



# Farmland Value Trend Newsletter

# 2019

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## Alberta Farmland Value Trend - 2019

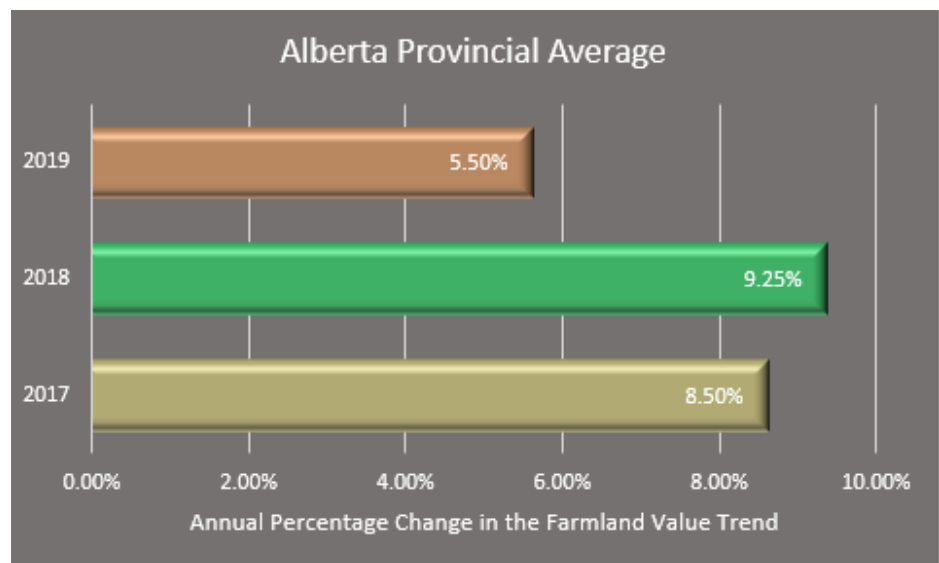
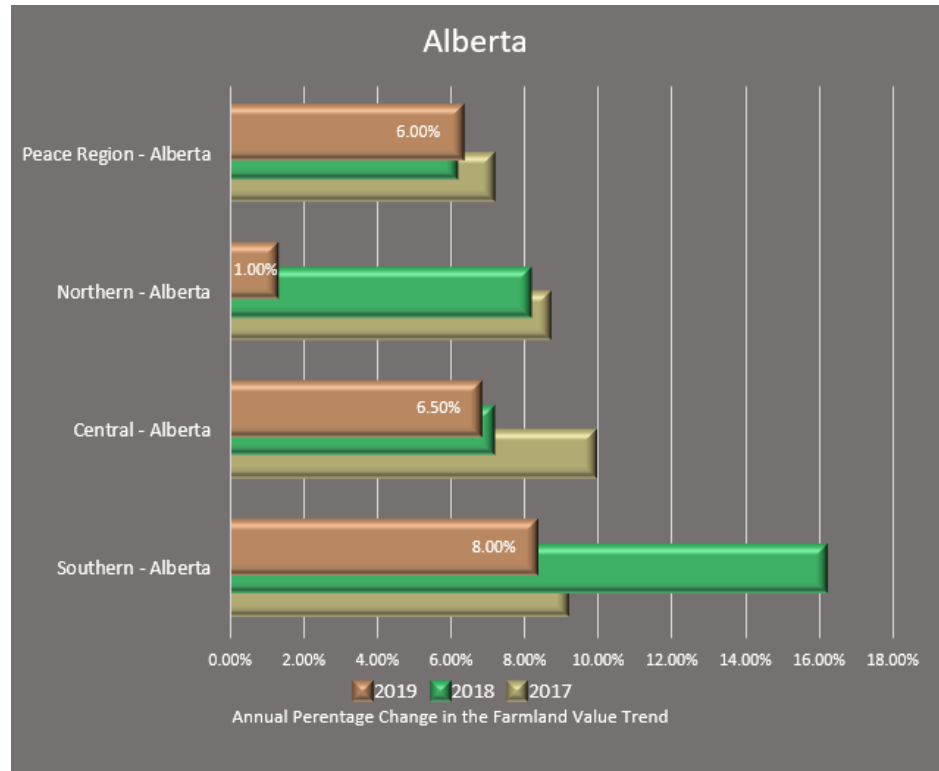
Farmland values in most of the Alberta regions experienced diminishing appreciation rates in 2019 as had occurred in 2018. **As a whole, the indications across Alberta show an annual increase of approximately 5.5% on average across the province.**

The Peace Region and Central Alberta experienced similar appreciation in farmland value trends.

Southern Alberta experienced the largest gains in farmland values on average. The appreciation of 8% in that region was largely driven by the continued demand for irrigated farmland throughout numerous irrigation districts.

Farmland in Northern Alberta experienced a small gain in appreciation as a whole. Adverse weather conditions are expected to be the primary factor impacting the value trend in this area.

As a whole, the upward farmland value trend across Alberta continued in 2019 compared to 2018, but the appreciation rate fell from prior years.





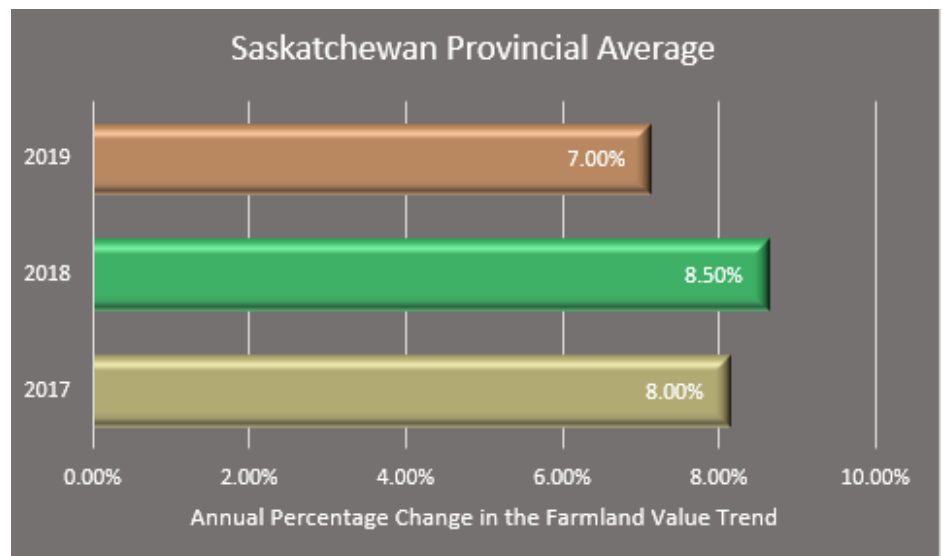
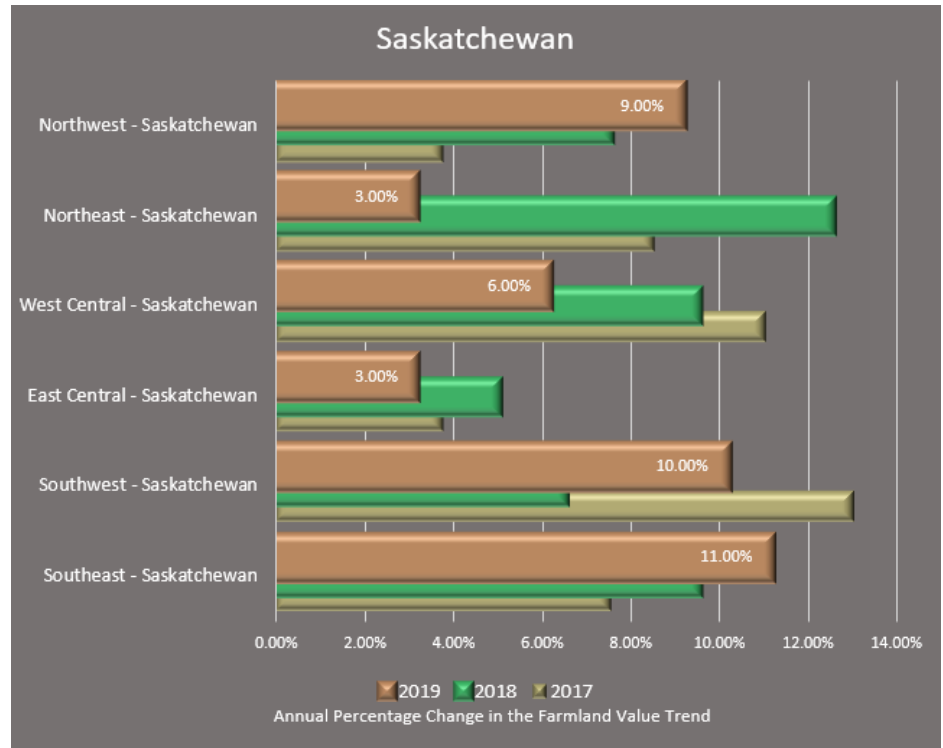
## Saskatchewan Farmland Value Trend - 2019

Farmland values in the Saskatchewan regions experienced variable appreciation rates in 2019. **As a whole, the indications across Saskatchewan show an annual increase of approximately 7% on average across the province.**

The six regions of Saskatchewan experienced varying rates of appreciation in 2019. The northwest, southwest and southeast regions had gains over the data from 2018. The northeast, west central and east central regions experienced slowing rates of appreciation compared to 2018.

The northwest and southeast regions have experienced gains in appreciation year over year since 2017. Conversely, the northeast region had the largest retreat in appreciation compared to prior years.

As a whole, the farmland value trend across Saskatchewan experienced similar but diminishing appreciation rates in 2019 in comparison to 2018 and 2017.





## Serecon News Highlights

### Desktop Reports – Saskatchewan

Over the last several years, Serecon has completed over 1,000 desktop appraisal reports and analyses in Saskatchewan alone which equates to over 500,000 acres annually appraised on average. In order to complete the valuation of the given properties, research and analysis of over millions of acres each year is required. In addition to the desktop reports, we have also completed hundreds of Full Narrative Appraisals of farms and ranches, private and public lands, native lands, investment fund portfolios as well as small acreages. As a result, the agricultural real estate experts at Serecon are very familiar with the agricultural marketplaces throughout Saskatchewan and do not hold any prejudice over any one marketplace over another.

### Surge in Vertical Farming Advisory Services

The recent surge in interest in vertical farming in Canada has brought Serecon several new projects from operators and prospective investors seeking to compare the different vertical farming models and their economic feasibility. Given our experience producing accurate business plans for large-scale greenhouse operations, we have achieved a smooth transition into the vertical farming sector. We have completed several vertical farming business plans for prospective investors throughout Canada. Due to the relatively recent emergence of vertical farming, investors are unsure if it represents a feasible business option because the data surrounding the industry is so new. In this way, we have the knowledge and expertise to conduct the necessary background assessment work to ensure that investor dollars are spent on viable projects.

### Agricultural Foreclosure Appraisals

Over the years, we have completed foreclosure appraisal work on rural properties for lawyers, corporations and individuals alike, as well as for the plaintiffs or defendants. The appraisals have been for forced sale value with terms and for forced sale value for cash. We track market data involving foreclosures throughout Alberta and Saskatchewan which assists us in analyzing the impacts on value as determined by the marketplace. Affidavits of value are submitted when requested. As a result, we ensure comprehensive research and analysis is completed as is done for all Full Narrative appraisal reports completed by Serecon.

Given the economic factors impacting landowners as well as pressures on farm incomes and the associated land values in some areas of western Canada, we are seeing a modest increase in foreclosure interest in the marketplace. Given some economic outlooks for the prairies as well as the depreciation of farmland values in parts of the United States in recent years, we are expected to field more inquiries from law firms and other market participants seeking foreclosure appraisals.



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## Investment Fund Appraisals

Serecon continues to provide appraisal and agricultural consulting services to investment funds throughout western Canada; mainly in northern BC, southern Manitoba and all of Alberta and Saskatchewan. Although transaction activity has slowed over recent years compared to past years, we have extended our expertise to more farmland partnerships or corporate investors while maintaining our grasp on existing land holdings both in terms of the local marketplace and the greater marketplace for agricultural and rural property. We have seen an increase in interest for irrigated properties as well as further attention towards organic farming investments.

Asset management requires consistent and reliable appraisal reporting that is established through objective and independent analysis. Serecon's team and reputation, which has been built since 1991, enables us to meet the financial reporting needs for our investment fund clients.

## Agriculture Advisory Services

Serecon has the background, knowledge, experience, expertise and networks to provide agricultural stakeholders with insights and tools for advancing agriculture in Canada. Examples of our advisory areas include litigation support and dispute resolution services; surface rights support and obstruction mapping; farm lease management; rental rate reviews; inventory audits; equipment and livestock valuations; agricultural loss of use and damage assessments; insurance claims; financial viability reviews; real estate acquisition and sales as well as drone and imagery consulting.

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