SOUTHWESTERN ONTARIO LAND VALUES

2017 EDITION

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TABLE OF CONTENTS

To view the full Disclaimer for this report please refer to Page 20.

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 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. Only sales that occurred in 2017 were selected for the 2017 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 2016, with those results also shown in this report.

Southwestern Ontario: Quick Numbers	
Average 2016 to 2017 Change	9.76%
Average 2010 to 2017 Multiple	2.30
SW Ontario 2017 Median	$12,710

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. However, in late 2017 interest rates started to gradually rise and the outlook for rates from must sources show a continued increase in rates. The 2017 land values were up substantially with the largest annual increase since 2013 so this increase in rates has yet to have any major impact. As these higher rates begin to be implemented on renewals it is likely this will start to impact buying decisions. The interest rate outlook will continue to have a major influence on the land value market and is something that producers will be keeping a close eye on.

Quota & Livestock

The impact of livestock/quota intensity continues to have a large impact in certain areas. In Counties like Huron, Perth, Oxford and Wellington land values continue to be impacted by the dense population of livestock and poultry producers. With the recent quota allotments in both dairy and poultry these industries have rapidly expanded with some of that expansion involving land purchases.

Commodity Prices

The main reason for the overall slower growth of land values in 2014, 2015 and 2016 was the lowering of commodity prices. Prices in 2014, 2015 and 2016 are a sharp contrast to the record highs seen in 2011-2013. Commodity prices in 2017 remained relatively unchanged and outlook for 2018 is similar given the large global carryout. In the face of lower commodity prices, Ontario producers in 2017 continued to pay high prices for land which does provide evidence that any significant increase in commodity prices would provide a similar 2011-2013 land values market.

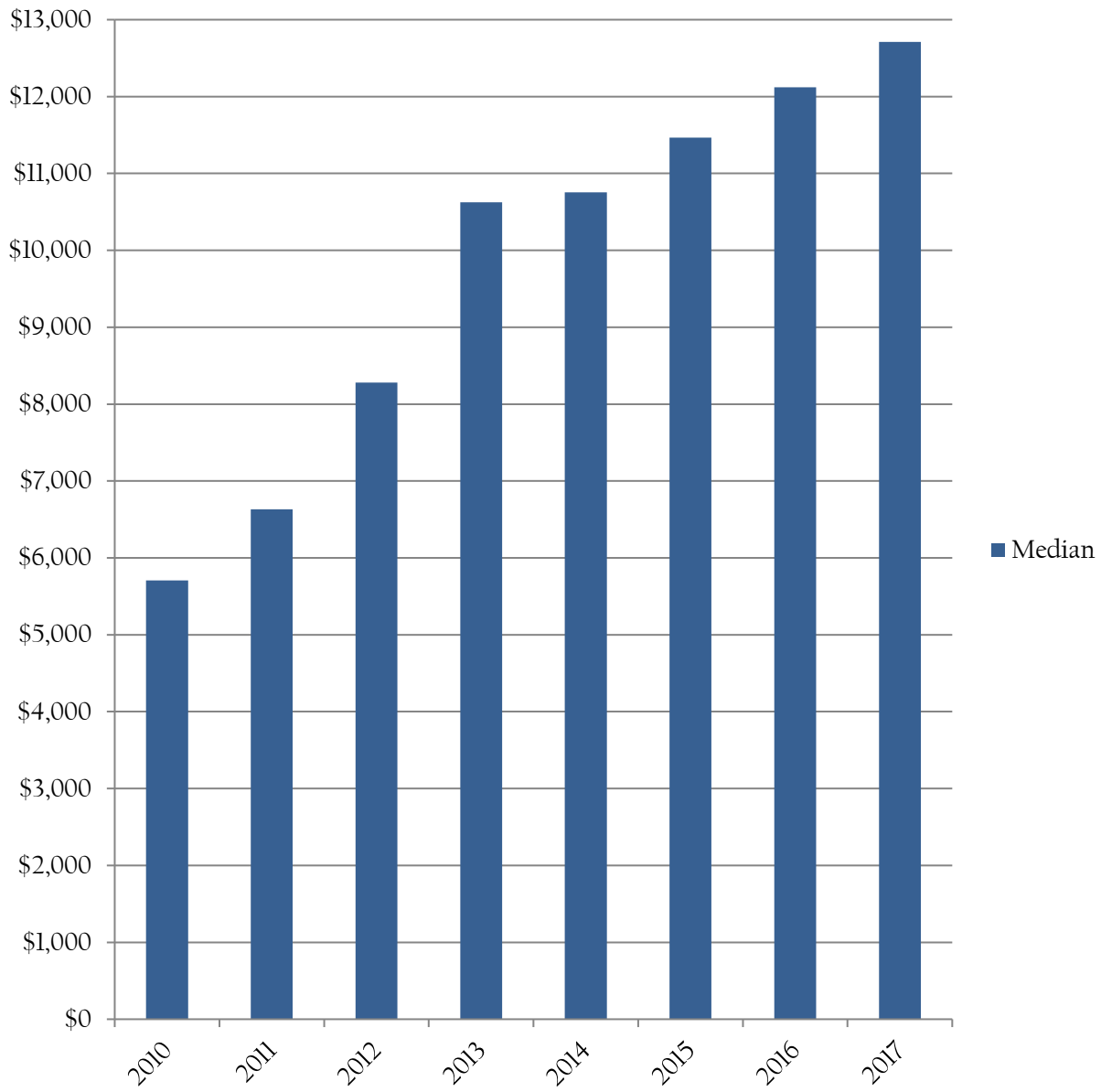
2018 & Beyond

Interest rates are going to be a very important variable to watch in 2018 being this is the first year in this study period where interest rates are rising significantly to start the year. The drivers that affect interest rates are almost exclusively based on factors outside of Ontario agriculture, yet the health of our agricultural industry is very dependent on interest rate stability. Any significant, rapid increase in interest rates would have a major impact on the ability of producers to continue to expand.

The largest looming issue heading into 2018 is the outcome of the NAFTA negotiations. Agriculture is a major part of NAFTA that can be significantly affected by a major change in trade policy with the US in particular. Our supply management system seems to be the biggest sticking point with the US. The impact of a change in market access or any diminishing of supply management will have an obvious affect on dairy and poultry producers. However, since supply managed farmers make up a large percentage of land purchasers in certain Counties, it is possible for a major impact on land values if the economic viability of supply managed farmers is adversely affected by a change in NAFTA policy. At this point, it appears our government is fully supporting supply management and rebuffing any change on that aspect in NAFTA. Similarly, any market access changes for other sectors in Ontario agriculture could ultimately filter down to land values.

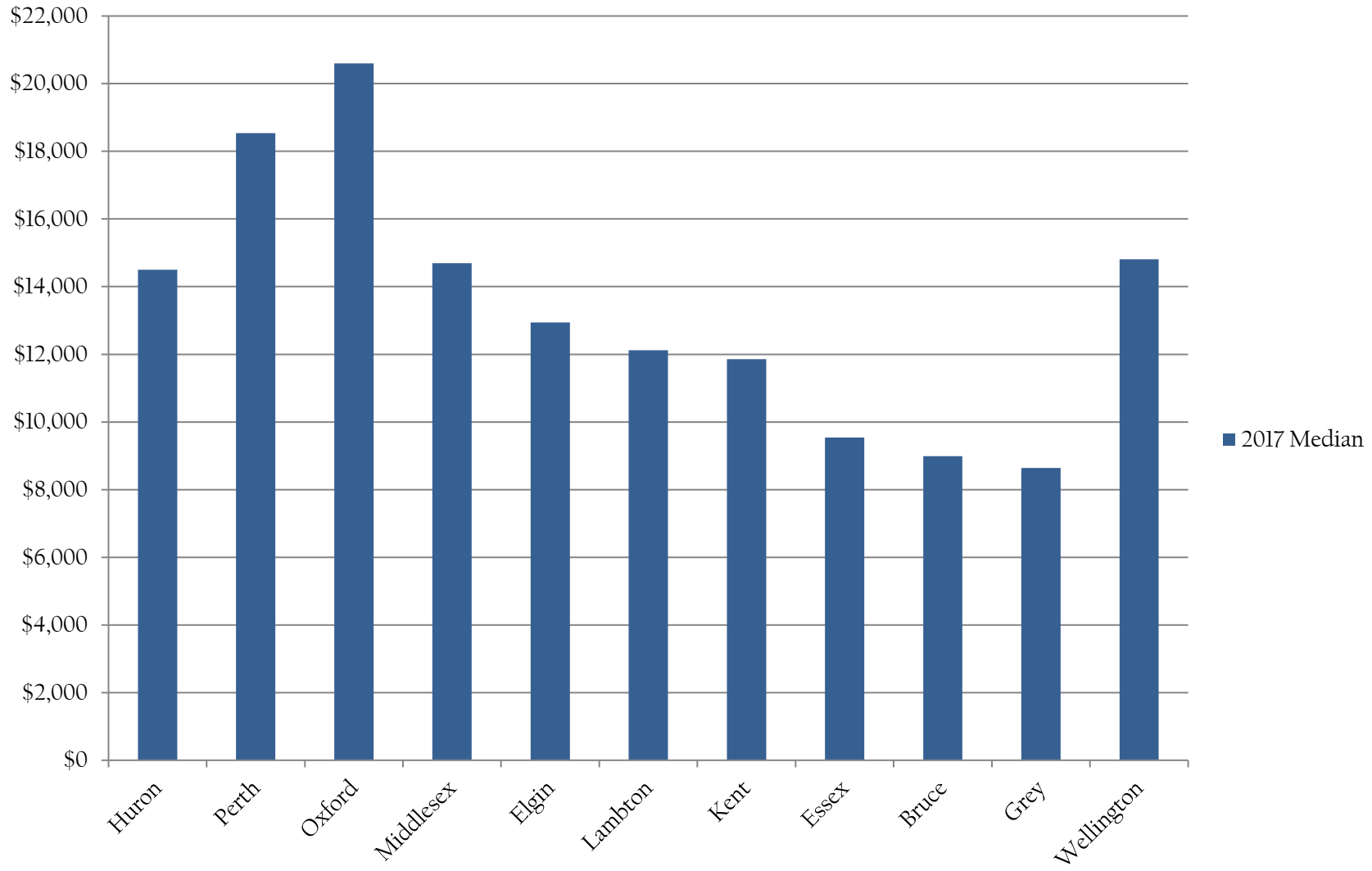
2010-2017 LAND VALUES – SOUTHWESTERN ONTARIO

The graph below compares the median land values for all 11 Counties studied from 2010 to 2017.



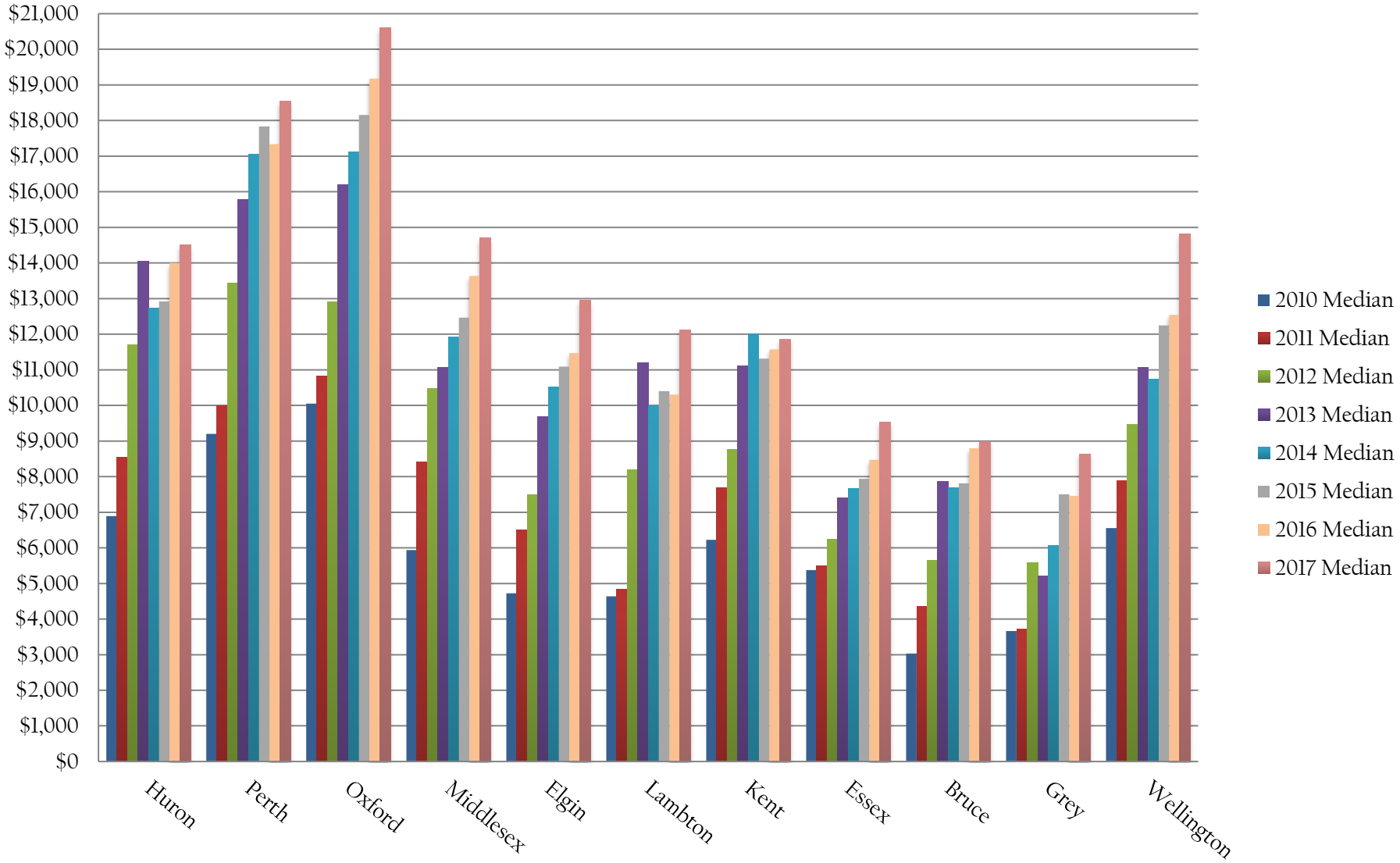
2017 Land Values – Counties

The graph below shows the median 2017 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.



2010-2017 Land Values – Counties

The graph below compares the median land values for each County from 2010 to 2017.

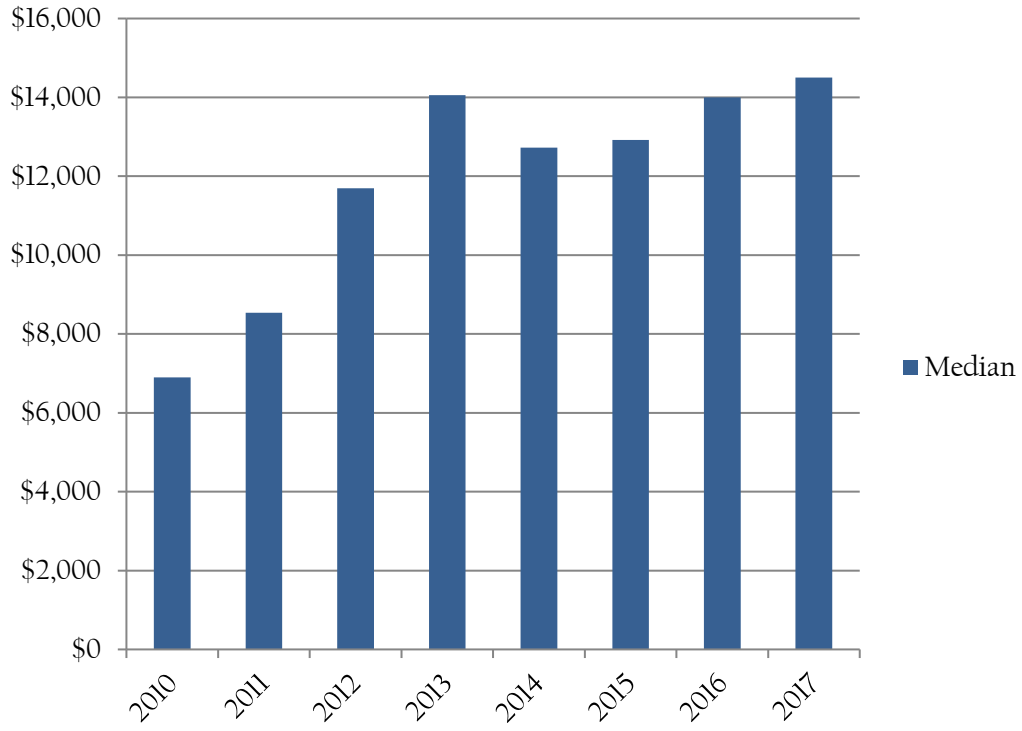


Change in Values

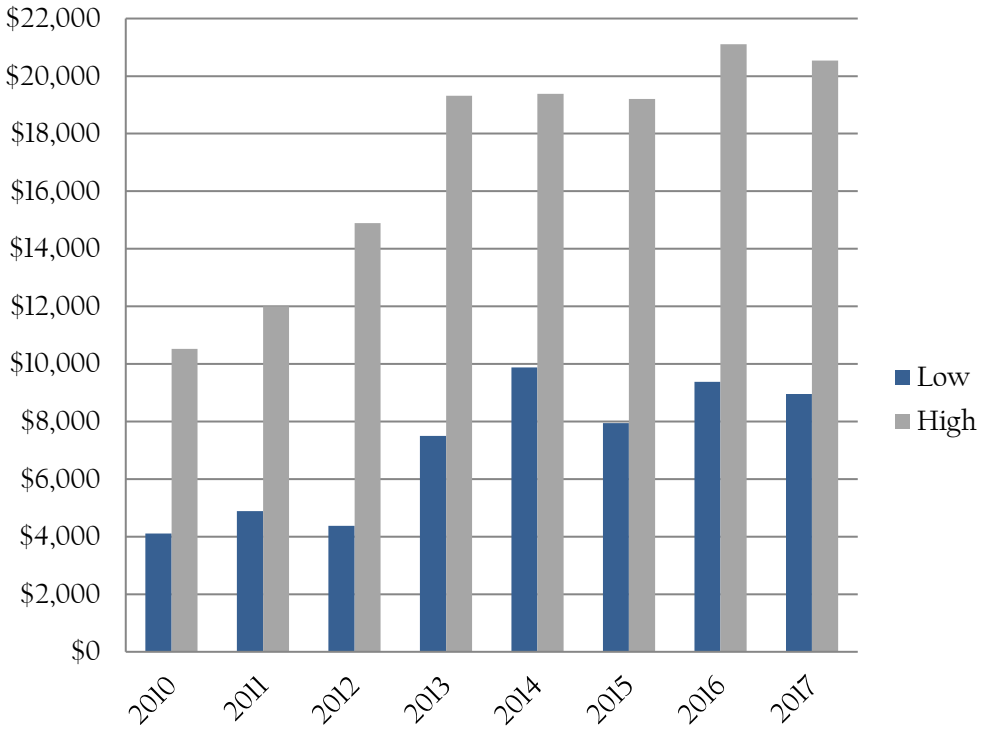
County	2010 to 2011	2011 to 2012	2012 to 2013	2013 to 2014	2014 to 2015	2015 to 2016	2016 to 2017	Average
Huron	23.88%	36.89%	20.24%	-9.47%	1.54%	8.33%	3.57%	**12.14%**
Perth	8.72%	34.38%	17.50%	8.05%	4.55%	-2.80%	6.94%	**11.05%**
Oxford	7.81%	19.07%	25.64%	5.58%	6.12%	5.60%	7.41%	**11.03%**
Middlesex	41.80%	24.25%	5.82%	7.65%	4.58%	9.41%	7.78%	**14.47%**
Elgin	37.65%	15.38%	29.01%	8.79%	5.31%	3.44%	12.86%	**16.06%**
Lambton	4.34%	69.19%	36.80%	-10.71%	3.98%	-0.88%	17.64%	**17.19%**
Kent	23.44%	14.06%	26.75%	8.00%	-5.70%	2.28%	2.46%	**10.19%**
Essex	2.37%	13.61%	18.44%	3.67%	3.44%	6.71%	12.57%	**8.69%**
Bruce	43.90%	29.52%	39.30%	-2.34%	1.72%	12.55%	2.20%	**18.12%**
Grey	1.62%	50.29%	-6.99%	16.71%	23.59%	-0.56%	15.86%	**14.36%**
Wellington	20.08%	20.21%	16.86%	-2.97%	14.10%	2.42%	18.04%	**12.68%**
Average	**19.60%**	**29.71%**	**20.85%**	**2.99%**	**5.75%**	**4.23%**	**9.76%**	

HURON COUNTY

The graph below shows the land values for Huron County each year from 2010 to 2017.

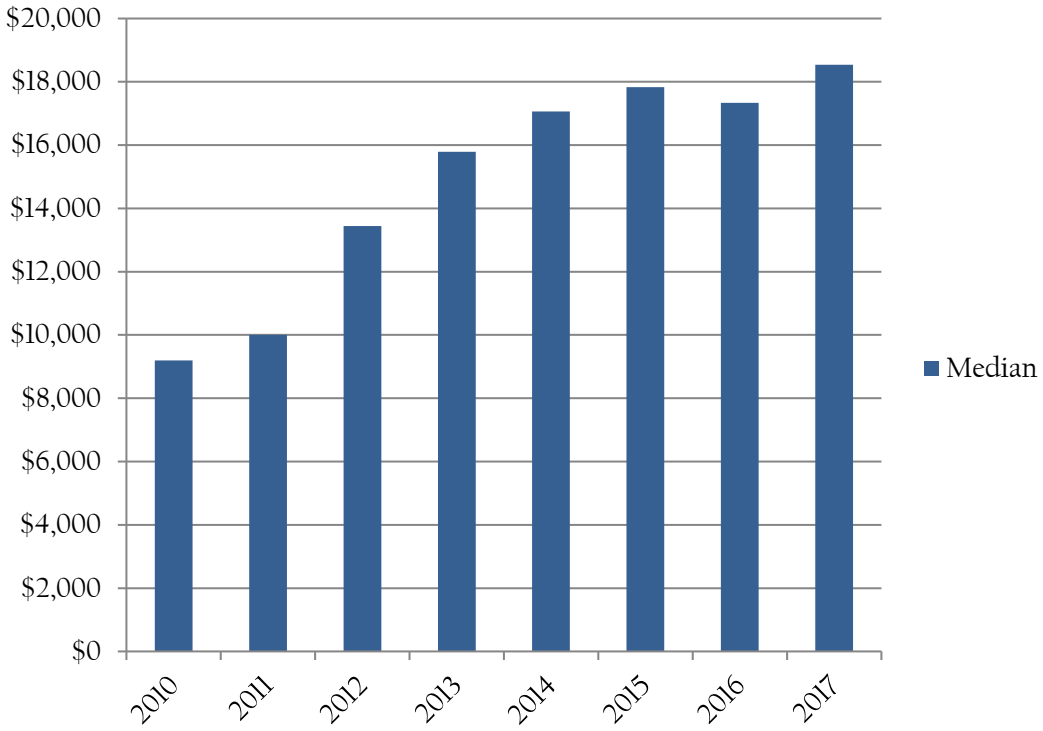


The graph below shows the low and high land values for Huron County each year from 2010 to 2017.

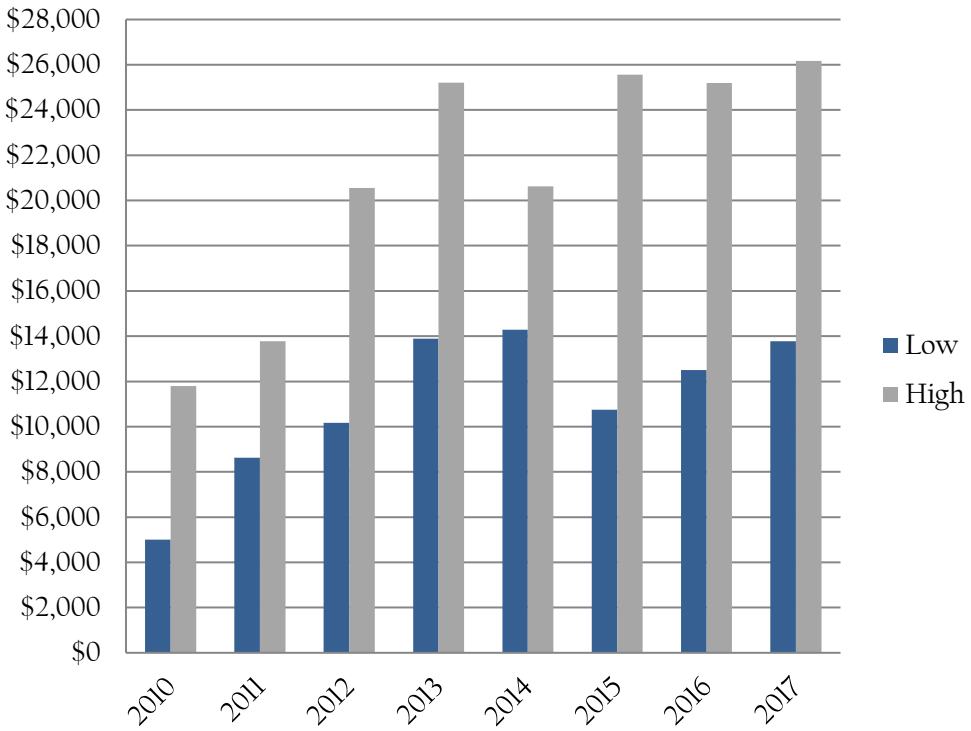


PERTH COUNTY

The graph below shows the land values for Perth County each year from 2010 to 2017.

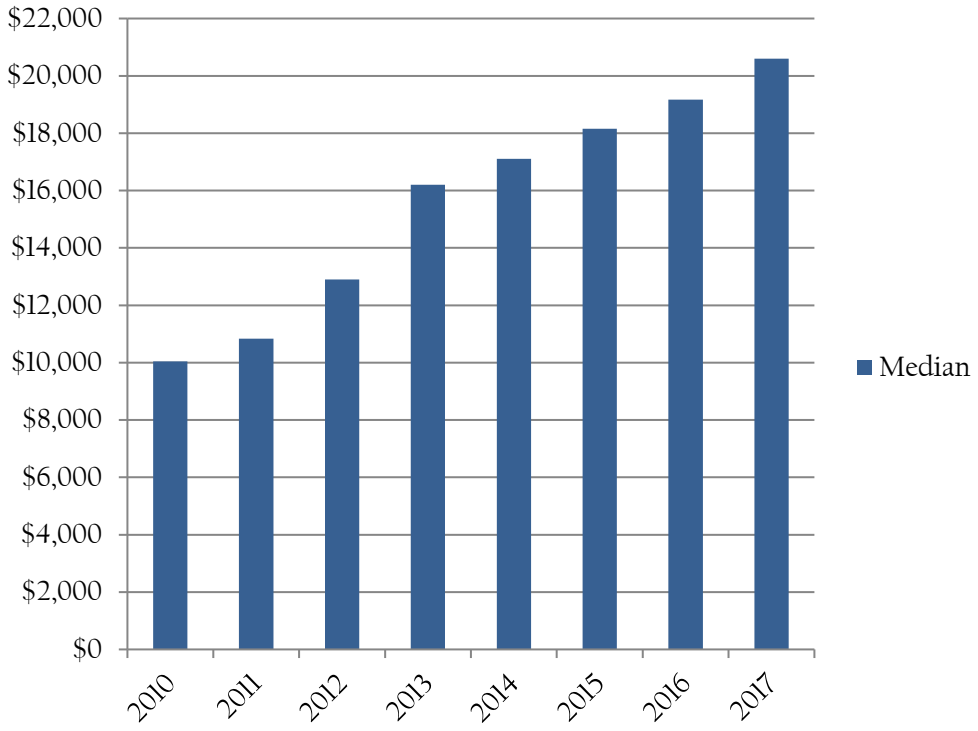


The graph below shows the low and high land values for Perth County each year from 2010 to 2017.

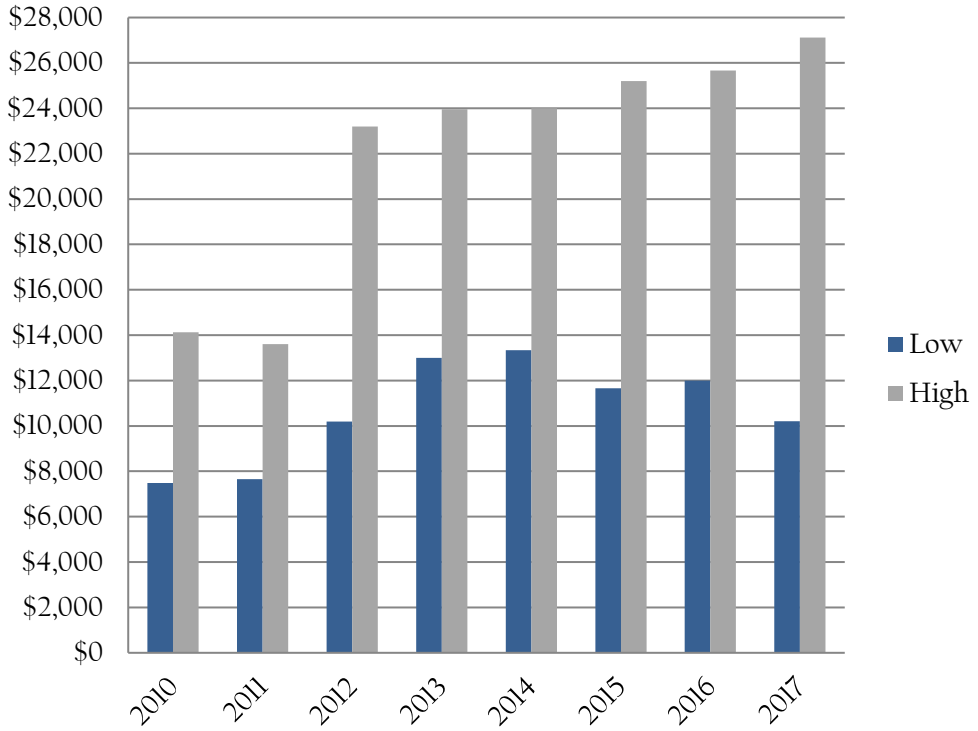


OXFORD COUNTY

The graph below shows the land values for Oxford County each year from 2010 to 2017.

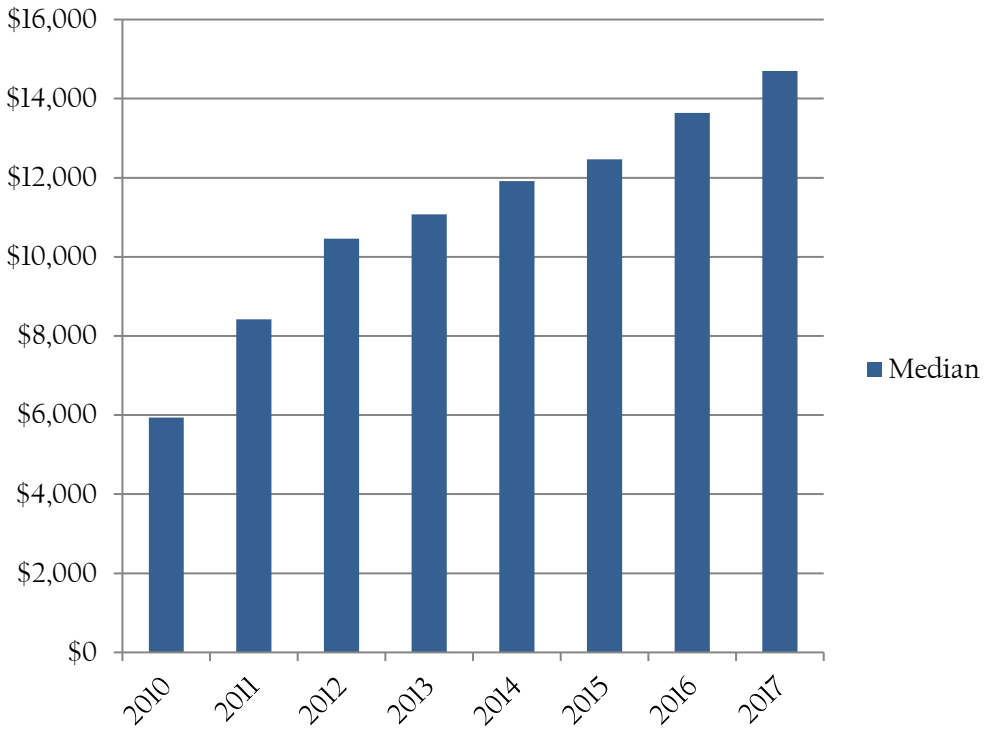


The graph below shows the low and high land values for Oxford County each year from 2010 to 2017.

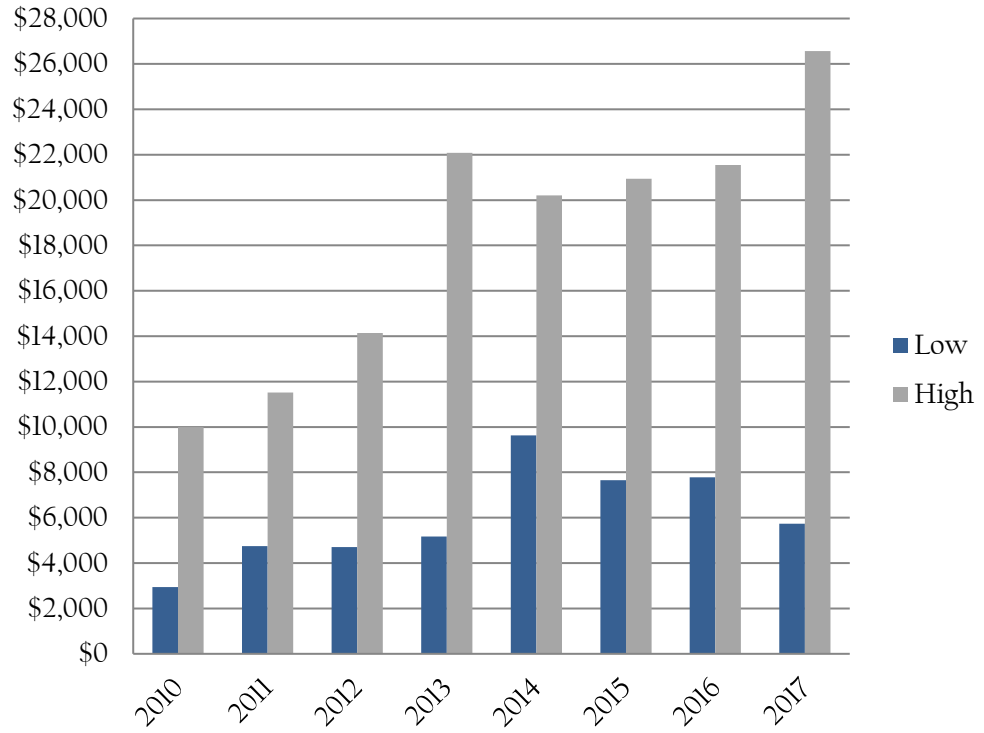


MIDDLESEX COUNTY

The graph below shows the land values for Middlesex County each year from 2010 to 2017.

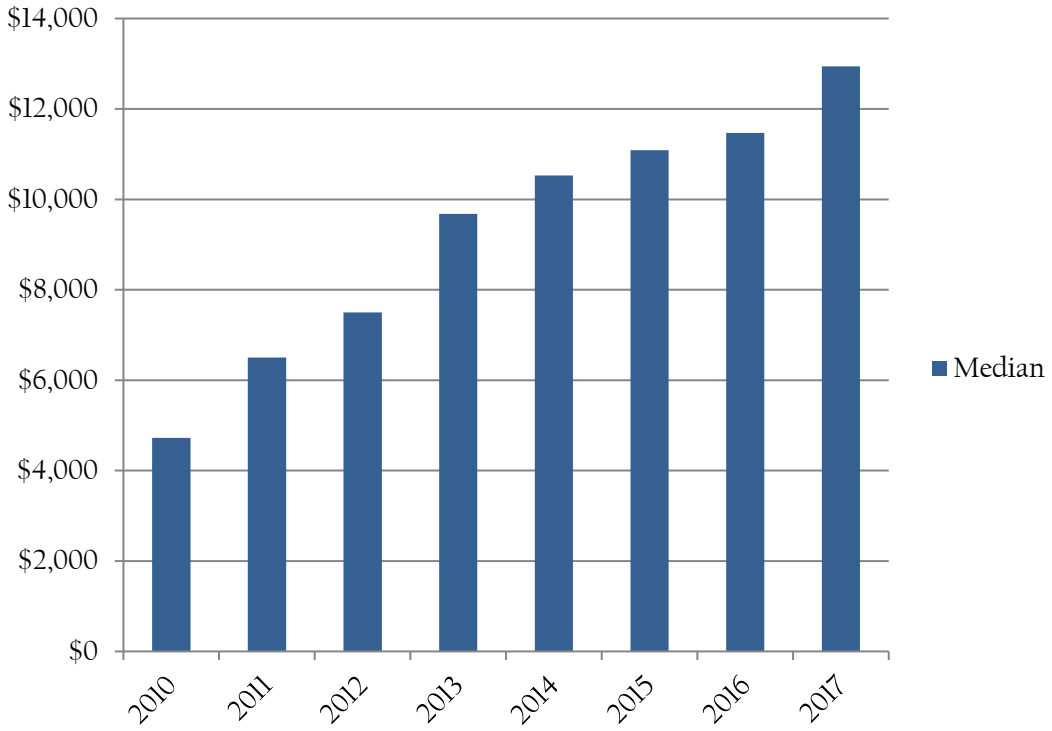


The graph below shows the low and high land values for Middlesex County each year from 2010 to 2017.

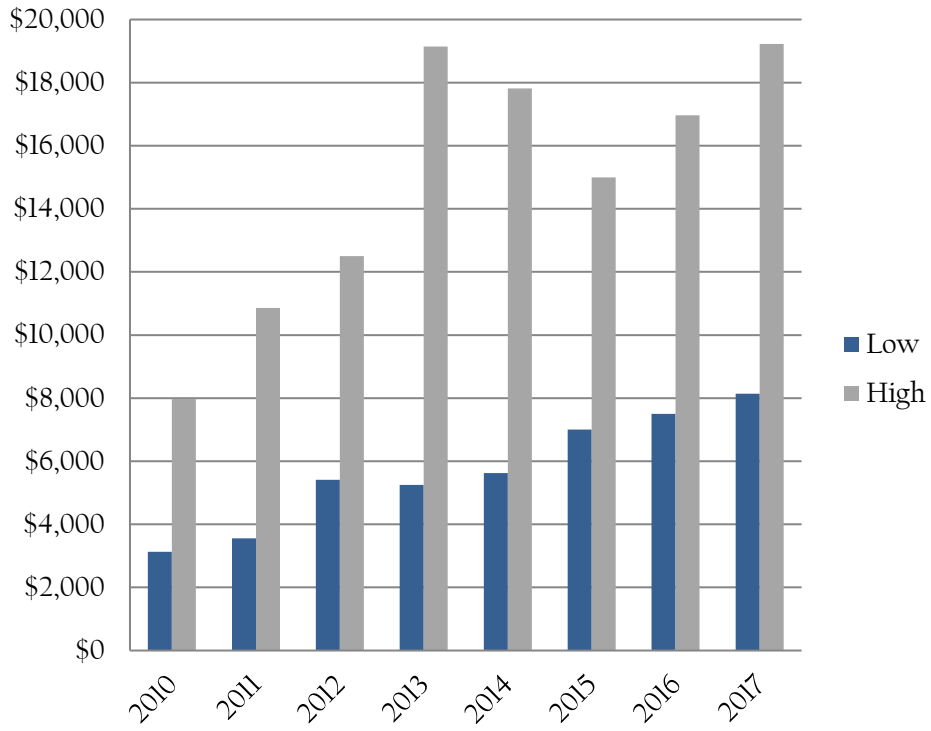


ELGIN COUNTY

The graph below shows the land values for Elgin County each year from 2010 to 2017.

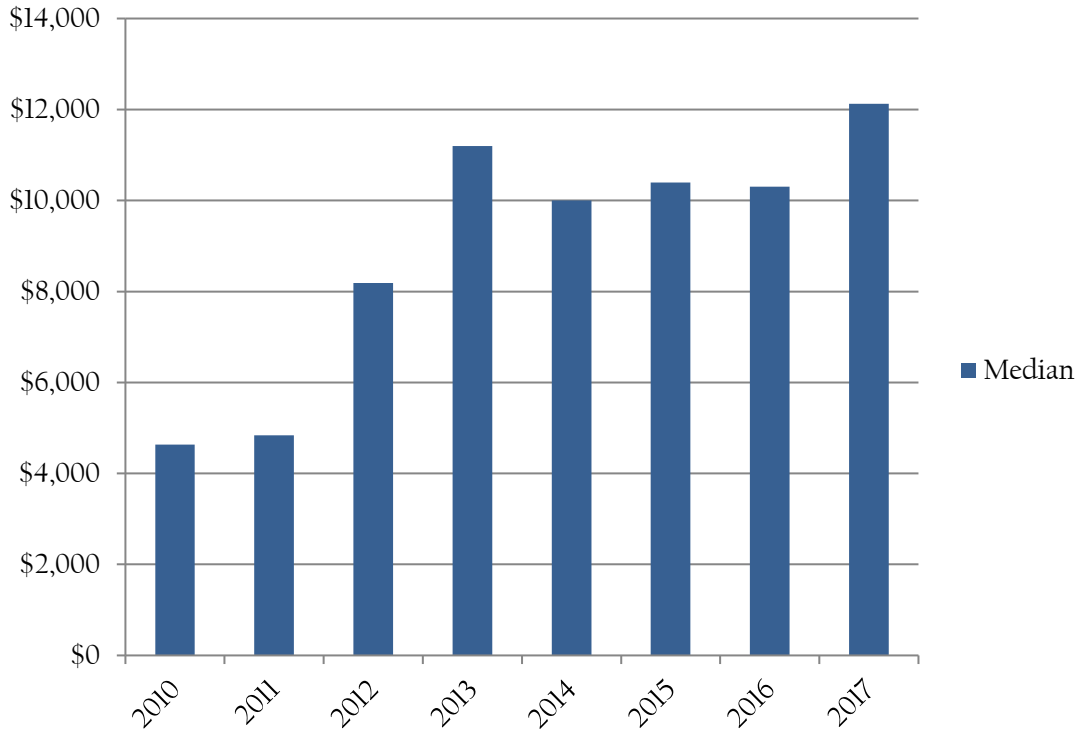


The graph below shows the low and high land values for Elgin County each year from 2010 to 2017.

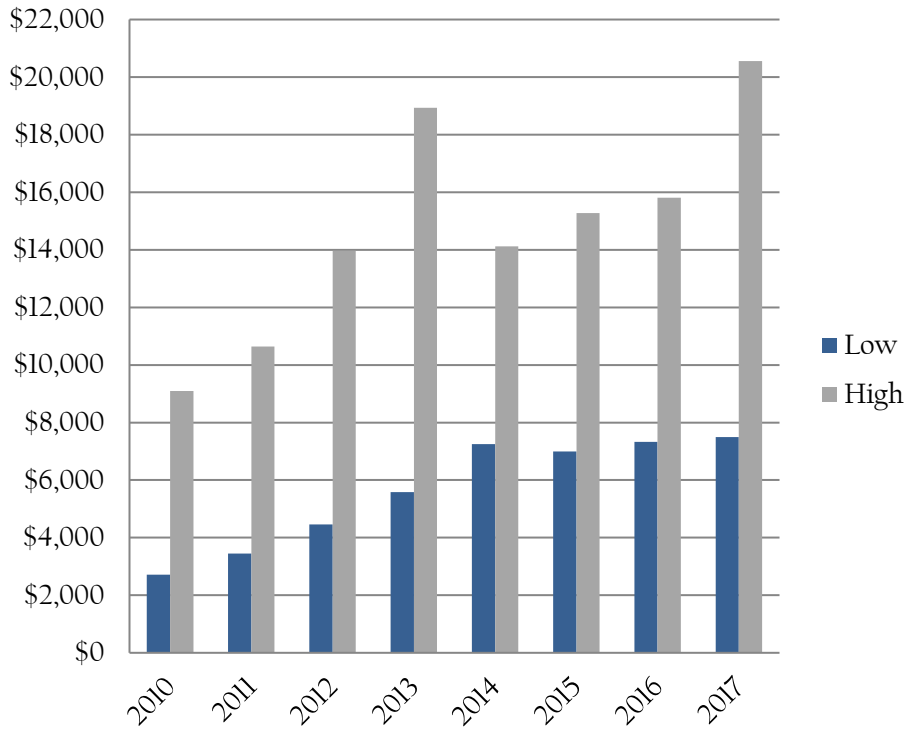


LAMBTON COUNTY

The graph below shows the land values for Lambton County each year from 2010 to 2017.

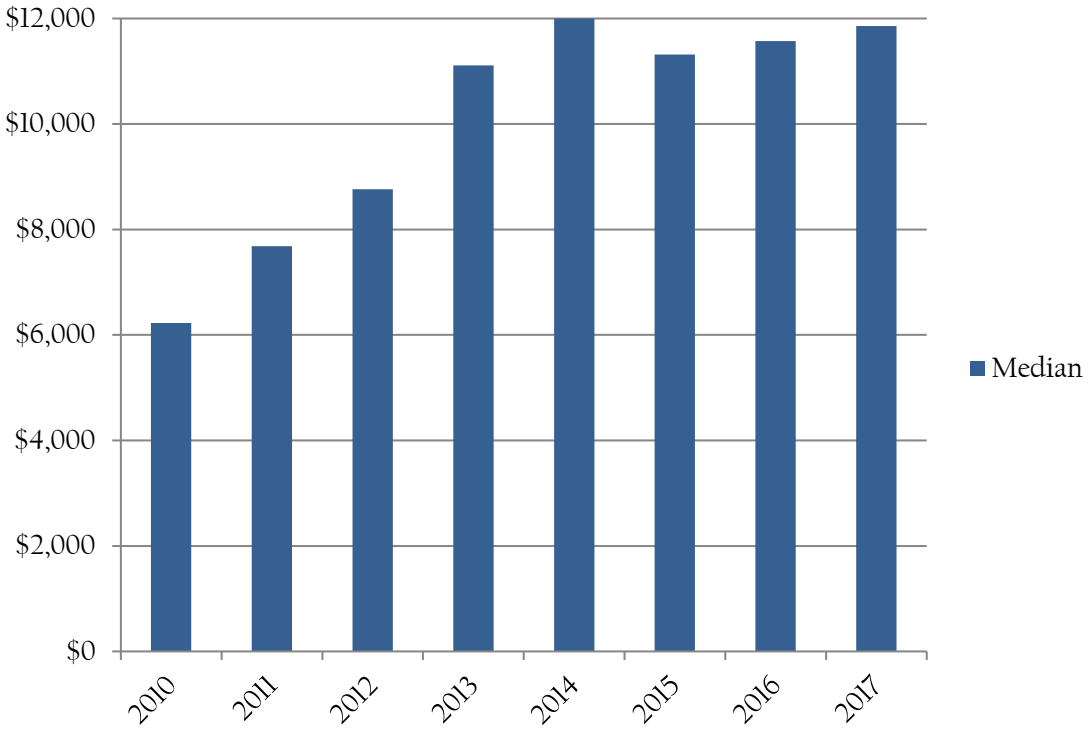


The graph below shows the low and high land values for Lambton County each year from 2010 to 2017.

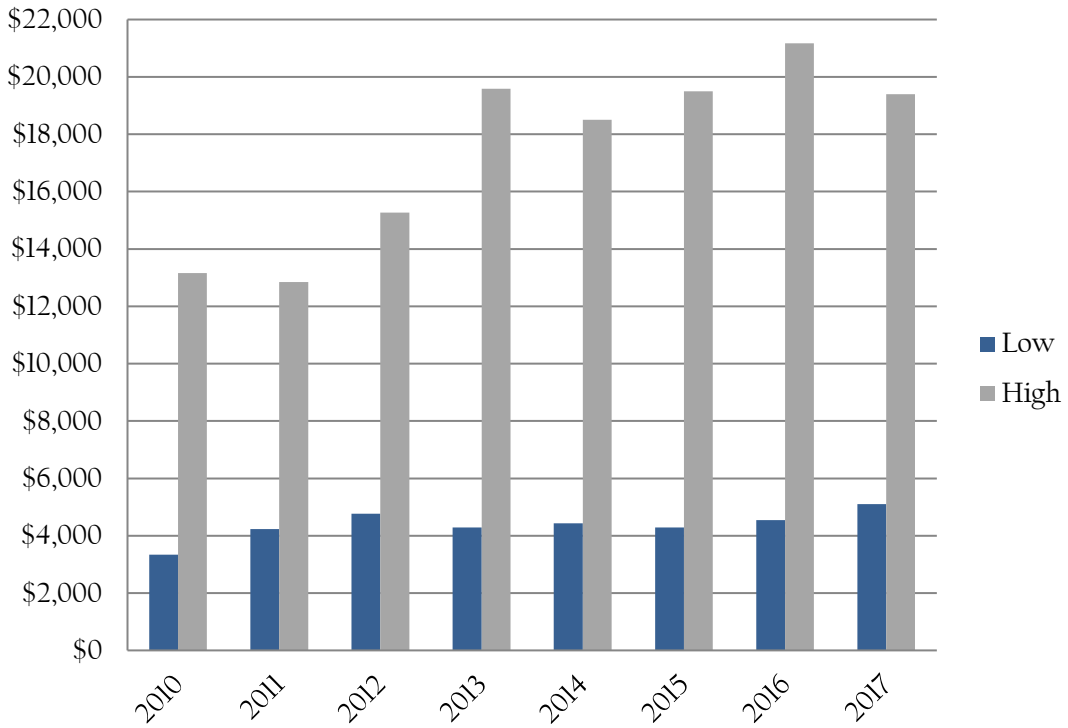


KENT COUNTY

The graph below shows the land values for Kent County each year from 2010 to 2017.

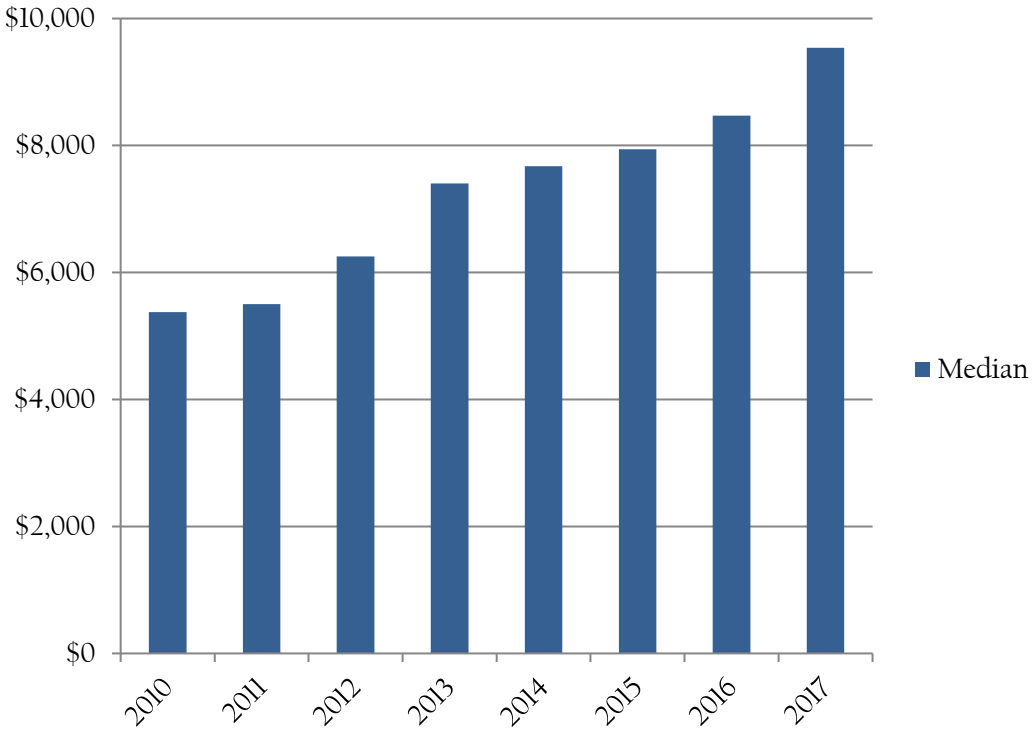


The graph below shows the low and high land values for Kent County each year from 2010 to 2017.

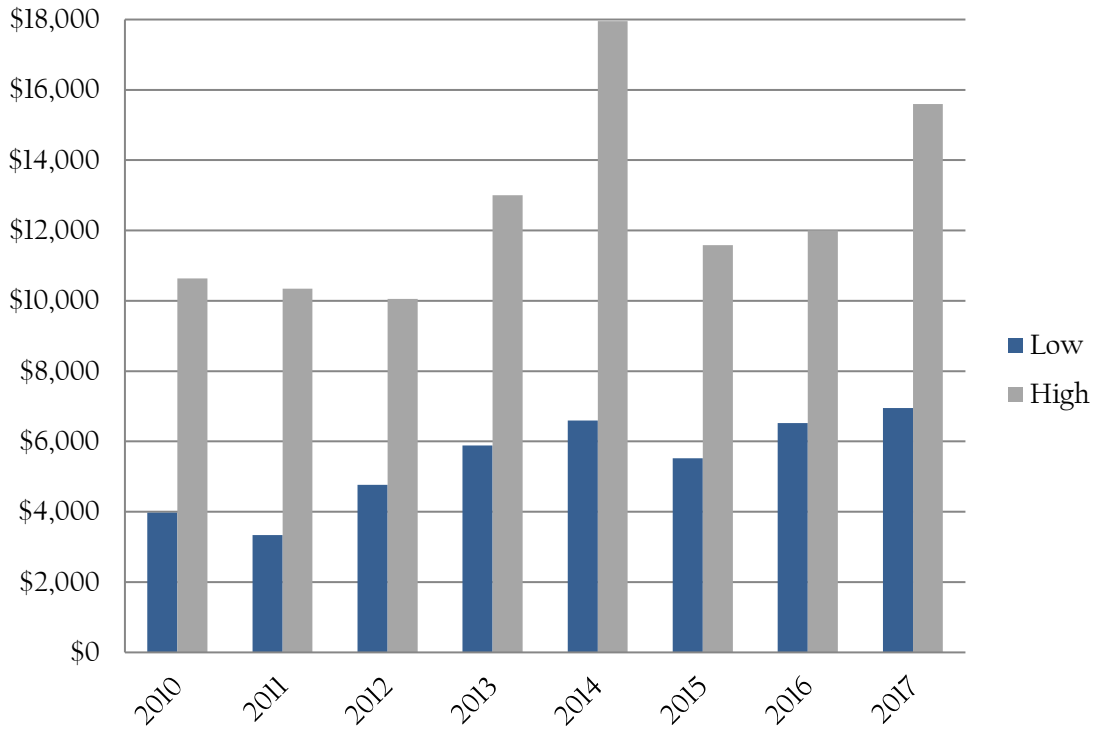


ESSEX COUNTY

The graph below shows the land values for Essex County each year from 2010 to 2017.

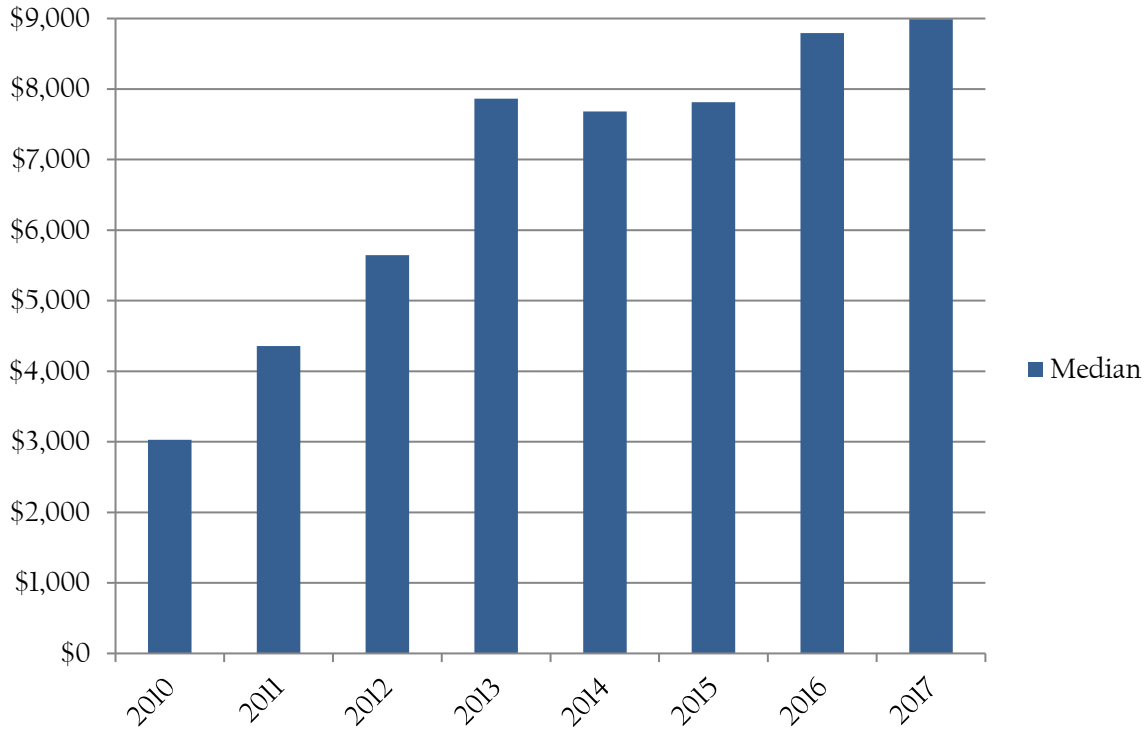


The graph below shows the low and high land values for Essex County each year from 2010 to 2017.

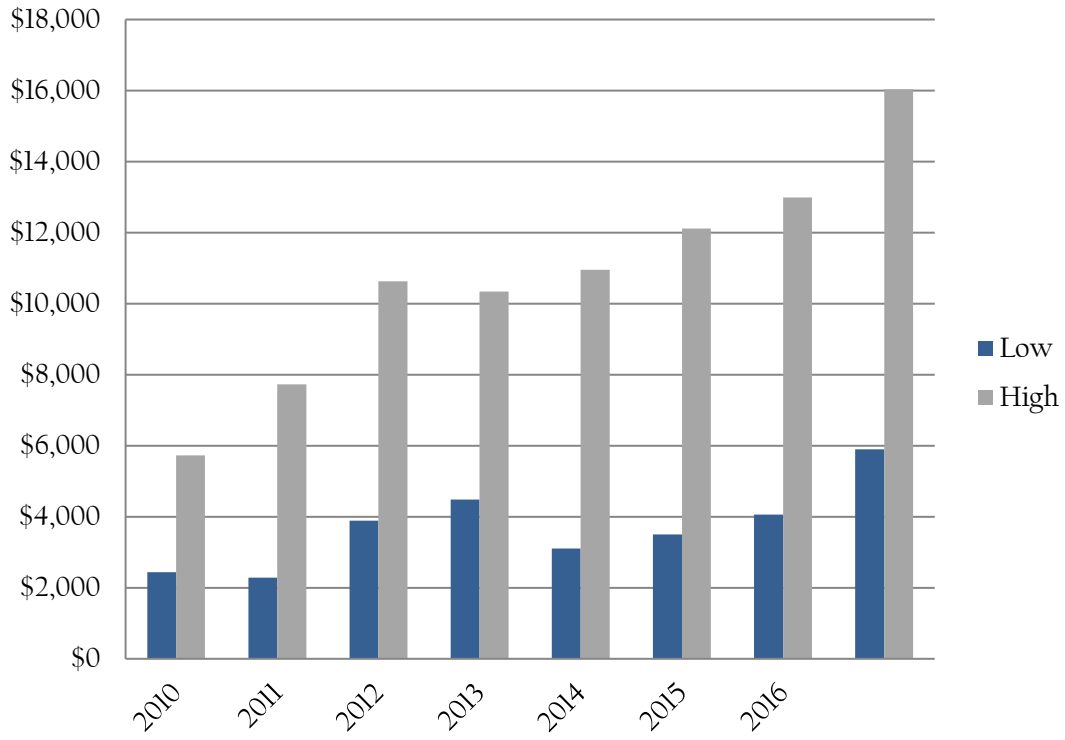


BRUCE COUNTY

The graph below shows the land values for Bruce County each year from 2010 to 2017.

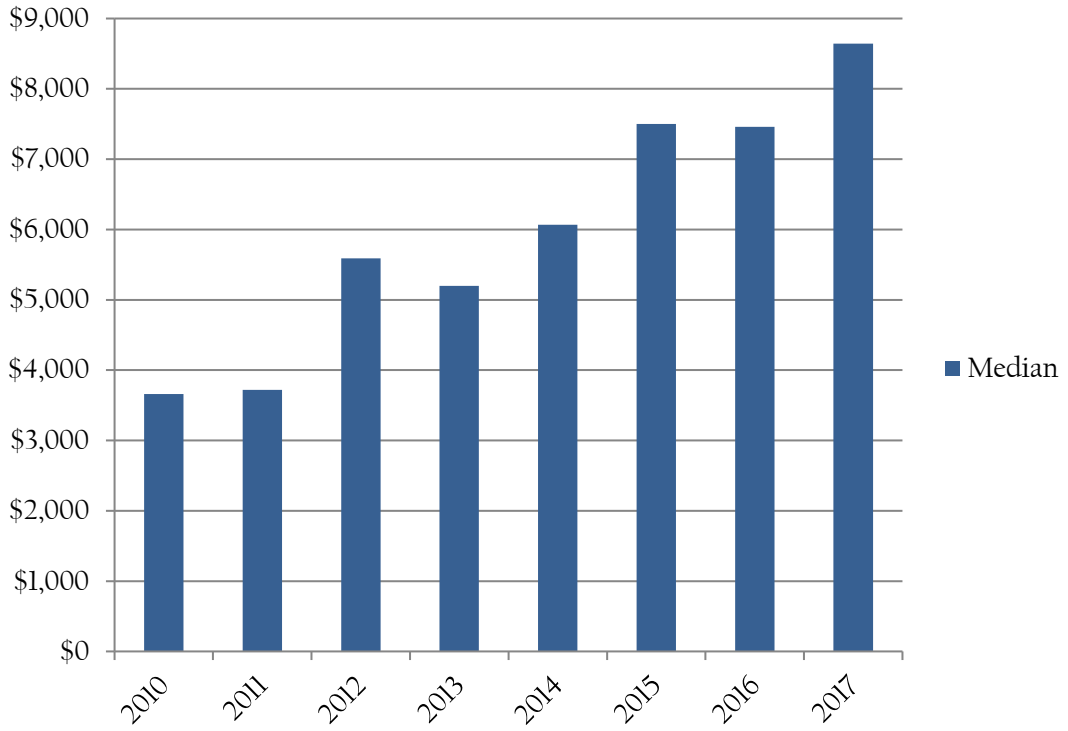


The graph below shows the low and high land values for Bruce County each year from 2010 to 2017.

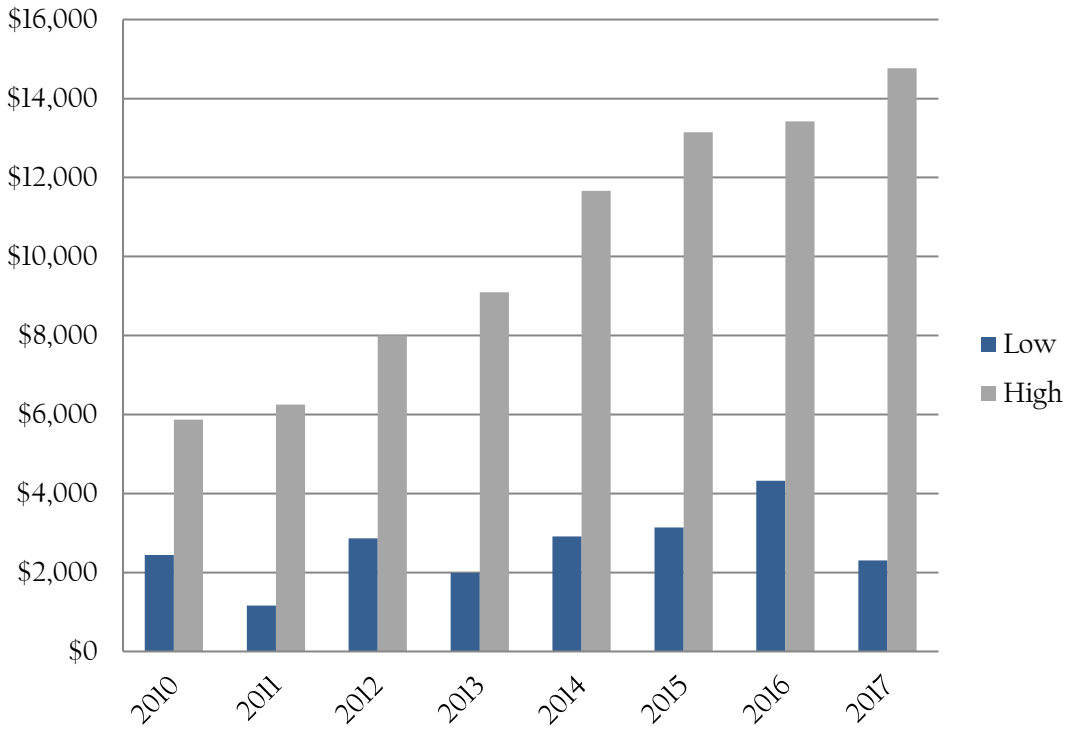


GREY COUNTY

The graph below shows the land values for Grey County each year from 2010 to 2017.

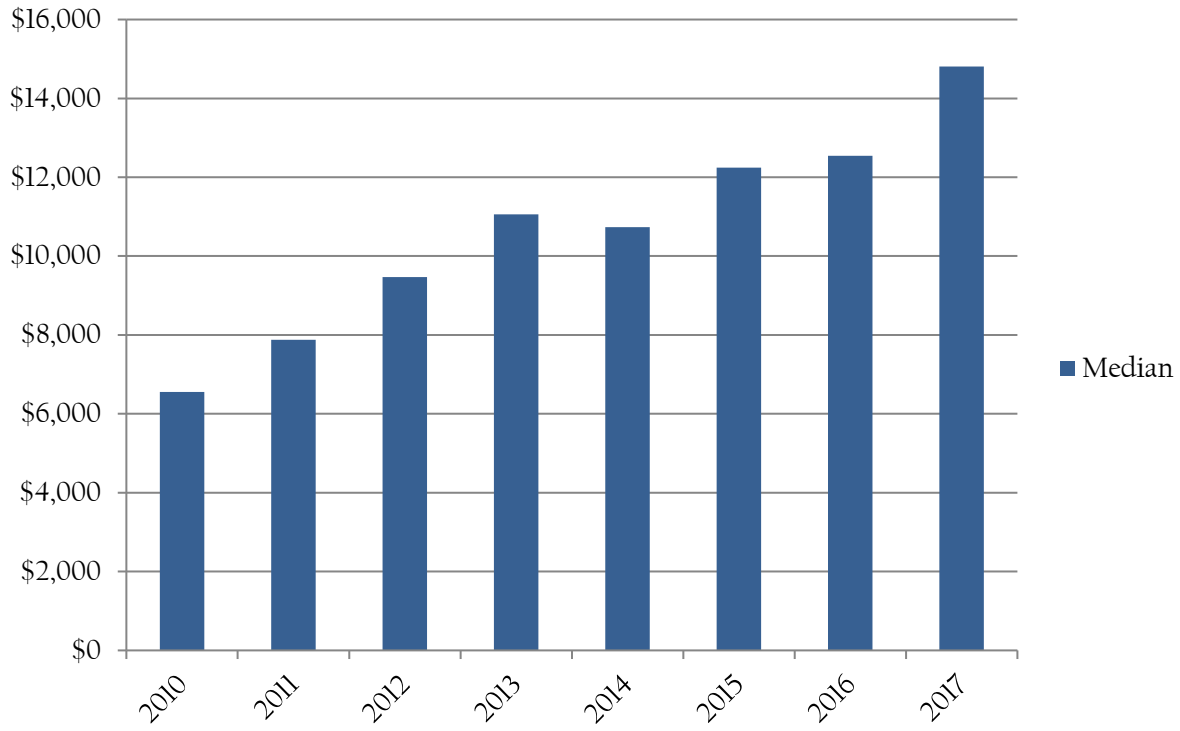


The graph below shows the low and high land values for Grey County each year from 2010 to 2017.

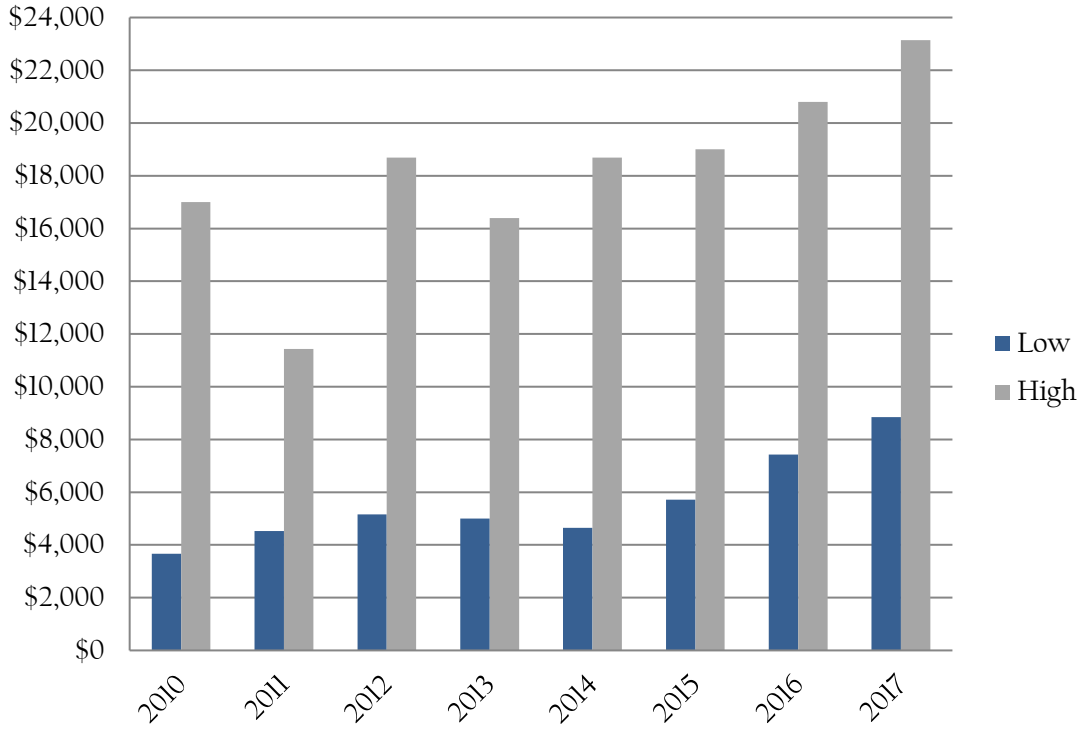


WELLINGTON COUNTY

The graph below shows the land values for Wellington County each year from 2010 to 2017.



The graph below shows the low and high land values for Wellington County each year from 2010 to 2017.



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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