

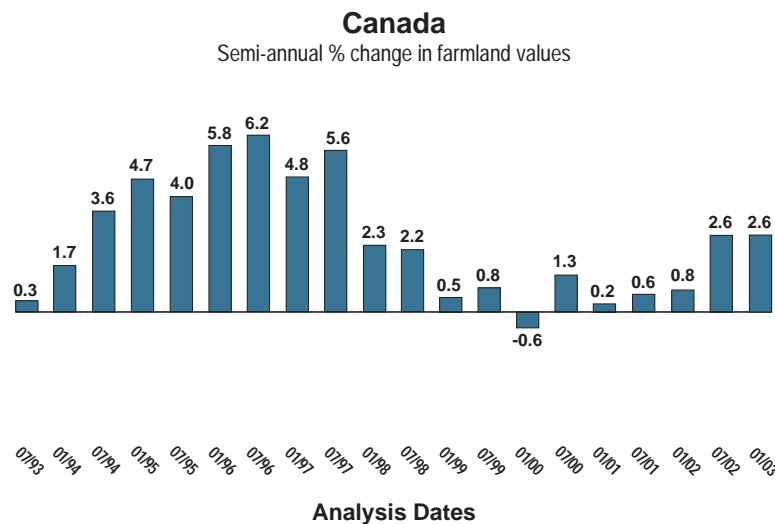
Farmland Values – Spring 2003

For more than 40 years, Farm Credit Canada (FCC) has focused exclusively on Canadian farmers' success. Recognizing that market knowledge is key to success in the agricultural industry, FCC produces the *Farmland Values Report*. This unique report is the only source of national farmland values information and is produced every six months.

National Trends

The average value of farmland across Canada continued its steady climb, posting an increase in value of 2.6 per cent during the last half of 2002.

Increases varied across the country, but were strongest in the West, due to the prospect of improving commodity prices and strong demand for land. Land values have been on the rise since July 2000.



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. Weighting is assigned to each property and to each province, based on the improved farmland area recorded by the 1996 Census of Agriculture.

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, analysed and adjusted to benchmark properties. Individual values are reconciled before accredited appraisers review the appraisal reports.

Provincial Trends

Manitoba led all provinces with a gain of 4.2 per cent in values. Land prices in Western Canada were on the rise, with Saskatchewan, Alberta and British Columbia values increasing for the second consecutive six-month period.

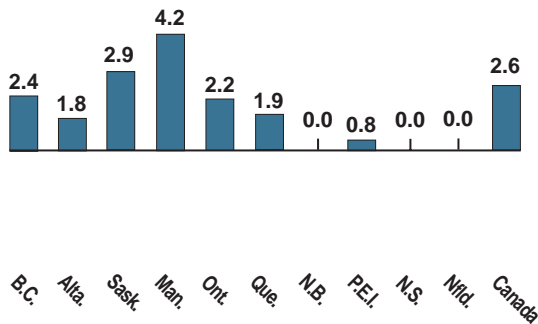
Both Quebec and Ontario continued to climb steadily at a somewhat slower pace. In Atlantic Canada, only Prince Edward Island experienced a rise in values.

Farmland value information for most locations in Canada is now available free of charge through the new FarmlandValues online service, at www.fcc-fac.ca

Provincial comparison of farmland values

Semi-annual % change in farmland values

July 1, 2002 to January 1, 2003

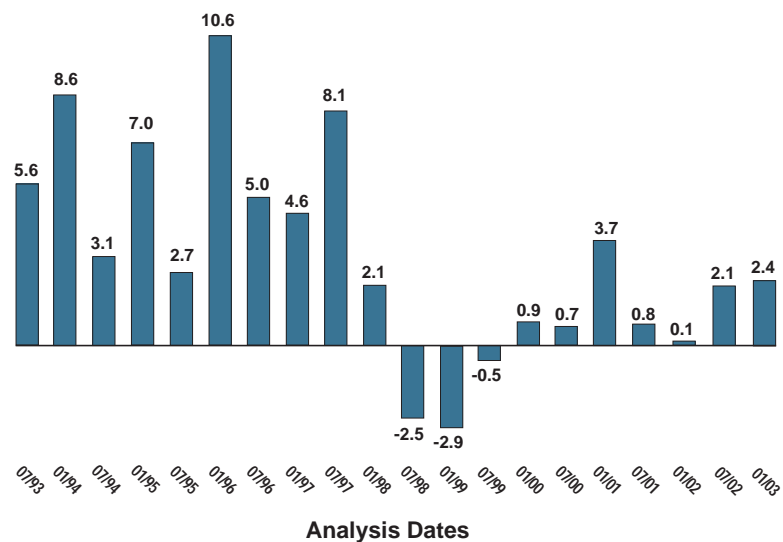


Farmland Values in 2002

Provinces	First half of 2002	Second half of 2002
B.C.	2.1%	2.4%
Alta.	4.5%	1.8%
Sask.	1.0%	2.9%
Man.	2.1%	4.2%
Ont.	4.0%	2.2%
Que.	6.2%	1.9%
N.B.	1.2%	0
P.E.I.	0	0.8%
N.S.	0	0
Nfld.	0	0
Canada	2.6%	2.6%

British Columbia

Semi-annual % change in farmland values

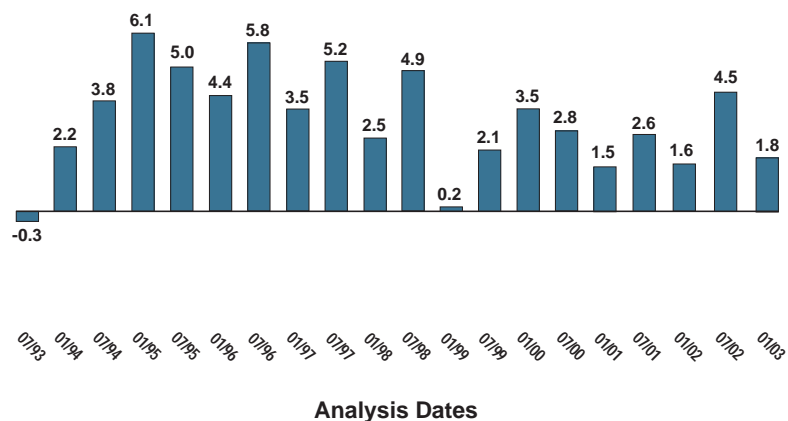


Values in the B.C. market grew as a result of stronger demand in the interior and modest increases in the Lower Mainland and the Island. Good quality land in the Dawson Creek area edged upward. Demand was primarily driven by local farmers purchasing the limited amount of superior land available for sale.

A combination of strong cattle prices last year and out-of-province buyers created demand and pushed values up in areas suited for ranching. The Okanagan Valley showed strength in both fruit-growing areas and those desirable for new residential development. Vancouver Island land values were generally stable to slightly higher in thin trading.

Alberta

Semi-annual % change in farmland values

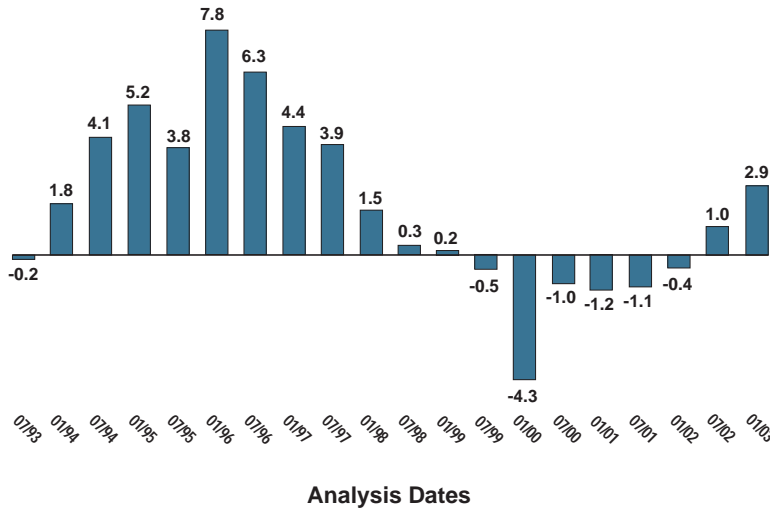


Land values in Alberta were generally stable, with small increases in some areas. Irrigated land values appear to have stabilized after several years of growth. Except for the South, drought affected most of the province, resulting in reduced optimism and cash flow. Offsetting this situation is the prospect of rising grain commodity prices and continued demand for pasture and forage land.

Off-farm employment opportunities created a strong demand for land within commuting areas.

Saskatchewan

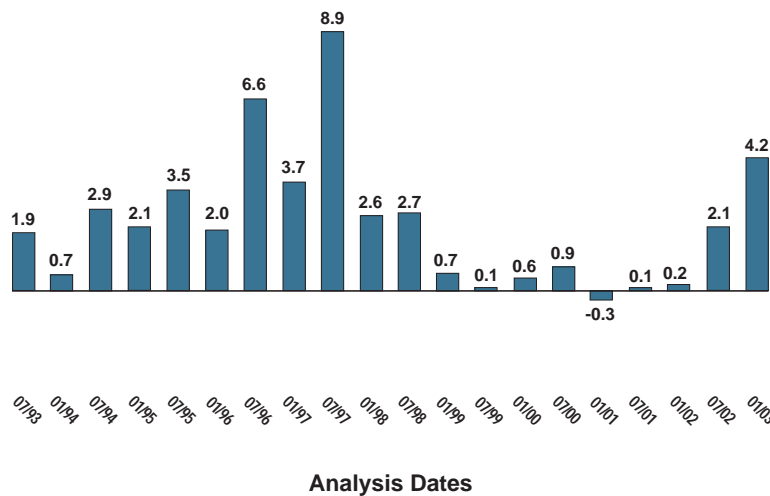
Semi-annual % change in farmland values



Land values in Saskatchewan increased by approximately 3.9 per cent in 2002, marking the largest annual gain since 1997. Relocating pasture and forage purchasers continued to increase demand in ranching and mixed farming areas. There is an attitude of cautious optimism due to the prospect of higher commodity prices. This optimism is tempered, however, by increased operating costs and the impact of drought in northern and central areas.

Manitoba

Semi-annual % change in farmland values



Manitoba land values showed the strongest gain in the country at 4.2 per cent. In traditional grain-producing areas, improved commodity prices have increased optimism and interest in land. Demand for land suitable for potato production remains strong, with increases in areas that are planning to expand potato acres.

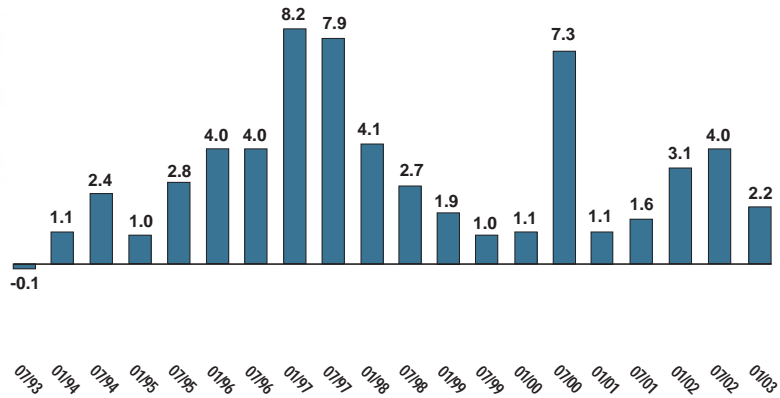
Demand for land in southeastern Manitoba remained strong due to the high concentration of intensive livestock operations.





Ontario

Semi-annual % change in farmland values



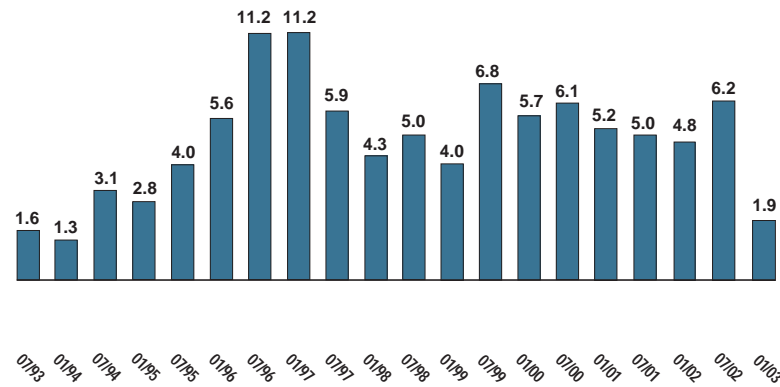
Analysis Dates

Over the last six months of 2002, land values continued to move upward. Farmers acquired land to accommodate cash crop expansion in Huron, south Bruce, Perth and Oxford counties. Anticipation around pending regulations for nutrient management plans was also an important factor.

Land values in Northern Ontario were static. This trend continued throughout eastern and central Ontario, except for good quality land in Stormont and Dundas, where expanding cash croppers and livestock farmers were buying. In Prince Edward County, continued demand for land to produce grapes pushed values higher. There was weaker demand in the many areas of the province with certain harder to manage heavy clay soils.

Quebec

Semi-annual % change in farmland values



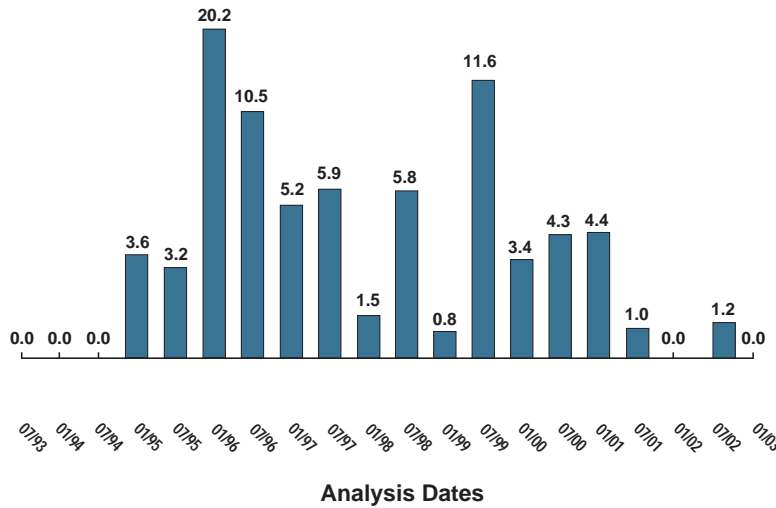
Analysis Dates

Land values continued to climb at a somewhat slower pace.

There has been no change in value for land located on the outskirts of large urban centres or in more central regions with a low concentration of livestock production. Land values in central regions, with livestock as the mainstay, continued to increase, albeit at a slower rate.

New Brunswick

Semi-annual % change in farmland values

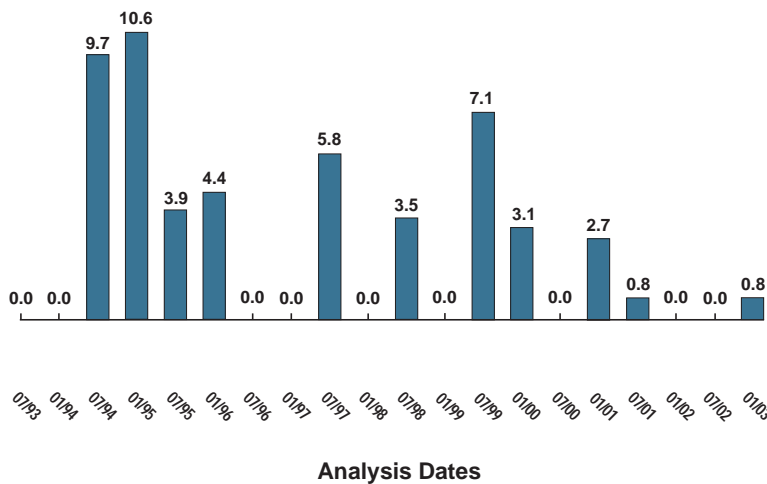


Over the last six months of 2002, land values were unchanged in all areas of the province. Demand for good quality potato land continued in the upper St. John River region, where potatoes are a key crop. Historically, however, land sales are slower during the second half of the year.

In the south-central region of the province, home to many dairy operations, markets were quiet. Farmers seemed to be waiting for year-end numbers before making any major decisions to invest in land. No factors that would push values downward were discovered.

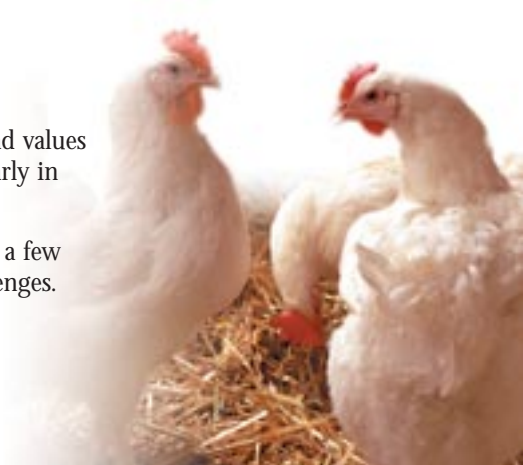
Prince Edward Island

Semi-annual % change in farmland values



Potato farmers are recovering from a series of difficult years and were reluctant to push land values higher. The need for land to rotate potato production resulted in an active market, particularly in the western section of Prince County, where a small increase in land values was observed.

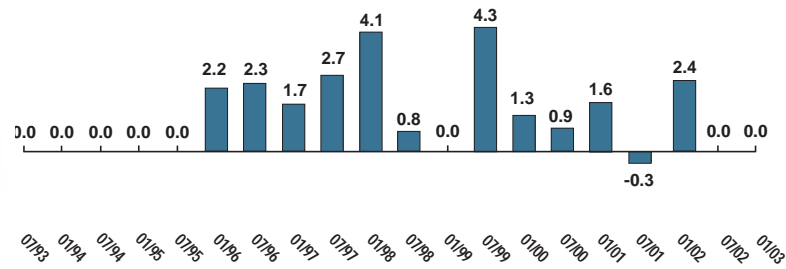
The slight increase in value recorded during the last six months of the year confirmed that a few P.E.I. farmers were in the market for land but they were cautious and mindful of past challenges.





Nova Scotia

Semi-annual % change in farmland values



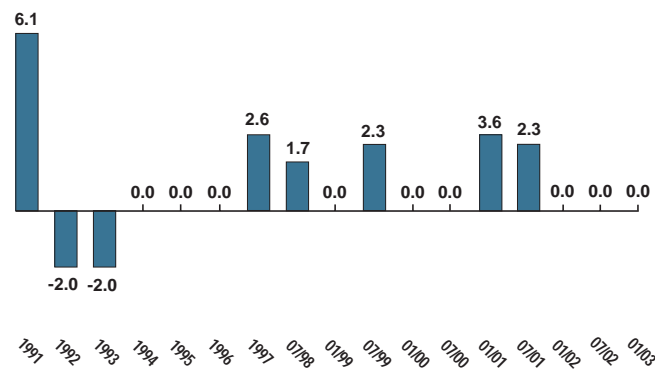
Analysis Dates

Nova Scotia's land values were unchanged at the end of 2002. In comparison to last year, there was a relatively low volume of sales as indicated by low demand and resistance by purchasers.

Although the Annapolis Valley area experienced more sales than any other region, land values remained unchanged. Dairy producers looking to expand their holdings were seeking parcels of land bordering the Truro region. This contributed to a steady flow of transactions. As with the other Maritime provinces, no factors that might push land values down were identified.

Newfoundland and Labrador

Semi-annual % change in farmland values



Analysis Dates

Land values within this province reflected a stable, unchanged market. The farm real estate market was quiet, with fewer than normal sales.

Agricultural land on the Avalon Peninsula continued to be under pressure for urban development, especially parcels of land that are within commuting distance to St. John's. Dairy operators in the Deer Lake area were the major purchasers of land.