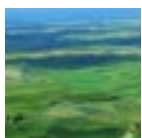


Farmland Values

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



2

Methodology



3-7

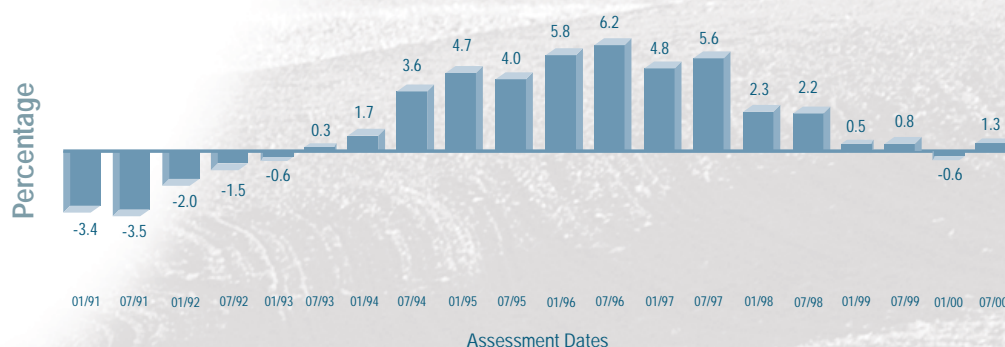
Provincial trends

National trends

For more than 40 years, Farm Credit Corporation (FCC) has been 100 per cent focused on helping Canadian 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 semi-annually.

For the period of January 1 to July 1, 2000, farmland values across Canada remained stable or increased with the exception of Saskatchewan, where values decreased slightly. Nationally, values increased by 1.3 per cent in this reporting period, compared to a 0.6 per cent decrease between July 1, 1999 and January 1, 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

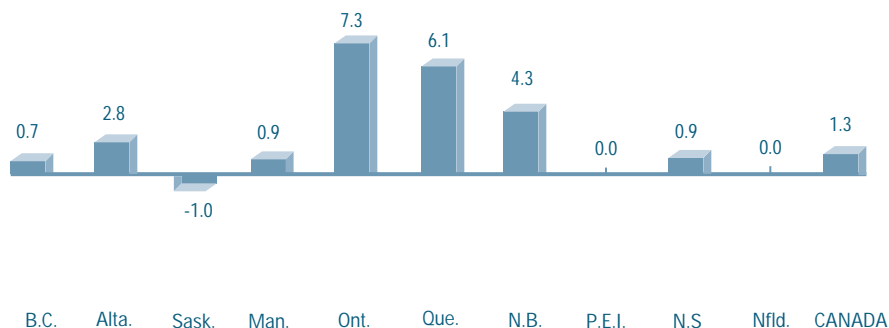
Most provinces continued to see modest growth in farmland values. Ontario saw the sharpest increase, with a gain of 7.3 per cent at July 1 from the 1.1 per cent recorded in the previous six-month period. Quebec again experienced strong growth, with land values rising by 6.1 per cent, comparable to the previous period's 5.7 per cent increase. Land values continued their steady climb in New Brunswick, with growth measured at 4.3 per cent for the current reporting period, slightly better than the 3.4 per cent result reported in January 2000.

Alberta showed an increase of 2.8 per cent, down from the 3.5 per cent increase of the previous report. Values in Nova Scotia, Manitoba and British Columbia remained fairly stable, with slight increases of 0.9 per cent in both Nova Scotia and Manitoba and 0.7 per cent in British Columbia, consistent with the previous period increases of 1.3, 0.6 and 0.9 per cent respectively. Values in Prince Edward Island have levelled off, with no movement over the past six months after growth of 3.1 per cent in the previous reporting period. Land values in Newfoundland are unchanged from the previous period.

Saskatchewan was the only province where land values decreased, by a slight 1.0 per cent compared to the decrease of 4.3 per cent recorded in January 2000.

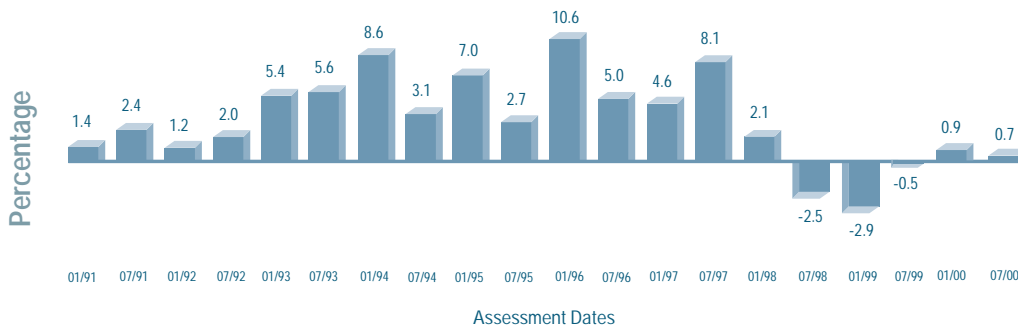
Provincial comparison of farmland values

*Semi-annual % change in farmland values
January 1 to July 1, 2000*



British Columbia

Semi-annual % change in farmland values



The British Columbia land market is very segregated, creating diverse markets. In the lower mainland, there is a strong market for land suitable for raspberry and blueberry production while values for land for hay and vegetable production are basically static.

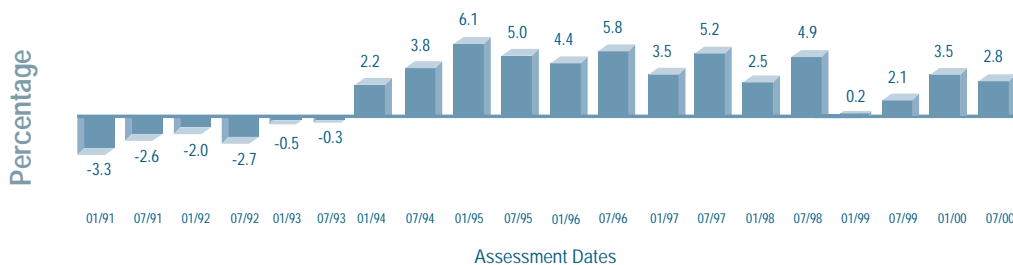
The market for orchard land in the Okanagan continues to be weak due to marginal returns. However, the demand for vineyard land is stronger due to growth in the winery industry.

In the Peace River area, off-farm income continues to generate demand for land. In general, there is a strong demand for land with top-quality soil because there is a limited amount available on the market.



Alberta

Semi-annual % change in farmland values



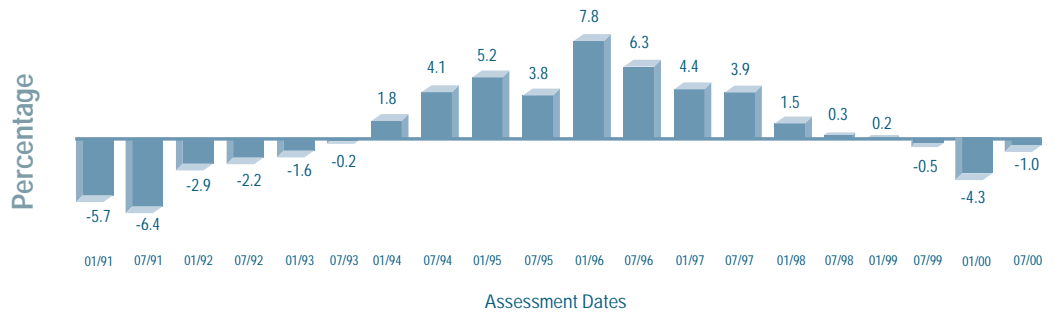
Alberta continues to have the strongest land market of the western provinces. Strong off-farm incomes and an active provincial economy have contributed to higher values near urban areas. There is a strong demand in areas that have off-farm employment and are within commuting distance.

Farmland values in south and central Alberta are increasing due to various factors. Irrigated lands are in demand and the possibility of irrigation district expansion has increased the value of some dry land in adjoining areas. Strong beef prices have resulted in a high demand for forage and grazing lands.

Values in Northern Alberta are stable or have slightly decreased due to two years of poor crops as a result of inclement weather.

Saskatchewan

Semi-annual % change in farmland values

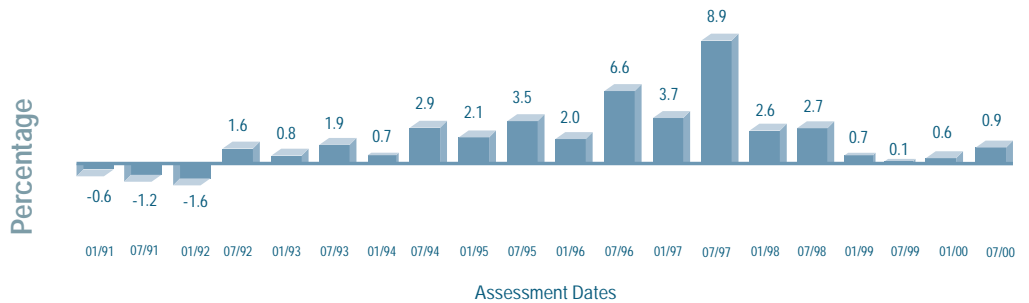


The downward trend in Saskatchewan land values that began a year ago continues but at a lesser rate. However, Saskatchewan land values appear to have held up reasonably well in most areas of the province despite continued weak grain prices. Positive influences include buyers relocating from other provinces, a strong livestock sector and spin-off from economic activity in oil-producing areas.



Manitoba

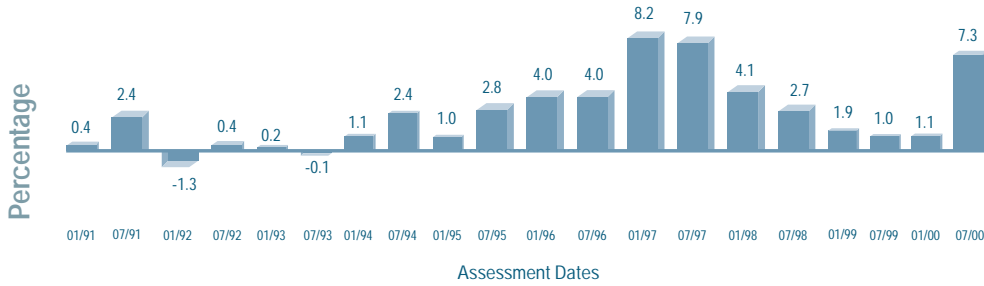
Semi-annual % change in farmland values



On a provincial basis, Manitoba land values have been in a holding pattern with only modest increases in the last two years. Land values in eastern Manitoba are stronger mainly due to expansion of hog and dairy operations. Pressure stemming from environmental concerns in these sectors have added to the demand for land ownership. As well, there has been increased competition for sufficiently sized units. Specialty crop areas have shown strong land values due to improved returns in edible bean and vegetable production. In western Manitoba, values are flat, reflecting low grain prices and production difficulties still attributable to excess moisture experienced last year.

Ontario

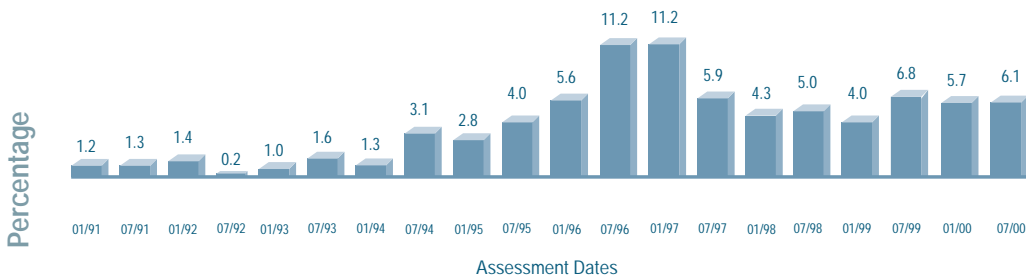
Semi-annual % change in farmland values



Changes in land values across this province were varied. The eastern part of the province showed little change except for increases in some areas around Ottawa. This upward trend was also noted in other areas where there is a prevalence of producers with significant off-farm income – particularly in commuter zones around urban areas in central and southwestern Ontario. In the core agricultural areas of southwestern Ontario, there was continued impact from buyers who are willing to pay top dollar for desirable properties and extra land for expansion. Strong prices have also been noted at various auction sales, a traditional method of selling land which is experiencing a revival. In northern Ontario, demand for land was weak and showed declining values.

Quebec

Semi-annual % change in farmland values

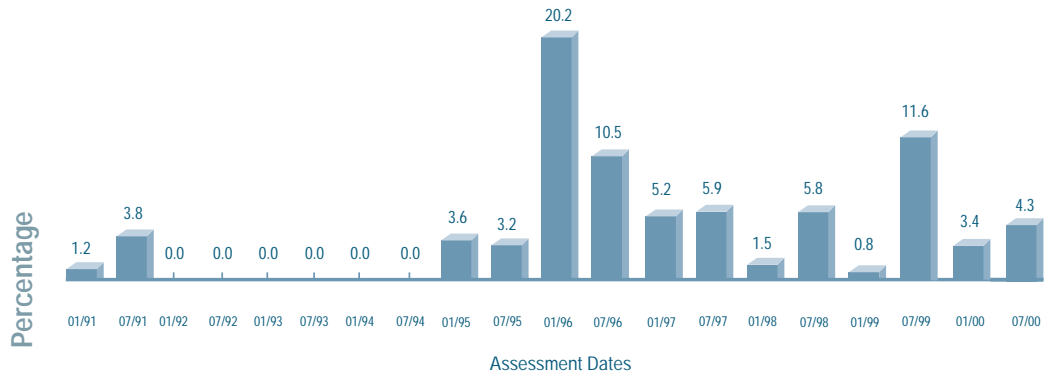


Farmland values in Quebec continued to increase at a rate similar to that reported in the two previous reports. A sharp increase was seen for land suitable for expanding nutrient management programs. However, values were stable in the dairy regions and continued to increase at the same average rate as in those regions dedicated to crop production.



New Brunswick

Semi-annual % change in farmland values

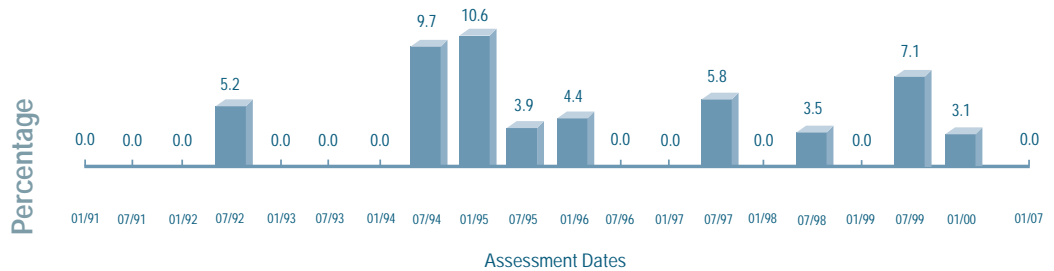


Land values increased in the potato growing sectors in the central and northern regions of the St. John River Valley. Increased production of potatoes is affecting the demand for land, both for expansion and for rotation within an existing operation. In the south-central portion of the province, which consists primarily of dairy enterprises, there was no change in land values during the monitoring period.



Prince Edward Island

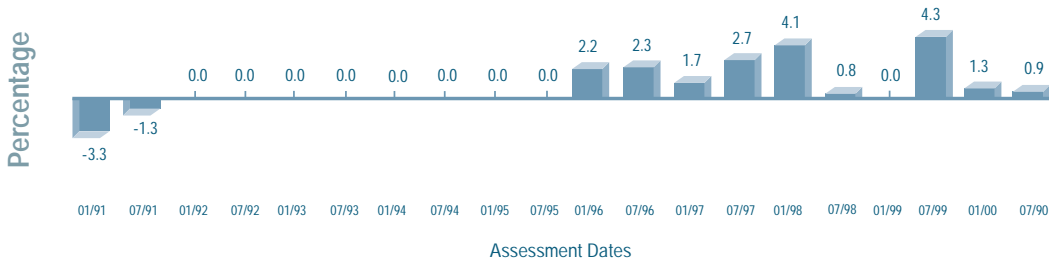
Semi-annual % change in farmland values



It was noted in the previous report that the increase in land values had moderated somewhat, resulting in unchanged values over the current six-month period. Last fall's difficult harvest created some uncertainty for potato producers and affected investment decisions. Revenues from potato operations remain relatively unchanged, resulting in net incomes which are unchanged or slightly lower due to increased costs for crop inputs.

Nova Scotia

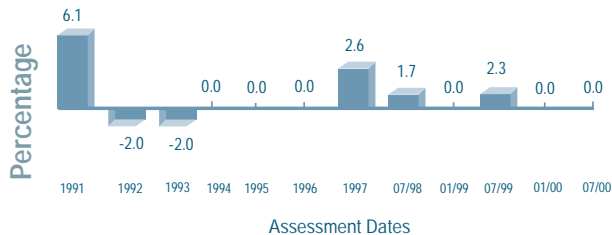
Semi-annual % change in farmland values



During the assessment period, land values were unchanged in most of the province with the exception of the Annapolis Valley which had a very small (less than one per cent) increase. Values have been very stable in this area for some time. The slight change noted is a reflection of some of the increases seen in other sectors of the provincial economy in previous periods. The stable marketplace shows a balance between supply and demand for land.

Newfoundland

Semi-annual % change in farmland values



There was no change in overall land values during the current assessment period in Newfoundland, continuing the trend noted in the previous report. The demand for land seems to have stabilized, as have land values.



Questions regarding farmland values can be directed to:

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We welcome your feedback!

Please send your comments/suggestions to:

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For information on products and services, call:

1-877-332-3301

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Canada

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