

# Farmland Values

F a r m C r e d i t C a n a d a

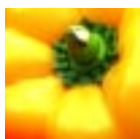


2

Methodology

## National trends

For more than 40 years, Farm Credit Canada (FCC) has been 100 per cent focused on helping Canadian agricultural producers succeed. Recognizing that market knowledge is key to success in the agricultural industry, FCC introduced the *Farmland Values* report. Unique to FCC, this report is the only source for comprehensive farmland values information across Canada. The *Farmland Values* report is produced every six months.



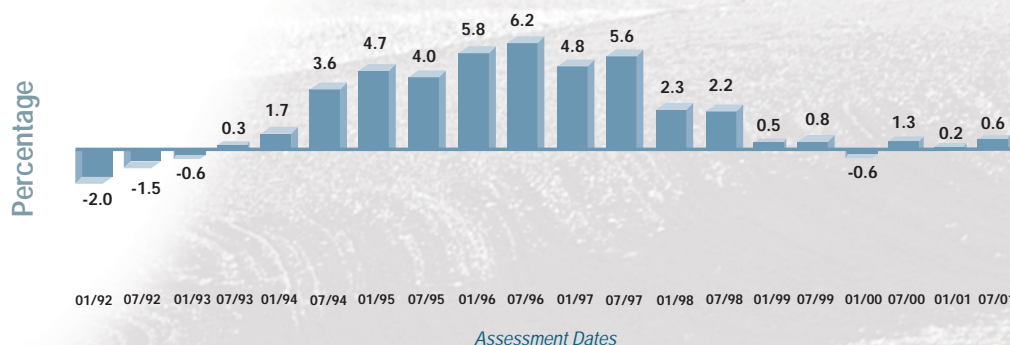
3-7

Provincial trends

With the exception of Saskatchewan and Nova Scotia, farmland values remained stable or experienced stable growth in all provinces. National farmland values increased in the first half of 2001 for a third consecutive six-month period. From January 1 to July 1, 2001, land values across Canada increased by 0.6 per cent, compared to a 0.2 per cent rise in the last half of 2000.

### Canada

*Semi-annual % change in farmland values*



## Methodology

In 1985, FCC established a system of 245 benchmark farm properties to monitor variations in bareland values across Canada. Since 1990, benchmark properties have been appraised semi-annually at January 1 and July 1. These selected parcels represent the most prevalent classes of agricultural soil in each census district.

The benchmark properties are zoned for agriculture and represent current land use. A weighting is assigned to each property and to each province, based on the improved farmland area recorded by the 1996 Census of Agriculture.

The appraisal process consists of updating the estimated market value of each benchmark property semi-annually. FCC appraisers estimate market value using recent bareland comparable sales. These sales must be arm's-length transactions. Once sales are selected, they are reviewed, analyzed and adjusted to benchmark properties. Individual values are reconciled before accredited appraisers review the appraisal reports.

## Provincial trends

The majority of provinces continued to experience stable growth in farmland values. Quebec saw the greatest gain, at 5.0 per cent as of July 1, marking the third consecutive period of strong growth. In the last half of 2000, land values in the province increased by 5.2 per cent. In Alberta, land values climbed to 2.6 per cent for the current reporting period, moderately higher than the 1.5 per cent increase in January 2001. Ontario continued its steady climb with growth measured at 1.6 per cent for the first half of 2001, comparable to the 1.1 per cent increase reported in the last six-month period.

Land values in Saskatchewan continued to decrease slightly, by 1.1 per cent compared to 1.2 per cent in the last half of 2000. Values in Manitoba increased by 0.1 per cent compared to the 0.3 decline reported in January 2001.

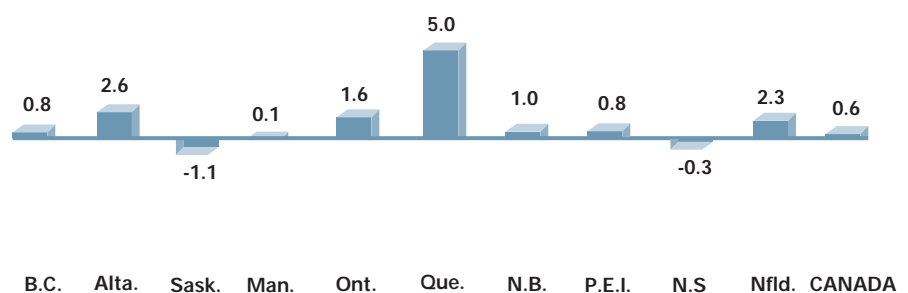
In the Atlantic region, New Brunswick and Prince Edward Island both showed small increases of 1.0 and 0.8 per cent respectively—a slowdown for both provinces over the previous period's results of 4.4 per cent in New Brunswick and 2.7 per cent in Prince Edward Island. Even with an increase of 2.3 per cent, Newfoundland witnessed a slowdown in its land values, which had moved up 3.6 per cent six months ago. Nova Scotia also experienced a slight decrease of 0.3 per cent, offsetting the 1.6 per cent increase reported in the previous six months.

British Columbia showed slower growth with an increase in farmland values of 0.8 per cent, down from the 3.7 per cent boost reported in January 2001.

### Provincial comparison of farmland values

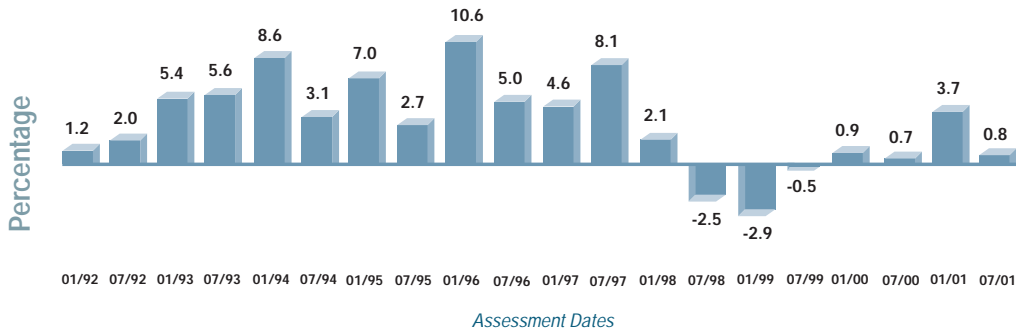
*Semi-annual % change in farmland values*

*January 1, 2001 to July 1, 2001*



## British Columbia

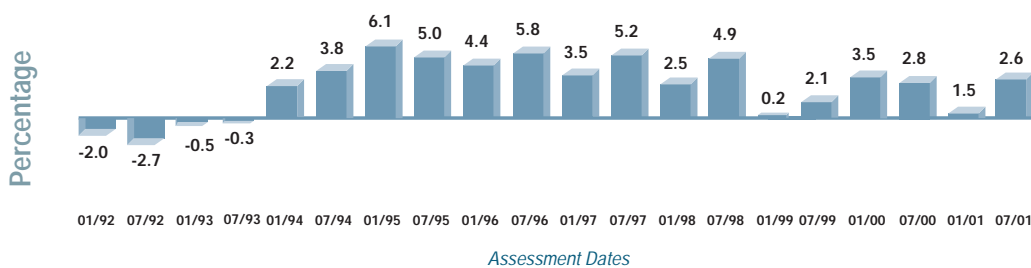
*Semi-annual % change in farmland values*



Although the market in the Lower B.C. Mainland was active in the first half of 2001, land values remained stable. The Okanagan region experienced a moderate volume of trading at relatively stable prices. There was a slight increase in farmland values in the interior. A few recent ranch sales indicate a continued and solid demand for medium to larger-sized farms. The demand continues despite the effects of the forestry sector slump on many ranchers' supplementary logging income. In the British Columbia Peace River area, strong off-farm income from the oil and gas sector contributed to the considerable increase in land values. This was mostly evident in smaller parcels of land but also appeared to influence a slight increase in larger full-scale ranch properties.

## Alberta

*Semi-annual % change in farmland values*

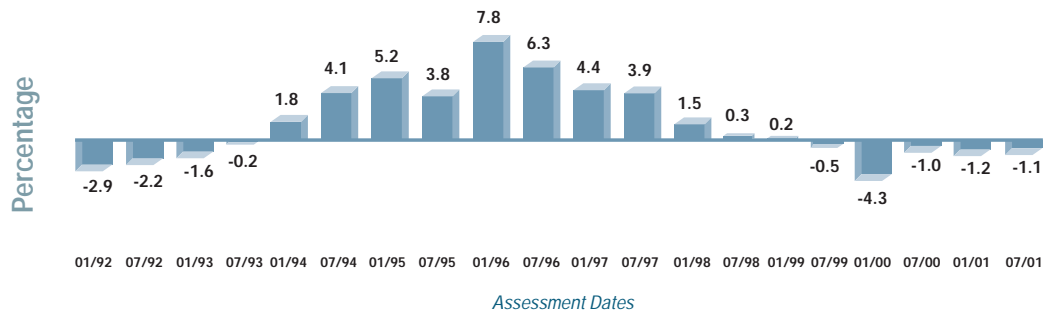


Land prices in Alberta continued to edge upward due to strong beef prices, expansion of established farm operations and the influence of a strong provincial economy. Drought conditions in parts of central and southern Alberta resulted in a strong demand for forage and pasture land. As well, irrigated land suitable for feed production and special crops such as potatoes increased in value. Grain-producing areas saw generally stable farmland values due to low grain prices and greater input costs. In northern Alberta, purchasers searching for land particularly suited to beef operations pushed land values slightly upwards.



## Saskatchewan

*Semi-annual % change in farmland values*

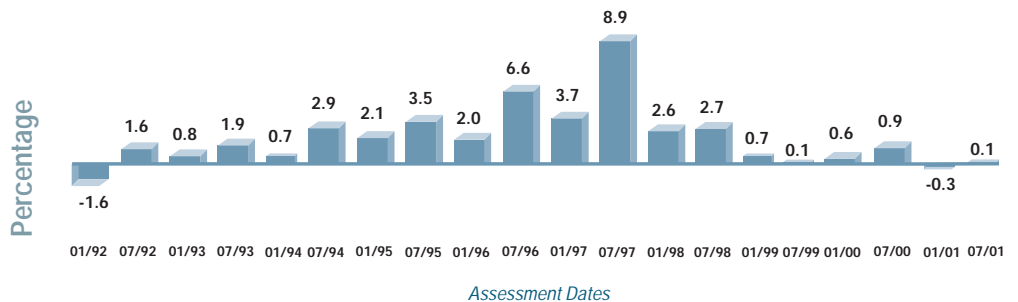


**S**askatchewan farmland values showed a slight decrease for the fifth period in a row. Low commodity prices in cereal grains and oilseeds and increased input costs continued to put pressure on farmland values. There appeared to be ample property for sale but a reluctance by vendors to accept a reduced price. However, some larger units were purchased at close to listing prices. Property suited for livestock was in good demand and sold at higher prices.

Dry conditions were evident in some areas of the province. The impact, if any, of potentially lower crop yields will be seen in the next six-month reporting period.

## Manitoba

*Semi-annual % change in farmland values*

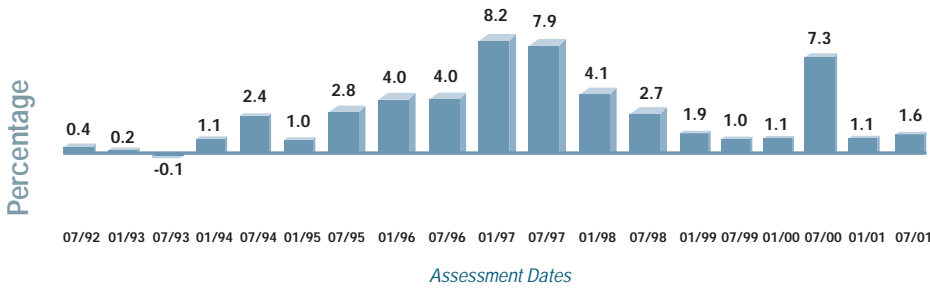


**O**n a province-wide basis, land values did not see significant changes in the last six months. As in previous years, strong demand continued in areas with intensive livestock operations and crop production, such as potatoes. Land in traditional crop production areas remained mostly stable with some pressure on values due to low commodity prices. In spite of this, there was a reluctance to sell at lower prices.



## Ontario

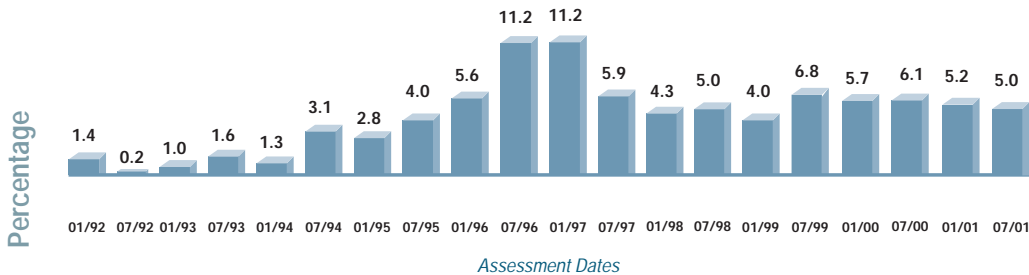
*Semi-annual % change in farmland values*



**L**and values saw little change in the first half of 2001 for most parts of Ontario. Continued low grain prices restricted expansion in the cash crop sector, primarily in southwestern Ontario. Land values in Middlesex, Elgin, Waterloo, and Wellington continued to increase which follows the trend established in Oxford and South Perth. However, the restrictions on visiting Canadian farms due to foot and mouth disease outbreaks in Britain and the Netherlands may have discouraged European immigrants from purchasing land in Ontario. Land values across the rest of the province showed no significant changes.

## Quebec

*Semi-annual % change in farmland values*



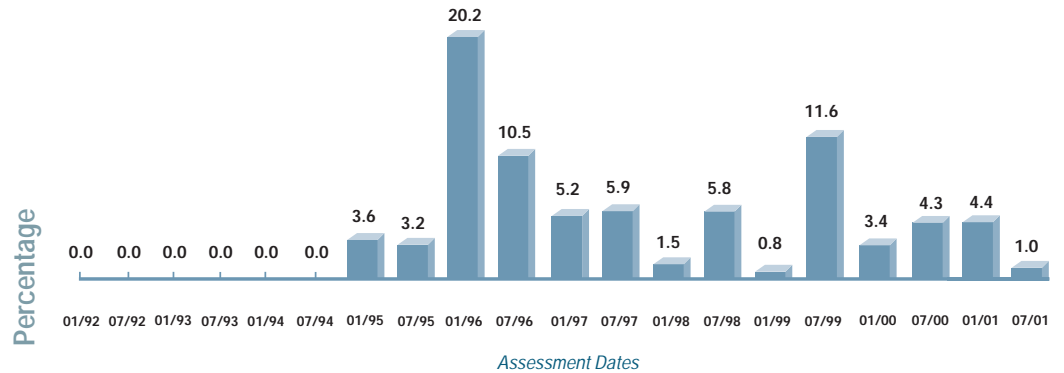
**T**he price of land in Quebec increased over the last six months. Livestock producers, purchasing land to comply with new environmental standards, have sustained demand for land.

In contrast, land purchases by vegetable producers slowed down. Lower average yield coupled with lower prices than in the previous year led to decreased cash flow for these producers. However, despite cash-flow problems, vegetable producers wanting to buy land must compete with the high purchase prices offered by livestock producers.



## New Brunswick

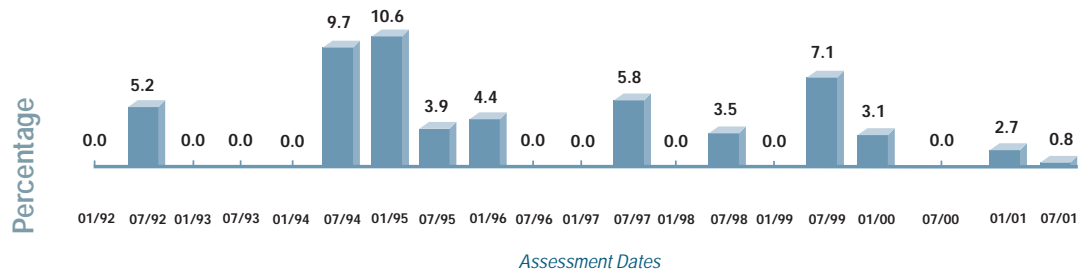
*Semi-annual % change in farmland values*



**L**and values were generally unchanged over the past six months in the major potato growing sectors of the province. There were some isolated incidents of potato growers bidding up strategically located parcels, either for rotation needs or to improve economies of scale. This explains why, in some parts of the province, land values have gone up. In the Kings County (Sussex) area, land values increased, driven primarily by stable incomes from the dairy sector.

## Prince Edward Island

*Semi-annual % change in farmland values*



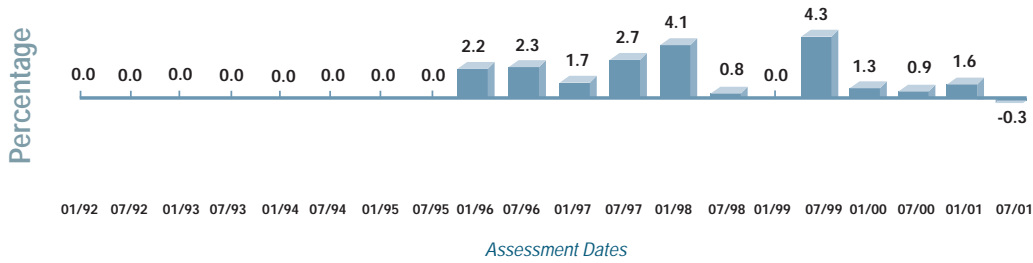
**T**he potato export restrictions that ended in April affected land values in this province. The western region of the province showed a slight increase (less than two per cent) while the balance indicated no change. The marketplace continued to be active with a good volume of sales providing a solid base for values. However, the slight upward movement indicates a healthy balance between the supply and demand.





## Nova Scotia

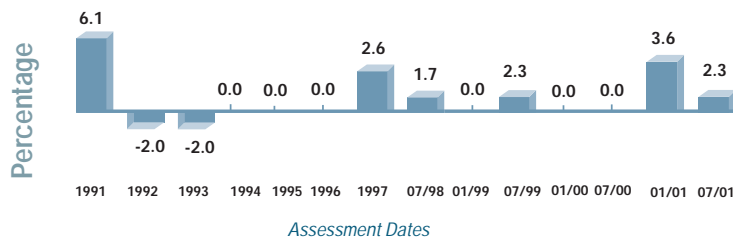
*Semi-annual % change in farmland values*



**L**and value changes were mixed in this province. This varied marketplace is difficult to interpret, but many factors, such as limited market activity, fewer sales, location of sold parcels and quality of soil can explain some of the disparities. The Annapolis Valley region showed land values as unchanged while values were slightly reduced in the eastern section of the province. Stronger values were detected in Hants County, the central portion of Nova Scotia. Both of these regions have farm economies based primarily on dairy production, with somewhat more intensive operations located in the central sector.

## Newfoundland

*Semi-annual % change in farmland values*



**L**and values within this province reflected a stable, unchanged market in the eastern section - the Avalon Peninsula. Land values in the western or Deer Lake section increased slightly, driven by demand for land for forage production. Dairy producers were the major purchasers of land, reflecting the benefits of a stable income from a supply-managed commodity.



**Questions regarding farmland values can be directed to:**

**Atlantic Region:**

Maurice Chassé (bilingual)  
(506) 851-3366

**Quebec:**

Michel Rousseau (bilingual)  
(418) 648-7613

**Ontario:**

Tom Nolan (bilingual)  
(519) 826-2033

**Western Canada:**

Roy Hjelte  
(306) 780-3489

François Magny (bilingual)  
(306) 780-7997

**We welcome your feedback!**

**Please send your comments/suggestions to:**

Farm Credit Canada

1800 Hamilton Street P.O. Box 4320

Regina, Saskatchewan S4P 4L3

Telephone: (306) 780-8411 Fax: (306) 780-3491

[www.fcc-sca.ca](http://www.fcc-sca.ca)

For information on products and services, call:

**1-877-332-3301**

This report is available online at [www.fcc-sca.ca](http://www.fcc-sca.ca)

Ce rapport est également offert en français.

Farm Credit Canada  
Agriculture. It's all we do.

Financement agricole Canada  
L'agriculture... notre raison d'être.



**Canada**