



SOUTHWESTERN ONTARIO LAND VALUES

2019 EDITION

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OVERVIEW

This past year will be remembered as one of the most challenging growing years we have faced in decades. A very wet, late Spring was followed by a very wet, late Fall and this was following the Fall of 2018 where much of the corn crop was significantly impacted by vomitoxin. Yet, the Southwestern Ontario land market continued to produce strong, high prices in most areas in 2019, albeit with slightly less sales volume. Ontario farmers continued to show their ability to adapt to largely uncontrollable variables and in the process continue to expand their operations.

Positive Factors Impacting the Land Market

Interest rates continue to stay historically low and it looks like the chances for an increase in 2020 are low. Paired with favourable lending policy, low interest rates have allowed for the continued expansion of agricultural operations. Demand is still very strong in most areas even though land values continue to set new highs.

Livestock density also continues to play a major role in the land market, especially in the 4 to 6 Counties where livestock farmers are major buyers of land. As long as livestock farms continue to expand, their land base will also continue to expand given their need for manure management and feed production.

Non-farmer demand for land also continues to remain high. Investors of all sizes appear to have expanded their agricultural land portfolios in 2019, with most of these not participants in the land market before the financial crisis of 2008. Urban buyers wishing to live in the country also have had an impact on farm values. As residential prices have spiked in recent years, farms have remained a viable alternative based on the comparable capital required.

Negative Factors Impacting the Land Market

In the past 10 years there has not been any factors that have created a large, sustained drop in land values and in fact we haven't seen a major decrease since the 1980's. As always, interest rates and lending policy are crucial and can arguably create the quickest changes in land values. These two factors, as outlined above, do not appear to be short-term concerns.

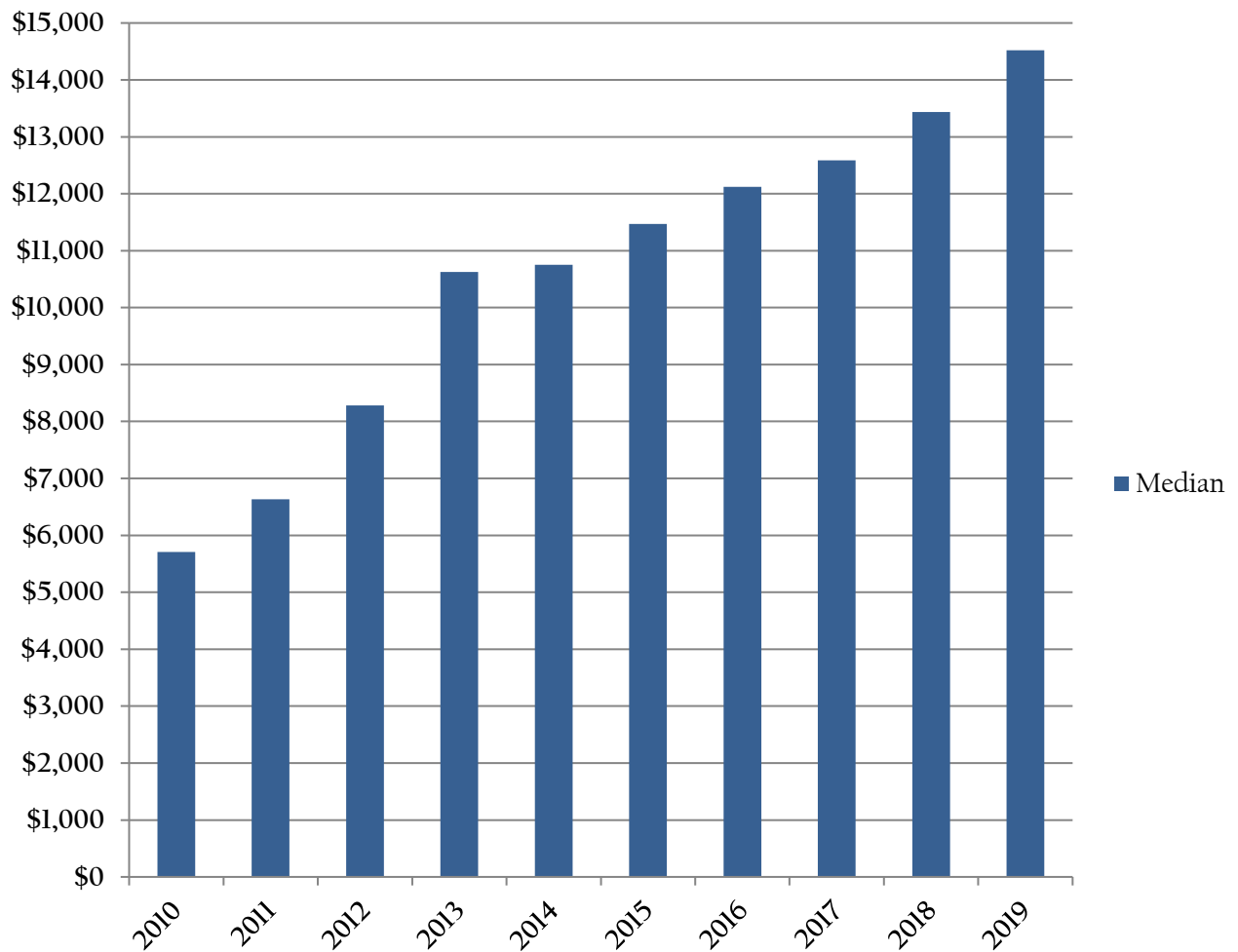
However, something to keep an eye on is the decrease in profitability that has occurred over the last 12-18 months for almost all sectors that are major buyers of land in Southwestern Ontario. Recent developments include quota producers experiencing constrictions in production due mainly to supply and trade changes; beef farmers losing packing capacity and seeing a much weaker market than Western Canada; and cash croppers (which tends to include both cash croppers and many livestock producers with surplus land) dealing with poor soybean prices and dismal weather.

Overall, I expect the 2020 land market to be comparable to 2019 as Ontario farmers continue to take advantage of leverage opportunities, while effectively managing the tightening of margins.

SOUTHWESTERN ONTARIO LAND VALUE

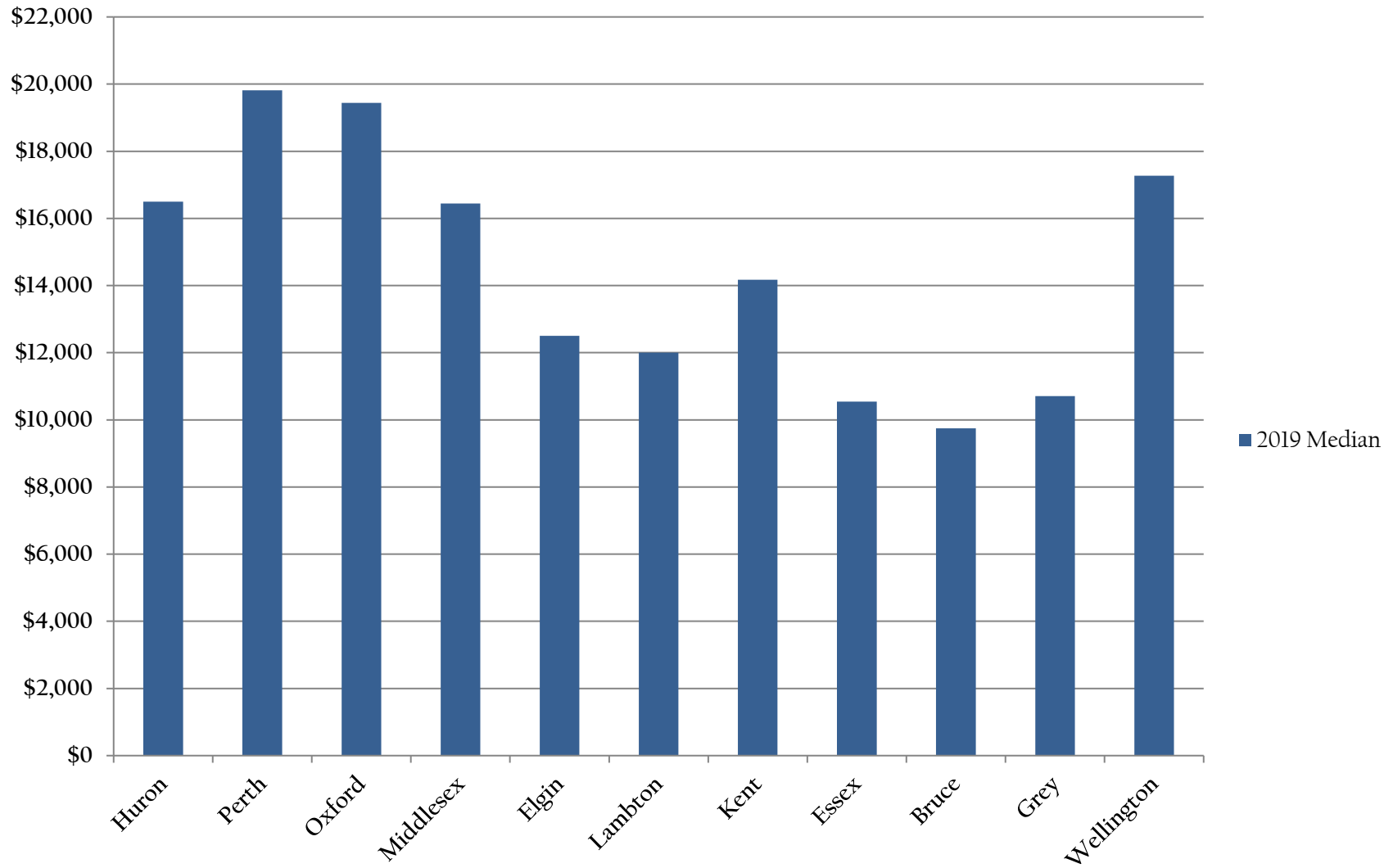
Southwestern Ontario (11 Counties)	
Average 2018 to 2019 Change	5.68%
Average Annual Change from 2010 to 2019	11.32%
SW Ontario 2019 Median	\$14,458

The graph below compares the median land value for all 11 Counties studied each year from 2010 to 2019.



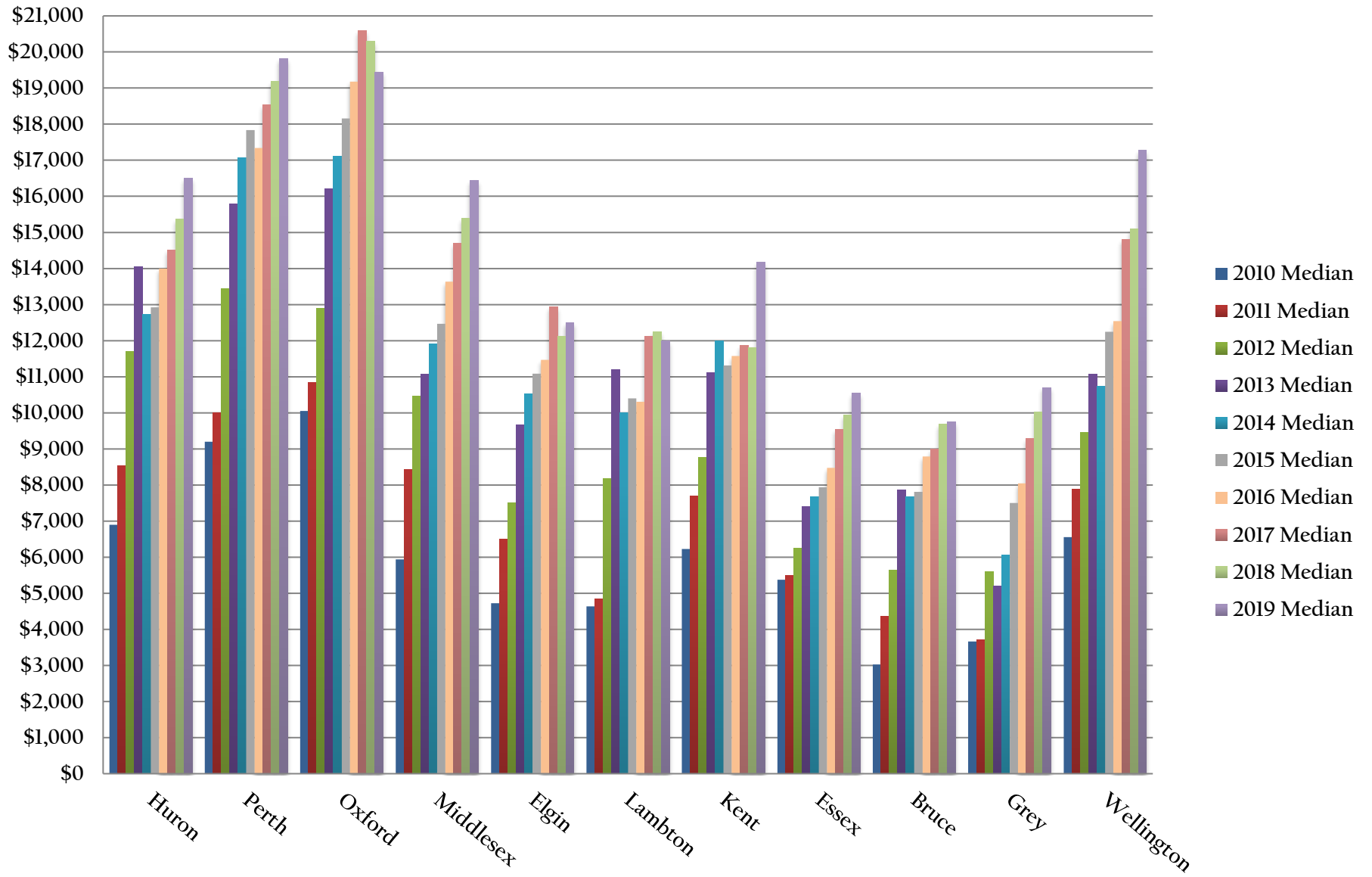
2019 LAND VALUES

The graph below shows the median 2019 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.



2010-2019 LAND VALUES

The graph below compares the median land values for each County from 2010 to 2019.

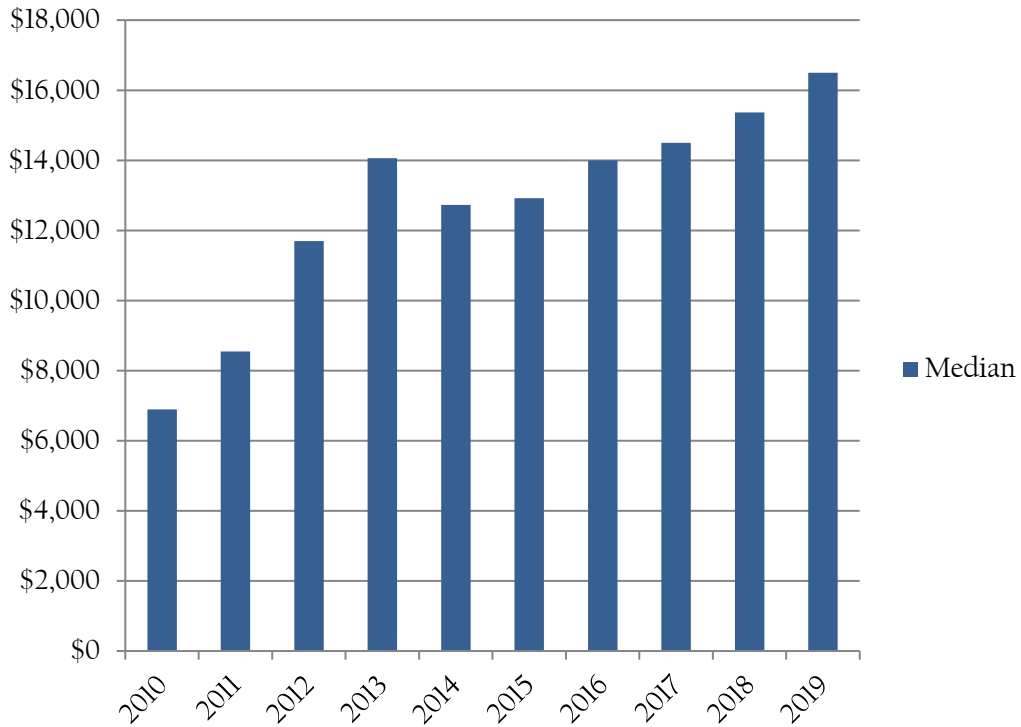


CHANGE IN VALUES

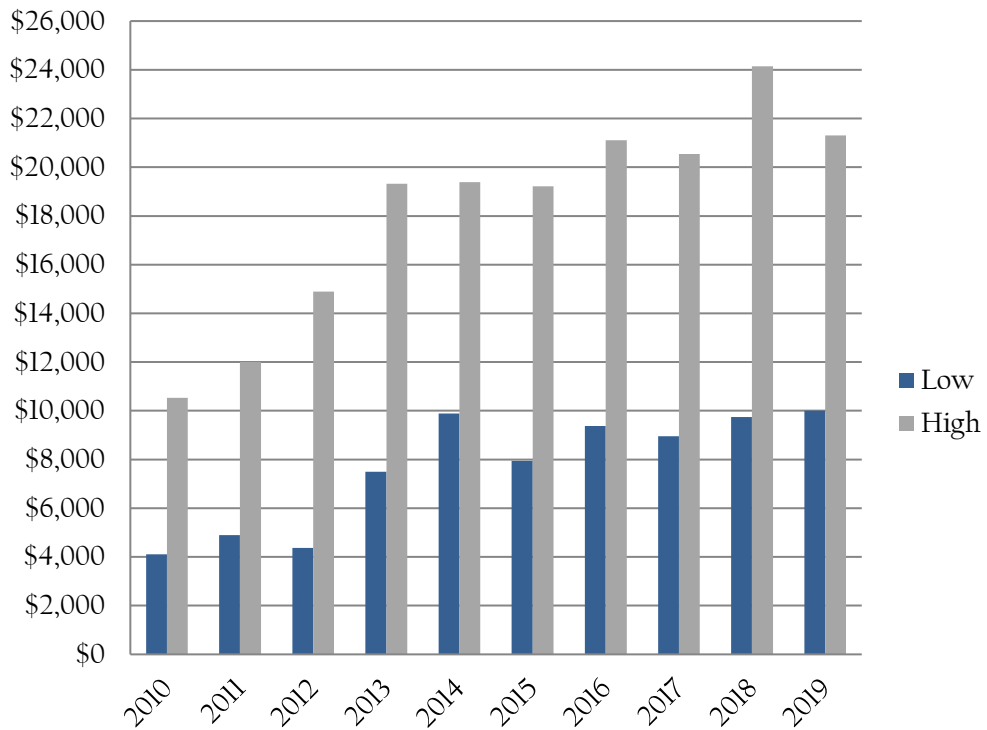
County	2010 to 2011	2011 to 2012	2012 to 2013	2013 to 2014	2014 to 2015	2015 to 2016	2016 to 2017	2017 to 2018	2018 to 2019	Average
Huron	23.88%	36.89%	20.24%	-9.47%	1.54%	8.33%	3.57%	5.99%	7.37%	10.93%
Perth	8.72%	34.38%	17.50%	8.05%	4.55%	-2.80%	6.94%	3.47%	3.29%	9.34%
Oxford	7.81%	19.07%	25.64%	5.58%	6.12%	5.60%	7.41%	-1.44%	-4.22%	7.95%
Middlesex	41.80%	24.25%	5.82%	7.65%	4.58%	9.41%	7.78%	4.68%	6.86%	12.53%
Elgin	37.65%	15.38%	29.01%	8.79%	5.31%	3.44%	12.86%	-6.34%	3.13%	12.14%
Lambton	4.34%	69.19%	36.80%	-10.71%	3.98%	-0.88%	17.64%	1.00%	-2.00%	13.26%
Kent	23.44%	14.06%	26.75%	8.00%	-5.70%	2.28%	2.46%	-0.37%	19.96%	10.10%
Essex	2.37%	13.61%	18.44%	3.67%	3.44%	6.71%	12.57%	4.19%	6.09%	7.90%
Bruce	43.90%	29.52%	39.30%	-2.34%	1.72%	12.55%	2.20%	7.80%	0.63%	15.03%
Grey	1.62%	50.29%	-6.99%	16.71%	23.59%	7.29%	15.51%	7.72%	6.91%	13.63%
Wellington	20.08%	20.21%	16.86%	-2.97%	14.10%	2.42%	18.04%	1.89%	14.49%	11.68%
Average										
Average	19.60%	29.71%	20.85%	2.99%	5.75%	4.94%	9.73%	2.60%	5.68%	

HURON COUNTY

The graph below shows the land values for Huron County each year from 2010 to 2019.

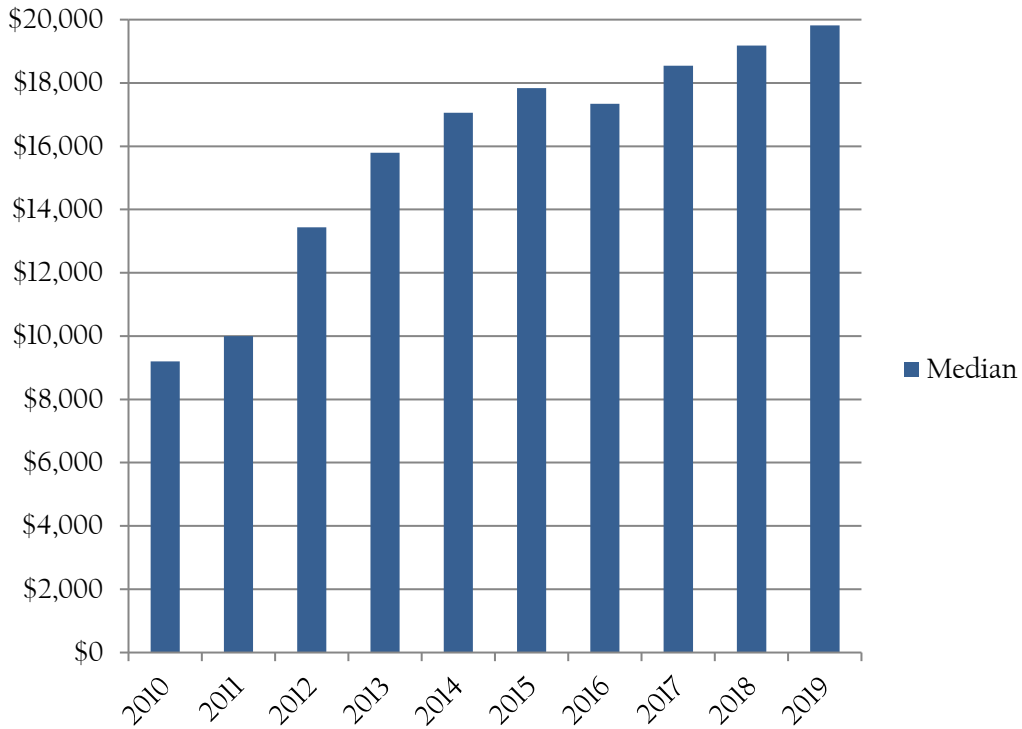


The graph below shows the low and high land values for Huron County each year from 2010 to 2019.

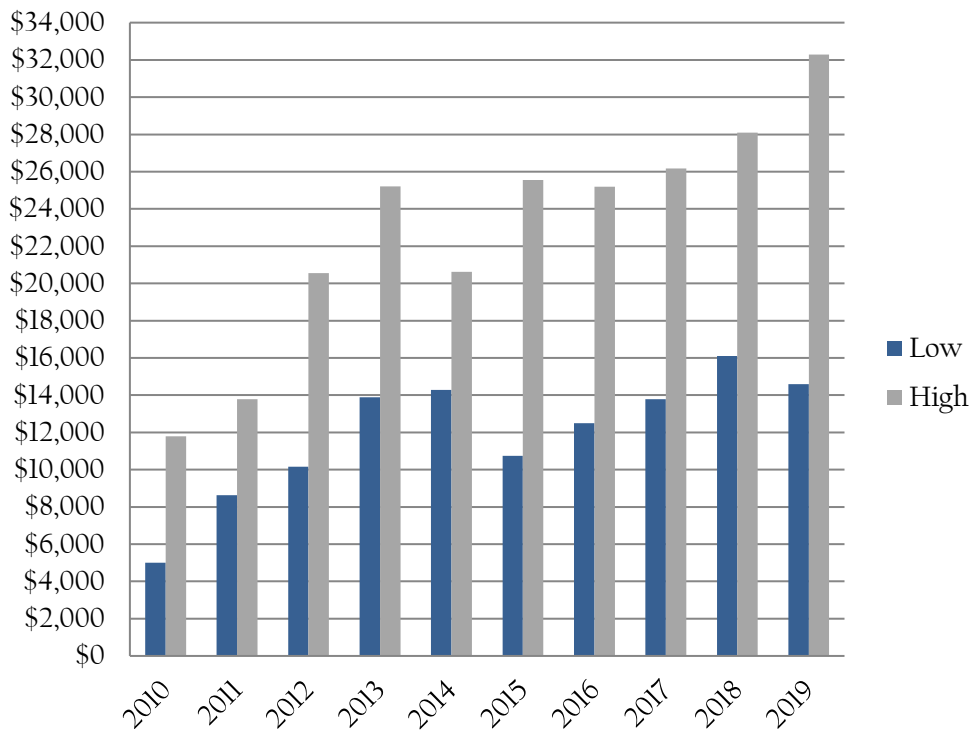


PERTH COUNTY

The graph below shows the land values for Perth County each year from 2010 to 2019.

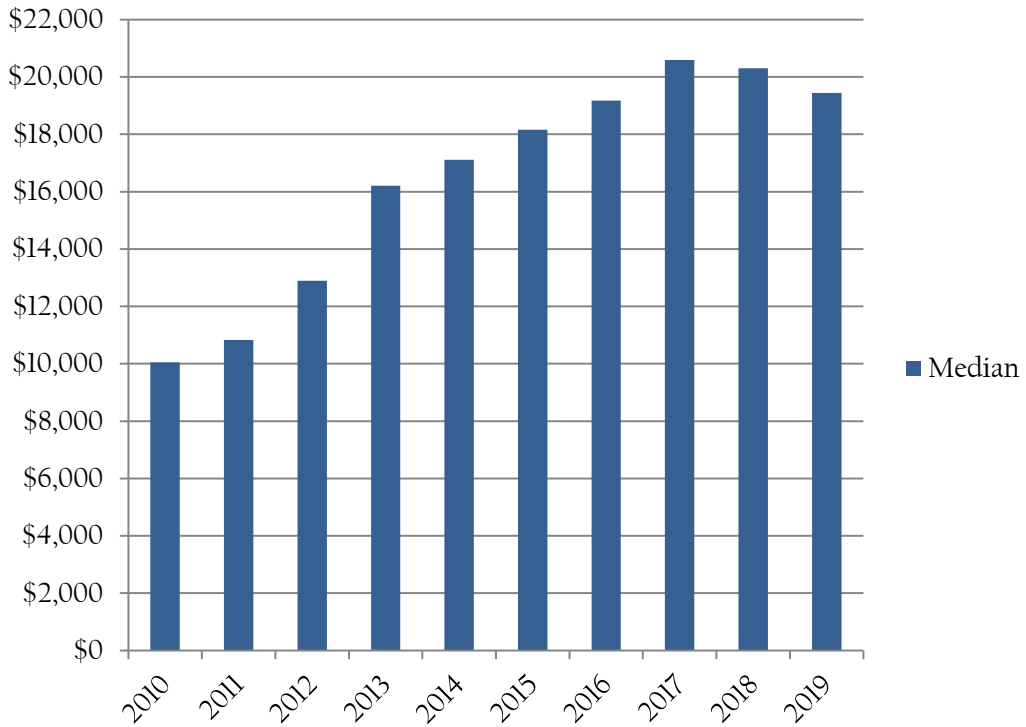


The graph below shows the low and high land values for Perth County each year from 2010 to 2019.

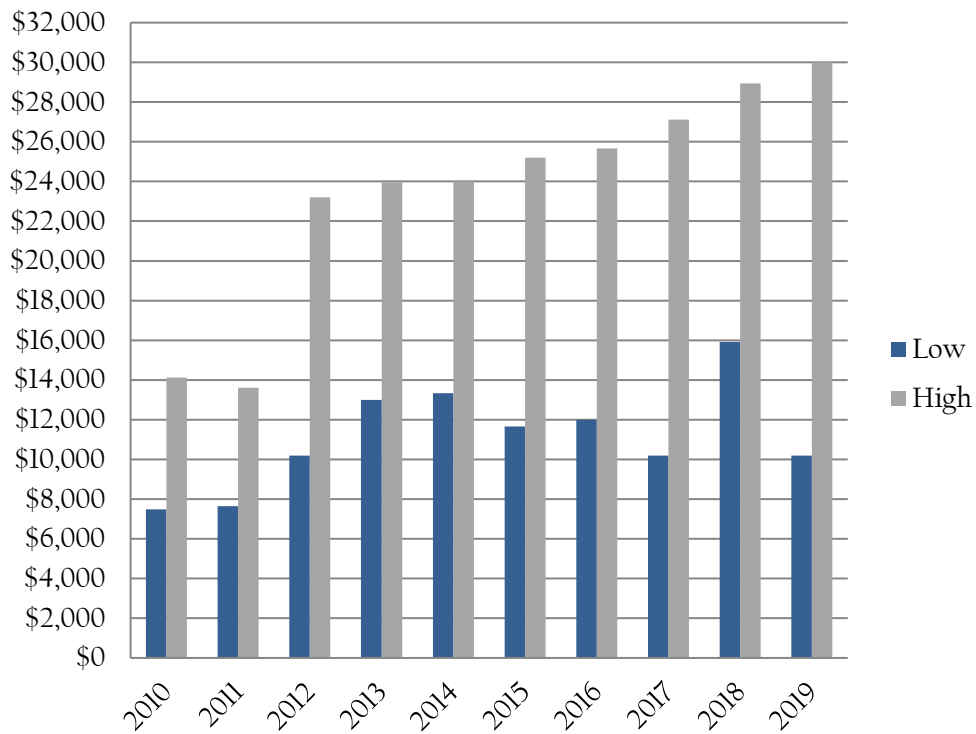


OXFORD COUNTY

The graph below shows the land values for Oxford County each year from 2010 to 2019.

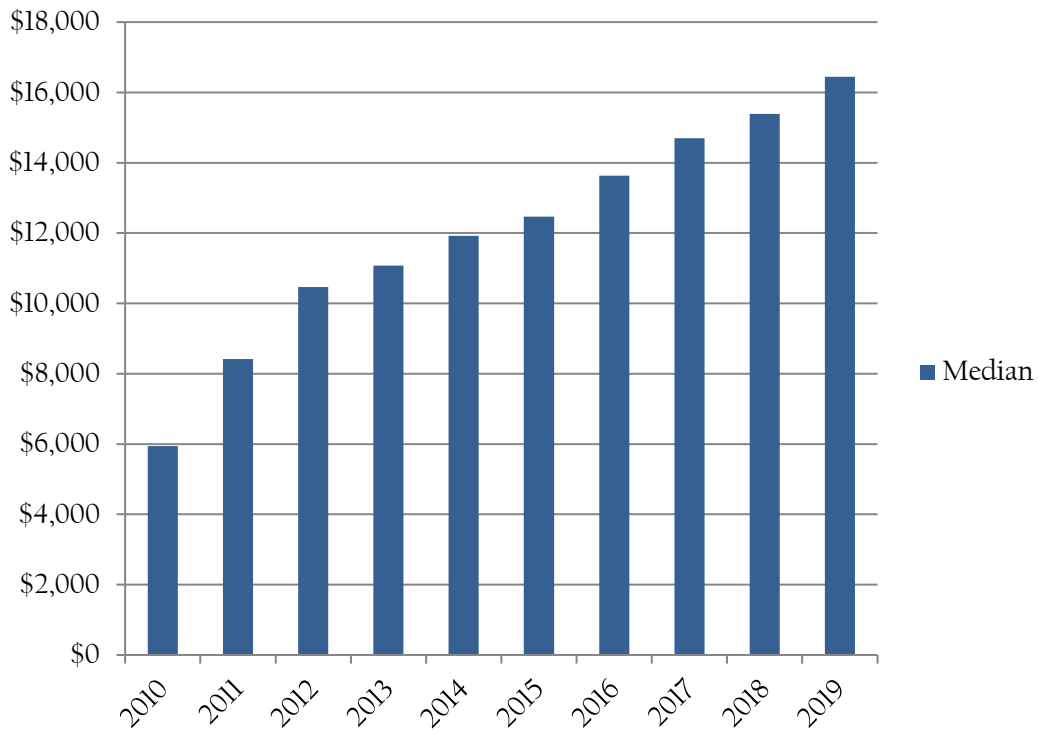


The graph below shows the low and high land values for Oxford County each year from 2010 to 2019.

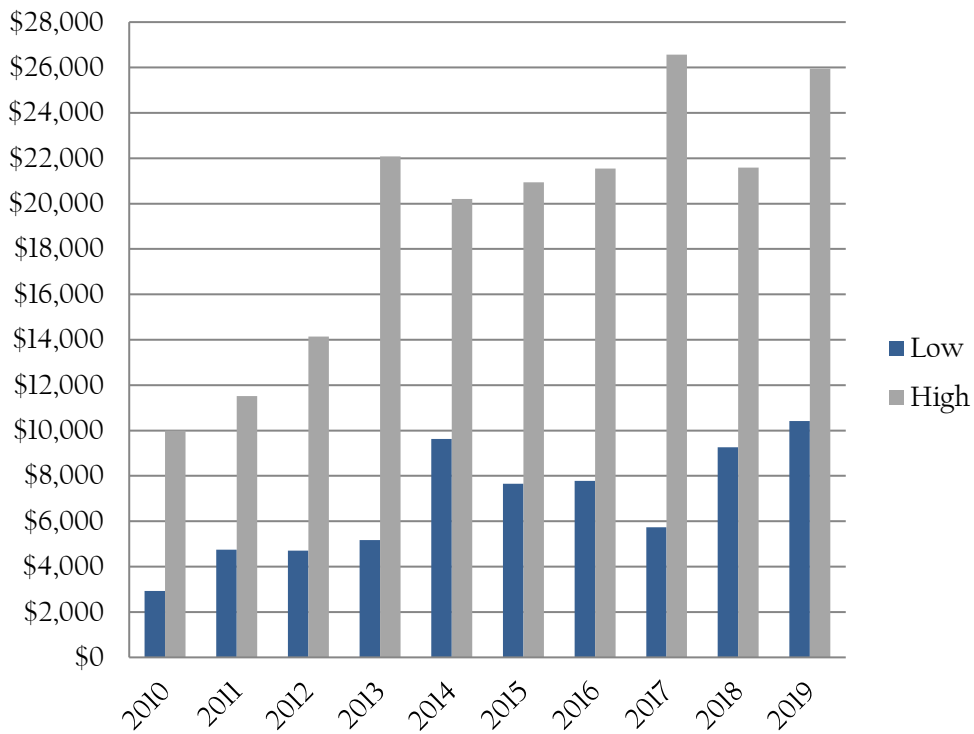


MIDDLESEX COUNTY

The graph below shows the land values for Middlesex County each year from 2010 to 2019.

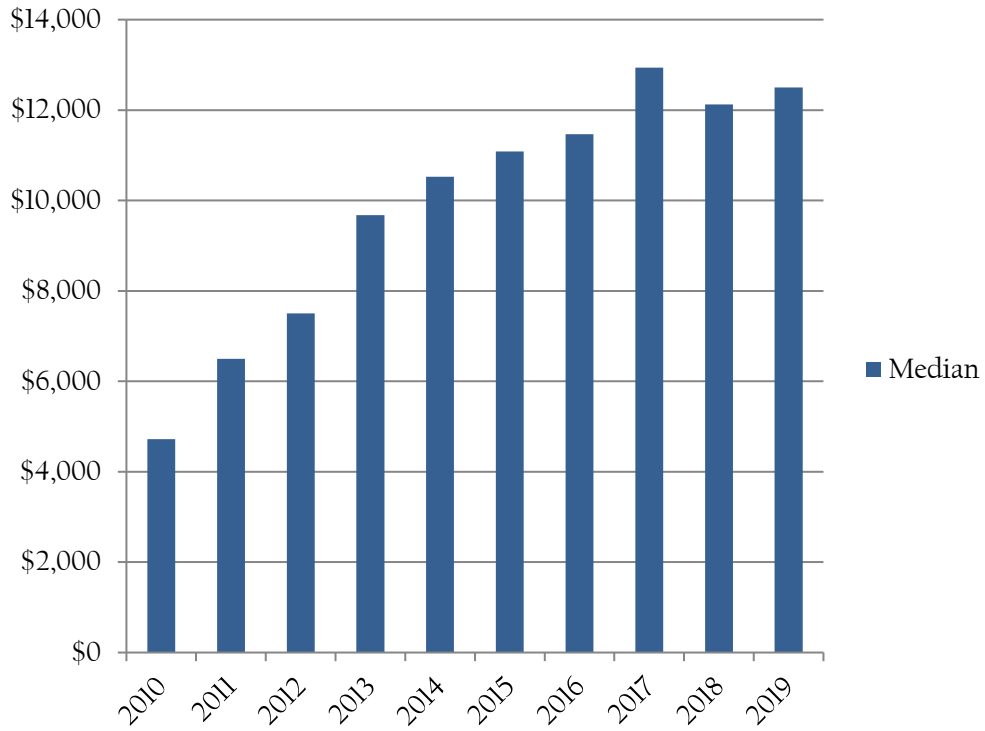


The graph below shows the low and high land values for Middlesex County each year from 2010 to 2019.

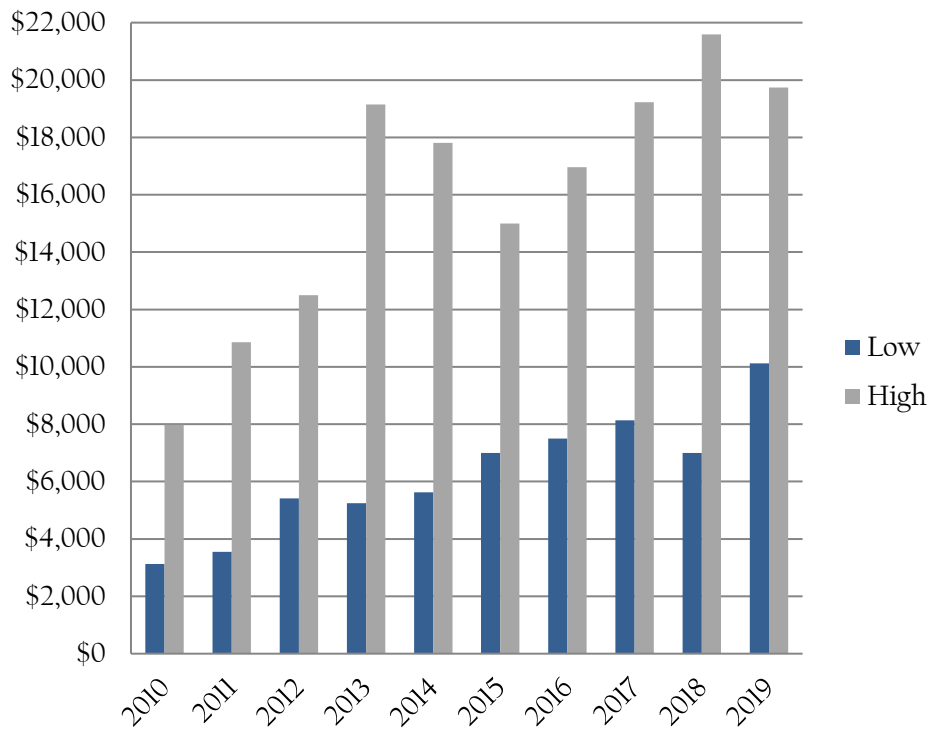


ELGIN COUNTY

The graph below shows the land values for Elgin County each year from 2010 to 2019.

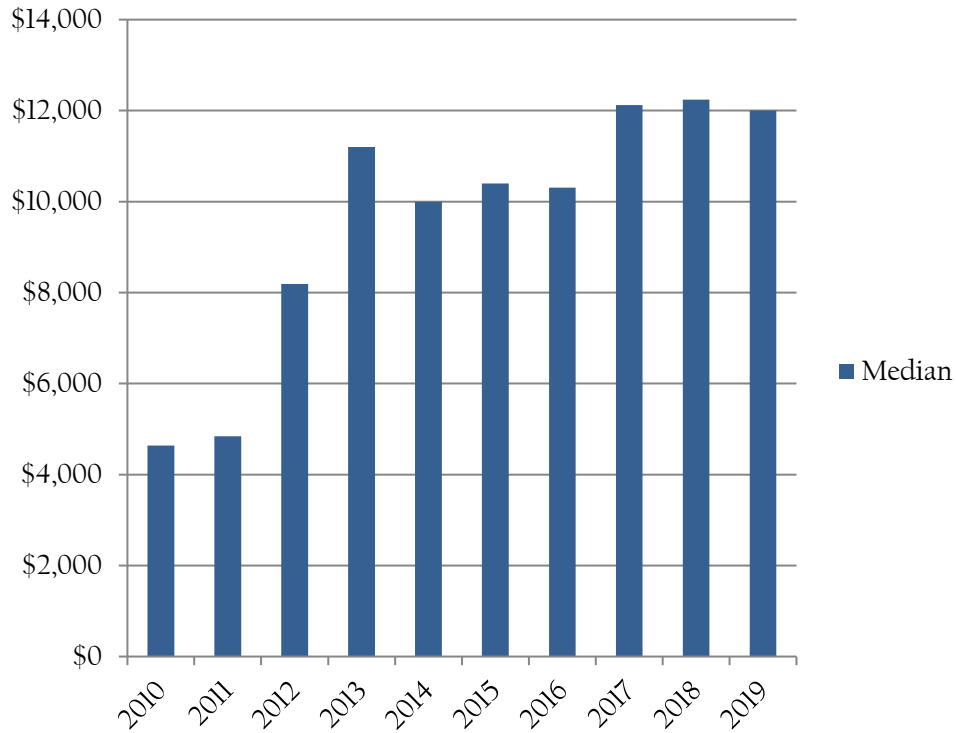


The graph below shows the low and high land values for Elgin County each year from 2010 to 2019.

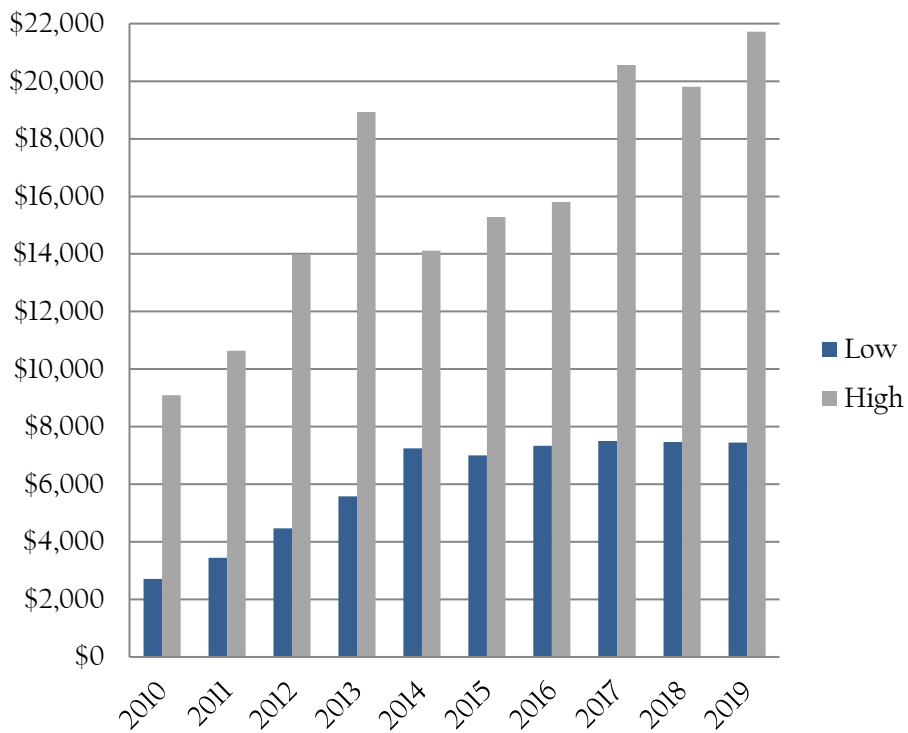


LAMBTON COUNTY

The graph below shows the land values for Lambton County each year from 2010 to 2019.

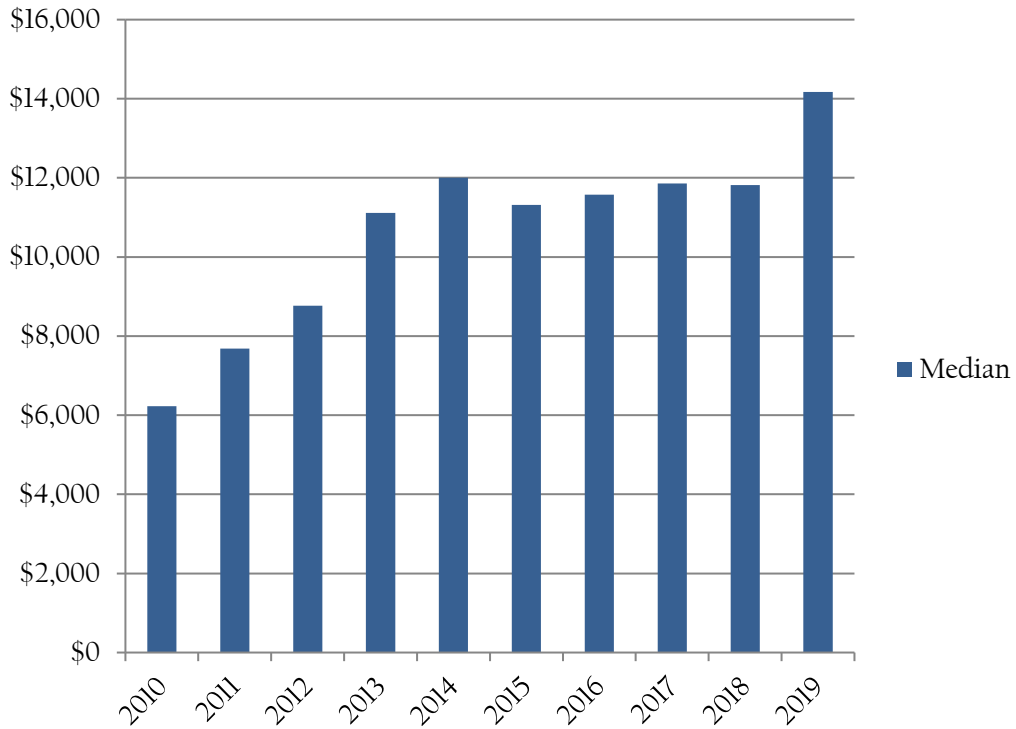


The graph below shows the low and high land values for Lambton County each year from 2010 to 2019.

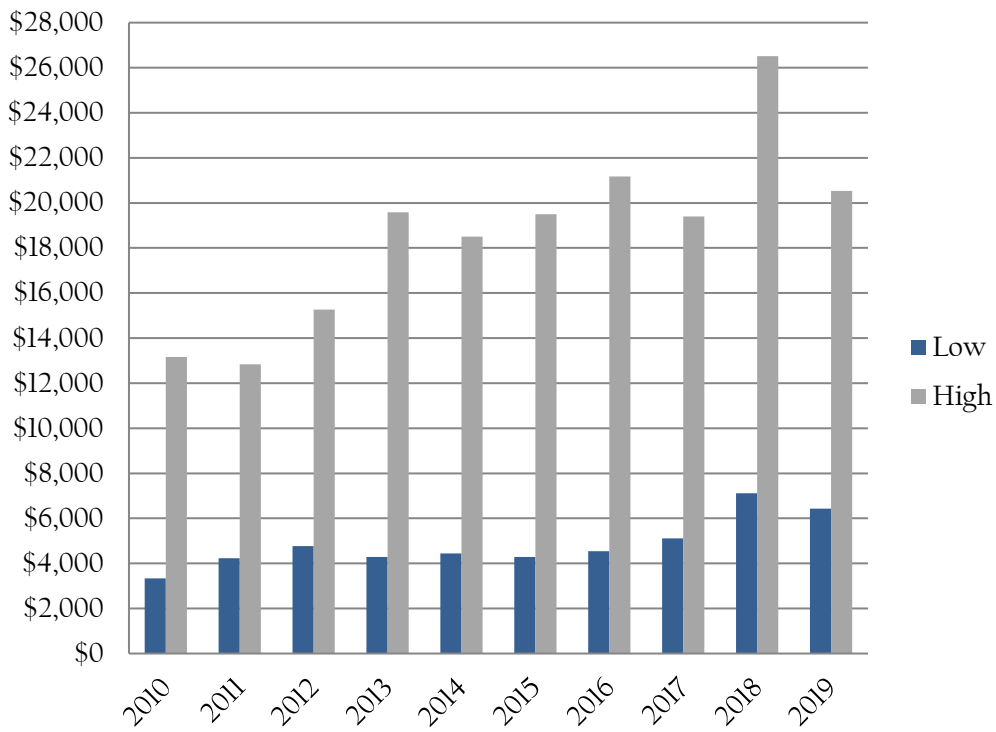


KENT COUNTY

The graph below shows the land values for Kent County each year from 2010 to 2019.

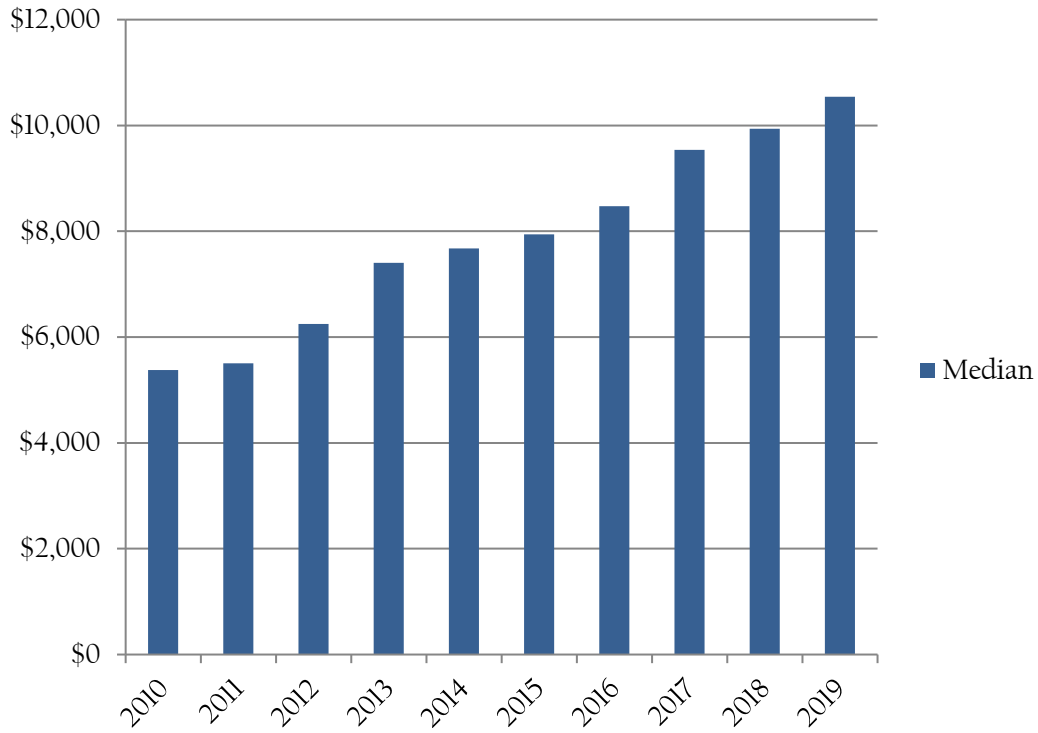


The graph below shows the low and high land values for Kent County each year from 2010 to 2019.

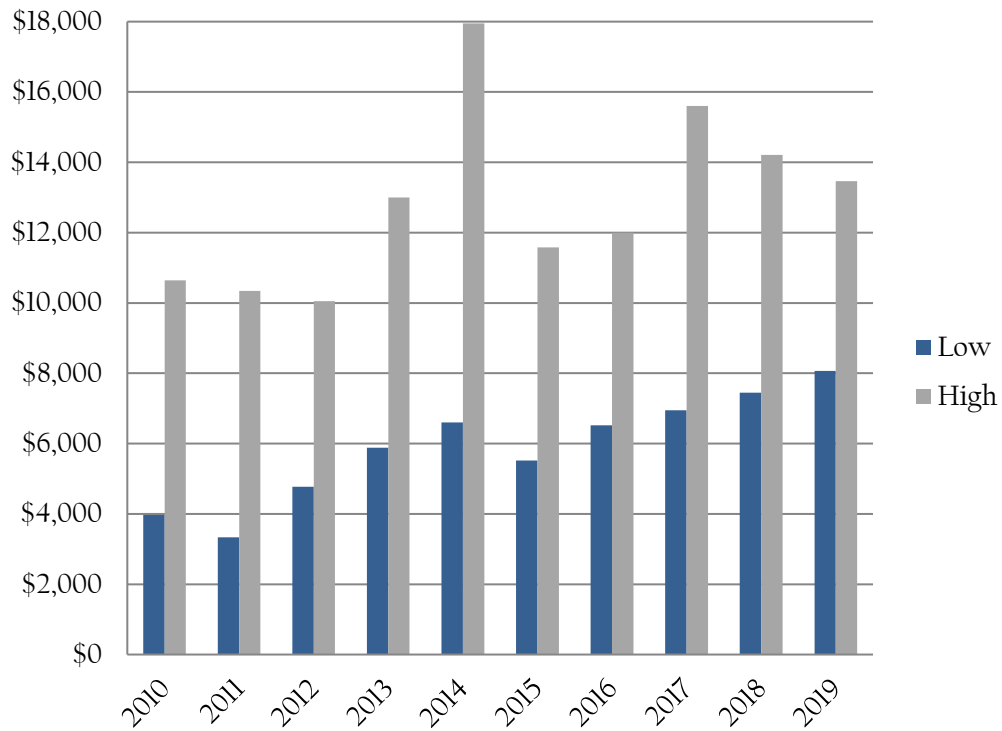


ESSEX COUNTY

The graph below shows the land values for Essex County each year from 2010 to 2019.

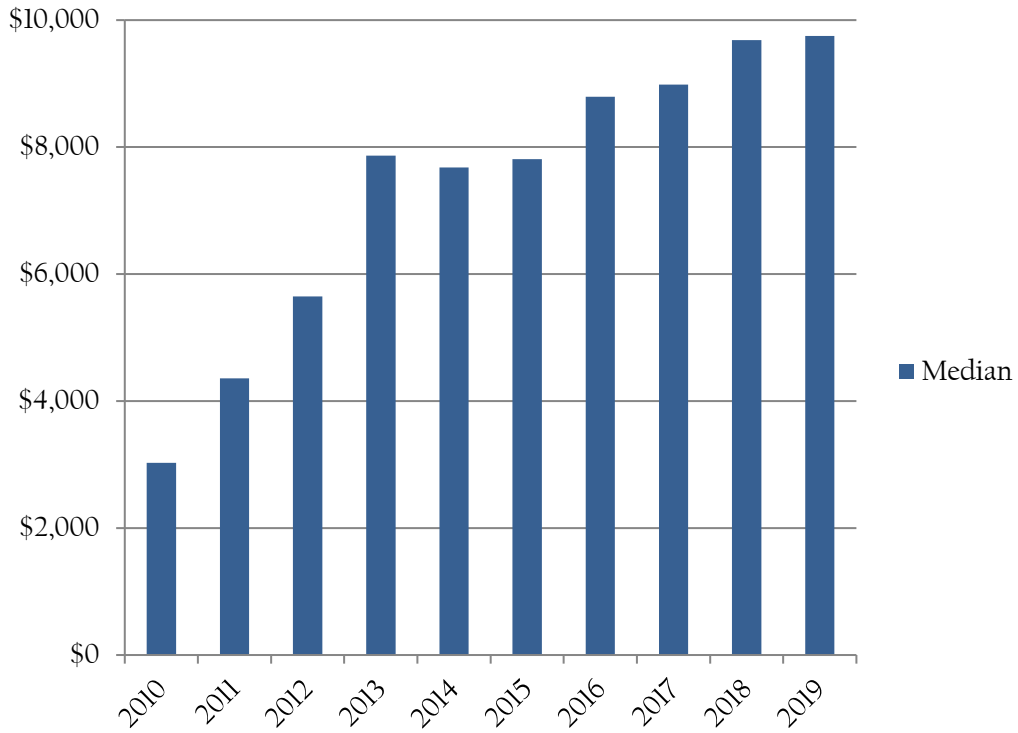


The graph below shows the low and high land values for Essex County each year from 2010 to 2019.

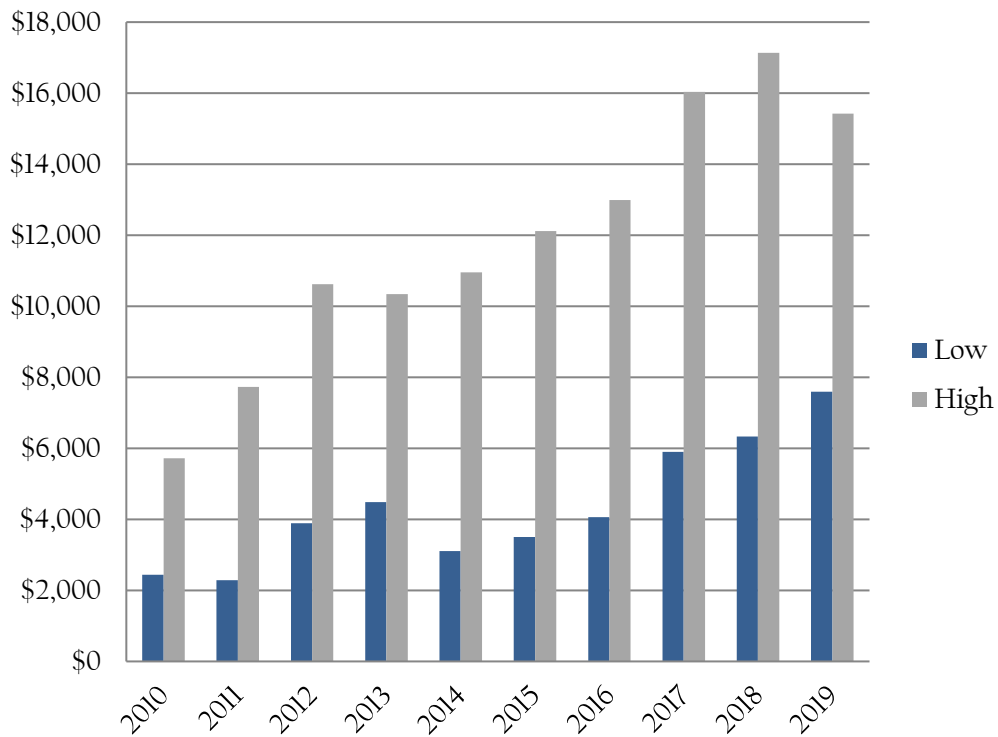


BRUCE COUNTY

The graph below shows the land values for Bruce County each year from 2010 to 2019.

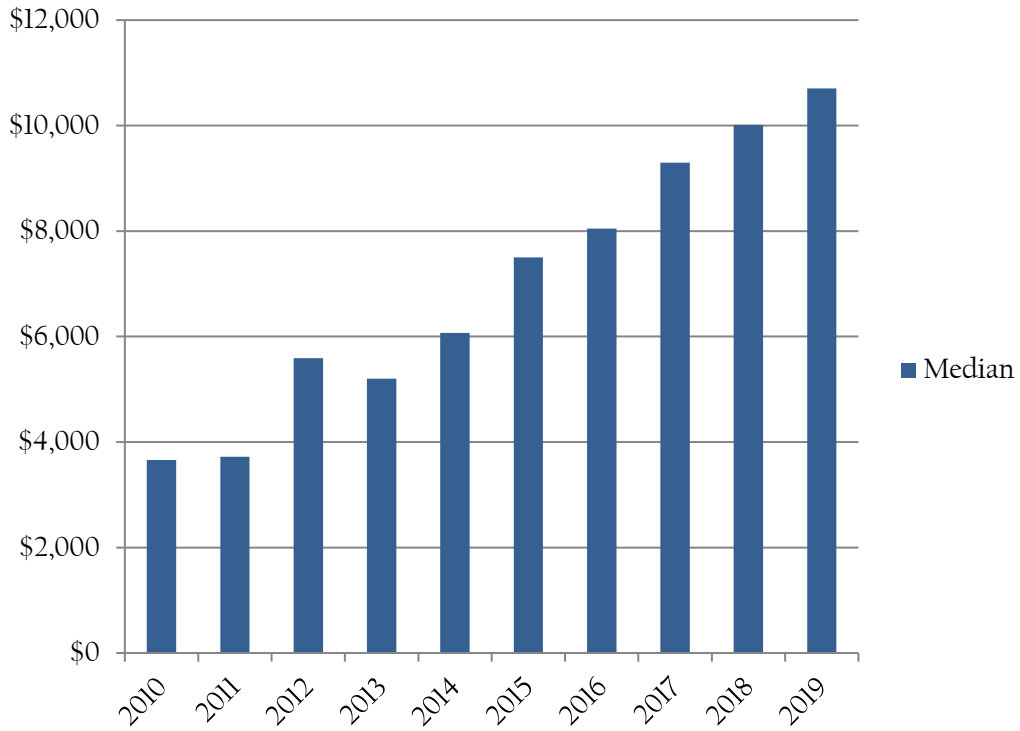


The graph below shows the low and high land values for Bruce County each year from 2010 to 2019.

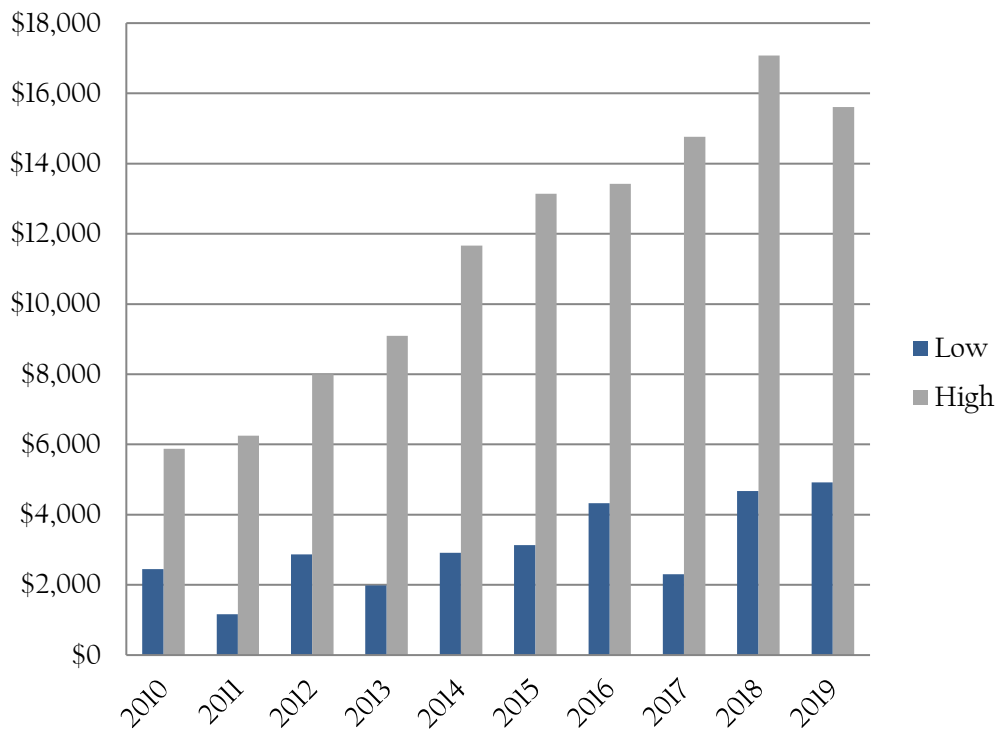


GREY COUNTY

The graph below shows the land values for Grey County each year from 2010 to 2019.

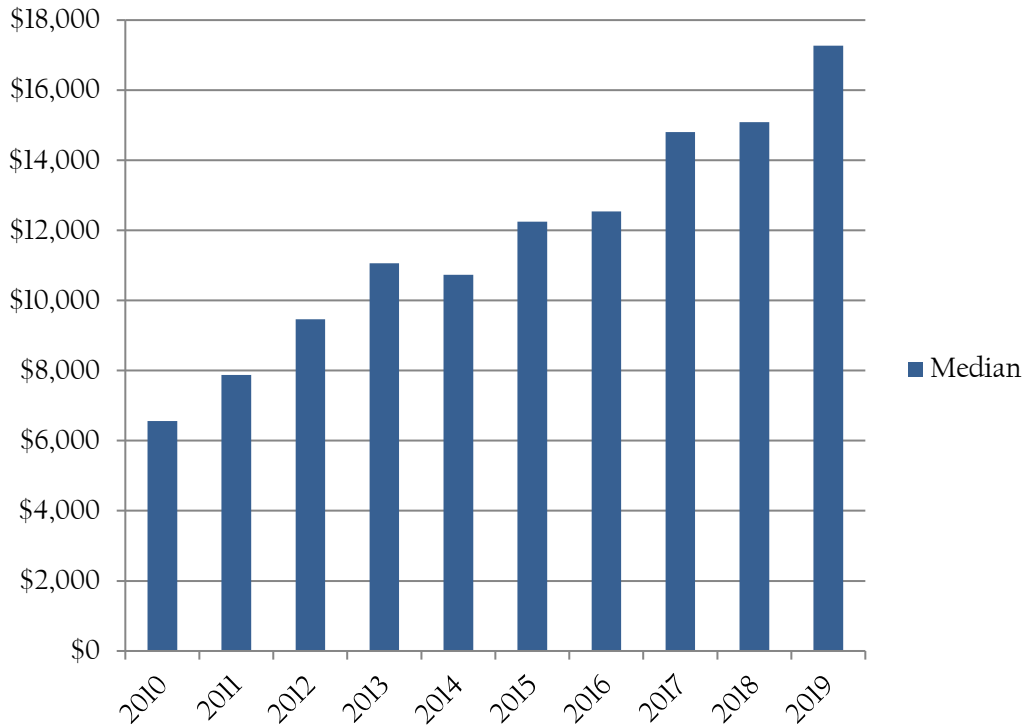


The graph below shows the low and high land values for Grey County each year from 2010 to 2019.

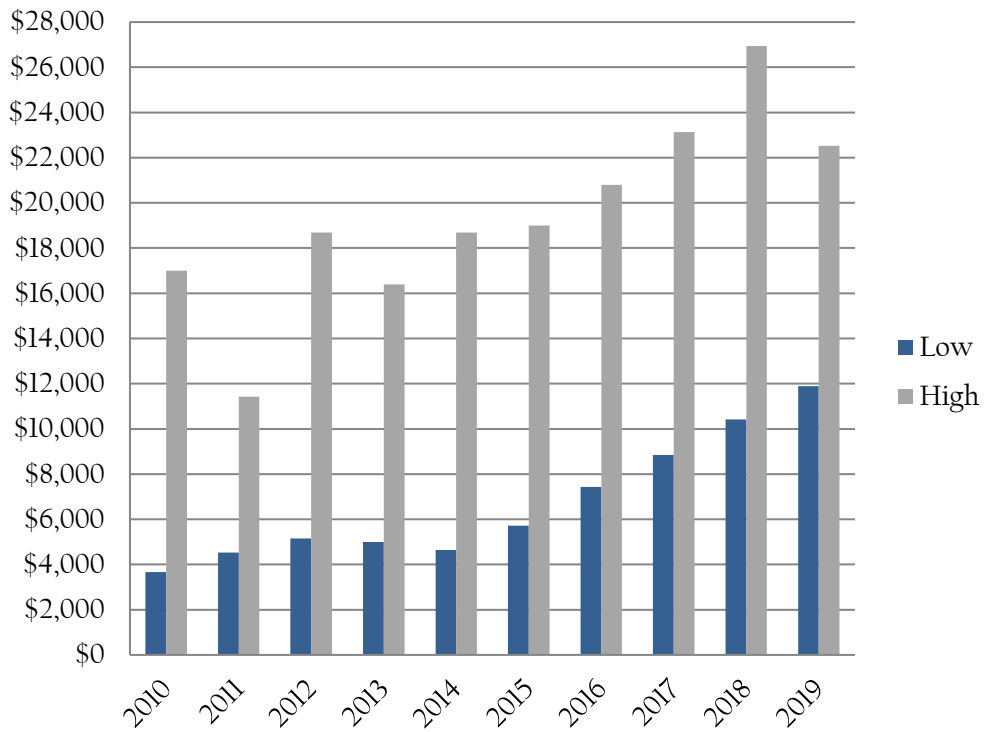


WELLINGTON COUNTY

The graph below shows the land values for Wellington County each year from 2010 to 2019.



The graph below shows the low and high land values for Wellington County each year from 2010 to 2019.



PARAMETERS

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

Only sales that occurred in 2019 were selected for the 2019 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 2018, with those results also shown in this report.

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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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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