



## Arable Land Values continue to increase in all areas of the province

In 2014, we did an analysis of the 2013 market values for the arable farmland in Manitoba. This estimated the market value of land throughout the Manitoba. In order to group the sales in geographical areas, we used the Association of Manitoba Municipalities districts as a guide. The groups of municipalities by AMM districts for the most part, group municipalities in similar geographical areas, which roughly corresponds to the different farming regions of Manitoba. We recently completed an analysis of the 2015 sales and are pleased to share the results.

### How we did the analysis

- We reviewed the sales reports from Manitoba Assessment Services Branch, which is published once every two months;
- No sales verification was done but sales which were much lower than the assessed value were assumed to be non-valid sales and were not included in the analysis;
- Sales with no building assessment were included in the analysis. Some sales which had a low percentage of building assessment as compared to total assessment were included as it appeared that the buildings would have little impact on sales price;
- The sales information was input into Excel and any duplicate sales were removed;

*The Central Region of Manitoba continues to lead the Province of Manitoba in both rate of percentage increase of market value of arable land per year, as well as average sale price per acre for agricultural land in the province*

- Sales with more than one roll number or parcel in the sale were analyzed as one sale.
- Any sales which had a sale price less than \$700 per acre were assumed to be non-arable or marginal land sales;
- Sales which appeared to have some development value or other factors driving their market value were removed from the analysis.



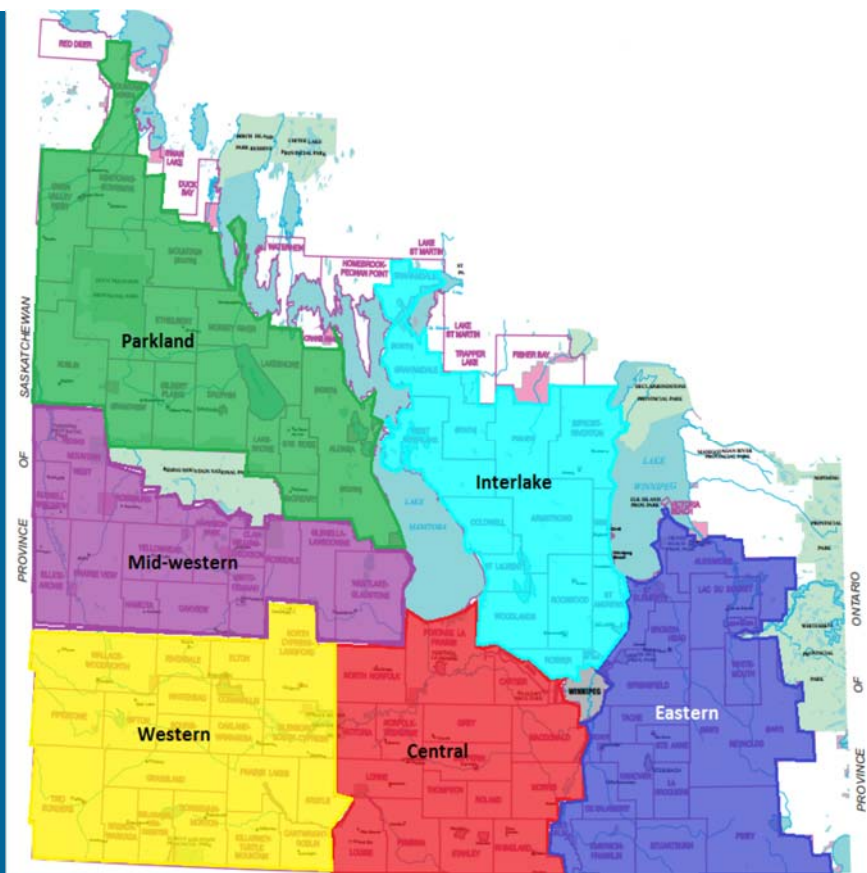
### In This Issue — 2015 Market Arable Land Recap

- Number of arable land sales province remains steady in 2015
- Average arable land sale price per acre continues to hold steady/ increase throughout all regions of Manitoba

## Association of Manitoba Municipalities (AMM) Districts

The AMM districts were used as a guideline in order to separate the sales for analysis. Although there can be some variations within the districts, they provide a good basis to separate the sales on a regional basis. There are several municipalities in the Interlake Region (R.M.'s of St. Francois Xavier & Rosser for example), which have greater similarity to the bordering Central district.

- **Eastern** district can be described as east of the Red River up to the Ontario border, including the Steinbach area.
- **Interlake** district is north of Winnipeg, between Lakes Winnipeg & Manitoba, including Rosser, Woodlands, Ashern, Arborg and Gimli areas
- **Central** district is west of Winnipeg, south to the US border, east of the Carberry area, including the Portage, Carmen, Winkler and Morden areas.
- **Western** district includes Brandon at its centre and is the southwest corner of the province.
- **Midwestern** district is located south and west of Riding Mountain National Park (RMNP), and includes Minnedosa and Russell areas.
- **Parkland** district is north of RMNP and west of Lake Manitoba, including Dauphin and Swan River areas.



Association of Manitoba Municipalities (AMM) Districts

## 2015 sales volume remains steady and sale price per acre is increasing compared to 2013 sales

We last did an analysis of 2013 sales in 2014, which provided a good basis for comparison to 2015 market values.

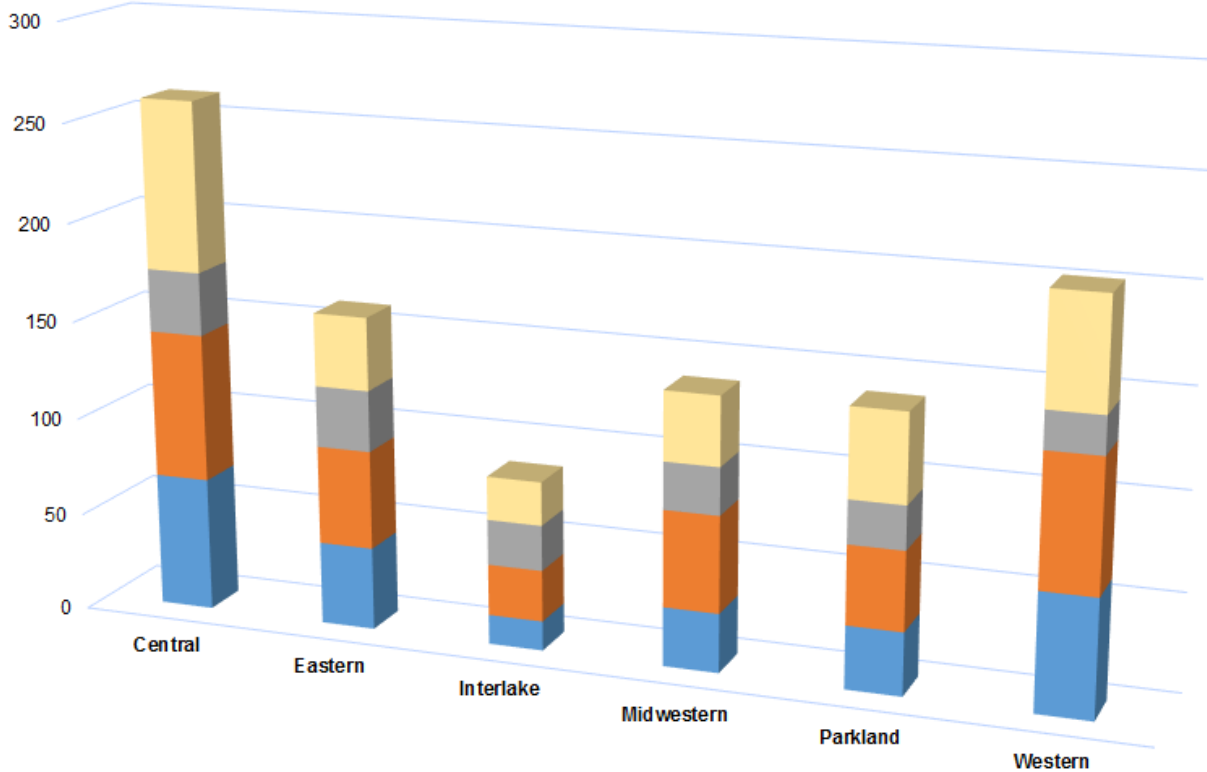
The 2015 sales are up slightly in volume to 2013, with 2% overall increase in volume of sales.

Provincially the average sale price per acre increased 18% overall from 2013 to 2015, an indicated annual increase of 9% per year.

### Key Assumptions

- ◇ Sales which were Farm Classification in assessment records were considered
- ◇ Sale price per acre must be \$700 or greater, otherwise assumed to be non-arable or marginal land sale
- ◇ Sales with low % of building assessment were assumed to be bare land sales
- ◇ Sales which appeared to have other motivations such as for development purposes or were located close to urban areas were removed from analysis

**Number of 2015 Sales by AMM Region (=>\$700/ac)**



	Central	Eastern	Interlake	Midwestern	Parkland	Western
Q4 2015	86	37	22	35	45	56
Q3 2015	32	31	23	24	22	19
Q2 2015	75	50	26	49	40	67
Q1 2015	68	42	15	30	32	60

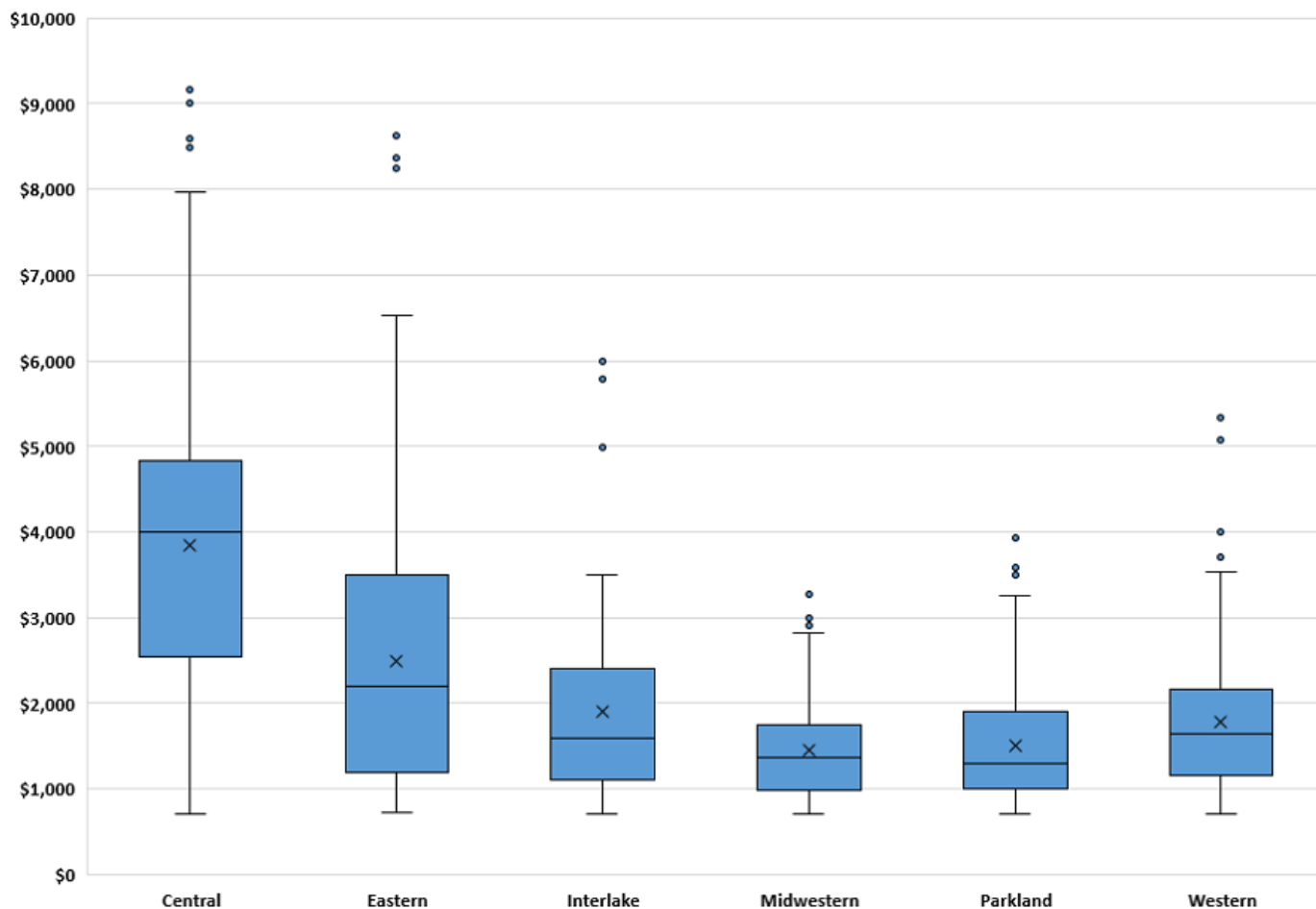
**The Central district continues to have the highest sales volume, with Quarter 3 having the lowest volume in all districts**

The Central district represents just over a quarter of the arable land sales in the province. The next highest volume of sales are in the Western district, representing around 20% of the total sales volume.

Number of Sales	Central	Eastern	Interlake	Midwestern	Parkland	Western	Provincial
2013	297	173	95	111	100	188	964
2015	261	160	86	138	139	202	986
% Change	-12%	-8%	-9%	24%	39%	7%	2%

The sales volume was also analyzed by quarter to gauge market activity. Quarter 1 is January 1 to March 31, Quarter 2 is April 1 to June 30, Quarter 3 is July 1 to September 30, and Quarter 4 is October 1 to December 31. Quarter 3 has the lowest volume in all districts, which isn't unusual due to the usual pattern of sales transactions throughout the crop year.

2015 Arable Land Sale Price per Acre



## The Central district continues to have the highest sale price per acre

Using the new “box and whisker” plotting feature in Excel, it is easy to look at the data distribution for the sale price per acre values for each district. At a glance, you can see by the chart where the middle 50% of the sale price per acre data points occur, represented by the shaded box.

The upper and lower limits are represented by the lines and are 1.5 x the range between the top and bottom of the box. This is the “typical” data range you would expect statistically and anything above the upper and lower line limits are considered a data “outlier”.

The ‘outlier’ sales, which have occurred in every district, may represent land which can grow special crops or be specially desirable due to its location or soil type, and are not necessarily non-valid sales.

*This type of chart is called a “Boxplot” or “Box and Whisker” chart. It shows the dispersion of the sale price per acre data. 50% of the data is located in the shaded box area. The rest of the data is located within the two lines, and the points above or below are “outliers” in comparison with the rest of the data. The median or middle value of the data is represented by the line, and the average or mean is represented by the ‘x’.*

AMM District	# Sales	50% of \$SP/acre lies between	Median \$SP/Acre	Average \$SP/Acre
Central	261	\$2,542-\$4,830	\$4,000	\$3,843
Eastern	160	\$1,198-\$3,500	\$2,199	\$2,494
Interlake	86	\$1,110-\$2,398	\$1,594	\$1,897
Midwestern	138	\$978-\$1,740	\$1,357	\$1,455
Parkland	139	\$995-\$1,903	\$1,302	\$1,507
Western	202	\$1,165-\$2,156	\$1,634	\$1,773
Provincial	986	\$1,188-\$3,100	\$1,904	\$2,367

## Half of provincial arable land sales have a sale price between \$1,183 to \$3,100 per acre

Using the new “box and whisker” plotting feature in Excel, the data range for the middle 50% of the sales can be easily determined. The middle 50% of all arable land sales in the province range between \$1,188 to \$3,100 per acre.

### The highest sale prices per acre are located in the Central district

The middle 50% of sale price per acre for this district range from \$2,542 to \$4,830. The Central district also has the highest median or middle value at \$4,000 per acre, and highest mean or average at \$3,843 per acre. The lowest sale price per acre in this region is \$713 per acre, and the highest is \$9,168 per acre.

### The Eastern district has the second highest sale prices per acre for arable land,

with the middle range of sale prices per acre falling between \$1,198 per \$3,500 per acre, and a minimum sale price of \$720 per acre and \$8,626 per acre as a maximum sale price.

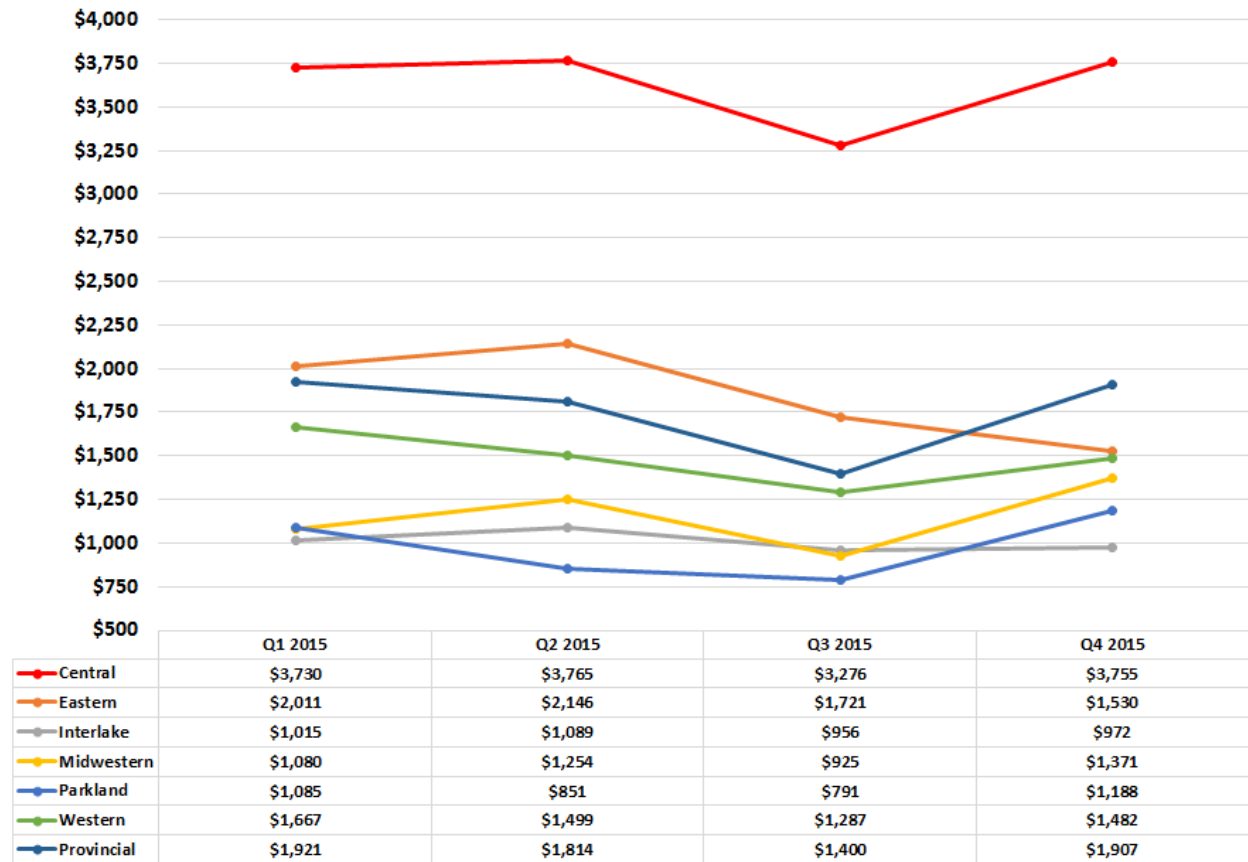
AMM District	Lowest \$SP/Acre	Highest \$SP/Acre
Central	\$713	\$9,168
Eastern	\$720	\$8,626
Interlake	\$713	\$6,000
Midwestern	\$703	\$3,278
Parkland	\$712	\$3,937
Western	\$703	\$5,337
<b>Provincial</b>	<b>\$703</b>	<b>\$9,168</b>

The sale prices per acre then continue to decline with the Western district having third place for sale price per acre for arable land, followed by the Interlake, Midwestern and Parkland districts.

The higher ranking of the Interlake district is somewhat distorted by the municipalities located in the lower half of the district, with higher sale prices per acre occurring in the R.M.'s of St. Francois Xavier, Rosser, and Woodlands which pull the average sale per acre upwards.



2015 Average Sale Price per Acre by District - Quarter 1 to 4



### Average sale price per acre indicates overall positive value trend

The graph above shows an indication of how the average sale price is moving over time. The graph appears to show that market values for arable land continue to remain on a steady positive trend on a provincial basis

Based on the 2015 average sale price per acre compared to 2013 sales, the indicated provincial market value increase for arable land is 9% per year

This appears to very close to the indicated FCC 2015 market value report increase of 12.4%\*. The FCC market value change is indicated by the appraisal of benchmark properties every year, which are representative of typical farmland in the area. Our method is slightly different as we use the actual sales which have occurred as reported by Manitoba Assessment Services Branch.

The greatest increase is in the Central district at 19% per year,

followed by the Eastern, Interlake, Parkland and Midwestern districts. The Western district appears to be relatively stable in price with no indicated increase in the last two years.

	Central	Eastern	Interlake	Midwestern	Parkland	Western	Provincial
2013 Average Sale Price/Acre	\$2,773	\$1,924	\$1,643	\$1,325	\$1,290	\$1,831	<b>\$2,005</b>
2015 Average Sale Price/Acre	\$3,843	\$2,494	\$1,897	\$1,455	\$1,507	\$1,773	<b>\$2,367</b>
Change from 2013 to 2015	39%	30%	15%	10%	17%	-3%	<b>18%</b>
Indicated Annual Change	19%	15%	8%	5%	8%	-2%	<b>9%</b>

\* <https://www.fcc-fac.ca/en/about-fcc/corporate-profile/reports/farmland-values-report.html>

## **Debbie Pieterse, B.Sc. Agric. AAM, AACI, P. App.**

**Debbie Pieterse has been an fee appraiser since 2013, building on over 30 years of experience valuing property for the public sector.**

She specializes in agricultural appraisals and rural properties, expropriations, real estate consulting, valuation, and market analysis.

Debbie grew up on a cattle farm in the Ashern area, which started her lifelong interest in the agricultural industry. She attended the University of Manitoba and graduated with a Bachelor of Science in Agriculture with an Animal Science major. After university, Debbie embarked on a long career with the Province of Manitoba, mainly with the Assessment Services Branch. Throughout her time at Assessment, she held the positions of Assessment Officer, District Supervisor (Dauphin) and Provincial Sales Manager. She valued properties throughout rural Manitoba, working in the Souris, Portage la Prairie, Dauphin and Brandon District Assessment Offices. She became an Accredited Assessor of Manitoba in 1994.

While employed with Crown Lands & Property Agency as a property appraiser from 2009 to 2013, she prepared valuations for expropriations, acquisitions and disposal of Crown Property throughout rural Manitoba.

Debbie participated in the Appraisal Institute of Canada (AIC) Education Program through the University of British Columbia program and was awarded the Certificate in Real Property Assessment and Diploma of Urban Land Economics (Assessment Specialization) in 2012. She was the recipient of the 2012 BC Assessment Valuation Award from the University of British Columbia, with the highest standing in Foundations of Appraisal and Statistical and Computer Applications in Valuation.

She was awarded the AACI designation from the Appraisal Institute of Canada in 2015 and is active in the local Manitoba chapter of the AIC.

She is also a member of the International Right of Way Association, which is an international organization which provides education for professionals who acquire, manage and transfer the land rights needed for building and maintaining energy and transportation infrastructure. She is the local IRWA Chapter 66 (Winnipeg & Manitoba) president. She is working towards her Senior Right of Way Professional (SR/WA) designation.

She is also a Candidate member of the Reserve Fund Planning program for appraisers through UBC, working towards the Reserve Fund Planning Professional (RFPP) Designation.



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PMB #408  
35-2855 Pembina Highway  
Winnipeg MB R3T 2H5



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