

## Farmland Values — Fall 2003

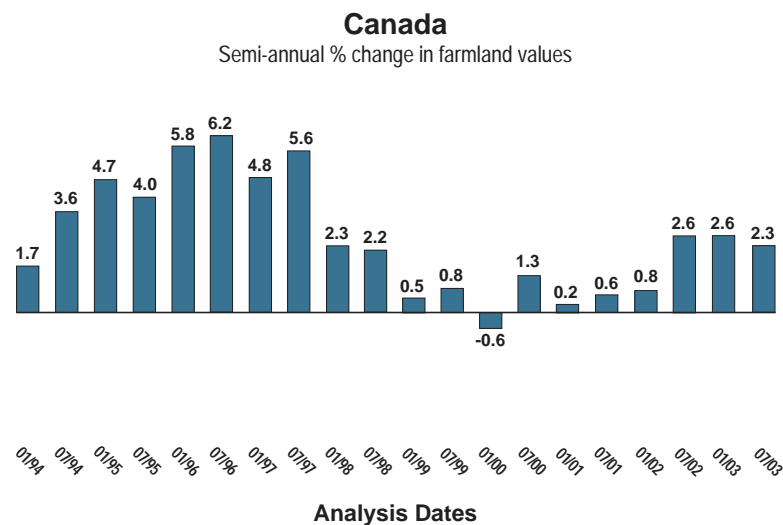
Farm Credit Canada (FCC) helps Canadian farmers grow, diversify and prosper. Recognizing that market knowledge is important to those involved in the agricultural industry, FCC produces the *Farmland Values* report every six months. This report is a principal source of national farmland values trends information and is one of over three dozen products and services that FCC provides to help Canadian producers succeed.

This publication and more detailed, up-to-date farmland values for local areas are also available at <http://www.fcc-fac.ca/english/property/>. Please visit our site and register.

If you have access to the Internet and would prefer not to receive the printed copy of this report, please contact Myrna Stark Leader at (306) 780-8614 or e-mail [myrna.starkleader@fcc-fac.ca](mailto:myrna.starkleader@fcc-fac.ca) and we will remove your name from the mailing list. Thank you!

## National Trends

The value of farm land across the country increased during the first six months of 2003, a trend witnessed since January 2000. The largest increase was in Ontario at 3.8 per cent with steady increases across the West and in Quebec. While the average increase across the country fell slightly from 2.6 per cent to 2.3 per cent, growth continues to be sustained. Rising land values generally indicate strength in the agricultural industry.



## 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.

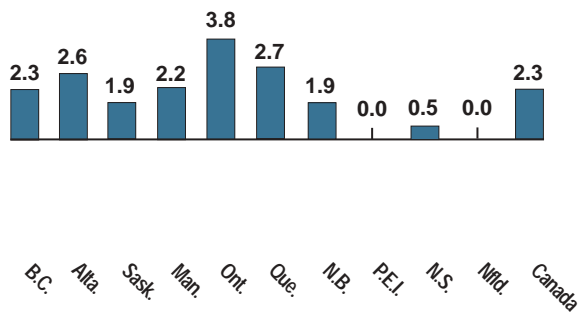
## Provincial Trends

Ontario led all provinces with a gain of 3.8 per cent in values. Quebec and Alberta were nearly a full percentage lower, but still showed steady gains.

On the Prairies, Saskatchewan, Manitoba showed modest increases as did New Brunswick and Nova Scotia in Atlantic Canada.

### Provincial comparison of farmland values

Semi-annual % change in farmland values  
January 1, 2003 to July 1, 2003

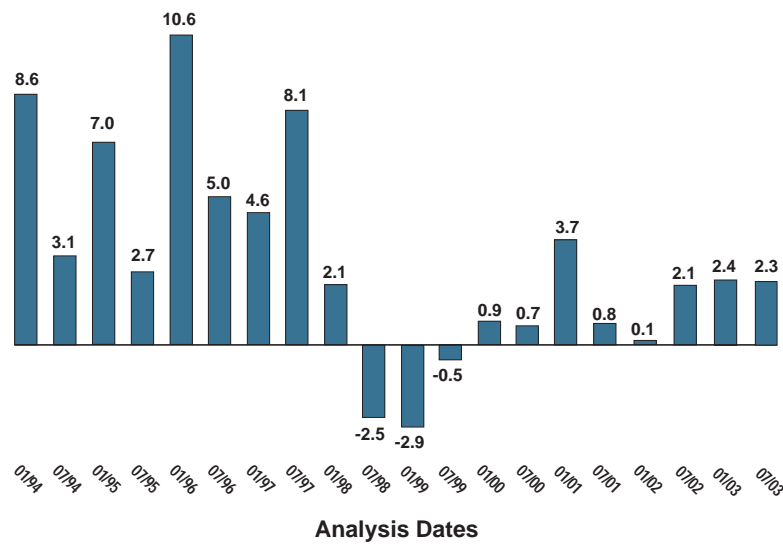


### Farmland Values increases in 2003

Provinces	Second half of 2002	First half of 2003
B.C.	2.4%	2.3%
Alta.	1.8%	2.6%
Sask.	2.9%	1.9%
Man.	4.2%	2.2%
Ont.	2.2%	3.8%
Que.	1.9%	2.7%
N.B.	0	1.9%
P.E.I.	0.8	0
N.S.	0	0.5%
Nfld.	0	0
Canada	2.6%	2.3%

### British Columbia

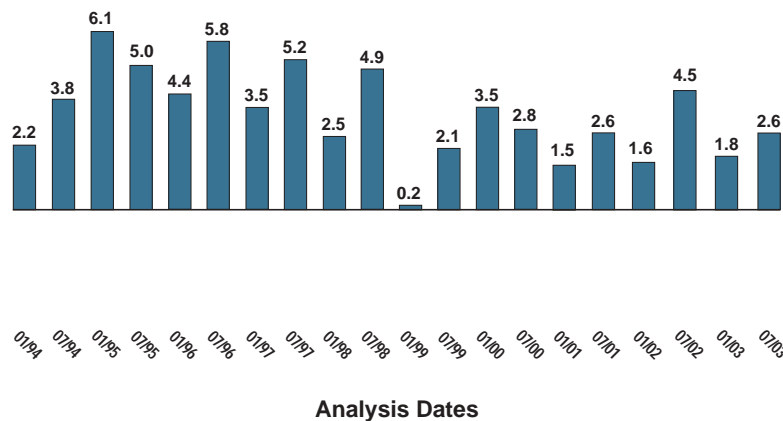
Semi-annual % change in farmland values



The British Columbia land market showed a 2.3 per cent average increase, similar to the last six-month period. Substantial increases in land value in the Dawson Creek area continued due to a lack of available land and pent up demand for good quality grain land by farmers who want to expand. Vegetable and raspberry growing regions in the Lower Mainland, fruit growing areas in the Interior and land values on Vancouver Island remain relatively unchanged.

### Alberta

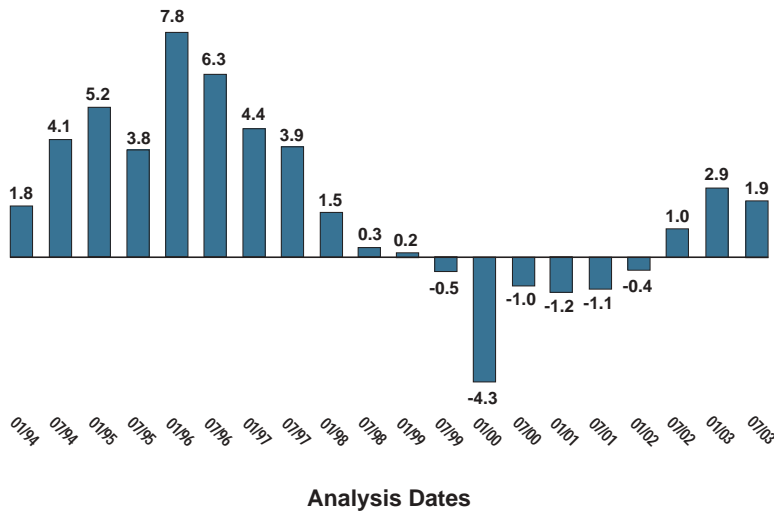
Semi-annual % change in farmland values



The Alberta market continued a long-term trend with an average land value increase of 2.6 per cent. The strongest upward trend is evident in the northern part of the province where per-acre values are generally lower. Farmers are moving from areas with high land values and the urban fringes to areas of lower land value enabling expansion of the land base. Farmland in the central and southern areas, as well as irrigated land, remained relatively steady.

### Saskatchewan

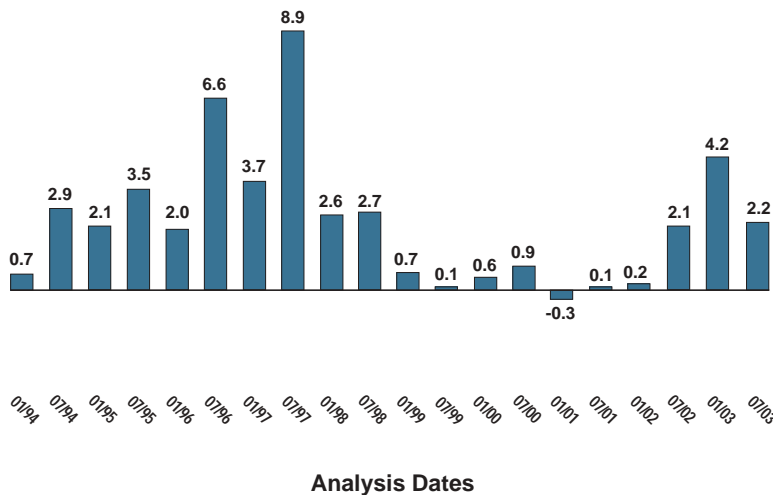
Semi-annual % change in farmland values



Land values in Saskatchewan increased by an average of 1.9 per cent. This is the third consecutive six-month period increase. Buyers from outside the province continue to show interest in larger parcels of land. There was a sense of optimism at the beginning of the period due to the anticipation of strengthening commodity prices. Generally favorable spring moisture conditions also played a role in maintaining increases in farmland values.

### Manitoba

Semi-annual % change in farmland values

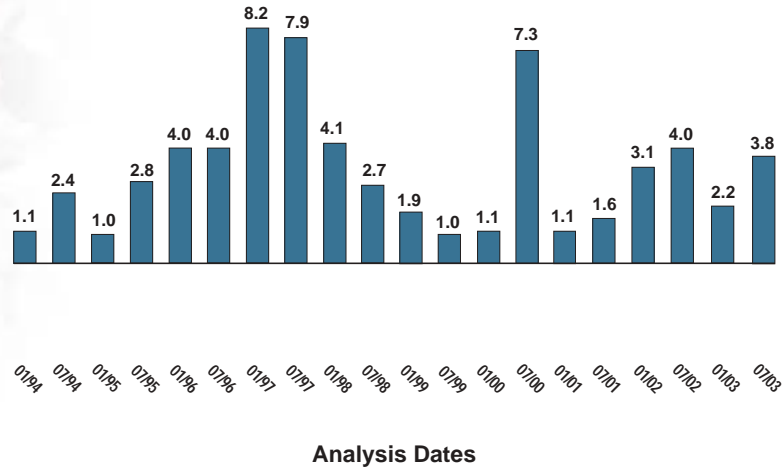


Manitoba land values continued to trend upward with an average increase of 2.2 per cent, following a strong increase from July 2002 to January 2003. Areas of the province with land suitable for specialty crops, such as potatoes and intensive livestock, showed stronger values. Cereal grain and oilseed growing regions had a variable market with isolated pockets of strong demand from expanding farmers. In these areas, prices were significantly higher, while prices in other areas showed little or no increase.



### Ontario

Semi-annual % change in farmland values

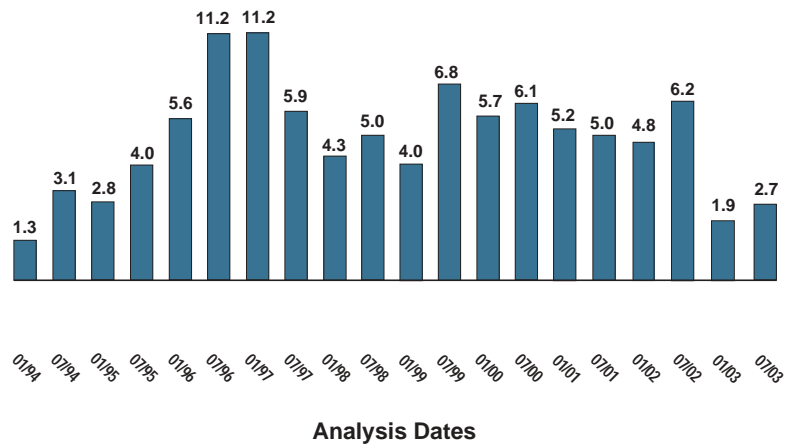


Over the first six months of 2003, land values continued to move upward by an average of 3.8 per cent in Ontario, although not across all regions. The eastern sector showed little change. Northern Ontario saw stronger demand partly due to dairy farmers needing to increase forage production in the Thunder Bay and Cochrane areas.

New regulations for nutrient management plans were an important factor in continued demand for land in livestock sectors in areas such as Bruce, Grey, Huron, Wellington, Perth, Oxford and Middlesex. Land values were static in most traditional cash crop areas of the south-west due, in part, to a weaker market for tobacco land and reluctance by farmers to buy land after a year where yields and incomes were reduced because of drought. There was weaker demand in many areas of the province for heavy clay soils that are harder to manage. As commuting zones increase in size around urban areas, lifestyle and hobby farmers buying farms for housing often pushed land values higher.

### Quebec

Semi-annual % change in farmland values

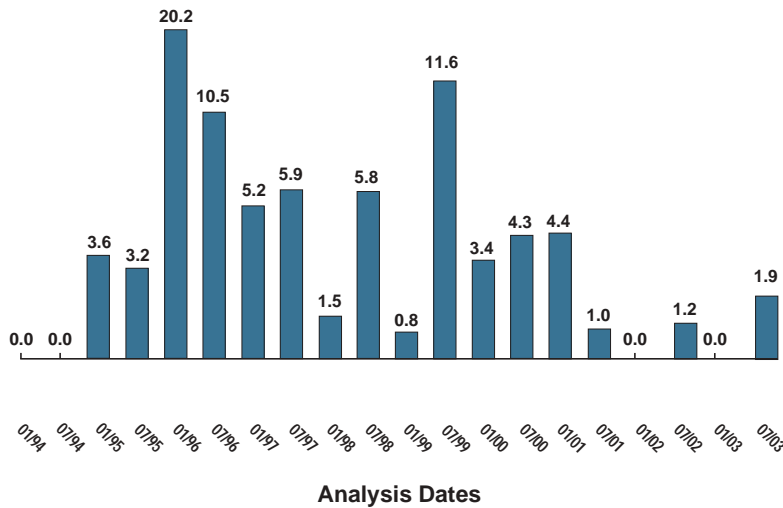


Even though the average land value increased by 2.7 per cent, prices continued to taper off in January 2003 as they have done over the last few years. Low yields from the Fall 2002 harvest and a drop in grain and hog prices have contributed to below-average increases.

There is no indication of major differences in land price fluctuations among various areas in Quebec.

### New Brunswick

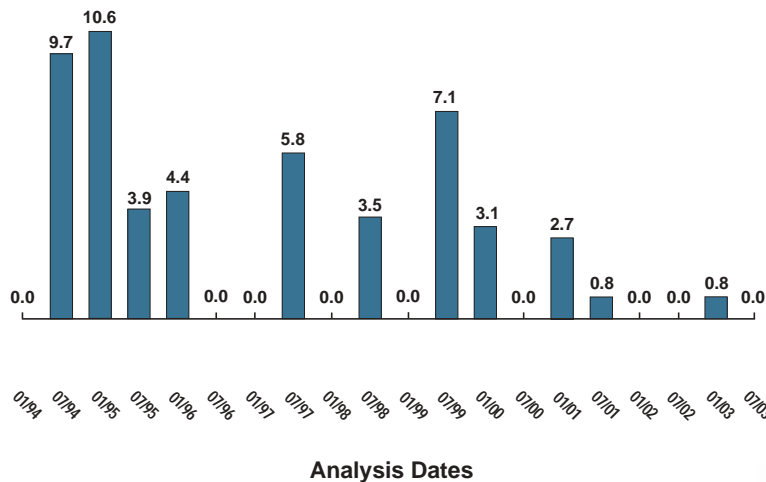
Semi-annual % change in farmland values



Even though changes in land values across New Brunswick remained unchanged in the majority of regions, the average land value increased by 1.9 per cent. The key exception was potato land in the Woodstock area in the upper St. John River region where demand for quality potato land pushed prices higher. In the south-central part of the province – home to many dairy operations – market conditions were again relatively quiet.

### Prince Edward Island

Semi-annual % change in farmland values



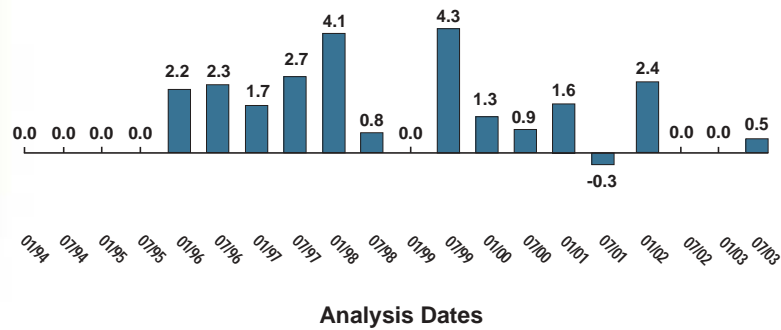
Although land values did not change over the past six months (January to June 2003), the land market has been very active. Need for land for potato crop rotation helped to drive this market. However, overall values appeared stable. Rotation needs are being met, in part, by some producers by renting land. Potato growers are still recovering from a series of difficult years. Farmers in other sectors such as dairy and cash crops are not willing to bid aggressively for land. As with other Maritime provinces, no factors were found that might push land values down.





### Nova Scotia

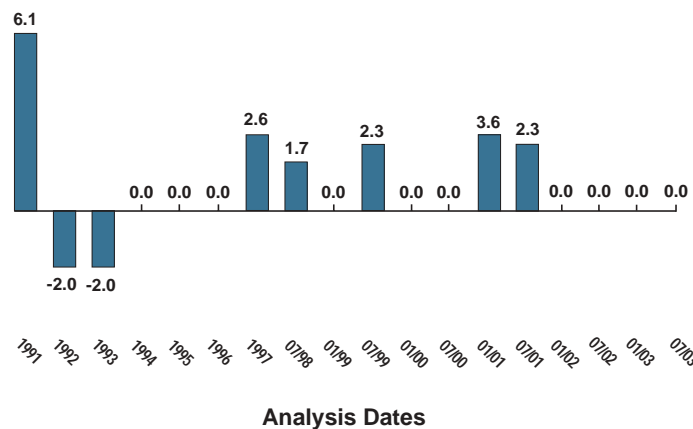
Semi-annual % change in farmland values



Land value changes were mixed in Nova Scotia and averaged a 0.5 per cent increase. In the Annapolis Valley region, land values were unchanged. Similar to 2002, there was a relatively low volume of sales. This may indicate a low demand or some price resistance by buyers. Land values in the Truro area showed a slight increase, driven primarily by dairy operators seeking land for expansion. In the Antigonish region, a good supply of available land evenly matched demand, so values remained unchanged.

### Newfoundland and Labrador

Semi-annual % change in farmland values



Newfoundland land values again reflected a stable, unchanged market. The farm real estate market was relatively quiet with fewer than normal sales. This may indicate weakening demand. Agricultural land in the eastern section, the Avalon Peninsula, continues to be under pressure for urban development, especially where it is within commuting distance to the provincial capital. Dairy producers are the major buyers of land in the West Island or Deer Lake area, mainly for forage production. An alternative to buying land is to clear, de-stump, level and seed undeveloped land, but the cost of this process is often higher than purchasing land.

## Questions regarding farmland values can be directed to:

### Atlantic Canada:

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### Ontario:

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### Western Canada:

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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 1-888-332-3301.

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

Ce rapport est également offert en français.

### DID YOU KNOW

Free, local, up-to-date farmland values information from across Canada is available at any time on the Farm Credit Canada Web site at <http://www.fcc-fac.ca/english/property/>.