



SOUTHWESTERN ONTARIO LAND VALUES

2016 EDITION

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To view the full Disclaimer for this report please refer to Page 33.

OVERVIEW

Parameters

The following study has been completed to provide information on agricultural land values in the general Southwestern Ontario region. The Counties of Huron, Perth, Middlesex, Oxford, Elgin, Kent, Lambton, Essex, Bruce, Grey, Waterloo and Wellington have all been analysed in this report.

To accurately gather the pertinent data, sales were searched using various systems including but not limited to Geowarehouse, MPAC, RealTrack and MLS. In some cases, the sales were then grouped into either, north and south groups or east and west groups depending on the County.

Only sales that occurred in 2016 were selected for the 2016 study. The majority of the sales chosen had no building improvements (vacant land), with the exceptions being minimally improved properties (i.e. older house and shed) which have had the value of the improvements extrapolated. Also, the sales utilized were considered to be used solely for farming purposes. The sales have been analysed on a per tillable acre basis, as this rate is believed to be the most accurate reflection of the value of agricultural land.

In stating land values in this report, the median unit of measurement was used rather than the mean, as the median tends to better protect against outliers in the sales data. The same study was completed from 2010 to 2015, with those results also shown in this report.

Southwestern Ontario: Quick Numbers	
Average 2015 to 2016 Change	5.88%
Average 2010 to 2016 Change	111.55%
SW Ontario 2016 Median	\$12,236

Interest Rates

The primary factor in the overall significant increase in land values since 2010 is interest rates. Interest rates have been at historically low levels and have allowed for substantial expansion by large, progressive agricultural producers. The leverage capabilities these rates have provided farmers have been the most significant factor in the major increase in land values. The outlook for rates is generally soft, with no major increases forecasted in the near future. This interest rate outlook will continue to have a major influence on the land value market.

Quota & Livestock

The impact of livestock/quota intensity continues to have a large impact in certain areas. In Counties like Huron, Perth, Oxford, Waterloo and Wellington values remained strong throughout the year in areas where there was a dense population of livestock/quota producers. As has almost always been the case, the stabilizing factor of quota and livestock influence in those areas kept land values strong, even in the face of lower commodity prices.

Variability

Regardless of the area or the perceived direction of land values in certain areas, a major theme in 2016 was the variability of land values. This variability has become prominent in the last few years with the range in values widening significantly in many areas. In many of the Counties that have been studied in 2016, both the top and bottom end of the ranges have expanded resulting in a larger overall range.

Commodity Prices & Canadian Dollar

The main reason for the overall slower growth of land values in 2014, 2015 and 2016 has been the lowering of commodity prices. Prices in 2014, 2015 and 2016 are a sharp contrast to the record highs seen in 2011-2013. 2016 was an excellent year for yields in Ontario and around the world which continues to increase ending stocks and puts downward pressure on commodity prices. However, the relatively low Canadian Dollar has provided an excellent basis for Ontario producers and has allowed for profit margins to exist. This good basis has been a major factor in 2015 and 2016 land values continuing to be strong.

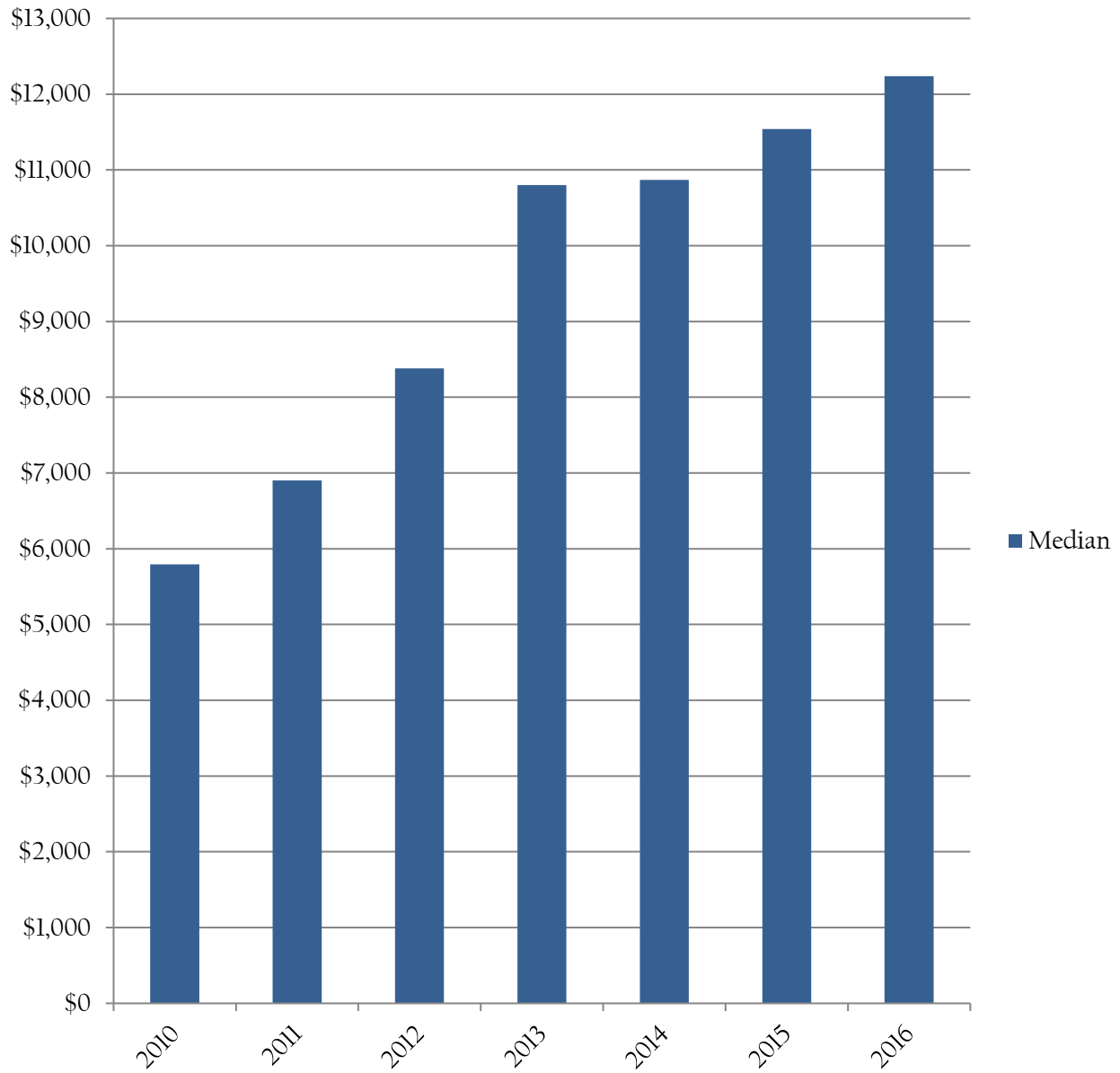
2016 & Beyond

Interest rates appear to still be in a hold pattern, however the Canadian economy appears to be improving as oil prices show some signs of strength. The US economy has shown significant gains recently and they have continued to increase their interest rates, which could definitely push the Bank of Canada to move its rate. Canadian interest rate policy will continue to be the largest indicator of land value trends moving forward.

Similar to my forecast for the last number of years, I expect that agricultural land values in Southwestern Ontario will continue to be subject to strong demand and will continue the recent trend of modest year-over-year growth. Variability will continue to be prevalent in most areas, but over time I would expect steady, yet cautious demand to close the range between the low and high values in each area.

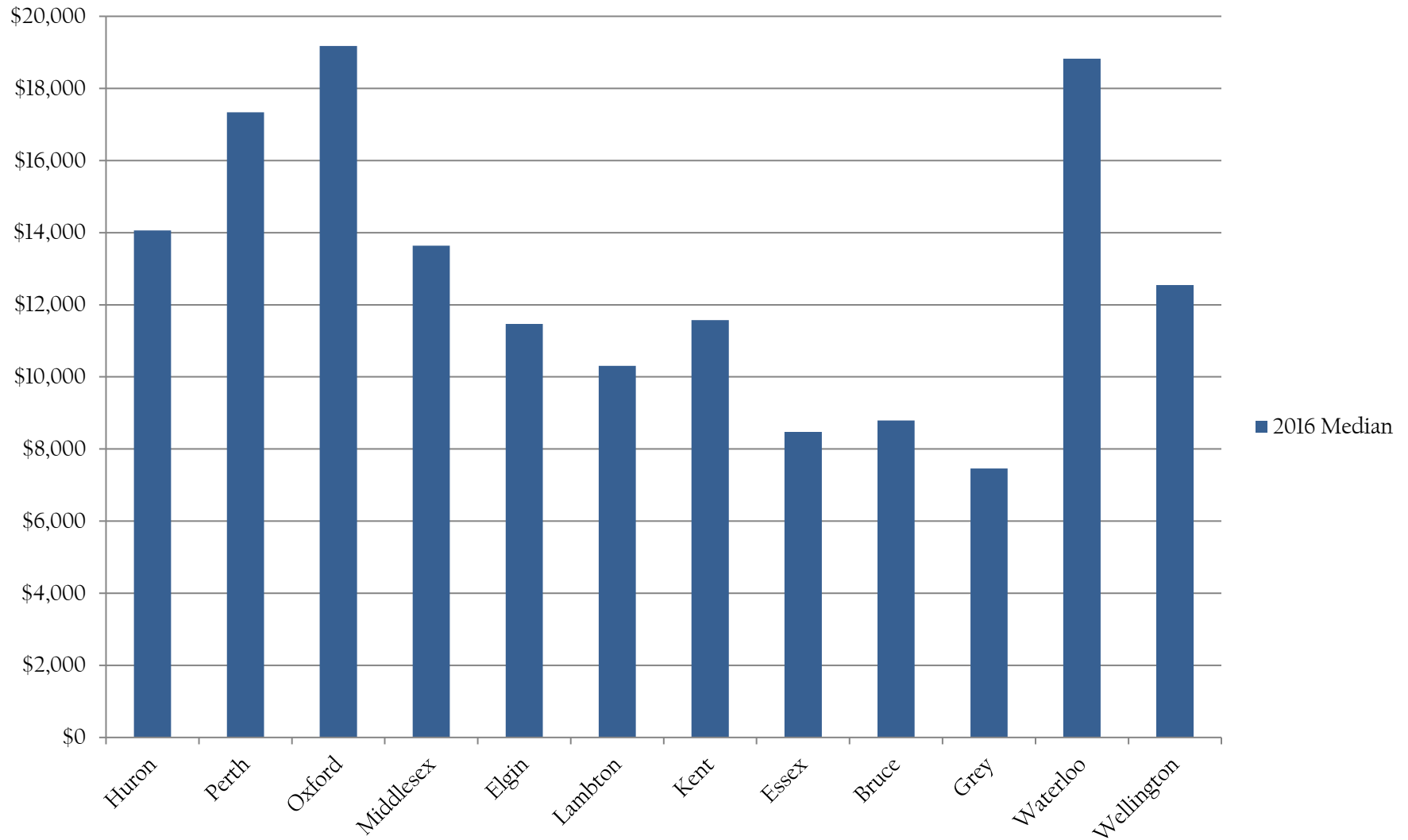
2010-2016 LAND VALUES – SOUTHWESTERN ONTARIO

The graph below compares the median land values for all 12 Counties studied from 2010 to 2016.



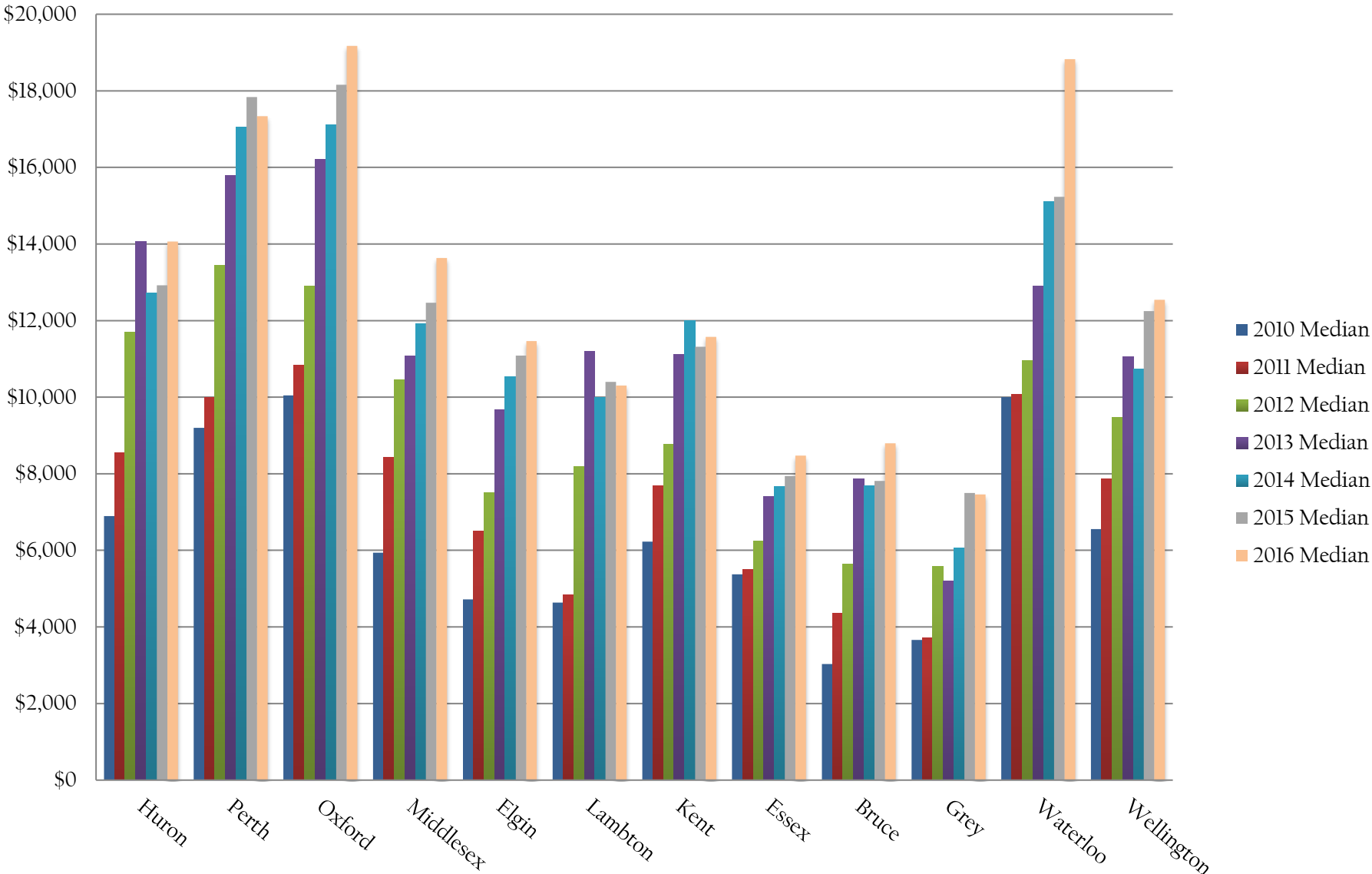
2016 LAND VALUES – COUNTIES

The graph below shows the median 2016 land value per County. The X axis shows the County, while the Y axis shows the median land value on a per tillable acre basis.



2010-2016 LAND VALUES – COUNTIES

The graph below compares the median land values for each County from 2010 to 2016.



CHANGE IN VALUES

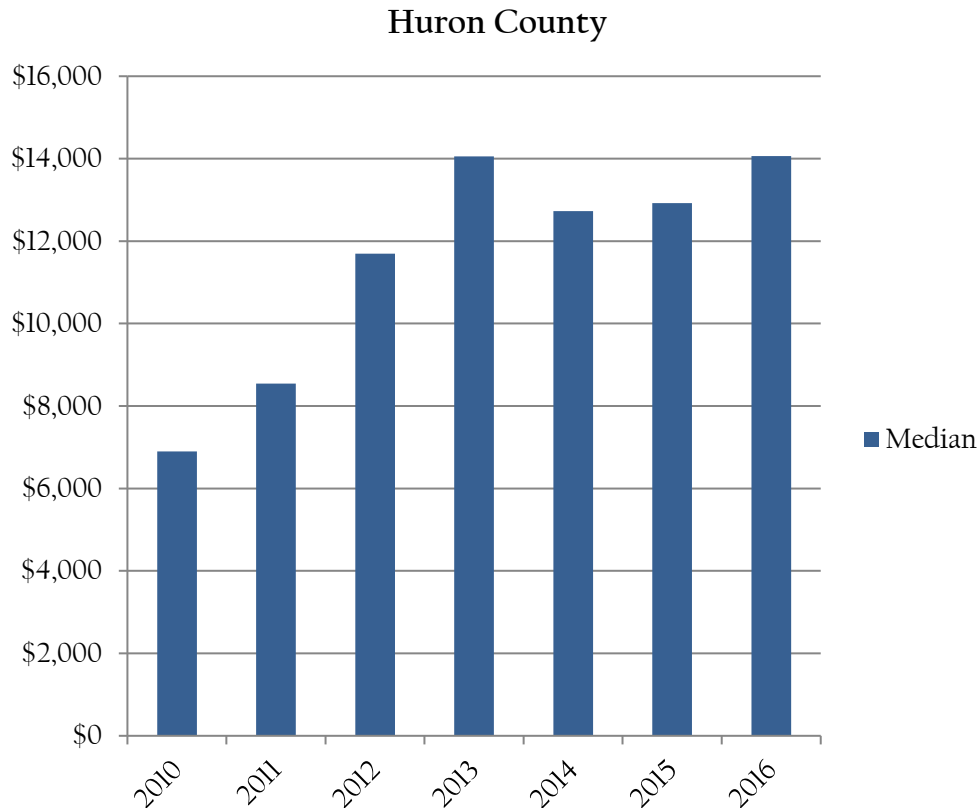
County	2010 to 2011	2011 to 2012	2012 to 2013	2013 to 2014	2014 to 2015	2015 to 2016	Average
Huron	23.88%	36.89%	20.24%	-9.47%	1.54%	8.82%	13.65%
Perth	8.72%	34.38%	17.50%	8.05%	4.55%	-2.80%	11.73%
Oxford	7.81%	19.07%	25.64%	5.58%	6.12%	5.60%	11.64%
Middlesex	41.80%	24.25%	5.82%	7.65%	4.58%	9.41%	15.58%
Elgin	37.65%	15.38%	29.01%	8.79%	5.31%	3.44%	16.60%
Lambton	4.34%	69.19%	36.80%	-10.71%	3.98%	-0.88%	17.12%
Kent	23.44%	14.06%	26.75%	8.00%	-5.70%	2.28%	11.47%
Essex	2.37%	13.61%	18.44%	3.67%	3.44%	6.71%	8.04%
Bruce	43.90%	29.52%	39.30%	-2.34%	1.72%	12.55%	20.78%
Grey	1.62%	50.29%	-6.99%	16.71%	23.59%	-0.56%	14.11%
Waterloo	0.71%	8.85%	17.76%	17.06%	0.80%	23.58%	11.46%
Wellington	20.08%	20.21%	16.86%	-2.97%	14.10%	2.42%	11.78%
Average							
Average	18.03%	27.97%	20.59%	4.17%	5.34%	5.88%	

HURON COUNTY

Huron County is home to some of the most productive land in the Province, with most farm types represented. Livestock is a very predominant sector, as is cash cropping with a large percentage of the Ontario edible bean crop grown in the south part of the County. Good crop yields and manure management continue to be important factors impacting land values. The table below shows the top 3 commodities by farm cash receipts in Huron County, as well as the 5 year average yields in Huron County for corn, soybeans and wheat. The information below has been sourced from OMAFRA.

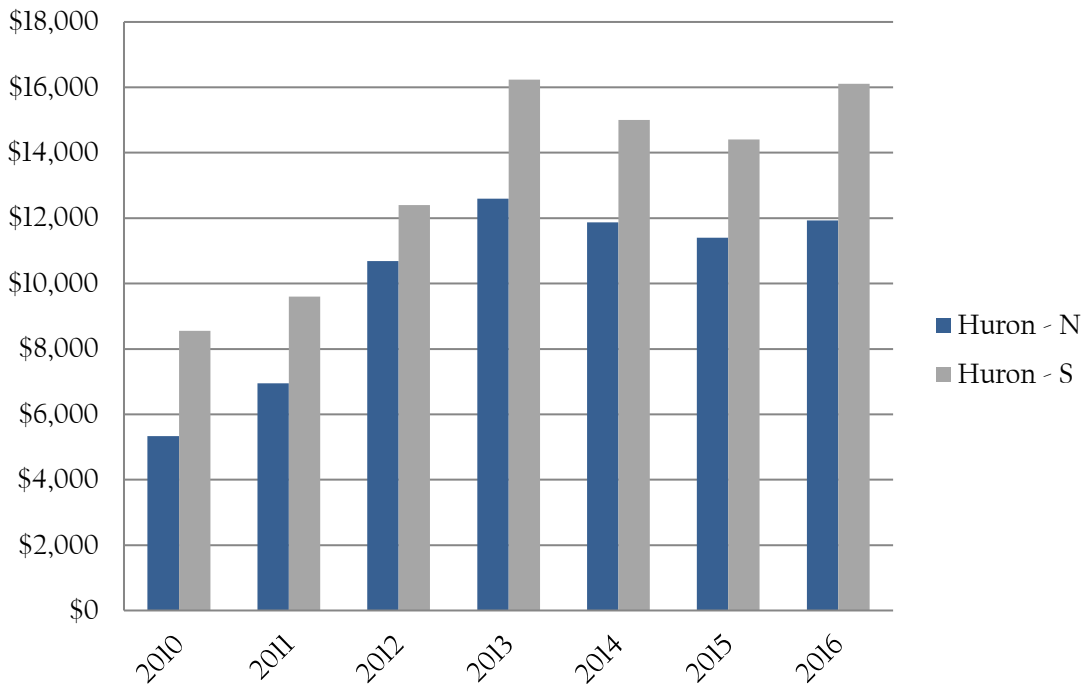
Top 3 Commodities	2013 Farm Cash Receipts (millions)
Hogs	\$193.70
Corn	\$149.20
Soybeans	\$144.90
Commodity	5 Year Average Yield (bushels/acre)
Corn	165
Soybeans	48
Wheat	86

The graph below shows the land values for Huron County each year from 2010 to 2016.

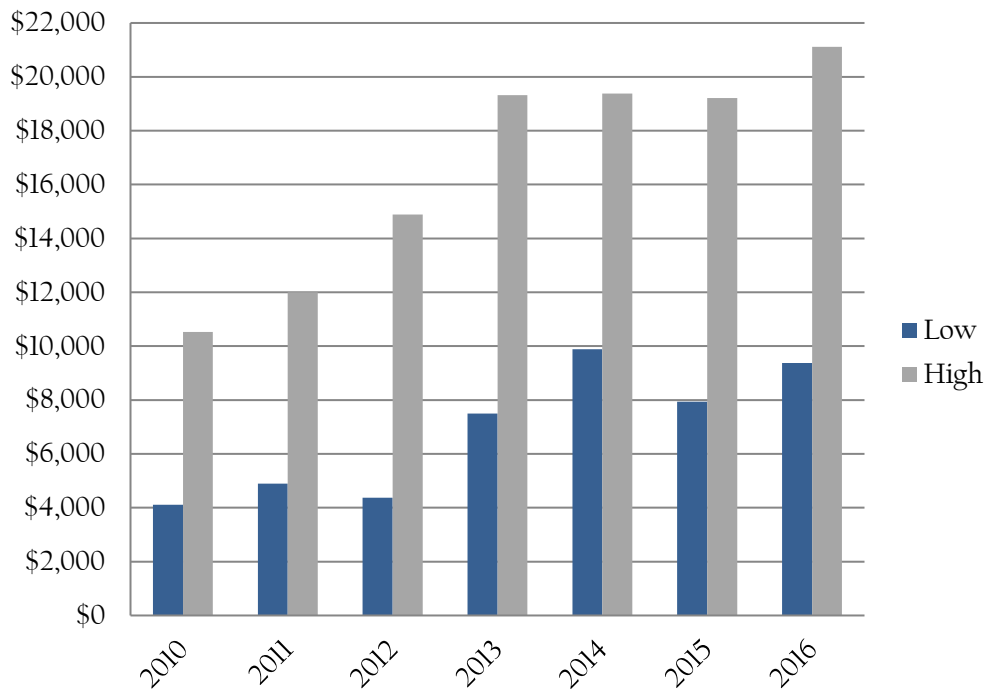


Huron County was split into North and South regions. The Geographic Townships of Howick, Turnberry, Grey, Morris, Hullett, East Wawanosh, West Wawanosh, Ashfield, Colborne and Goderich were put in the North region. The Geographic Townships of McKillop, Stanley, Tuckersmith, Hay, Stephen and Usborne were put in the South region.

North and South Regions



Huron County Low and High Sales

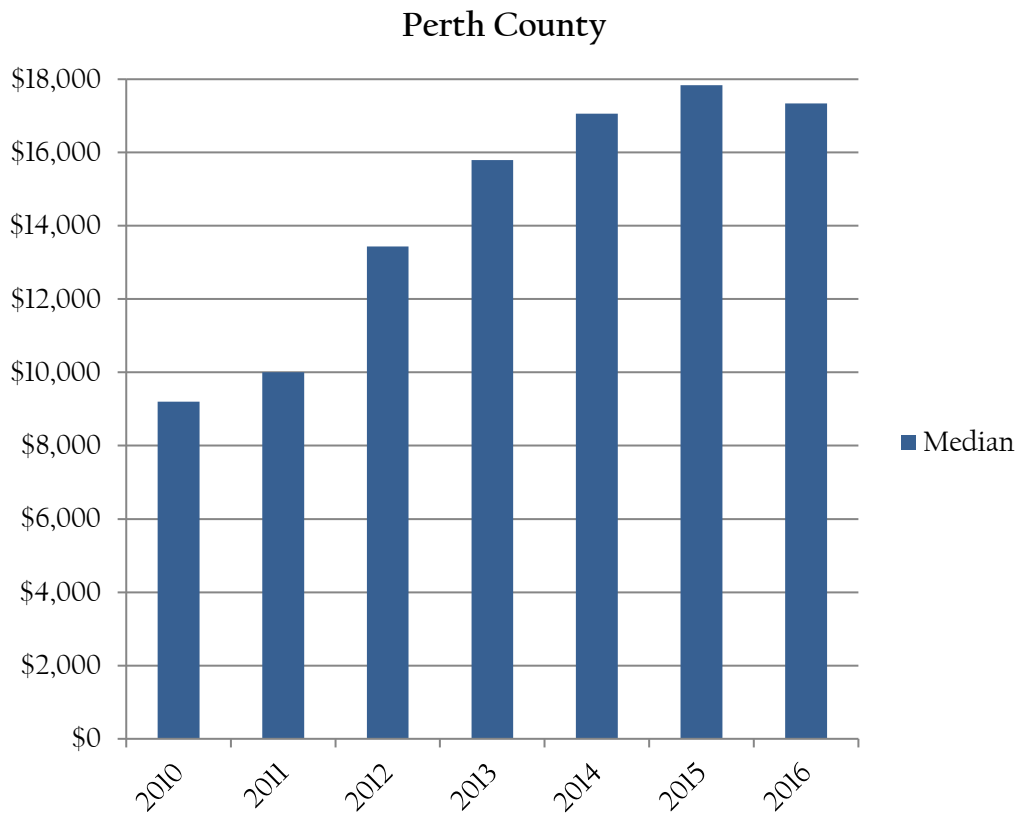


PERTH COUNTY

Perth County, like Huron, has very productive agricultural land and has a very strong livestock sector with both dairy and swine being historically strong components. Cash cropping also helps demand for land in the area with crops and manure management continuing to be important factors impacting land values. The table below shows the top 3 commodities by farm cash receipts in Perth County, as well as the 5 year average yields in Perth County for corn, soybeans and wheat. The information below has been sourced from OMAFRA.

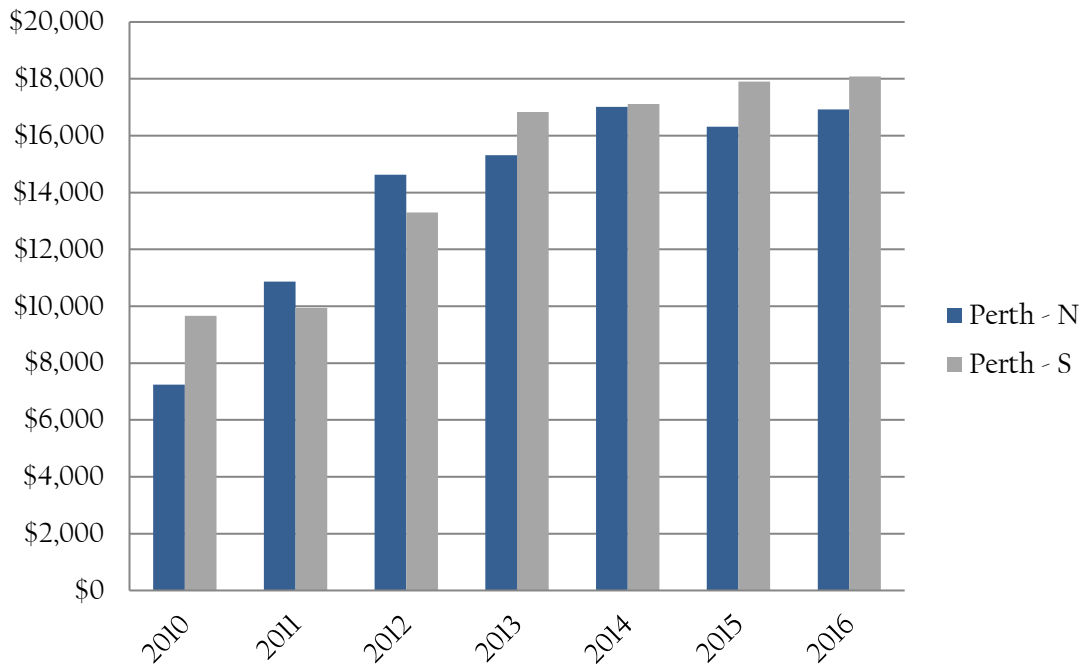
Top 3 Commodities	2013 Farm Cash Receipts (millions)
Dairy	\$208.30
Hogs	\$187.10
Corn	\$74.50
Commodity	5 Year Average Yield (bushels/acre)
Corn	165
Soybeans	48
Wheat	85

The graph below shows the land values for Perth County each year from 2010 to 2016.

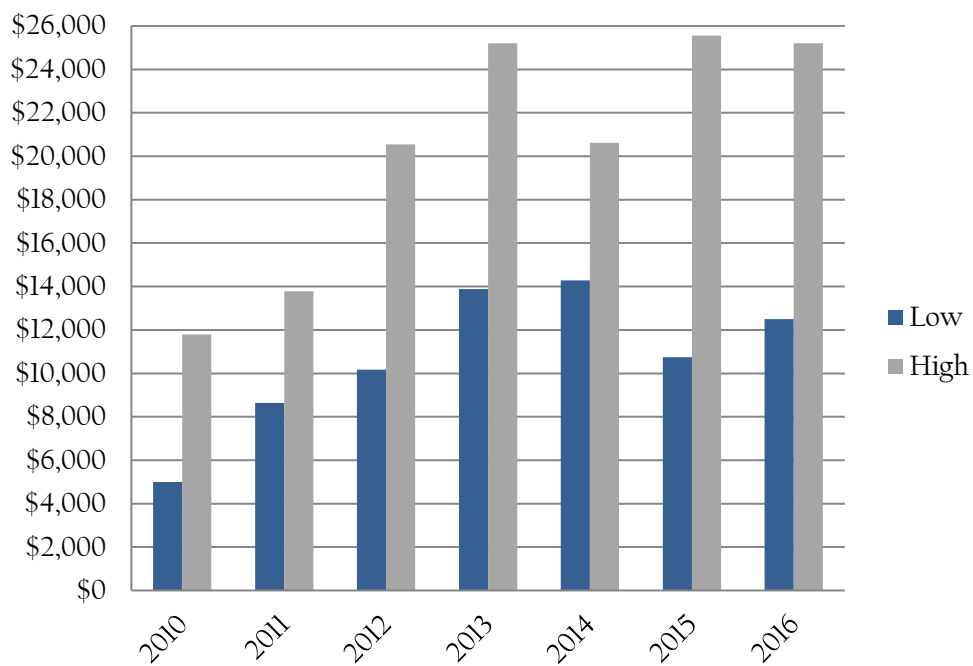


Perth County was also split into North and South regions. The Geographic Townships of Wallace, Elma and Mornington were put in the North region. The Geographic Townships of Logan, Ellice, North Easthope, South Easthope, Downie, Fullarton, Hibbert and Blanshard were put in the South region.

North and South Regions



Perth County Low and High Sales

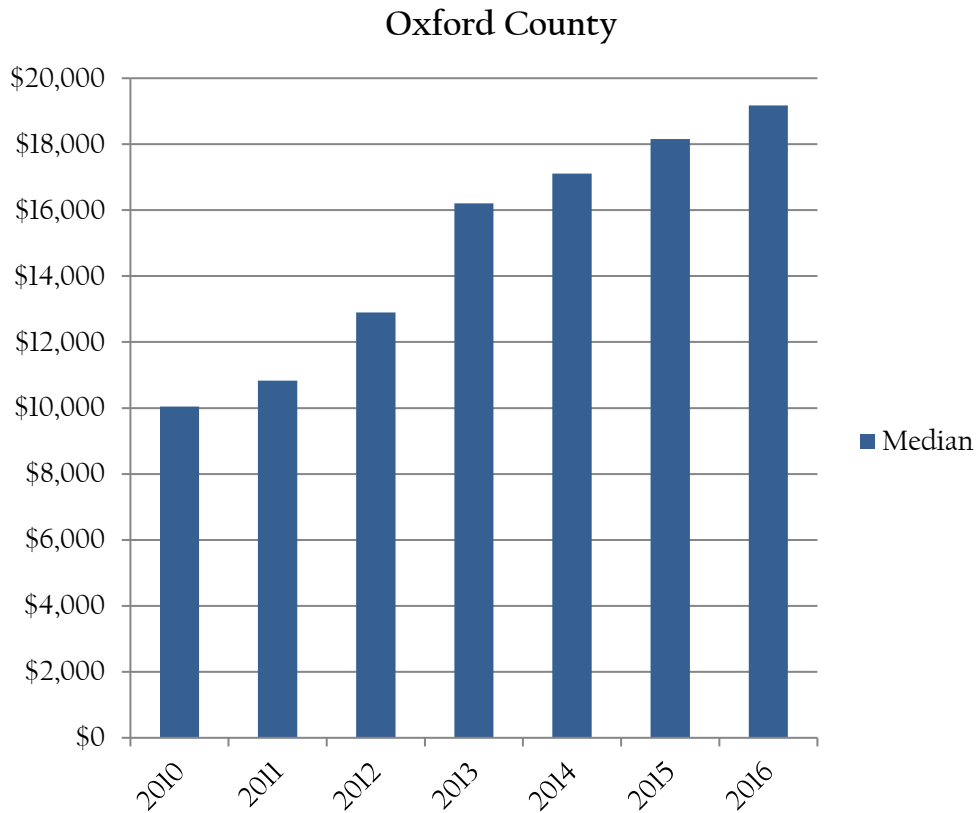


OXFORD COUNTY

Oxford County, or sometimes better known as the ‘Dairy Capital of Canada’, is a highly productive agricultural area having one of the highest densities of intensive livestock in the Province. Oxford County is diverse with the south part of the County having sandy soils used for tobacco and ginseng. The table below shows the top 3 commodities by farm cash receipts in Oxford County, as well as the 5 year average yields in Oxford County for corn, soybeans and wheat. The information below has been sourced from OMAFRA.

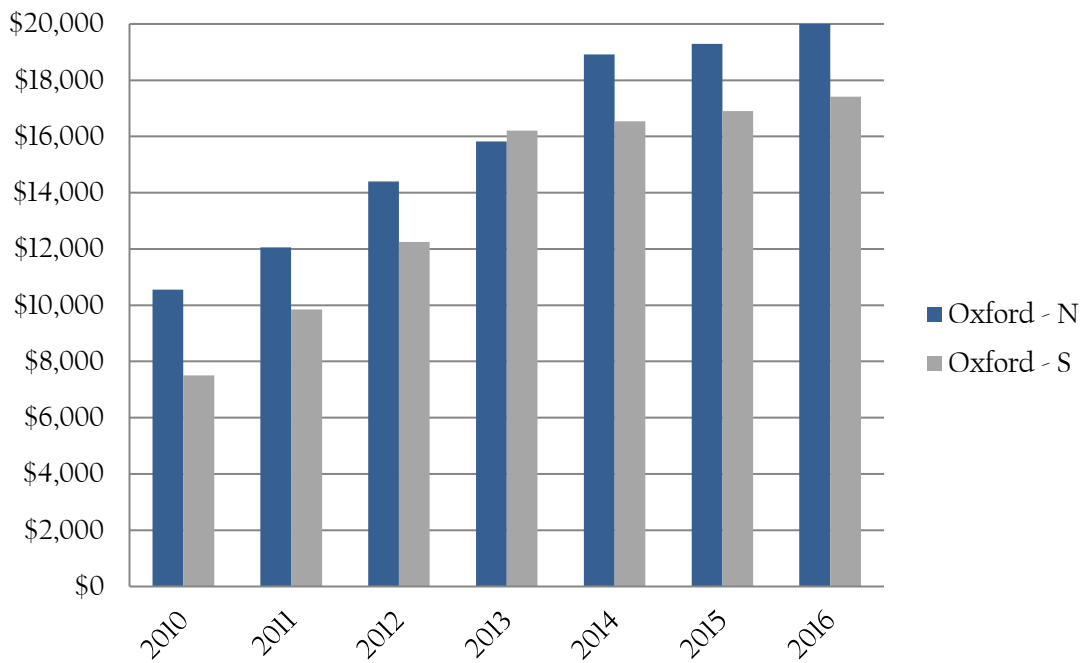
Top 3 Commodities	2013 Farm Cash Receipts (millions)
Dairy	\$213.20
Hogs	\$139.20
Corn	\$109.60
Commodity	5 Year Average Yield (bushels/acre)
Corn	170
Soybeans	50
Wheat	91

The graph below shows the land values for Oxford County each year from 2010 to 2016.

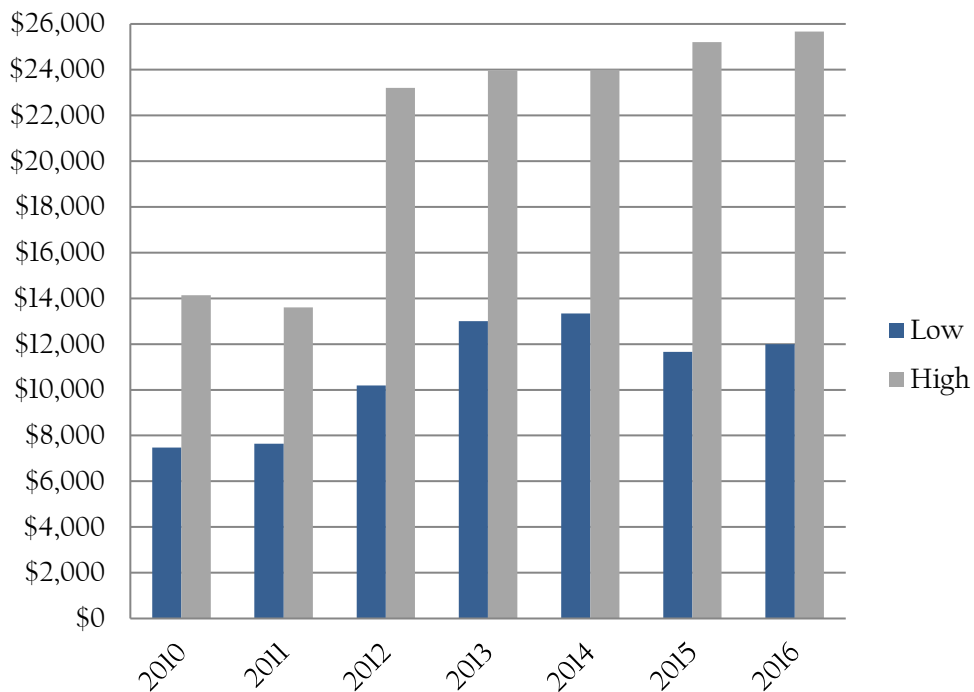


Oxford County, like Huron and Perth, the County was split into North and South regions. The Geographic Townships of East Nissouri, West Zorra, East Zorra, North Oxford, Blandford and Blenheim were placed in the North region. The Geographic Townships of West Oxford, East Oxford, Dereham, North Norwich and South Norwich were placed in the South region.

North and South Regions



Oxford County Low and High Sales

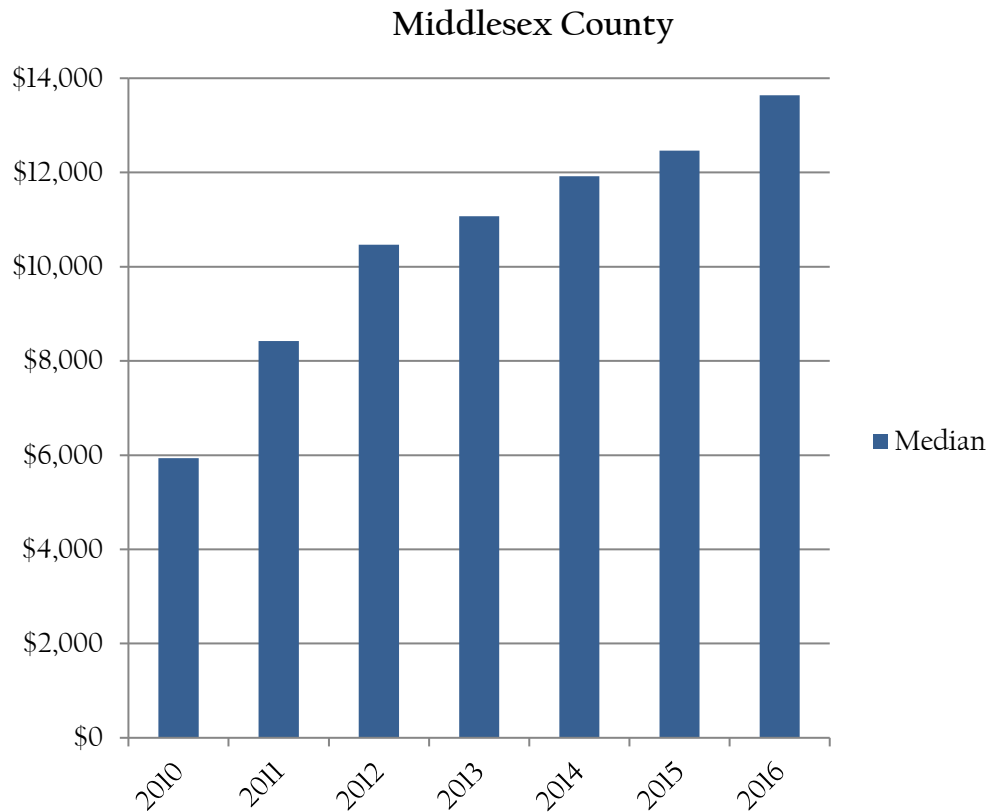


MIDDLESEX COUNTY

Middlesex County, unlike Huron, Perth and Oxford, does not have an abundance of large intensive livestock operations. This is not to say there are none, as there are some of the largest dairy and poultry operations in the Province located in this County. The main influence on land values comes from cash crop farmers. The ongoing urban influence of the City of London also provides constant pressure on land values. The table below shows the top 3 commodities by farm cash receipts in Middlesex County, as well as the 5 year average yields in Middlesex County for corn, soybeans and wheat. The information below has been sourced from OMAFRA.

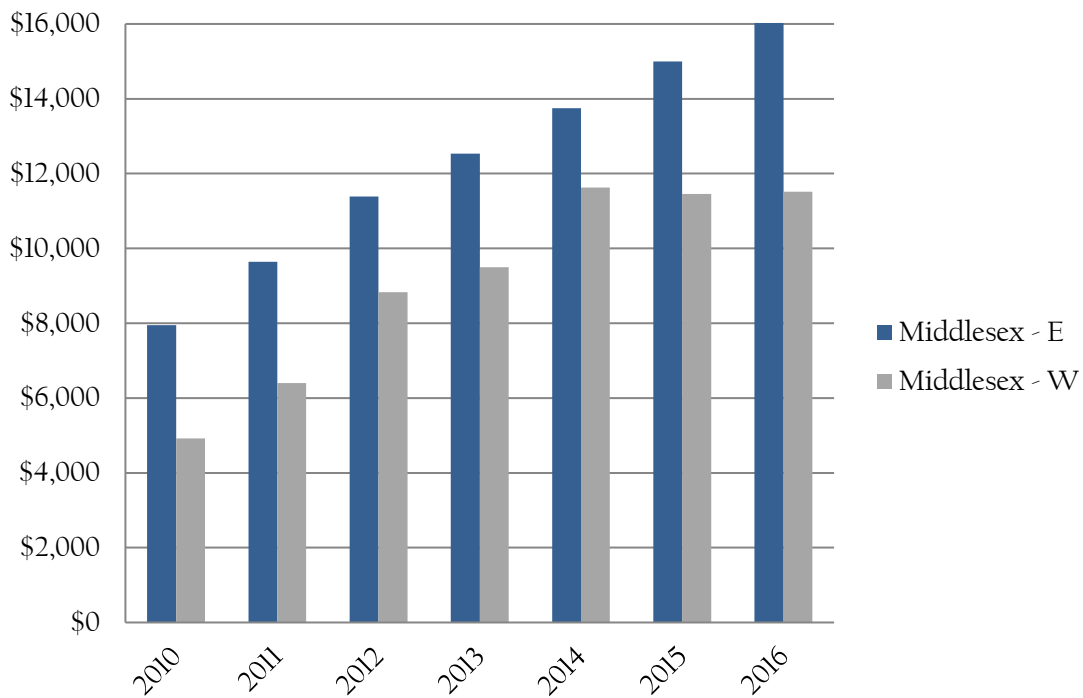
Top 3 Commodities	2013 Farm Cash Receipts (millions)
Corn	\$124.40
Soybeans	\$104.00
Hogs	\$95.30
Commodity	5 Year Average Yield (bushels/acre)
Corn	166
Soybeans	48
Wheat	84

The graph below shows the land values for Middlesex County each year from 2010 to 2016.

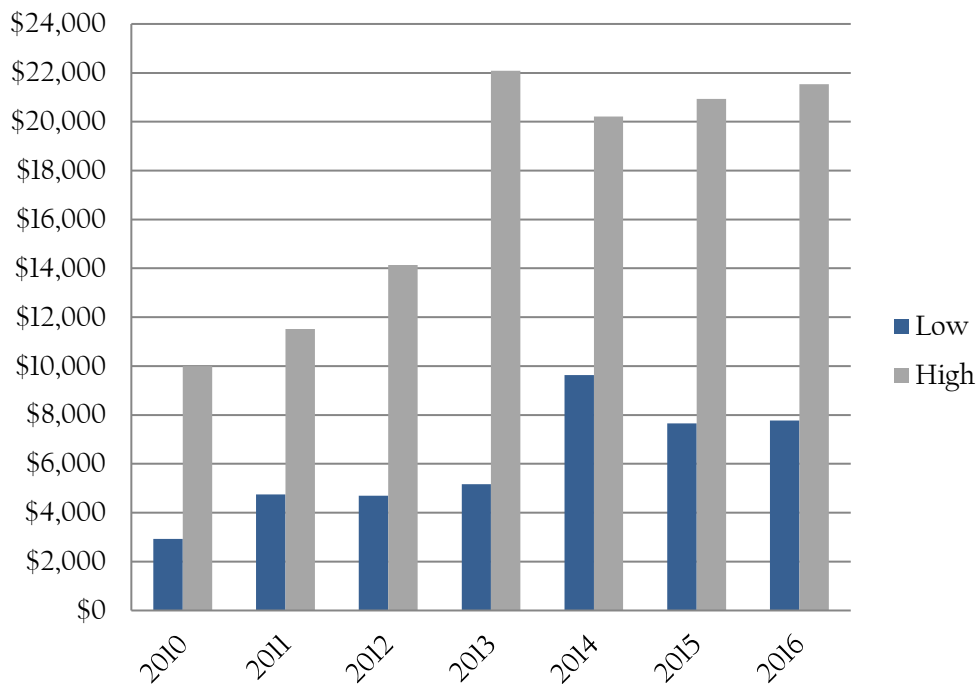


Middlesex County was divided into East and West regions. The Geographic Townships of Biddulph, London, West Nissouri, Westminster, North Dorchester, Lobo and McGillivray were put in the East region. The Geographic Townships of West Williams, East Williams, Adelaide, Caradoc, Metcalfe, Mosa, Ekfrid and Delaware were put in the West region.

East and West Regions



Middlesex County Low and High Sales

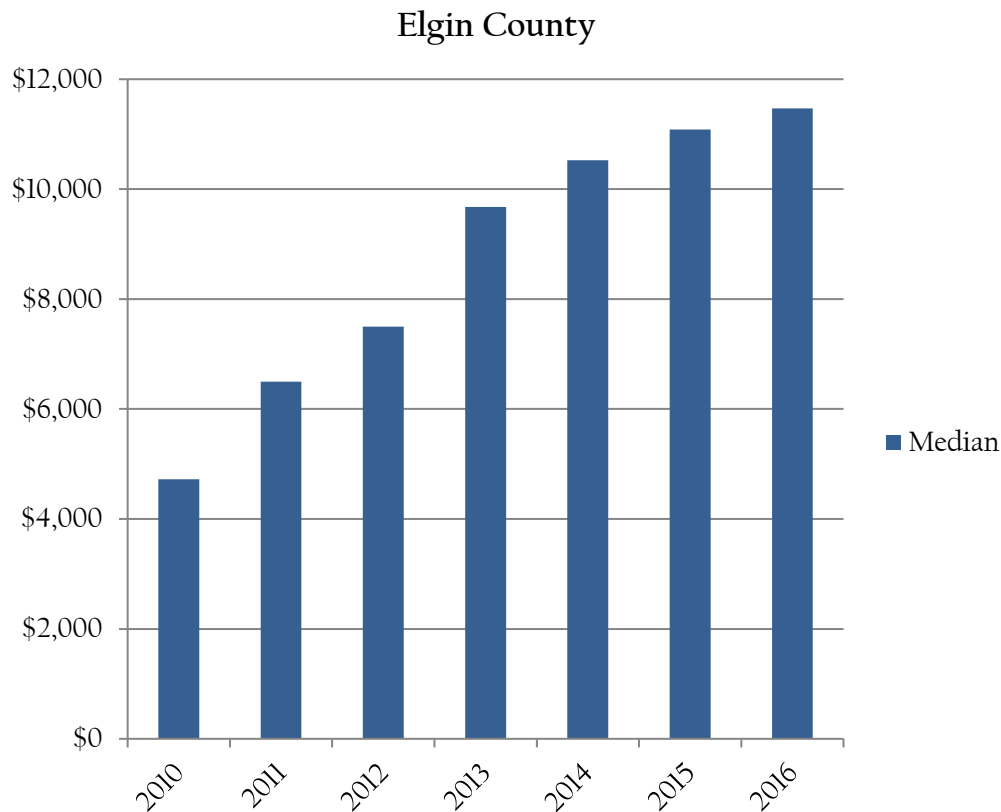


ELGIN COUNTY

Elgin County is a unique County which stretches along the Lake Erie shoreline and as a result has varying weather conditions which tend to differ from the Counties analysed so far. The land in Elgin also has a large variance in topography as well as soil type and its lack of uniformity provides for a number of agricultural uses and usually a wide range in value from area to area. The table below shows the top 3 commodities by farm cash receipts in Elgin County, as well as the 5 year average yields in Elgin County for corn, soybeans and wheat. The information below has been sourced from OMAFRA.

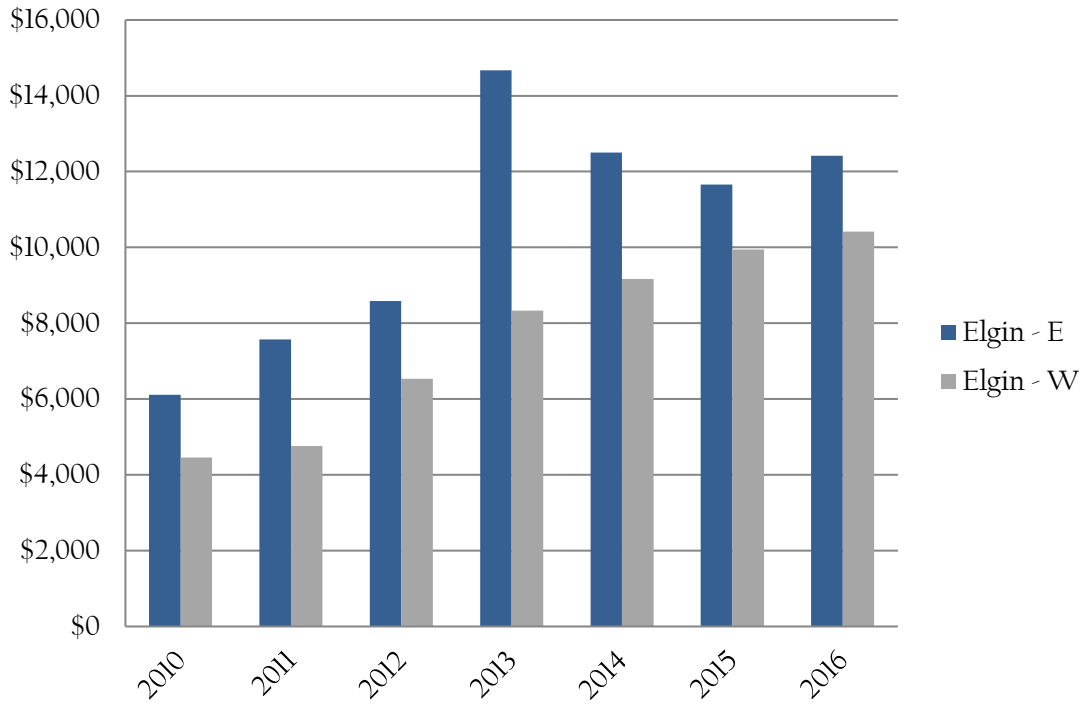
Top 3 Commodities	2013 Farm Cash Receipts (millions)
Corn	\$93.20
Soybeans	\$65.20
Field Vegetables	\$47.20
Commodity	5 Year Average Yield (bushels/acre)
Corn	172
Soybeans	48
Wheat	83

The graph below shows the land values for Elgin County each year from 2010 to 2016.

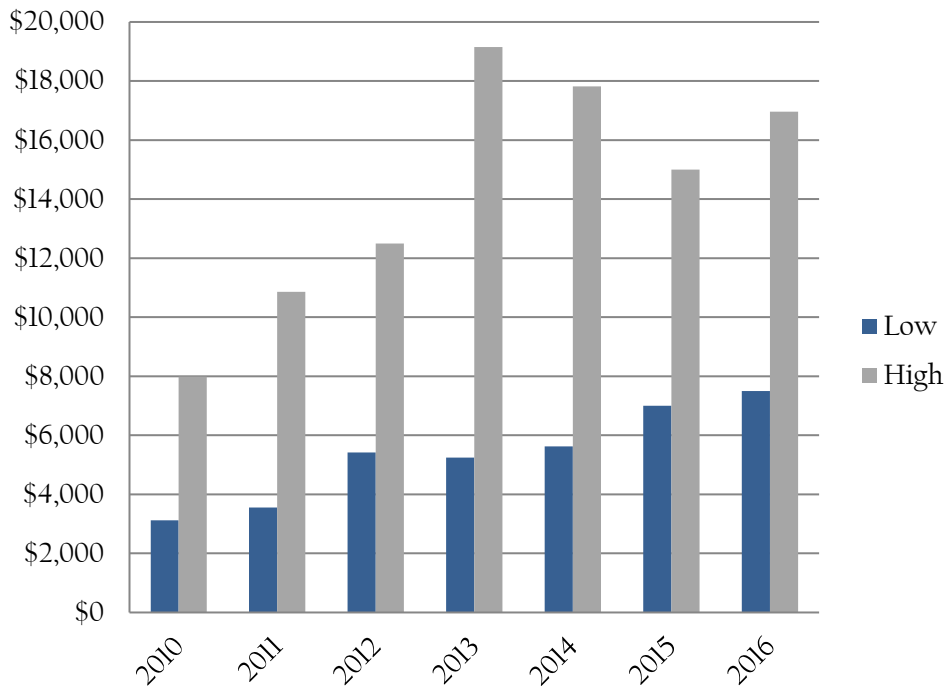


Elgin County, like Middlesex, is divided into East and West regions. The Geographic Townships of Southwold, Yarmouth, South Dorchester, Malahide and Bayham are placed in the East region. The Geographic Townships of Aldborough and Dunwich are placed in the West region.

East and West Regions



Elgin County Low and High Sales

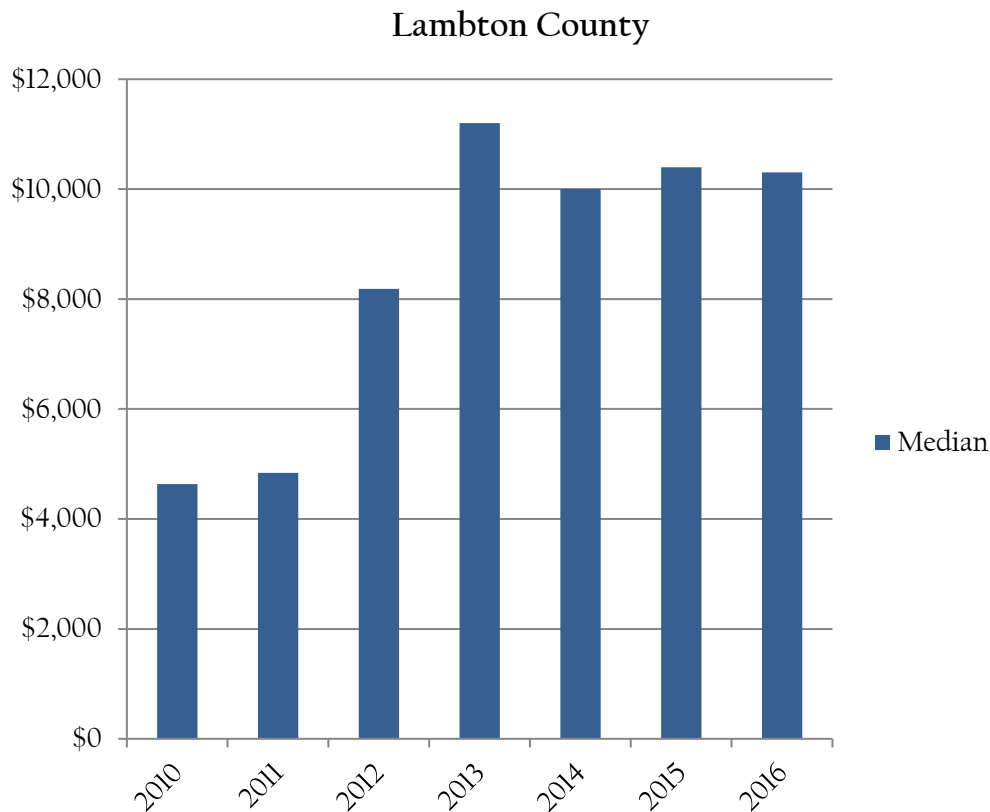


LAMBTON COUNTY

Lambton County is similar to Elgin County in some respects, in that there is a variance in soil types across the County. The productivity of the land in Lambton also varies with the soil type and it is no surprise that the values vary along with the soil type and productivity. The majority of the land in Lambton County is cash cropped with the majority of the intensive livestock farmers in the County being swine producers. The table below shows the top 3 commodities by farm cash receipts in Lambton County, as well as the 5 year average yields in Lambton County for corn, soybeans and wheat. The information below has been sourced from OMAFRA.

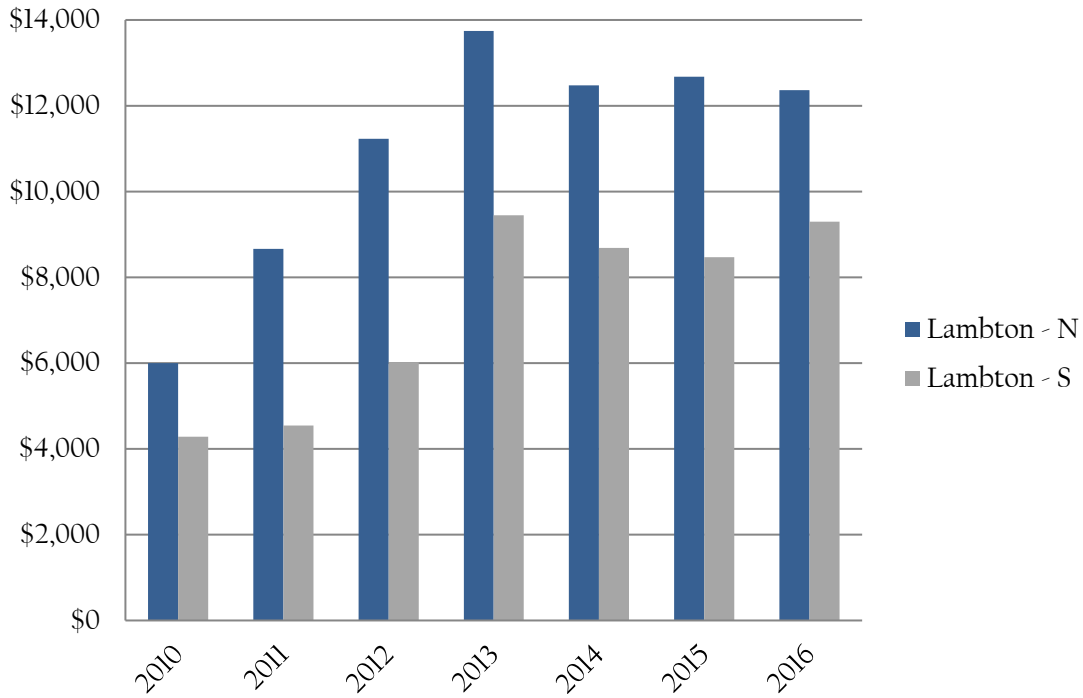
Top 3 Commodities	2013 Farm Cash Receipts (millions)
Soybeans	\$169.50
Hogs	\$94.50
Corn	\$92.30
Commodity	5 Year Average Yield (bushels/acre)
Corn	167
Soybeans	46
Wheat	75

The graph below shows the land values for Lambton County each year from 2010 to 2016.

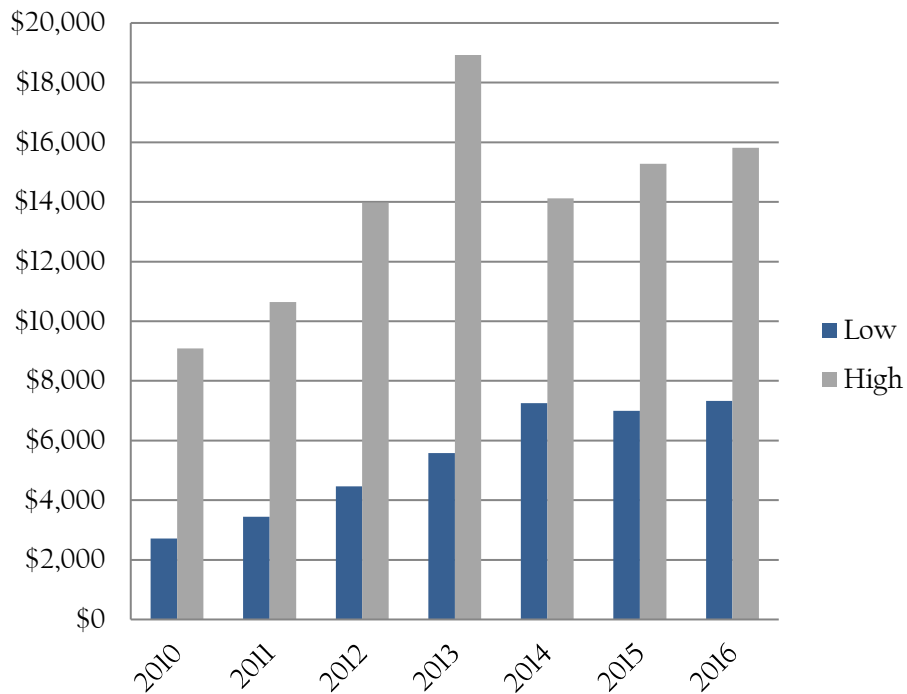


Lambton County was divided into North and South regions. The Geographic Townships of Sarnia, Plympton, Warwick and Bosanquet were placed in the North region. The Geographic Townships of Moore, Sombra, Dawn, Euphemia, Brooke and Enniskillen were placed in the South.

North and South Regions



Lambton County Low and High Sales

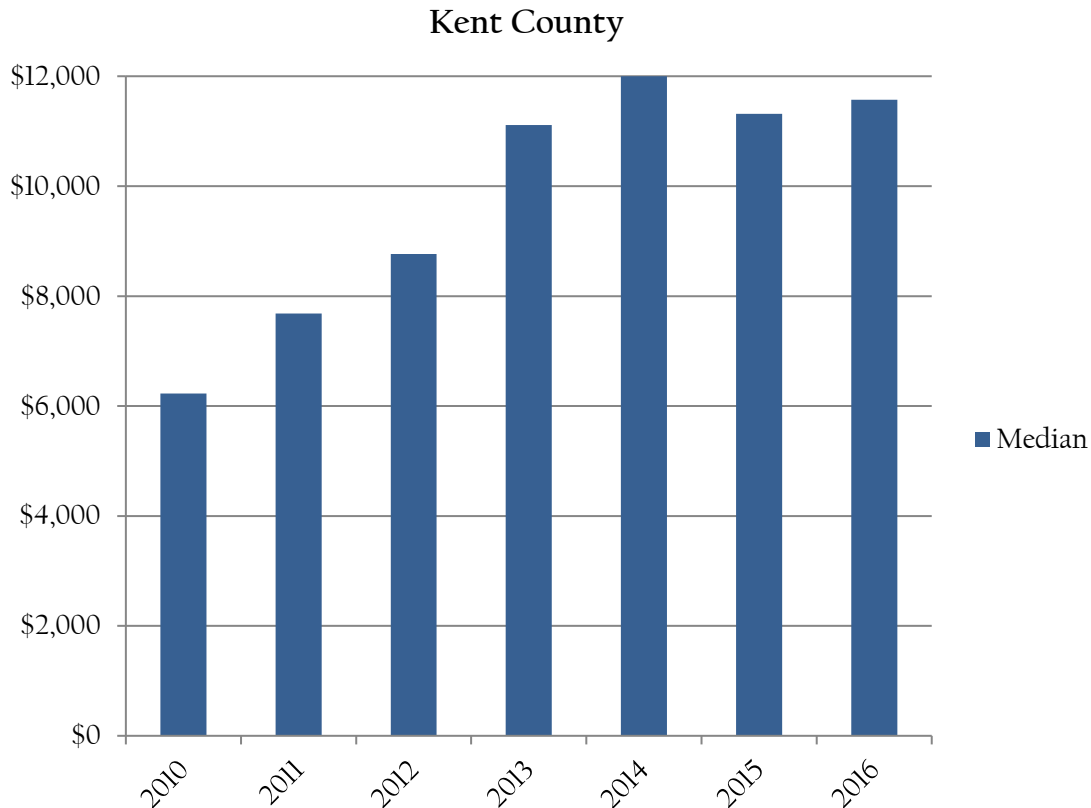


KENT COUNTY

Kent County has always been well known for its high agricultural productivity as well as its agricultural diversity. Through the decades the land in Kent has always been viewed as some of the best land in the Province. Not only is this attributed to the soil itself, but also to the beneficial climate as a result of being farther south than the majority of the Province, and in fact the majority of the Country. The table below shows the top 3 commodities by farm cash receipts in Kent County, as well as the 5 year average yields in Kent County for corn, soybeans and wheat. The information below has been sourced from OMAFRA.

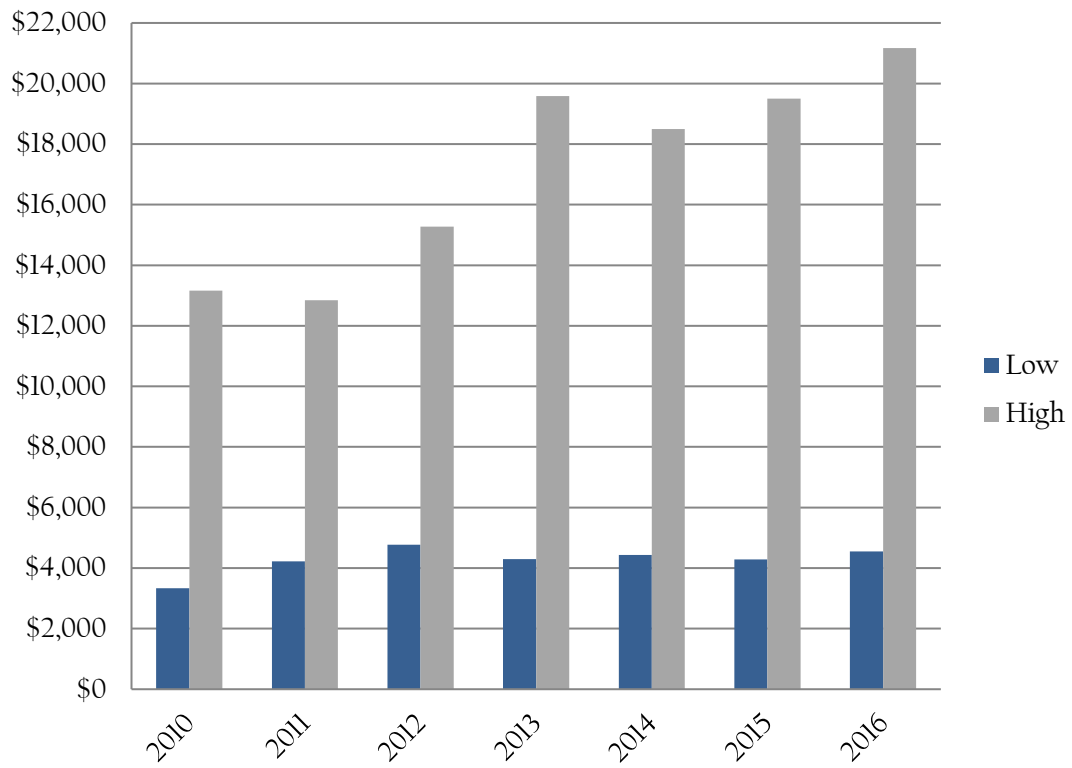
Top 3 Commodities	2013 Farm Cash Receipts (millions)
Soybeans	\$121.30
Field Vegetables	\$117.60
Corn	\$83.40
Commodity	5 Year Average Yield (bushels/acre)
Corn	180
Soybeans	49
Wheat	81

The graph below shows the land values for Kent County each year from 2010 to 2016.



Kent County was not divided north-south or east-west, given there is no significant value/soil/location difference geographically. The graph below shows the low sale and high sale for Kent County in that particular year.

Kent County Low and High Sales

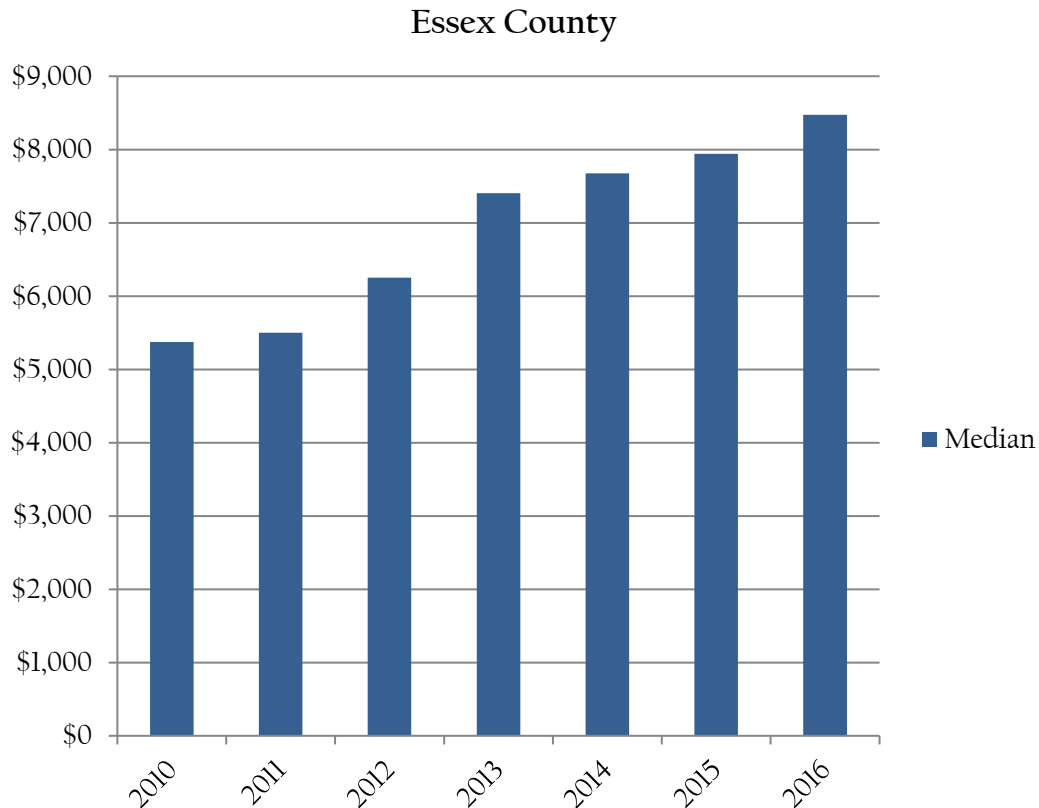


ESSEX COUNTY

Essex County has an ideal location in the most southern area of Canada, and as a result has always been home to a strong cash crop sector. The vast majority of the land in Essex is very level and the majority of the County is heavier clay soil. There is sand and sandy loam soil in the south part of the County, as well as some clay loam in the west section. The largest sector by far in Essex is the greenhouse industry, with Leamington being well known as the ‘Tomato Capital of Canada’. The table below shows the top 3 commodities by farm cash receipts in Essex County, as well as the 5 year average yields in Essex County for corn, soybeans and wheat. The information below has been sourced from OMAFRA.

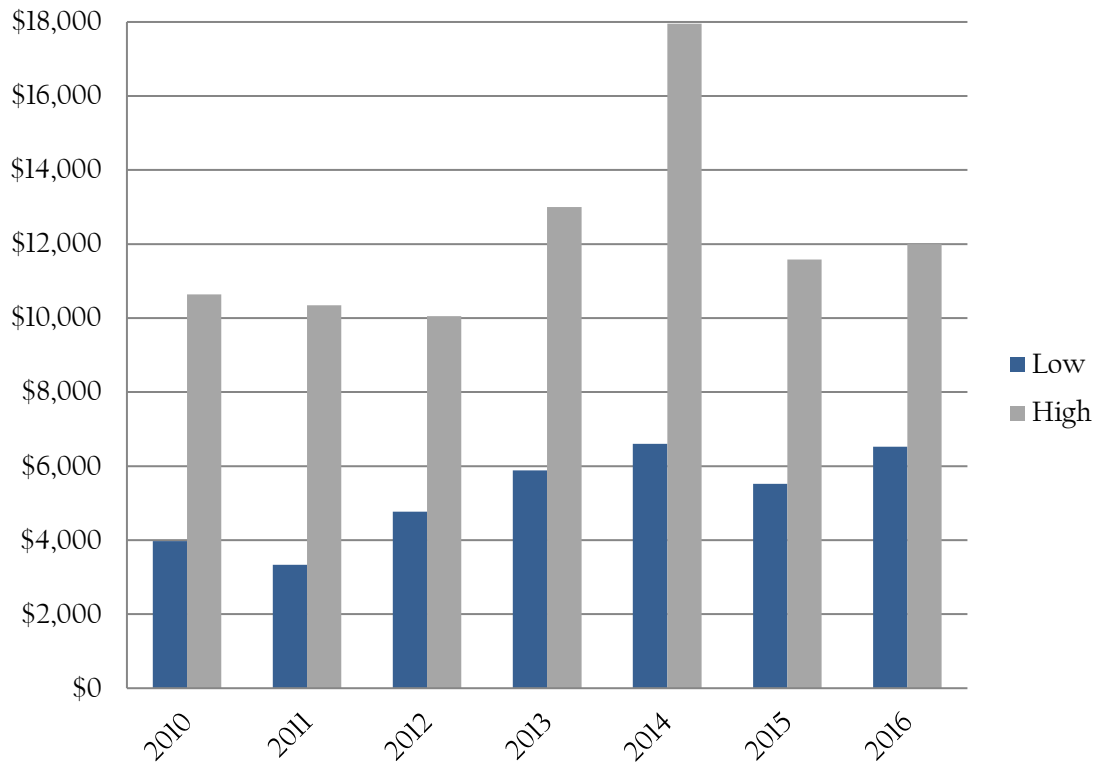
Top 3 Commodities	2013 Farm Cash Receipts (millions)
Greenhouse Vegetables	\$579.10
Soybeans	\$79.30
Floriculture/Nursery	\$38.90
Commodity	5 Year Average Yield (bushels/acre)
Corn	173
Soybeans	48
Wheat	74

The graph below shows the land values for Essex County each year from 2011 to 2016.



Essex County was not divided north-south or east-west, given there is no significant value/soil/location difference geographically. The graph below shows the low sale and high sale for Essex County in that particular year.

Essex County Low and High Sales

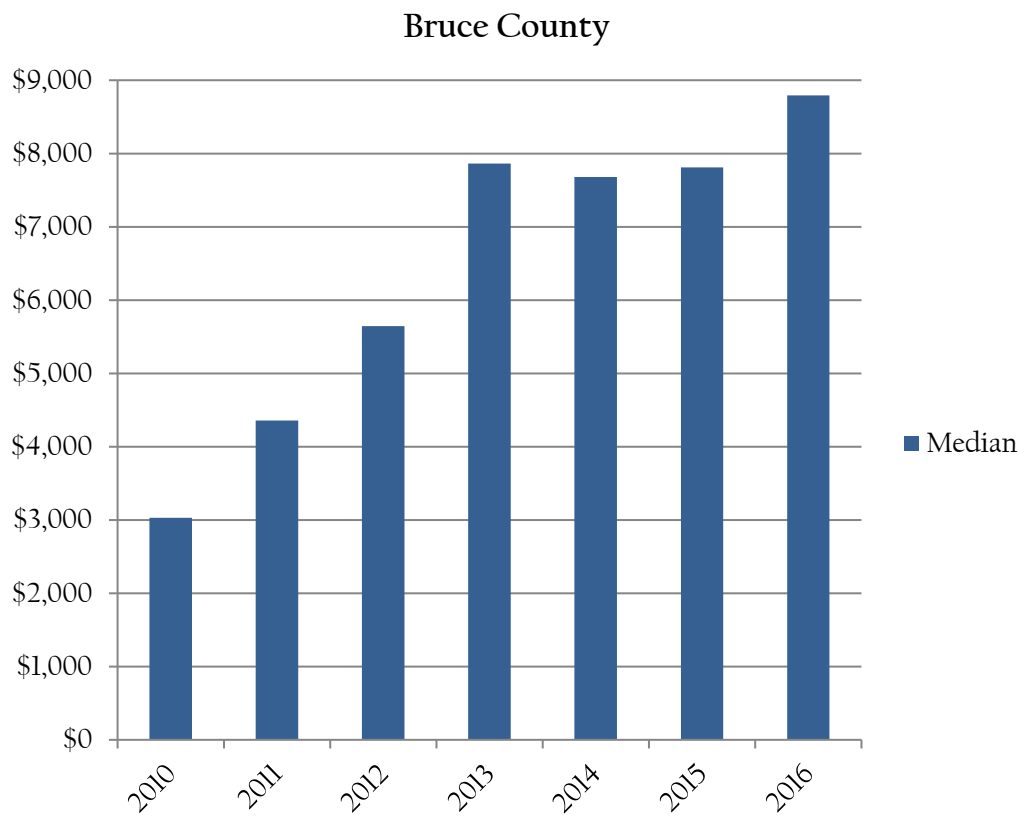


BRUCE COUNTY

Bruce County is another County which has experienced a large increase in land values over the last several years as the demand for land has increased from varying types of farmers. Traditionally, Bruce County has been known as the ‘Beef County of Ontario’, however much of the pasture land in Bruce has been converted to crop land in the last few years with the rise of land values and commodity prices. Advances in corn and other grain technology have produced crop varieties which can stand a slightly cooler climate and shorter growing season. This has been a big reason for the increase in land values in Bruce County. The table below shows the top 3 commodities by farm cash receipts in Bruce County, as well as the 5 year average yields in Bruce County for corn, soybeans and wheat. The information below has been sourced from OMAFRA.

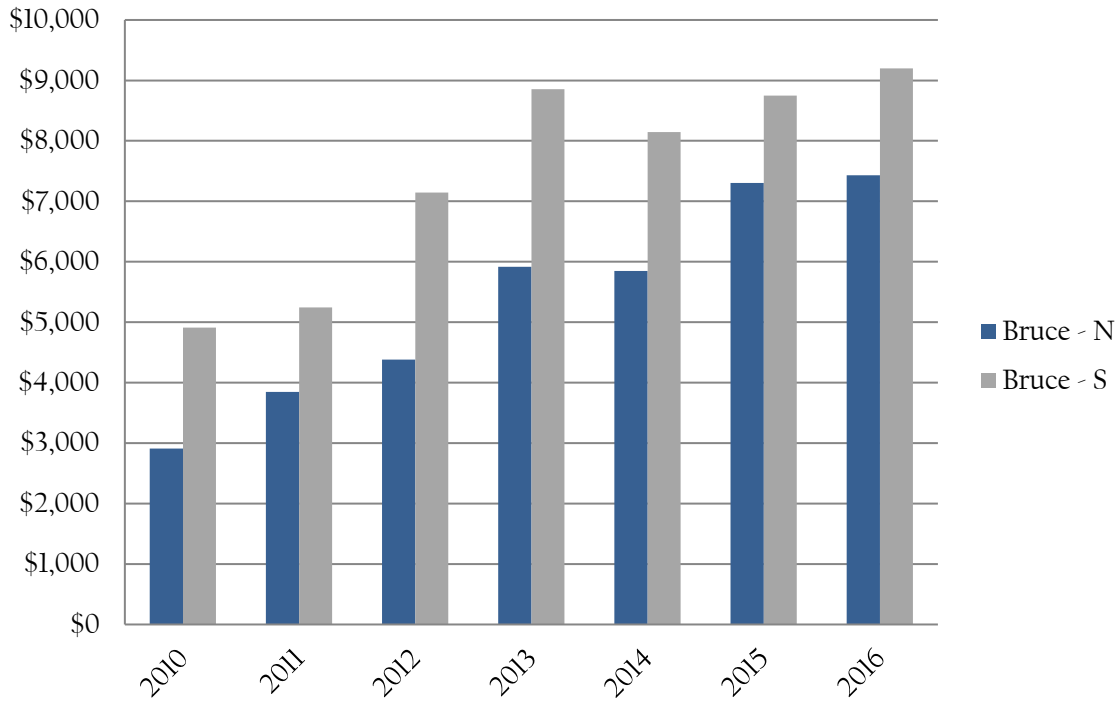
Top 3 Commodities	2013 Farm Cash Receipts (millions)
Cattle & Calves	\$170.00
Soybeans	\$78.60
Dairy	\$73.10
Commodity	5 Year Average Yield (bushels/acre)
Corn	145
Soybeans	46
Wheat	83

The graph below shows the land values for Bruce County each year from 2010 to 2016.

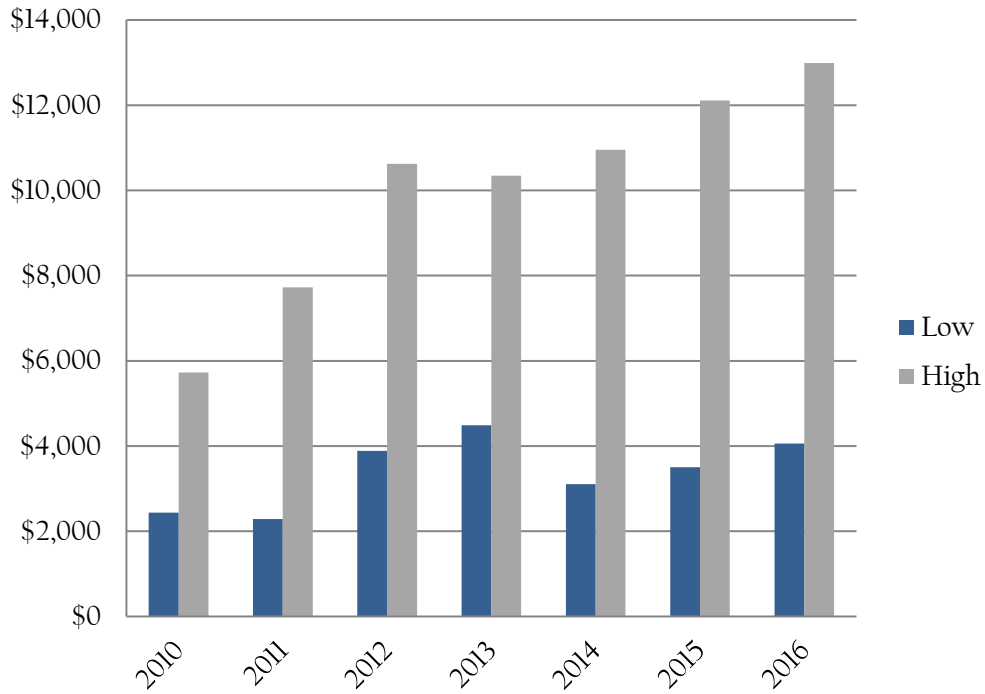


Bruce County was divided into North and South regions. The Geographic Townships of Arran, Elderslie, Saugeen and Bruce were placed in the North region. The Geographic Townships of Kincardine, Huron, Kinloss, Greenock, Culross, Carrick and Brant were placed in the South region. As can be noted, the Peninsula has not been included in the study.

North and South Regions



Bruce County Low and High Sales

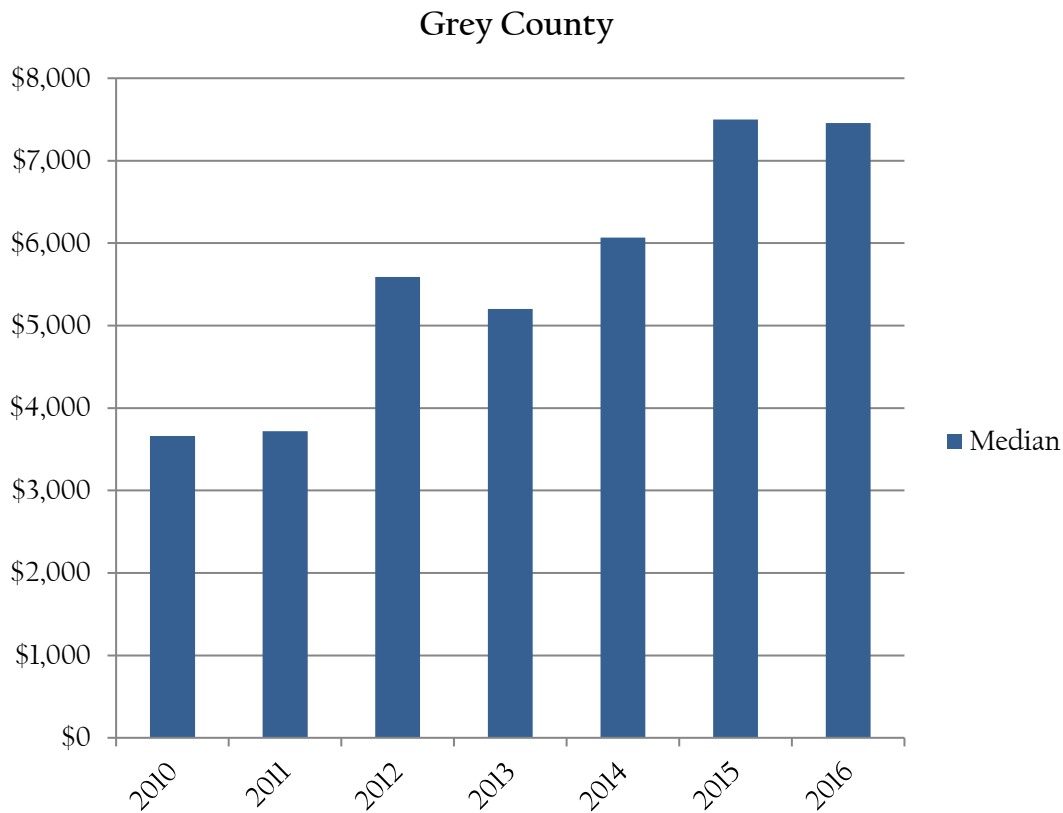


GREY COUNTY

Grey County is home to a strong agricultural sector with a large variance in soil type and types of farmers. Like Bruce, Grey has historically not been a large cash crop oriented area, with the majority being mixed farms, as well as various beef producers. Also like Bruce, much of the land which was either in pasture or not being farmed at all, is now being cropped. Much of this is to do with the ever growing Mennonite influence in the area. The table below shows the top 3 commodities by farm cash receipts in Grey County, as well as the 5 year average yields in Grey County for corn, soybeans and wheat. The information below has been sourced from OMAFRA.

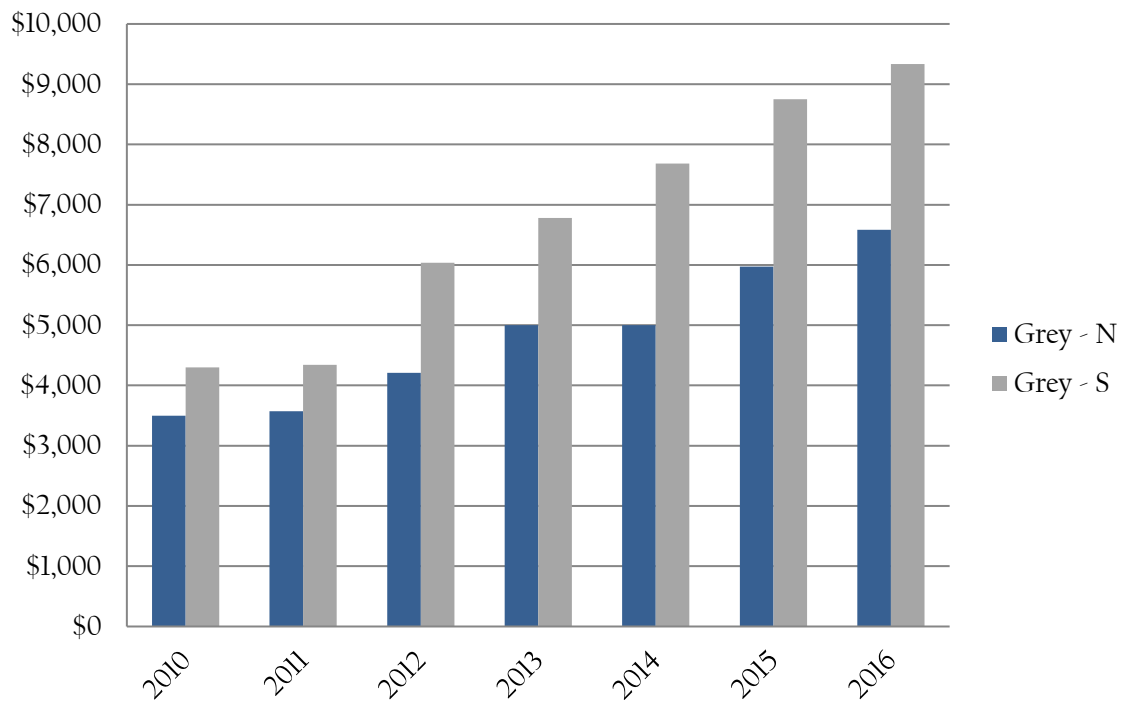
Top 3 Commodities	2013 Farm Cash Receipts (millions)
Cattle & Calves	\$90.30
Dairy	\$47.60
Poultry	\$23.70
Commodity	5 Year Average Yield (bushels/acre)
Corn	141
Soybeans	42
Wheat	69

The graph below shows the land values for Grey County (South) each year from 2010 to 2016.

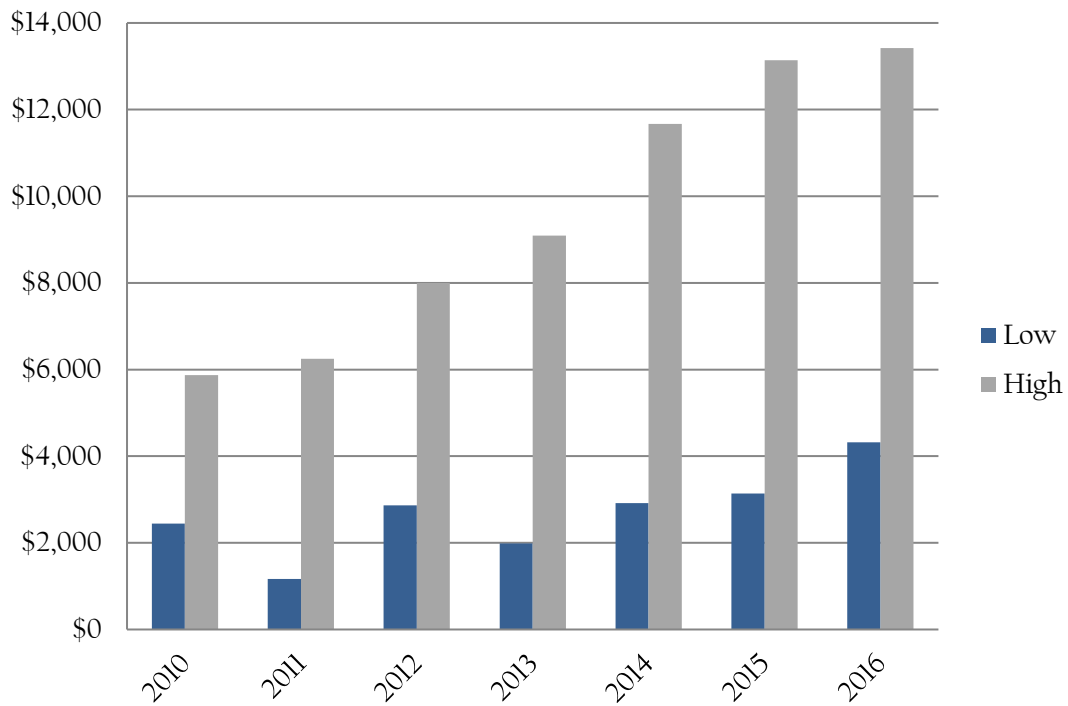


Grey County was divided into North and South regions. The Geographic Townships of Keppel, Derby, Sullivan, Sydenham, St. Vincent, Euphrasia, Collingwood, Sarawak and Holland were analysed in the North region. The Geographic Townships of Bentinck, Glenelg, Artemesia, Osprey, Normanby, Egremont and Proton were analysed in the South region. The graph below shows the low sale and high sale for Grey County in that particular year.

North and South Regions



Grey County Low and High Sales

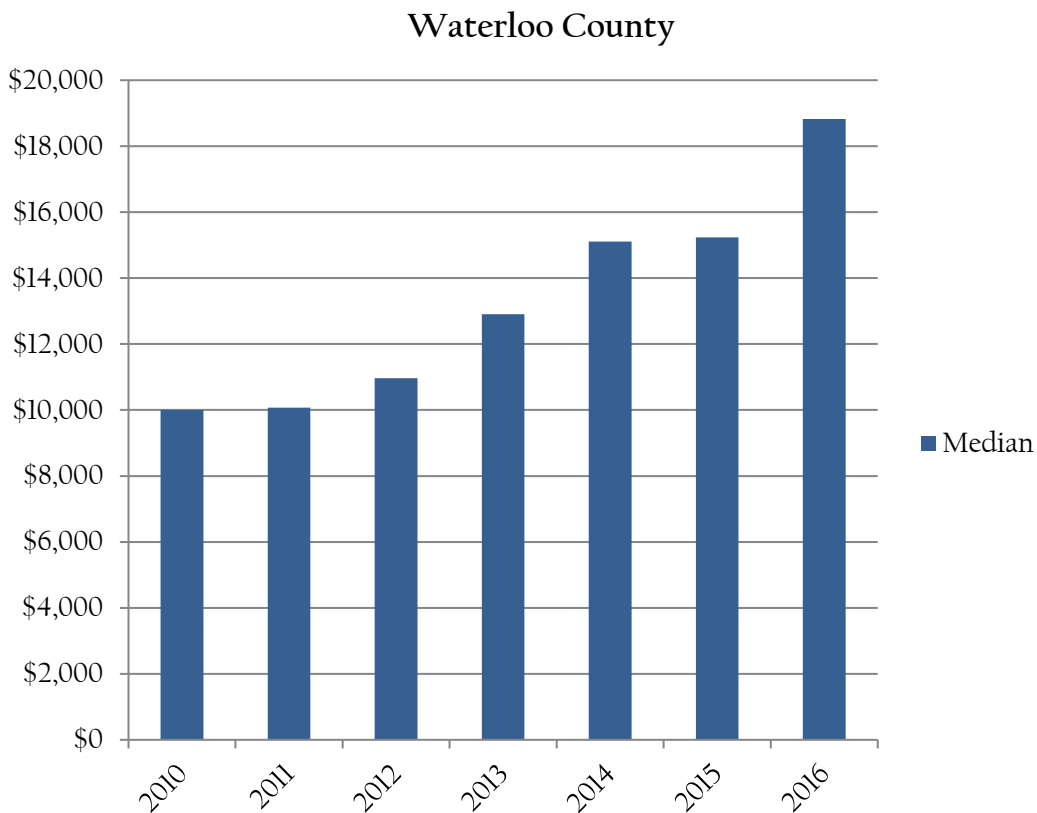


WATERLOO COUNTY

Waterloo County is a very productive, and highly intensive area of Southwestern Ontario. Waterloo is well known for its Mennonite population which have dominated the agricultural sector for decades in this area. The demand for land is extremely high, while the supply is very low given that the majority of the farms are owned by farm families that continually roll operations to the next generation. This lack of supply results in very few sales and high prices being paid. The table below shows the top 3 commodities by farm cash receipts in Waterloo County, as well as the 5 year average yields in Waterloo County for corn, soybeans and wheat. The information below has been sourced from OMAFRA.

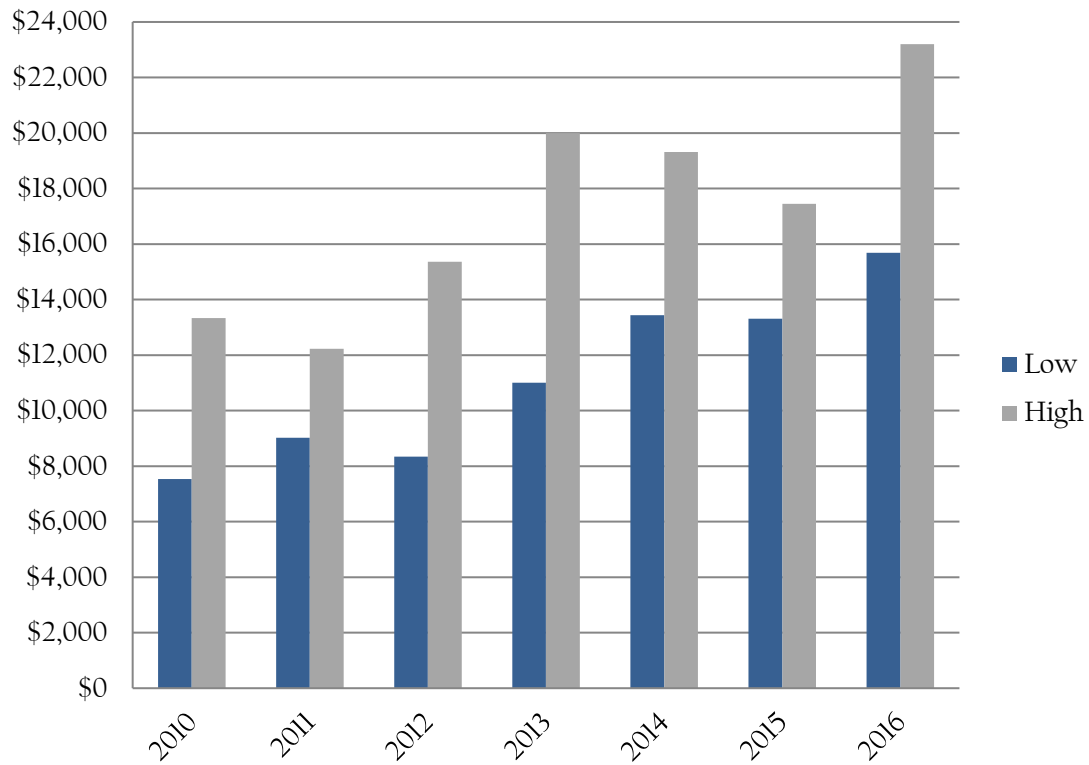
Top 3 Commodities	2013 Farm Cash Receipts (millions)
Cattle & Calves	\$97.68
Dairy	\$91.81
Poultry	\$55.13
Commodity	5 Year Average Yield (bushels/acre)
Corn	149
Soybeans	46
Wheat	78

The graph below shows the land values for Waterloo County each year from 2010 to 2016.



Waterloo County was not divided north-south or east-west, given there is no significant value/soil/location difference geographically. The graph below shows the low sale and high sale for Waterloo County in that particular year.

Waterloo Region Low and High Sales

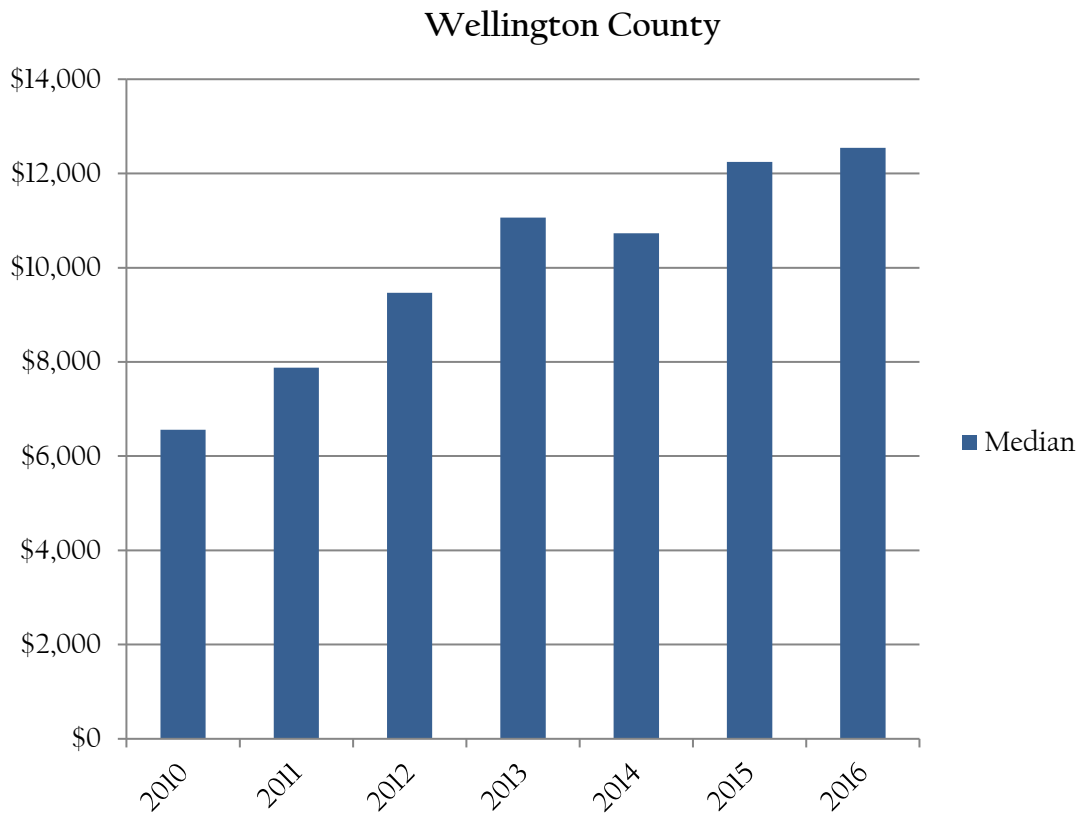


WELLINGTON COUNTY

Wellington County, similar to Waterloo County, is a high producing area with more variance in soil type and still a strong Mennonite influence in certain areas. The Wellington area has a large number of livestock and poultry farms, as well as a large percentage of cash crop operations. The table below shows the top 3 commodities by farm cash receipts in Wellington County, as well as the 5 year average yields in Wellington County for corn, soybeans and wheat. The information below has been sourced from OMAFRA.

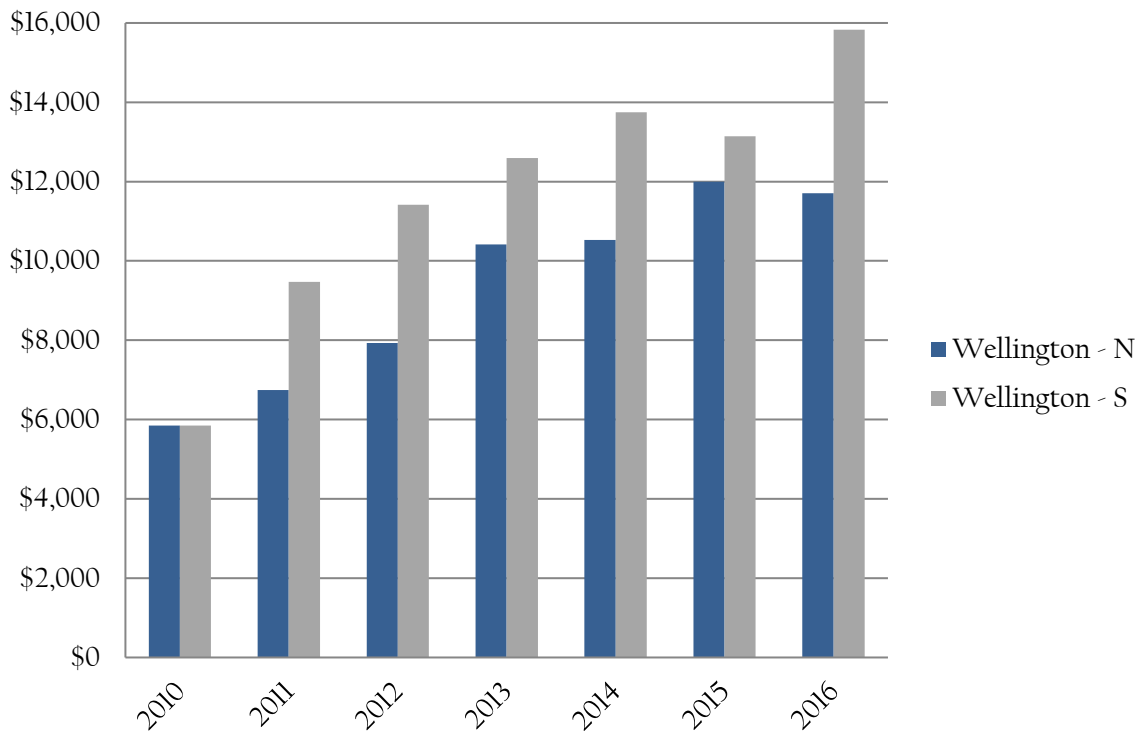
Top 3 Commodities	2013 Farm Cash Receipts (millions)
Dairy	\$162.12
Cattle & Calves	\$122.35
Poultry	\$108.04
Commodity	5 Year Average Yield (bushels/acre)
Corn	148
Soybeans	46
Wheat	79

The graph below shows the land values for Wellington County each year from 2010 to 2016.

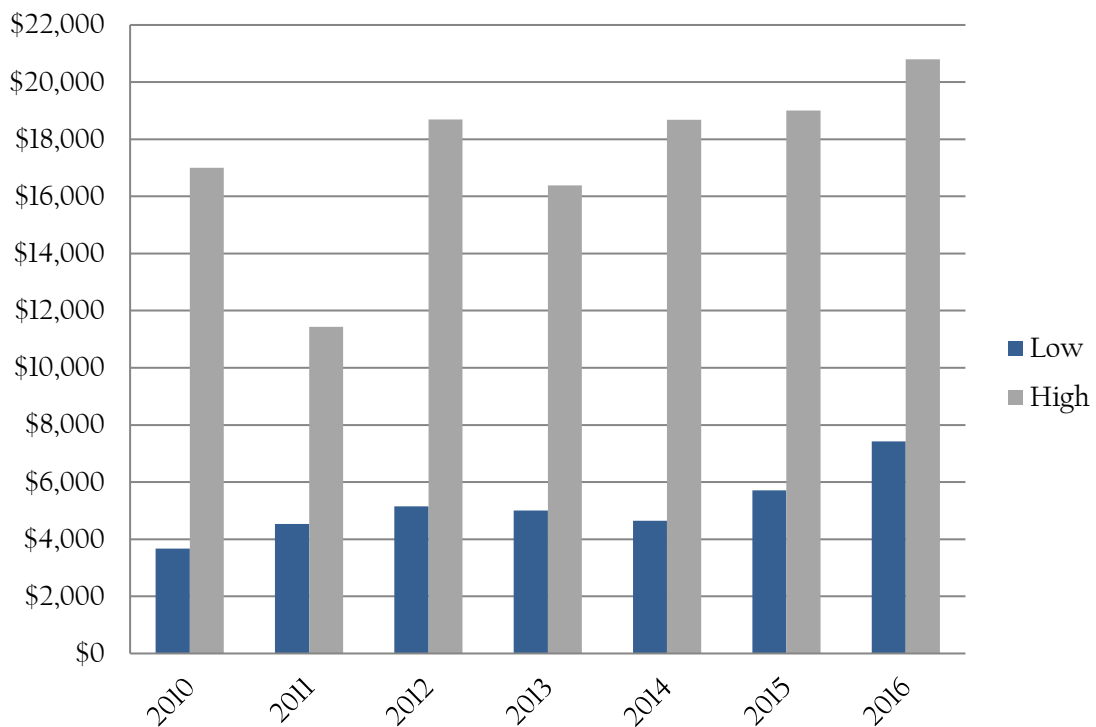


Wellington County was divided into North and South regions. The Geographic Townships of Minto, Arthur, West Luther, Maryborough, Peel and West Garafraxa were analysed in the North region. The Geographic Townships of Eramosa, Erin, Guelph, Nichol, Pilkington and Puslinch were analysed in the South region. The graph below shows the low sale and high sale for Wellington County in that particular year.

North and South Regions



Wellington County Low and High Sales



CONTACT

For additional information on the data provided herein or any other related inquiries on land values or appraisals, please do not hesitate to contact me at:

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DISCLAIMER

The information contained in this report was obtained from sources believed to be reliable. Certain information in this report has been accepted at face value; especially if there is no reason to doubt its accuracy. Certain empirical data required interpretive analysis pursuant to the objective of this report. However, I have not verified its accuracy and make no guarantee, warranty or representation regarding it. The specific sales data provided is subject to the possibility of errors, omissions, mistakes in calculation of total and tillable acre sizes, as well as error in reported sale price and/or sale date. Although an attempt has been made to find every pertinent sale in the areas described, it is not possible to confirm that this is the case.

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