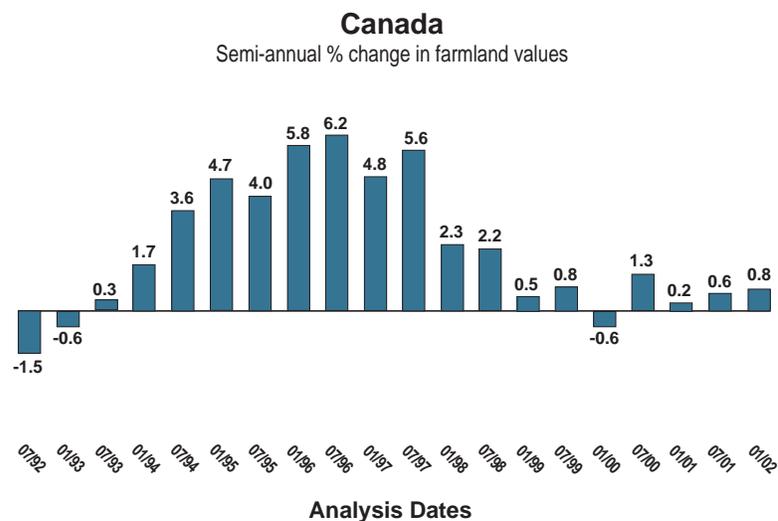


Farmland Values Comments – Spring 2002

For more than 40 years, Farm Credit Canada (FCC) has been exclusively focused on helping Canadian farmers succeed. 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 for comprehensive farmland values information across Canada. The *Farmland Values Report* is produced every six months.

National trends

With the exception of Saskatchewan, farmland values remained stable or increased in all provinces. For the fourth consecutive six-month period, national farmland values increased during the last half of 2001. From July 1, 2001 to January 1, 2002, land values across Canada increased by 0.8 per cent, slightly higher than the 0.6 per cent rise recorded in the previous six-month period.





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

Quebec saw the greatest gain, at 4.8 per cent, marking the 15th consecutive year of increase. In the first half of 2001, land values in the province increased by 5.0 per cent.

Farmland values in Newfoundland and Labrador, New Brunswick and Prince Edward Island all remained unchanged, compared to increases of 2.3, 1.0 and 0.8 per cent respectively in July 2001. Nova Scotia experienced an increase of 2.4 per cent, compared to last period's 0.3 per cent decline.

Ontario continued its steady climb with growth measured at 3.1 per cent, up from the 1.6 per cent increase reported in the previous six-month period.

Land values in Saskatchewan depreciated slightly by 0.4 per cent, compared to the first half of 2001 when values declined by 1.1 per cent. Values in Manitoba increased by 0.2 per cent compared to the 0.1 variation reported in July 2001.

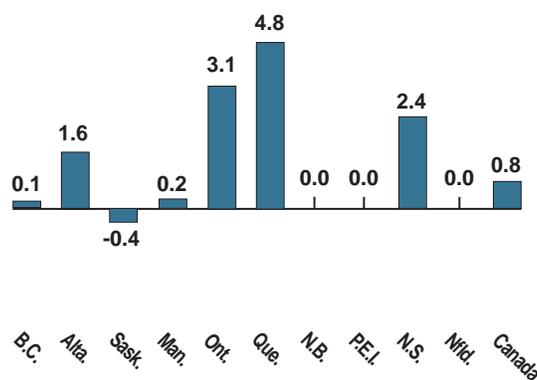
In Alberta, land values climbed by 1.6 per cent for the current reporting period, moderately lower than the 2.6 per cent reported in the last six-month period.

British Columbia showed slower growth with an increase in farmland values of 0.1 per cent, down from the 0.8 per cent increase reported in July 2001.

Provincial comparison of farmland values

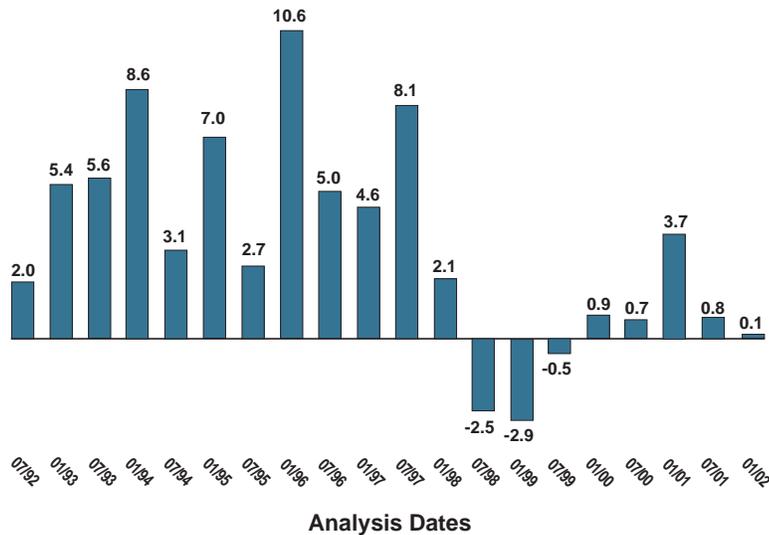
Semi-annual % change in farmland values

July 1, 2001 to January 1, 2002



British Columbia

Semi-annual % change in farmland values

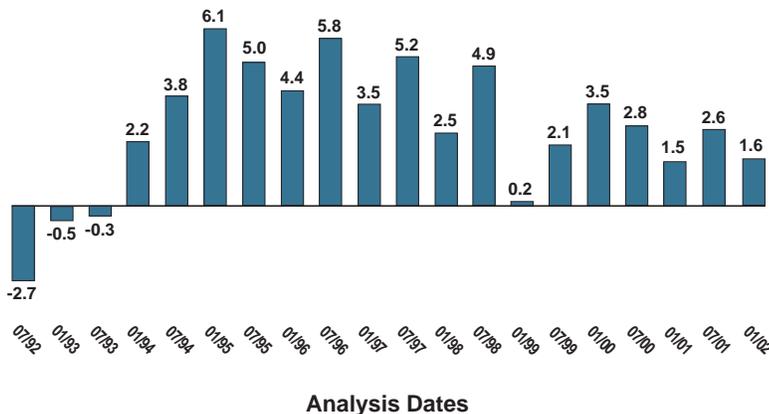


Over the last six months of 2001, the price of land in British Columbia saw little overall change. Land values in areas such as Fort St. John and the Okanagan Valley showed slight increases. The sustained demand for grape production and the strong energy sector both contributed to the increase of land values in various areas of the province.

Land values in other areas, such as the Lower Mainland, declined slightly. Market prices on Vancouver Island and the Interior were stable. Softer prices for small fruits, as well as the uncertainty in the forestry industry, kept the overall land prices stable in these areas.

Alberta

Semi-annual % change in farmland values



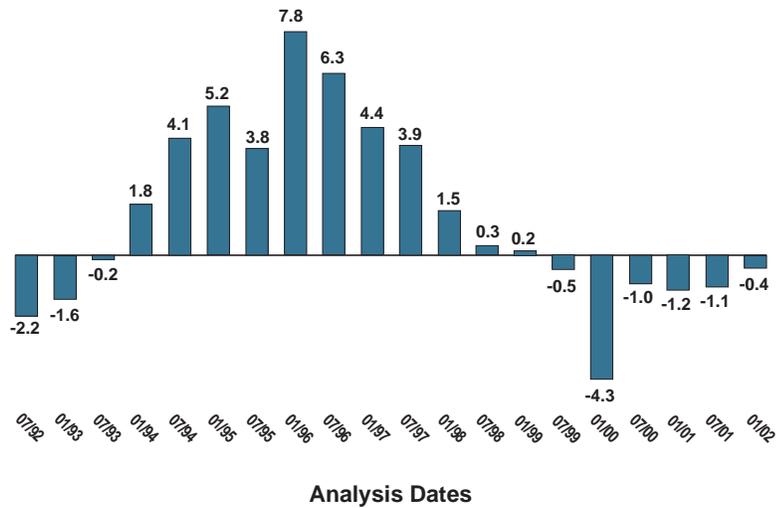
Land values in Alberta continued to edge upwards for the 8th year in a row. Irrigated land values have increased on good sales volume despite concerns over water rationing. The demand for pasture and forage land remained strong even as the generally dry conditions continued to put a strain on many farming areas of the province.

The market value of land in central and northern Alberta changed little. Some livestock and grain producers chose to relocate their operations from areas of high prices to locations where expansion was more economically feasible. This trend helped maintain the overall land prices across the province. The oil and gas industries kept Alberta's economy buoyant, and good off-farm employment boosted demand for land suitable for rural residences.



Saskatchewan

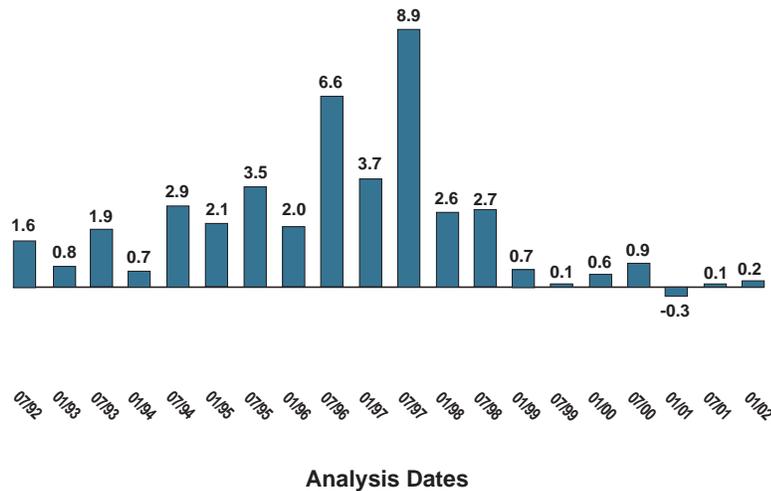
Semi-annual % change in farmland values



Farmland values in Saskatchewan continued the past trend of minor decline. Low commodity prices, reduced yields due to a dry summer, and increased production costs all contributed to a cautious attitude towards expansion and resulted in the minimal decline in value. Areas suited to livestock attracted buyers needing pasture and feed.

Manitoba

Semi-annual % change in farmland values

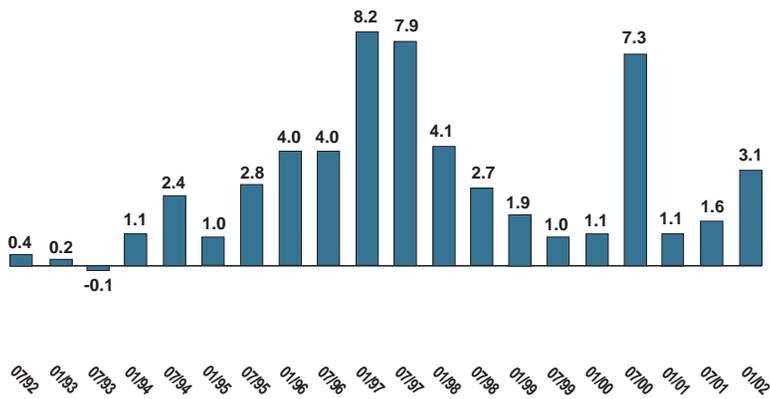


Land values in Manitoba did not significantly change over the past six months. There was sustained demand for land where intensive livestock production or special crop production is predominant. Mixed farming areas also showed increased value for pasture and forage land. Land values in traditional crop production areas continued to show signs of weakness due to low commodity prices.



Ontario

Semi-annual % change in farmland values



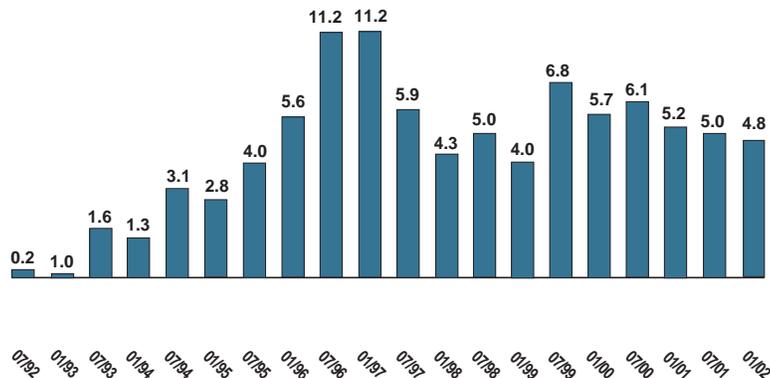
Analysis Dates

Over the last six months of 2001, land value changes were mixed in Ontario. In Southwest Ontario, expansion was restricted because of a dry summer combined with low grain prices. Values in most of Western Ontario were supported by stable net incomes in the hog and dairy sectors. In anticipation of the Nutrient Management Legislation, land was acquired to accommodate expansion in livestock numbers.

The Northern and Eastern Ontario regions were the key drivers of the overall provincial farmland value increase. A dynamic beef sector, a continued demand for grape production land, and expansion plans by dairy operations for cash cropping reasons pushed values higher.

Quebec

Semi-annual % change in farmland values

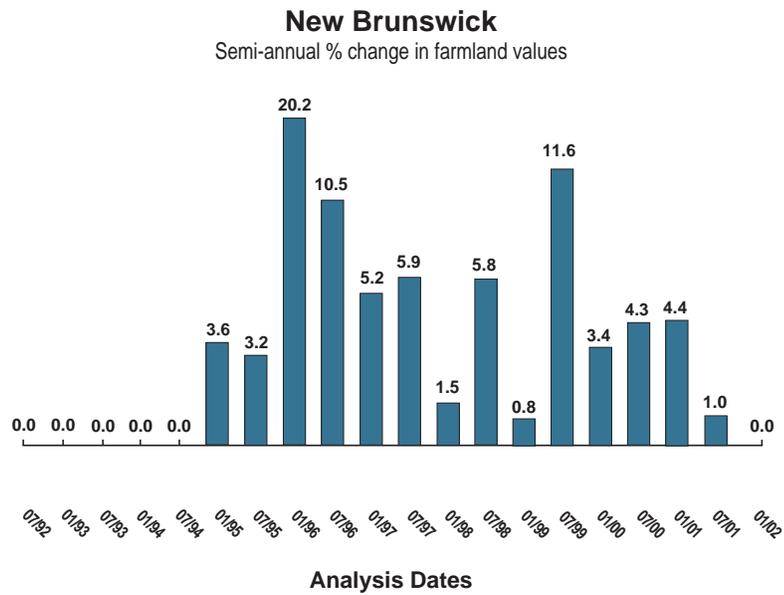


Analysis Dates

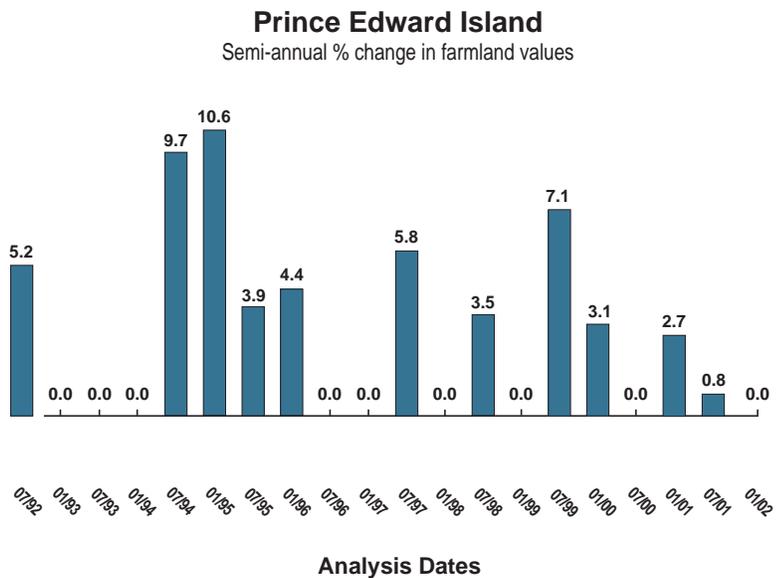
Farmland values have increased by approximately five per cent every six months over the last five years. This trend continued over the last half of 2001, with an increase of 4.8 per cent.

Revenue stability in supply-managed sectors and the requirement for land to meet the environmental standards for nutrient management are the two primary factors driving farmland values upwards. Other factors, such as variability in grain prices and crop yields, also played a role.





Land values were unchanged over the past six months in most regions of the province. Even if there was no change noted in overall values, quality potato land continued to be in demand.

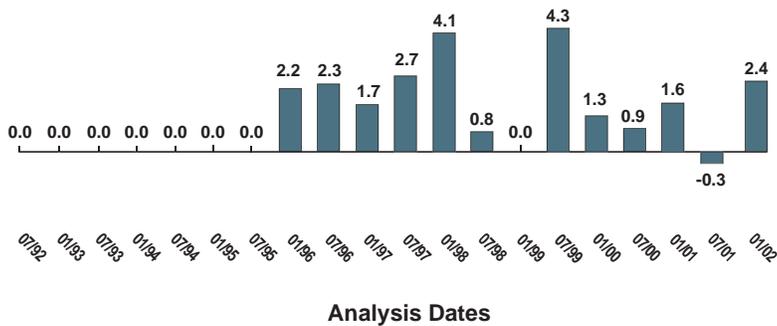


A dry summer led to unchanged land values for this province. Producers were unsure about investing in more land because of reduced crop yields and lower incomes. Some isolated, higher priced sales were found when producers bought land adjacent to their farm units.



Nova Scotia

Semi-annual % change in farmland values

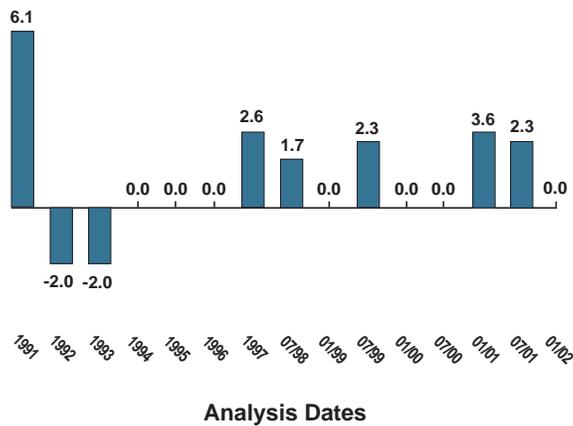


The Nova Scotia marketplace was difficult to interpret as land value changes were mixed in the province. Cautious farmers in the Annapolis Valley region were preoccupied by the dry summer and refrained from expanding or buying land.

Values increased slightly in the eastern parts of the province, offsetting the reduced activity that was evident in the Valley. Both of these regions have farm economies based primarily on dairy production, with somewhat more intensive operations located in the central region.

Newfoundland and Labrador

Semi-annual % change in farmland values



Land values within this province reflected a stable market in the eastern region, notably the Avalon Peninsula. Agricultural land within commuting distance of St. John's continued to be under pressure for urban development. Demand for forage production land was still strong in the Deer Lake area.

During the last six months of 2001, dairy producers were the major purchasers of land, reflecting the benefits of stable income and the possibility of expansion by purchasing industrial milk quota.



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For information on products and services, call:

1-877-332-3301

This report is available online at www.fcc-fac.ca

Ce rapport est également offert en français.

