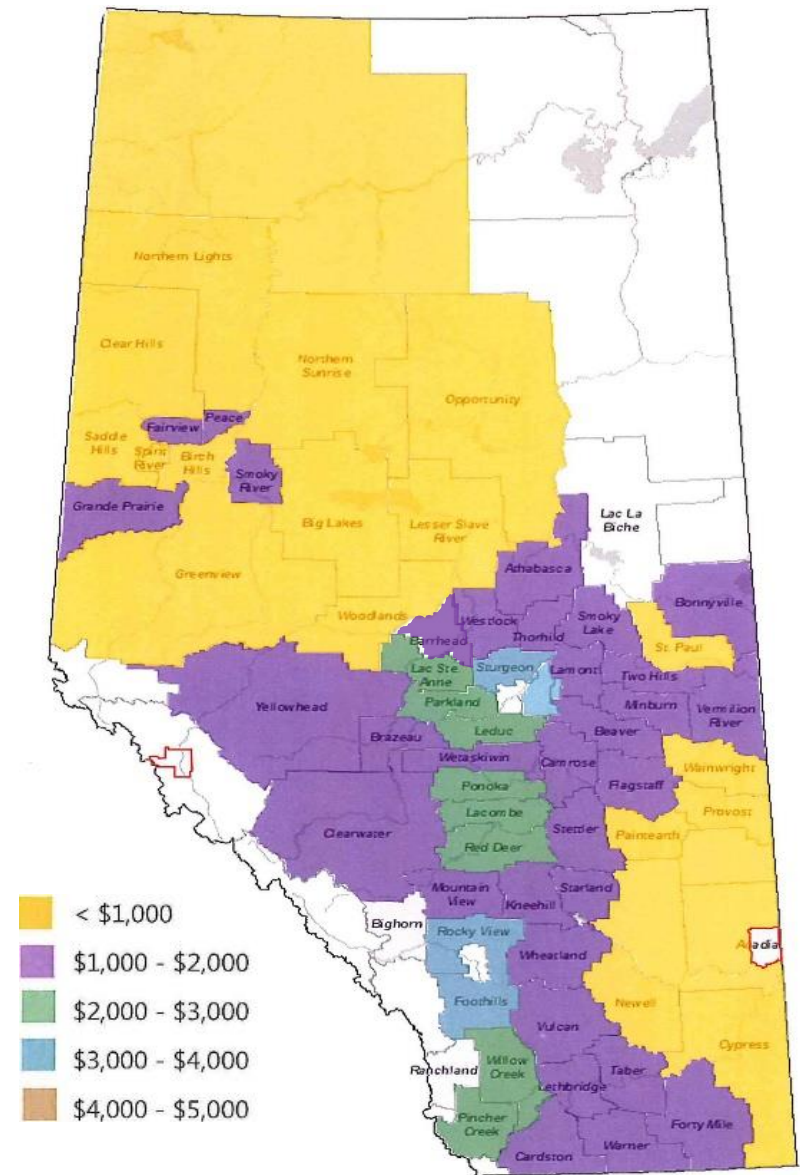
Individual Resales



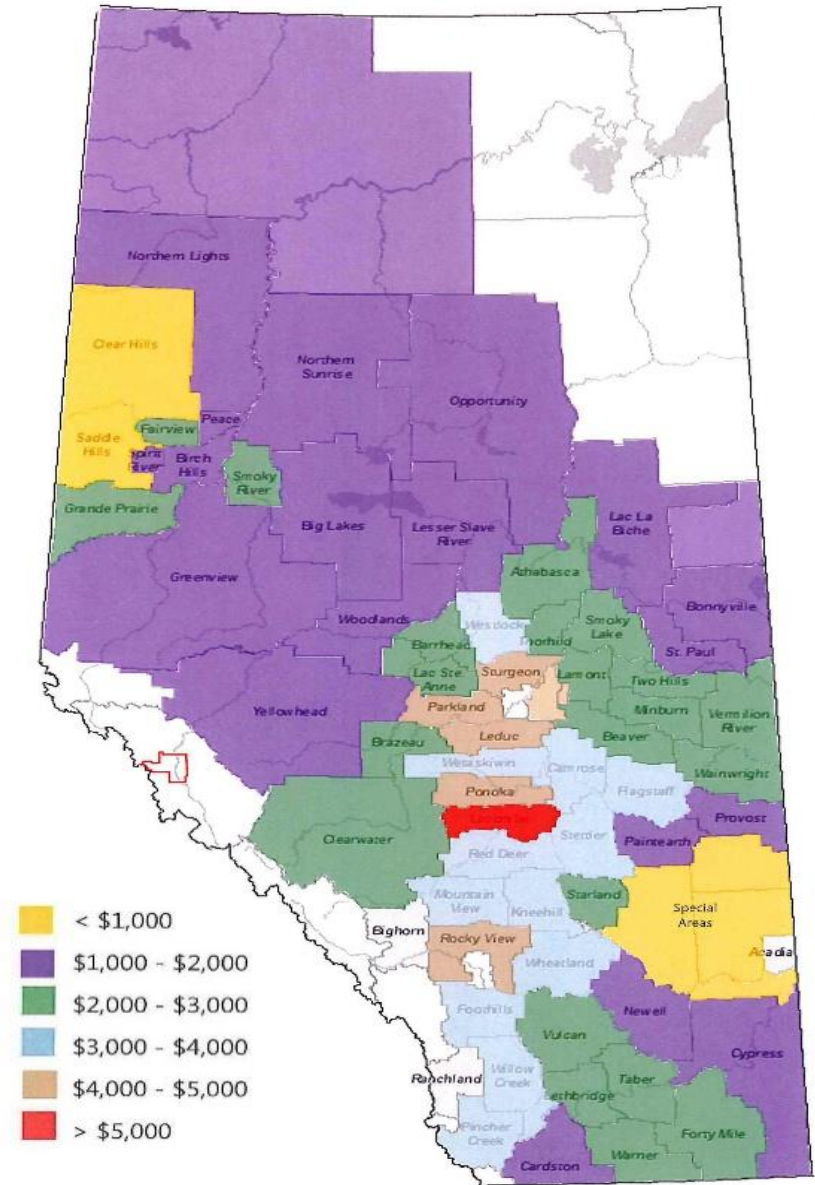


Regional Analysis

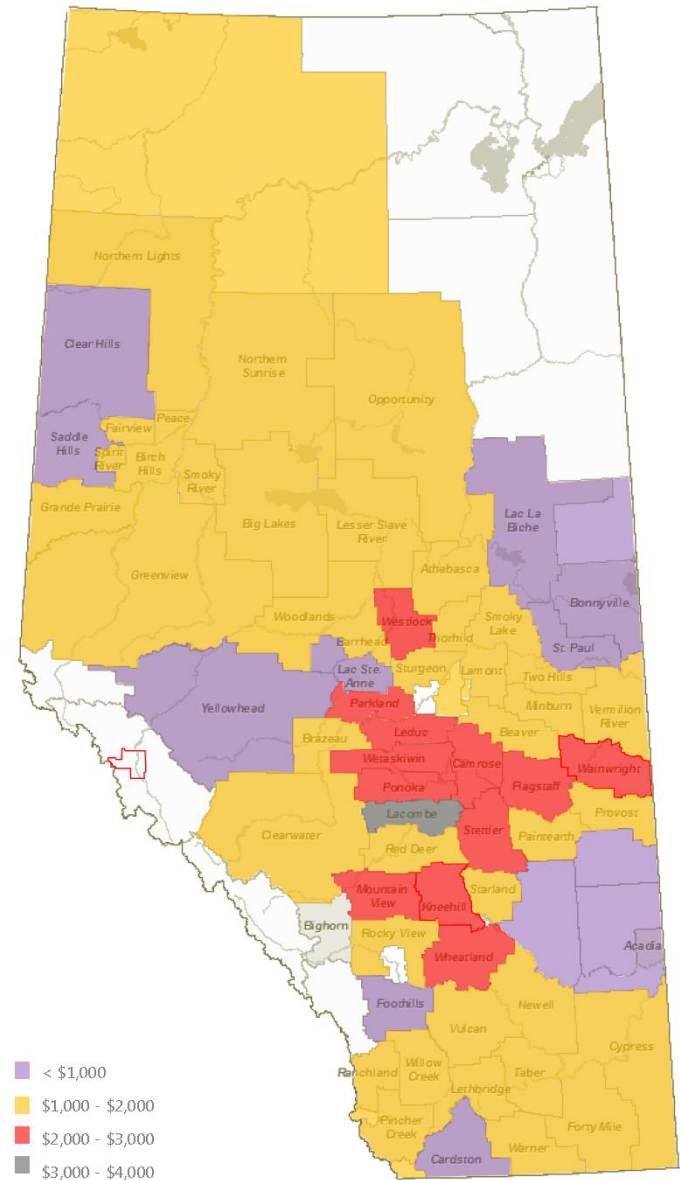
2010 Average Land Values



2015 Average Land Values



Change 2010 to 2015



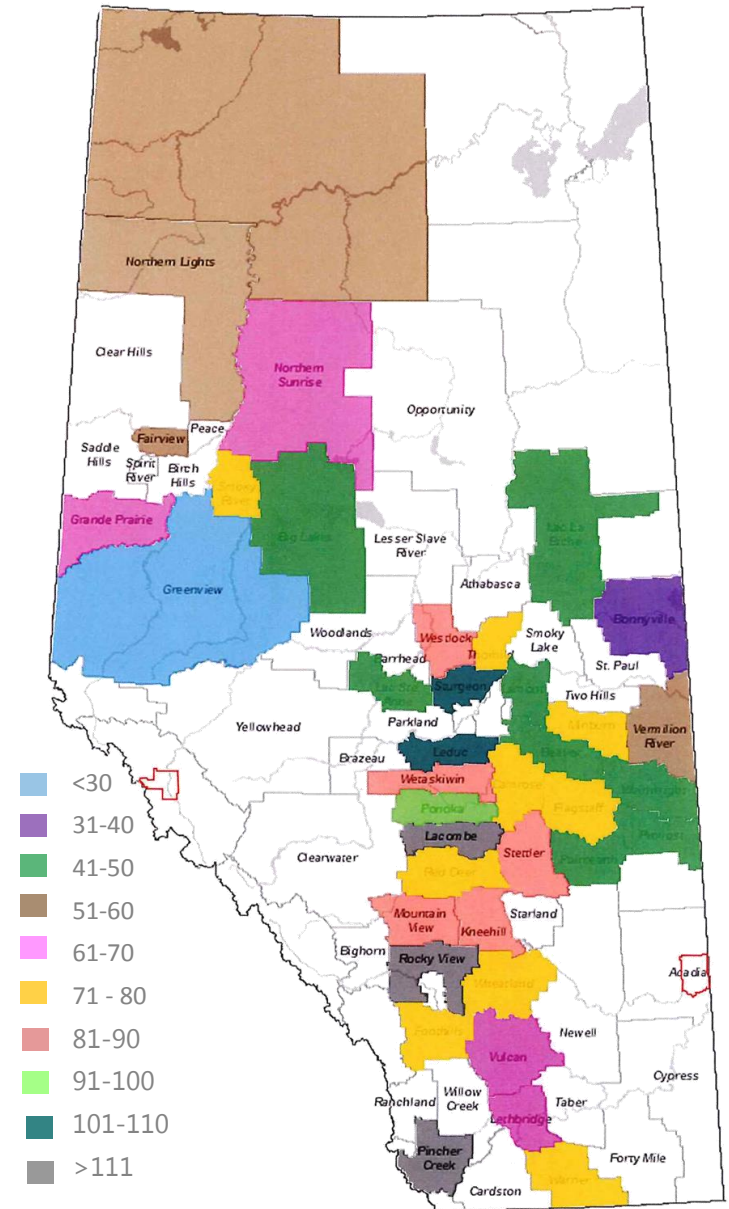


Land Price & Yield Comparison

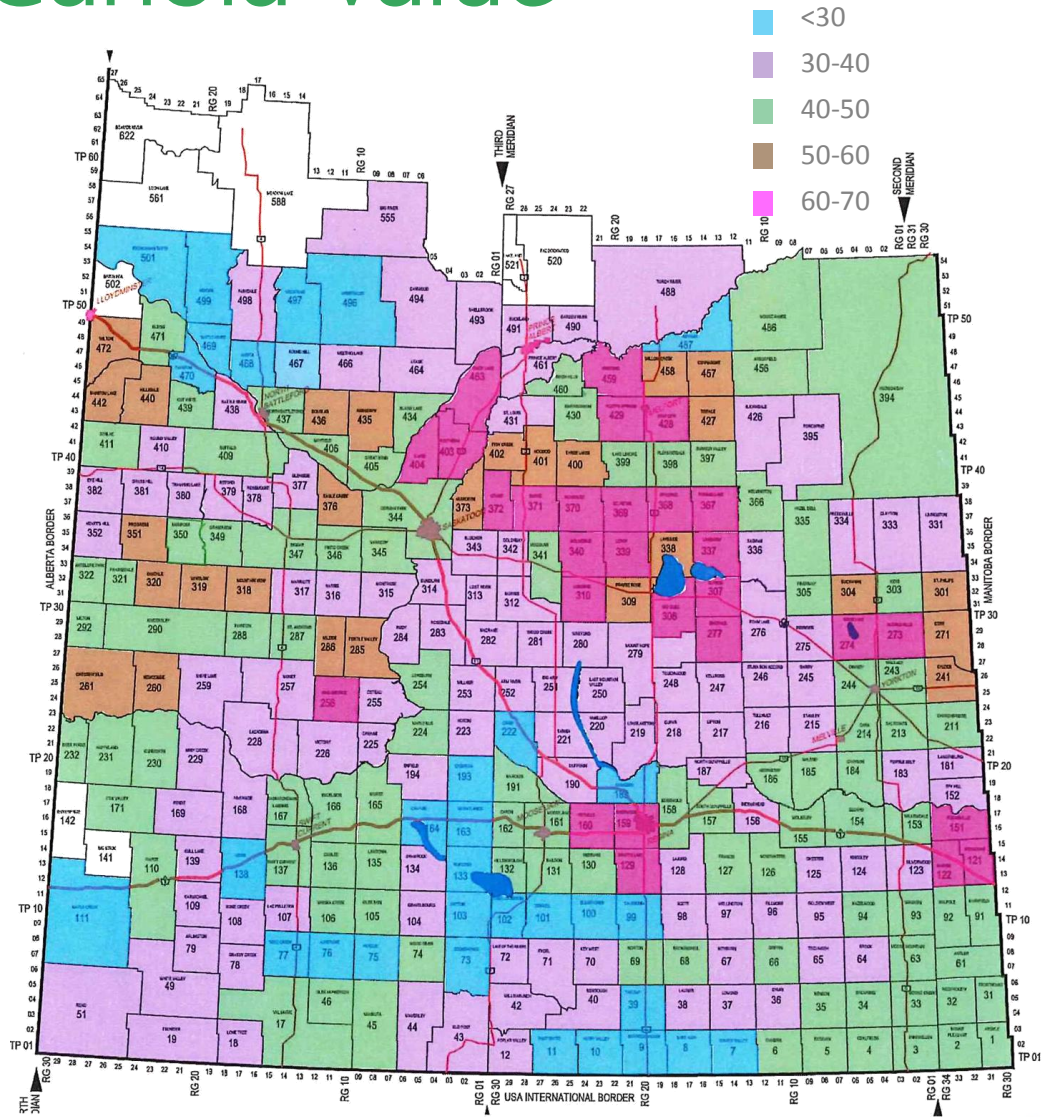
Land Price & Yield Comparison

- Value Multiple = $\frac{\text{Land Price}}{\text{Canola Yield}}$
- Value Multiple = \$/bushel

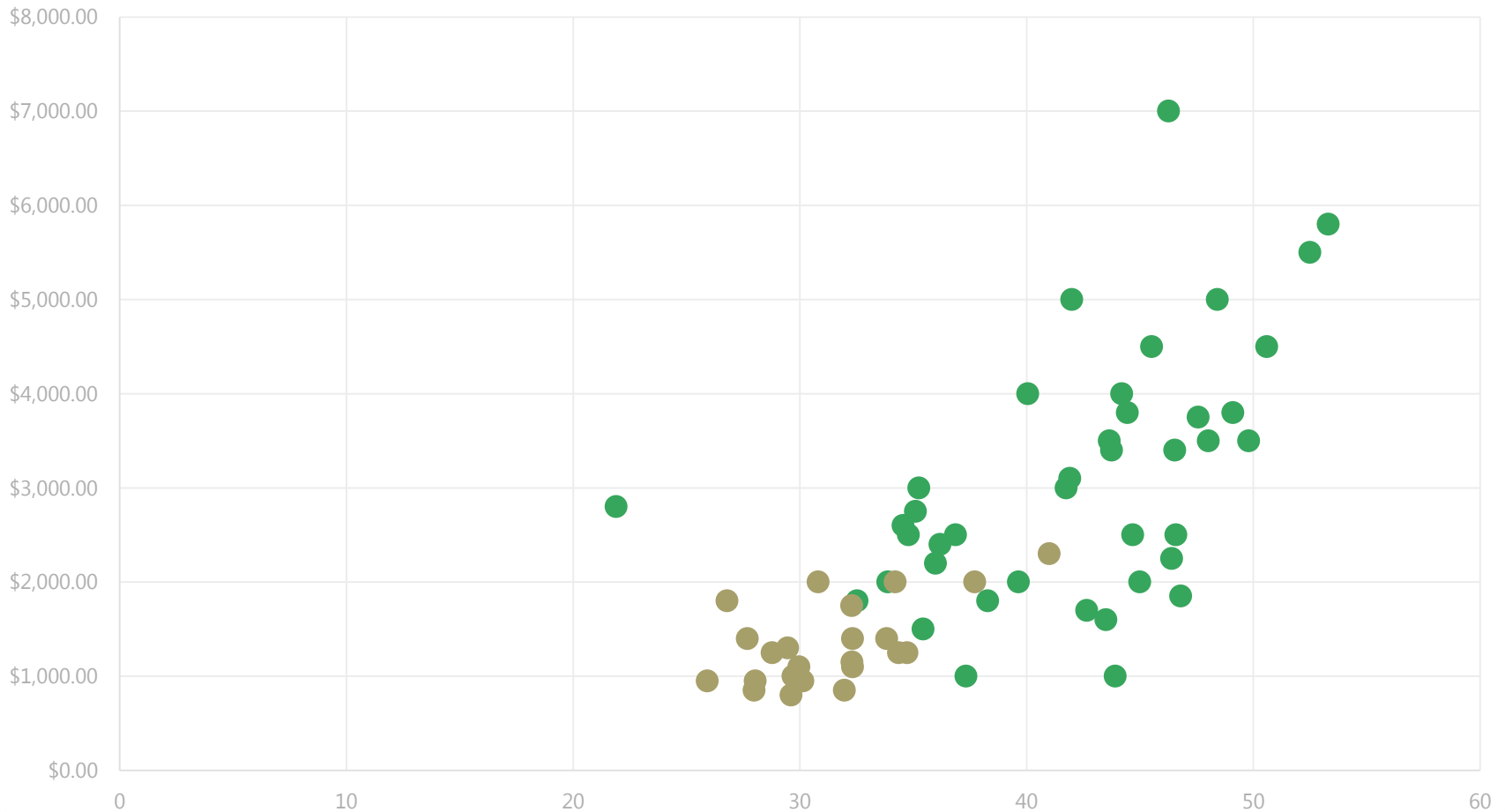
Alberta Canola Value Multiple Map



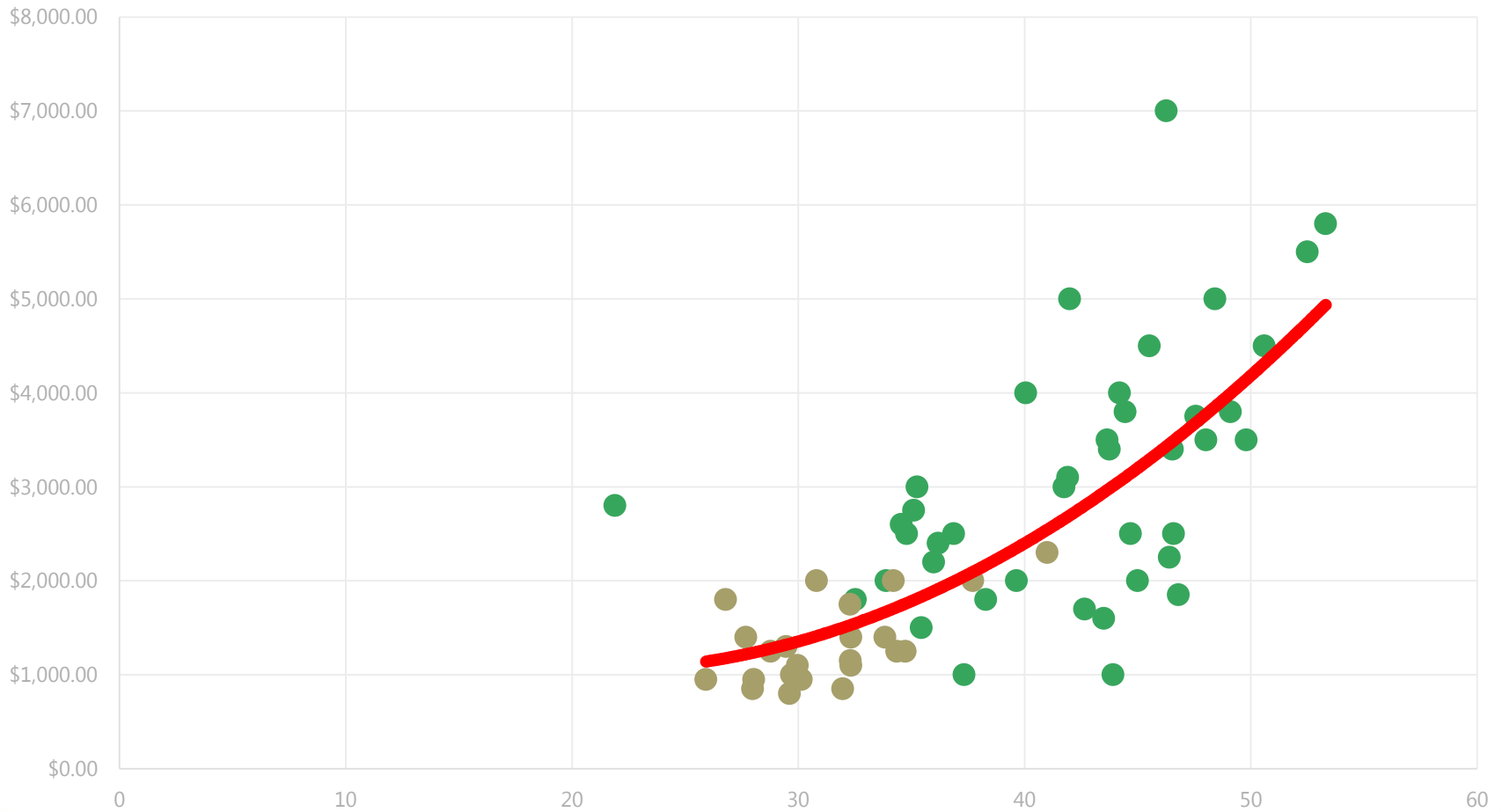
Saskatchewan Canola Value Multiple Map



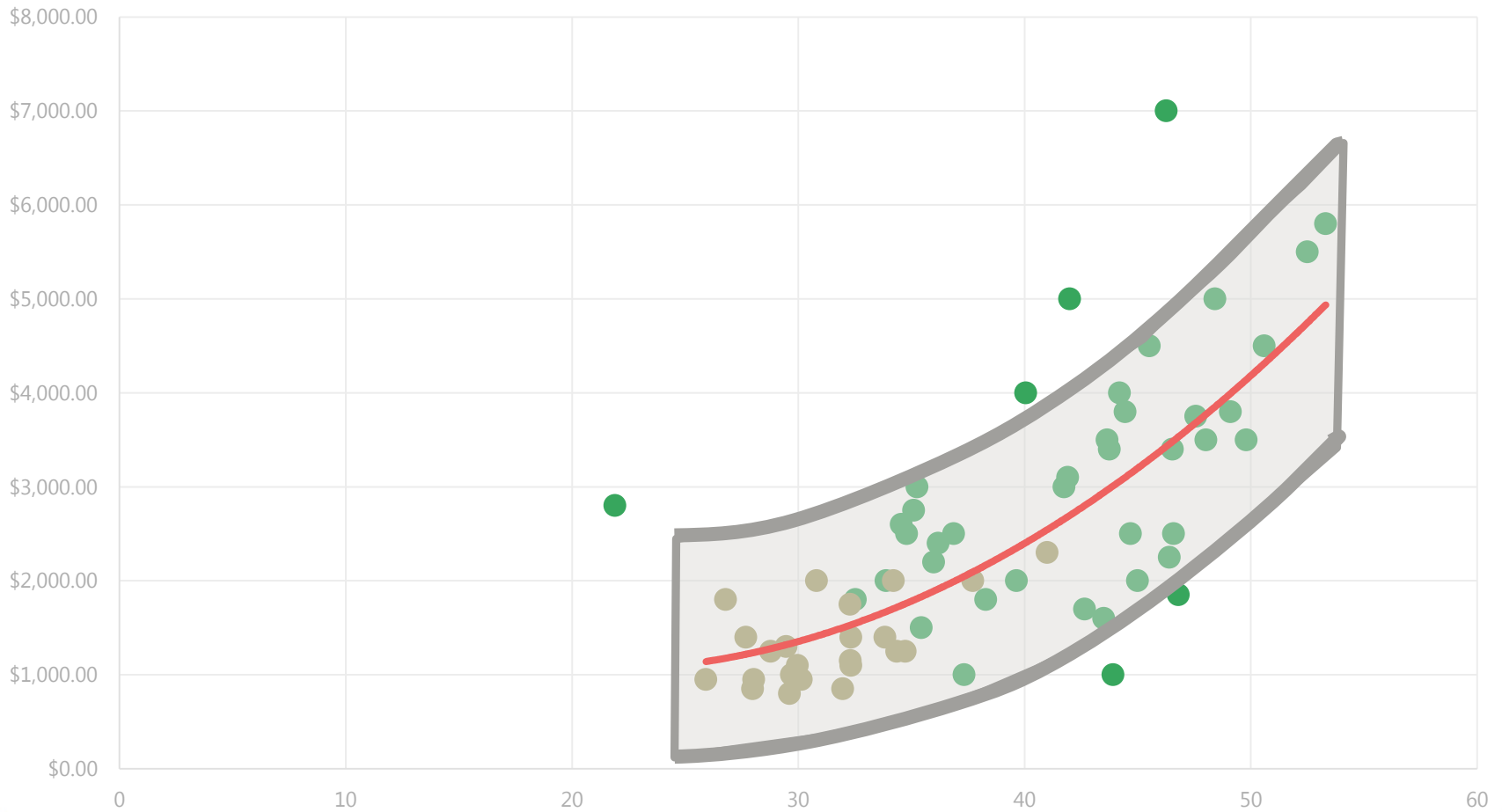
Land Price Relative to Canola Yield



Land Price Relative to Canola Yield



Land Price Relative to Canola Yield



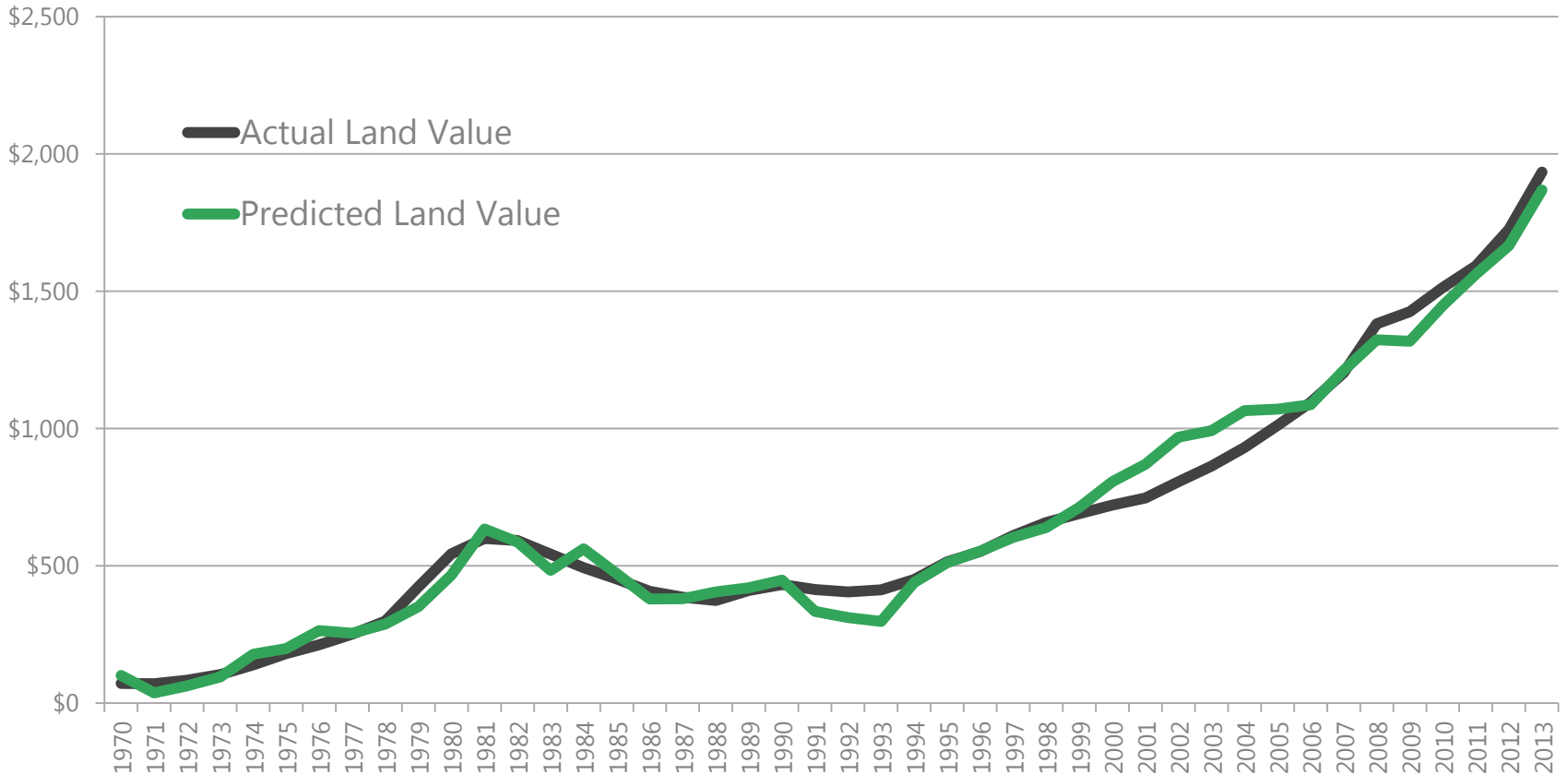


So What Next?

So What Next?

- Need to know what affects farmland values....
 - Simulation Model to Identify Drivers of Farmland Values
 - Looked at multiple combinations of variables
- Best correlation:
 - 4 Year Average Gross Farm Revenue
 - Interest Rate
 - GDP
 - Inflation

Our Land Value Model: Simulating the Past



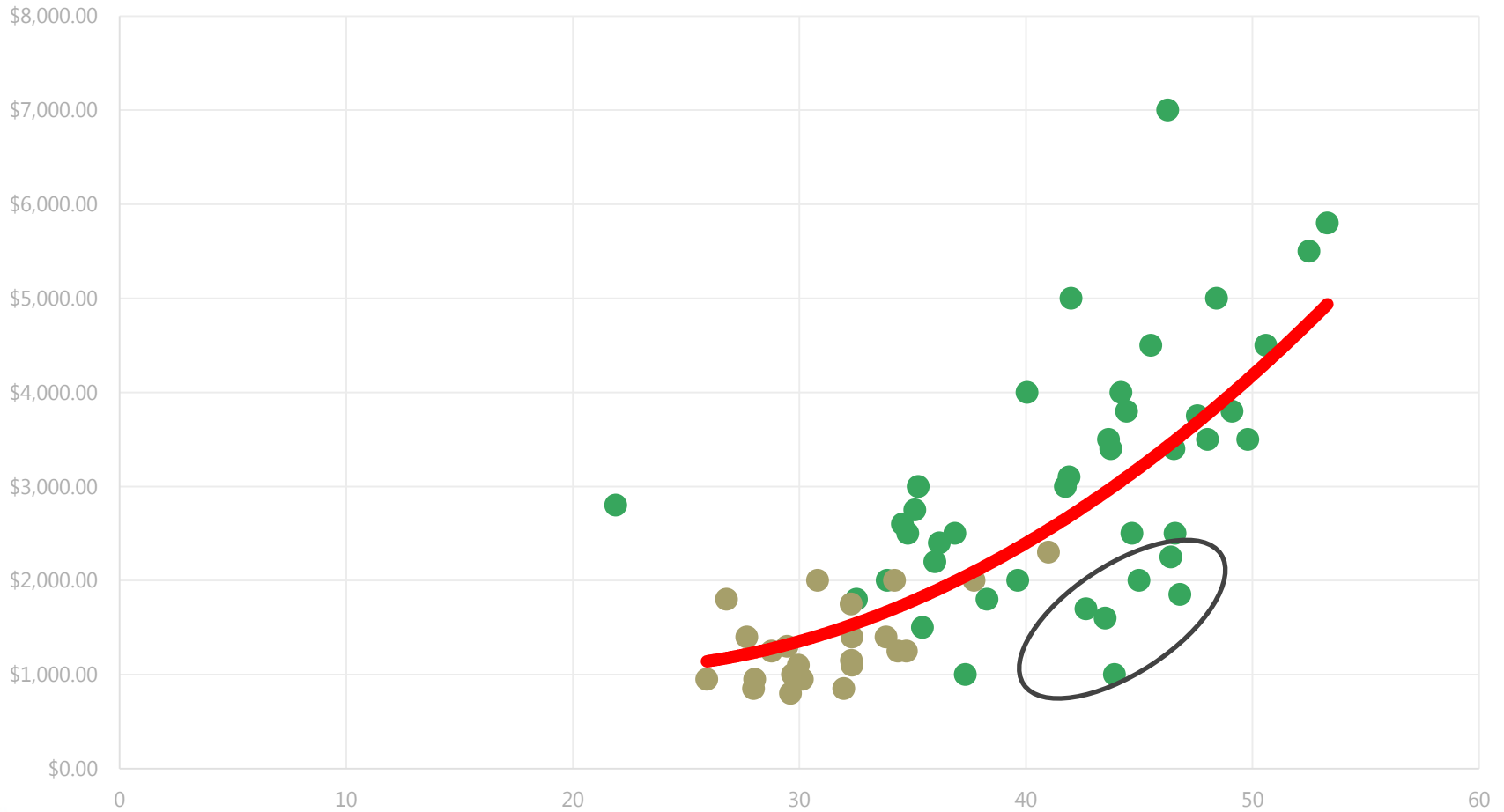
Our Land Value Model: Forecasting the Future

	Magnitude	Impact on Land Value
Interest Rate	1%	-5.3%
GDP	<u>+10%</u>	<u>+6.7%</u>
Inflation	1%	1%
4 Year Average Farm Revenue	<u>+10%</u>	<u>+9.0%</u>

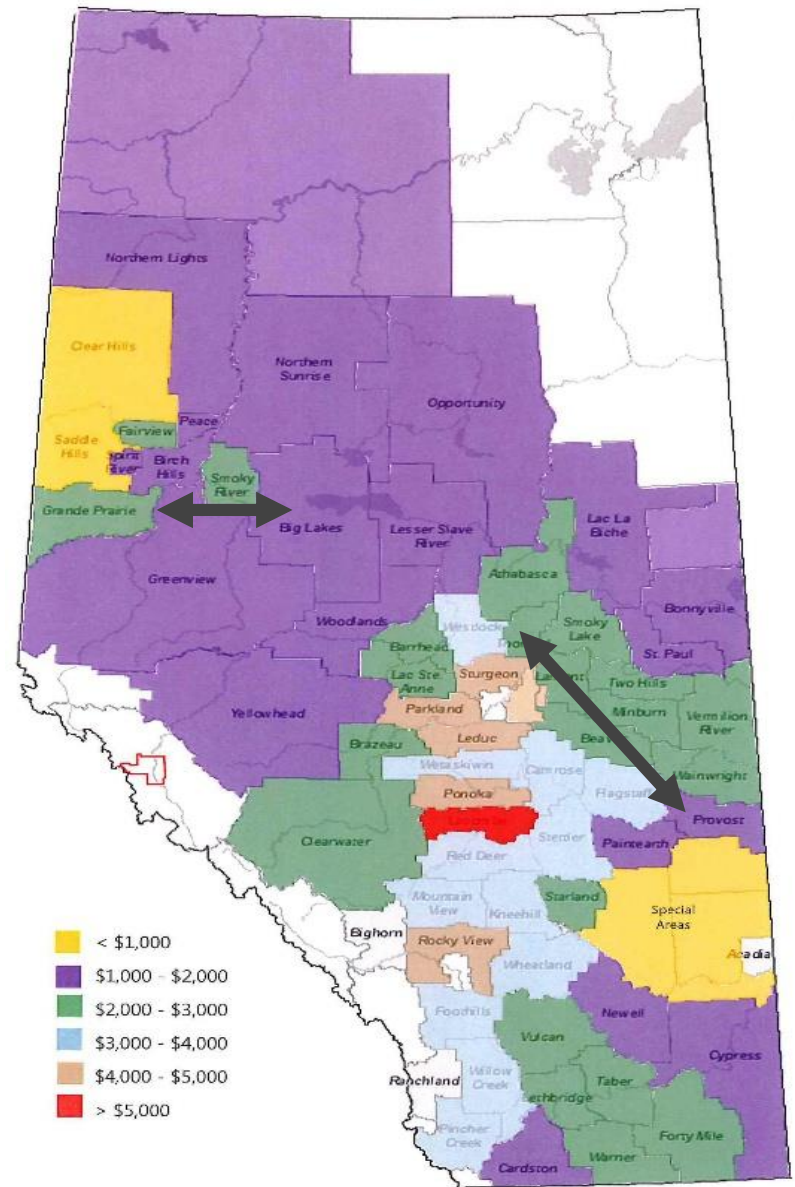
So What Next?

- Interest rates, Inflation, and GDP:
 - Not expected to drive an increase
- Farm Revenue:
 - Expected to be main driver of change
- Therefore.....
 - Best increase expected for productive land in rural areas
 - Continuation of existing trend

Land Price Relative to Canola Yield



2015 Average Land Values



Final Thoughts

- Local markets can deviate significantly
- Your answer to Question 2