

Search [Log in](#) | [Contact Us](#) | [Site Map](#)[Home](#)[Online Services](#)[Products & Services](#)[Ag News](#)[Learning Centre](#)[Investor Relations](#)[At](#)**Products & Services**[Property](#)[Farmland Values Report](#)[Archives](#)Printer friendly 

Spring 2005 Farmland Values

(Comments refer to information gathered between July 1 and December 31, 2004.)

Welcome to Farm Credit Canada's spring 2005 Farmland Values Report. Farm Credit Canada (FCC) is Canada's largest provider of business and financial solutions to Canadian farms and agribusiness.

[Introduction](#) | [Methodology](#) | [National trend](#) | [British Columbia](#) | [Alberta](#) | [Saskatchewan](#) | [Manitoba](#) | [Ontario](#) | [Quebec](#) | [New Brunswick](#) | [Prince Edward Island](#) | [Nova Scotia](#) | [Newfoundland and Labrador](#) | [Contact Us](#)

Introduction

As Canada's largest provider of business and financial solutions to Canadian farms and agribusinesses, FCC understands the value of solid market knowledge when making management decisions. That's why twice a year FCC compiles and releases a farmland values tracking report. The report highlights changes in land values in each province and nationally. One report is released in the spring. It describes changes from July 1 until December 31. A second report is released in the fall and reports on changes from January through the end of June. Each report contains 10 years of trend information within an attached graph.

While the FCC Farmland Values Report is a principal source of national farmland values trends information, you can access free, local, up-to-date farmland values information across Canada at any time by using [Farmland Values Online](#)

[back to top](#)

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.

Tools

- [Daily Ag N](#)
- [Weather](#)
- [Commodity](#)
- [Loan Selec](#)
- [Loan Calcu](#)
- [Mortgage \(](#)
- [Farm Finar](#)
- [Financial C](#)

Contact U

- 1-888-333**
- [Office Loca](#)
 - [E-mail](#)

News
in your info

AgriSuc Express

Individual values are reconciled before accredited appraisers review the appraisal reports.

[back to top](#)

National Trend

The value of farmland across Canada increased by 2.2 per cent during the last six months of 2004. Despite challenges in the agricultural industry such as disease, weather and market fluctuations, the increase is on par with the upward trend that has continued since January 2000.

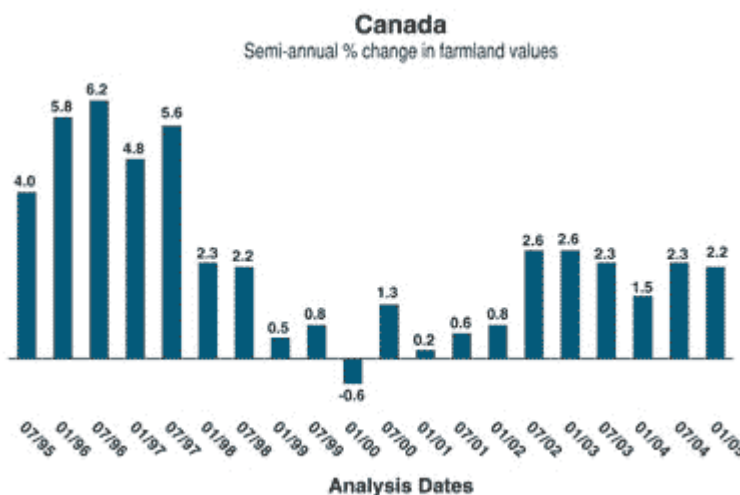
The largest increase in farmland values was in British Columbia where values grew five per cent. This was followed closely Alberta at 4.4 per cent, the same increase noted in the first six months of 2004.

Newfoundland had the third highest increase in the reporting period. Land values went up by 3.8 per cent. Manitoba values also moved higher from 1.3 per cent increase in the first six months of 2004 to 2.4 per cent in the last half of the year. Land values in Quebec were up 1.8 per cent while the increase in values fell slightly from the first half of the year in Saskatchewan and Ontario. These provinces posted 0.8 and 3.0 per cent gains respectively. Land values in New Brunswick decreased by 0.3 per cent.

Values in Prince Edward Island and Nova Scotia remained steady with no increase or decrease.

Across Canada, the average land value increase was 2.2 per cent, on par with the 2.3 per cent noted in the first six months of 2004, and stronger than the 1.5 per cent increase noted in the last half of 2003. The current average increase is in keeping with Canadian land value increases noted since January 2002.

Rising land values generally indicate strength in the agricultural industry.



Canada Semi-annual increase in farmland values	
July 2002 – Jan. 2003	2.6%
Jan. 2003 – July 2003	2.3%

July 2003 – Jan. 2004	1.5%
Jan. 2004 – July 2004	2.3%
July 2004 – Jan. 2005	2.2%

Provincial comparison of farmland values

Semi-annual % change in farmland values
July 1, 2004 to December 31, 2004



% Change in Farmland Values		
Provinces	First half of 2004	Second half of 2004
B.C.	4.2%	5.0%
Alta.	4.4%	4.4%
Sask.	1.1%	0.8%
Man.	1.3%	2.4%
Ont.	3.4%	3.0%
Que.	1.3%	1.8%
N.B.	2.9%	(0.3)%
P.E.I.	0	0
N.S.	0	0
Nfld.	0	3.8%
Canada	2.3%	2.2%

[back to top](#)

British Columbia

British Columbia led the way in farmland values increases across Canada in the last six months of 2004 with a five per cent rise. This is significantly stronger than the Canadian average of 2.2 per cent and helped to keep the national average on par with the last three years of increases.

The British Columbia land market has shown a strengthening trend in the last three years. However, the strongest performance occurred in the last six

months. The B.C. market has a number of distinct markets with unique factors affecting each area.

Land values on Vancouver Island are increasing, influenced by the influx of retirees and the associated growth in businesses, jobs, which, in turn, drive up surrounding land values.

Influenced by strong demand for small fruits such as blueberries, the Lower Mainland, near Vancouver, has strong demand for land and increasing prices. A limited supply of land and dense population with an attractive climate adds to the pressure on land values.

Areas of the Okanagan Valley producing larger fruit such as apples, cherries and grapes have a limited land base suitable for producing these types of crops resulting in increasing prices. This area continues to attract retirement-age people resulting in pressure on small holdings.

The B.C. Interior generally includes a wide range of productive land including areas for woodlot/forestry and livestock production. While the lumber industry showed some optimism, the ranching areas have had few sales and land values appear to be stagnant.

Strong off farm income continues to create strong demand for land in the Peace River Country surrounding Dawson Creek and Fort St John.

[View graph](#) of provincial Farmland Values trends for the past 10 years.

[back to top](#)

Alberta

Land values remained strong throughout most of Alberta, rising 4.4 per cent in the last six months of 2004 and continuing the trend of increases established over the last 10 years. The total increase in the last two six-month periods, covering all of 2004, is 8.8 per cent. This is only exceeded by the growth rate in British Columbia of 9.2 per cent in 2004.

Both agricultural related issues and non-agricultural issues fuelled this general trend. The trend to larger farm units has increased demand for cultivated land. A buoyant economy resulting from spin-off from the oil and gas industry continues to feed purchasing power. Many lifestyle purchasers and family farm members have good off-farm income providing the opportunity to acquire property. Relatively low interest rates are also positive for land purchasers.

BSE remains a concern in the livestock and related industries. This report does not measure trends in non-cultivated pastureland.

Irrigated land in southern Alberta has shown a modest increase overall.

[View graph](#) of provincial Farmland Values trends for the past 10 years.

[back to top](#)

Saskatchewan

In the last six months of 2004, land values in Saskatchewan increased for the

sixth consecutive six-month time period. The rate of increase has been between one and two per cent for each six-month period. An increase of 0.8 percent between July 1 and December 31, 2004 was noted. The small increase is the result of a few areas of the province with increasing values and many areas that saw no change.

Most areas of the province have been faced with climatic challenges due to a cool summer, an early frost and a delayed harvest. Despite a somewhat pessimistic outlook due to low grain prices and concerns over cash flow, scattered areas have shown good demand and increased prices. Farms continue to get larger to take advantage of economies of scale and those buying land are willing to pay to complete a land package or buy property nearby.

With some of the lowest average land values in Western Canada, Saskatchewan attracted land buyers from outside the province. However, the trend has recently tapered off with concerns about grain prices, BSE and cattle markets.

[View graph](#) of provincial Farmland Values trends for the past 10 years.

[back to top](#)

Manitoba

Values in Manitoba farmland continued the three-year trend with a 2.4 per cent overall increase in the last six months of 2004. This is nearly double the increase noted in the first half of the year of 1.3 per cent and stronger than the national average of 2.2 per cent.

Trends varied throughout the province. Values in the majority of areas are up two to six per cent. A significant number of areas' values are stable and a few areas showed a decline in values also in the two to six per cent range.

There doesn't appear to be a clear pattern of trends based on areas of the province, cropping or land quality. The only exception is areas suitable for potato production. These areas continue to show an increase. However, this represents a relatively small, but growing portion of the province.

It appears that competition for land within an area contributes more to land value trends than region, cropping patterns or land quality. Further analysis, beyond the scope of this report, is required.

[View graph](#) of provincial Farmland Values trends for the past 10 years.

[back to top](#)

Ontario

Over the last six months of 2004, farmland value changes continued to be relatively mixed in Ontario. The overall trend was upward with an increase of three per cent. This is lower than the 3.4 per cent increase in the first half of the year, but still the fourth highest increase in the country following British Columbia, Alberta and Newfoundland.

Buyers from outside the farm community continue to affect demand for rural land due to the upward spiraling urban housing market. In the urban shadow or commute-zone areas, urban origin buyers were significant purchasers of

agricultural land – often to build or occupy a residence and then rent the land to farm operators. This trend was evident in Niagara, Brant, Waterloo, Wellington, Simcoe and a number of eastern Ontario counties.

In contrast, land values declined throughout most of northern Ontario as the effects of BSE in the beef sector weakened the demand for land.

In the core of southwestern Ontario (Perth, Oxford, Middlesex and south Huron counties), the demand for land continued to be steady due to expansion of existing operations and a perceived need to comply with nutrient management regulations. In the extreme southwest, lighter soils – suitable for vegetable production – showed the greatest increase.

[View graph](#) of provincial Farmland Values trends for the past 10 years.

[back to top](#)

Quebec

Farmland values in Quebec increased by 1.8 per cent, during the first last months of 2004, up slightly from the 1.3 per cent increase in the first six months of the year.

In general, land prices in outlying areas increased more rapidly than the provincial average.

Pressure from residential land prices can be felt along the urban fringe. We are currently witnessing land sales to non-farmers, a situation that impacts property values in these areas.

In all areas with a strong agricultural base, values remained steady. There is still demand from farmers who want to comply with environmental standards. However, current profitability difficulties have slowed land value increases.

[View graph](#) of provincial Farmland Values trends for the past 10 years.

[back to top](#)

New Brunswick

New Brunswick average farmland values were down by 0.3 per cent from July 1 to December 31, 2004. This compares to the 2.9 per cent increase in the first six months of the year.

The Grand Falls region saw a slight decrease in land values. The potato-growing area experienced crop quality problems and lower than normal potato prices. Additionally, many farms in the area have reached their desired land base size. These factors have contributed to a drop in demand for cultivated land that results in lower land values.

Only a limited amount of farmland traded hands in this reporting period and prices were lower than in the past.

In the Woodstock area, land values did not change from July-December 31, 2004. The price of good farmland remains stable but demand levels are not high enough to pressure land prices to move higher.

The Sussex area also had stable land prices over the past six months, with no change in values. Only a few farms have invested in bigger land holdings. The current high cost of dairy quota means that many farmers have less residual income for other capital investments such as land.

[View graph](#) of provincial Farmland Values trends for the past 10 years.

[back to top](#)

Prince Edward Island

Low potato prices, high input costs, and difficulties in the cattle industry related to BSE all contributed to six months with no change in Prince Edward Island land values. This follows no change in the first six months of 2004 as well.

Prince County, which has a high number of potato producers, saw fewer land sales. This continues a trend in past periods where the high cost of land and less residual income has resulted in lower than usual market activity. Despite this, values have been steady or increasing for the last ten years.

In Queens and Kings Counties, the above effects were also noted, however, more urban growth pressure on land within commuting distance of Charlottetown offset the lower demand from farm producers.

[View graph](#) of provincial Farmland Values trends for the past 10 years.

[back to top](#)

Nova Scotia

Nova Scotia farmland values remain unchanged for the last six months of 2004, just as they had in the first half of the year.

The Antigonish area, where most farms are dairy operations, had a steady level of activity and price. Many local producers purchase good quality land as it becomes available.

In the Truro to Shubenacadie corridor, the value of land also did not change. The price of land remains strong and many farms look to purchase nearby tracts of land to improve their crop programs. While the area has a stable dairy industry, some farms were recovering from the damaging effects of Hurricane Juan and there was less focus within the agricultural community on land purchases.

The Annapolis Valley area saw steady demand for land but no changes in land values. The land sales activity remained strong from July 2004 to January 2005, however there was no significant increase in prices during this period.

[View graph](#) of provincial Farmland Values trends for the past 10 years.

[back to top](#)

Newfoundland and Labrador

The agricultural land market in Newfoundland experienced an average 3.6 per cent increase in values in the last half of 2004. This was the third highest rate of increase in Canada following British Columbia and Alberta. It also comes after more than three years of no change in average land values in the province.

The increase is a result of a lower supply of farm land and steady demand from producers. On the East coast, around St. John's, land values rose by 3.5 per cent. Larger farms purchased smaller blocks of land to meet cropping needs. While the level of land sales activity is low, the price paid when land was sold was generally higher.

The West side of Newfoundland also saw an increase in land values of 3.9 per cent. The continued need for good land, coupled with the high cost of clearing woodland and bringing it into agricultural production, were contributing factors.

[View graph](#) of provincial Farmland Values trends for the past 10 years.

[back to top](#)

If you have questions about trends in your area, we'd be happy to talk with you.

In Atlantic Canada call Maurice Chassé (bilingual) at (506) 851-3366.
In Quebec, call Michel Rousseau (bilingual) at (418) 648-7613.
In Ontario, call Tom Nolan (bilingual) at (519) 826-2033.
In Western Canada, call Roy Hjelte (English) at (306) 780-3489 or Mireille Bilodeau VongPhit (bilingual) at (306) 780-8630.

[back to top](#)



[Languages](#) | [Security](#) | [Privacy](#) | [Electronic Access Agreement](#)