



Southwestern Ontario Land Values



2022 Edition



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B.Comm, AACI, P.App, P.Ag



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Overview



Figure 1: Average 2021 to 2022
Change among all the Counties



Figure 2: Average 2010 to 2022
Change among all the Counties

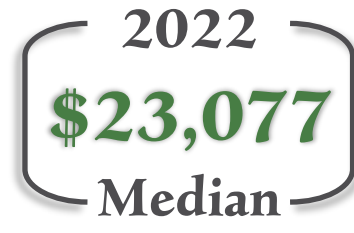


Figure 3: Median 2022
Land Value

This past year, farmland values across the 11 Counties in Southwestern Ontario increased by 25.65%, which is eerily close to the 25.63% increase from 2020 to 2021. This 2 year period is the highest increase since 2011-2012 when the same area increased by 29.71%.

The similarities between 2020-2022 and 2010-2013 remind us of the major factors that influence farmland values in Southwestern Ontario and beyond. Both timeframes saw rapidly decreasing interest rates, with the 2009 recession being the former catalyst and the 2020-2021 pandemic being the latter. The other common element was significantly elevated crop prices. Corn prices alone increased from an average of \$3.96 per bushel in 2010 to an average of \$5.64 per bushel in 2011-2012 (42% increase). Fast forward to recent history and corn prices increased from an average of \$4.62 per bushel in 2020 to an average of \$7.00 per bushel in 2021-2022 (52% increase) (source: OMAFRA new crop cash weekly prices). The correlation between farmland values and the interest rates-crop prices combination is undeniable.

This correlation of course leads us to thinking of our current situation. Crop prices are relatively unchanged, although there has been some minor softening from the 2021-2022 highs. The bigger changes have come from interest rates which have risen rapidly since early 2022. Tripling of interest rates has been a shock to our senses given the relatively low level of interest rates in the last dozen years. However, land values have not yet responded to this increased borrowing cost. Farmland values have remained strong. It is my opinion that they will continue to be strong this year, albeit at a lower annual increase, given good crop prices and prior year surpluses. Perhaps the current inversion of the interest rate market (long-term rates lower than short-term rates) is hinting to a rather short-term elevation of rates.

There remains significant optimism in the sector given the past 10-15 year period of relatively good margins and this is why we see so many young people involved in agriculture. It is this type of environment that has strengthened land values over the same period, and I believe that strength can be sustained as our young producers learn to manage new risks on the way to buying that next perfect farm.

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Southwestern

Ontario Land Values

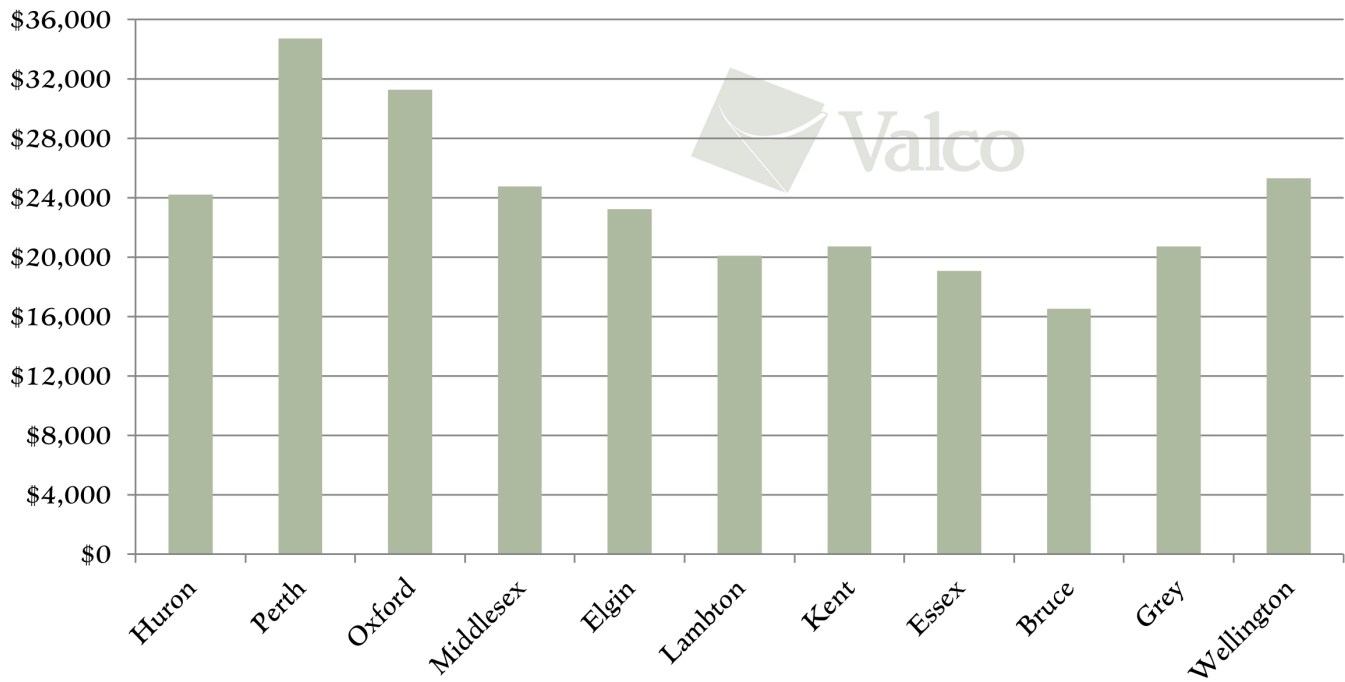


Figure 1: Median 2022 Land Value for each County

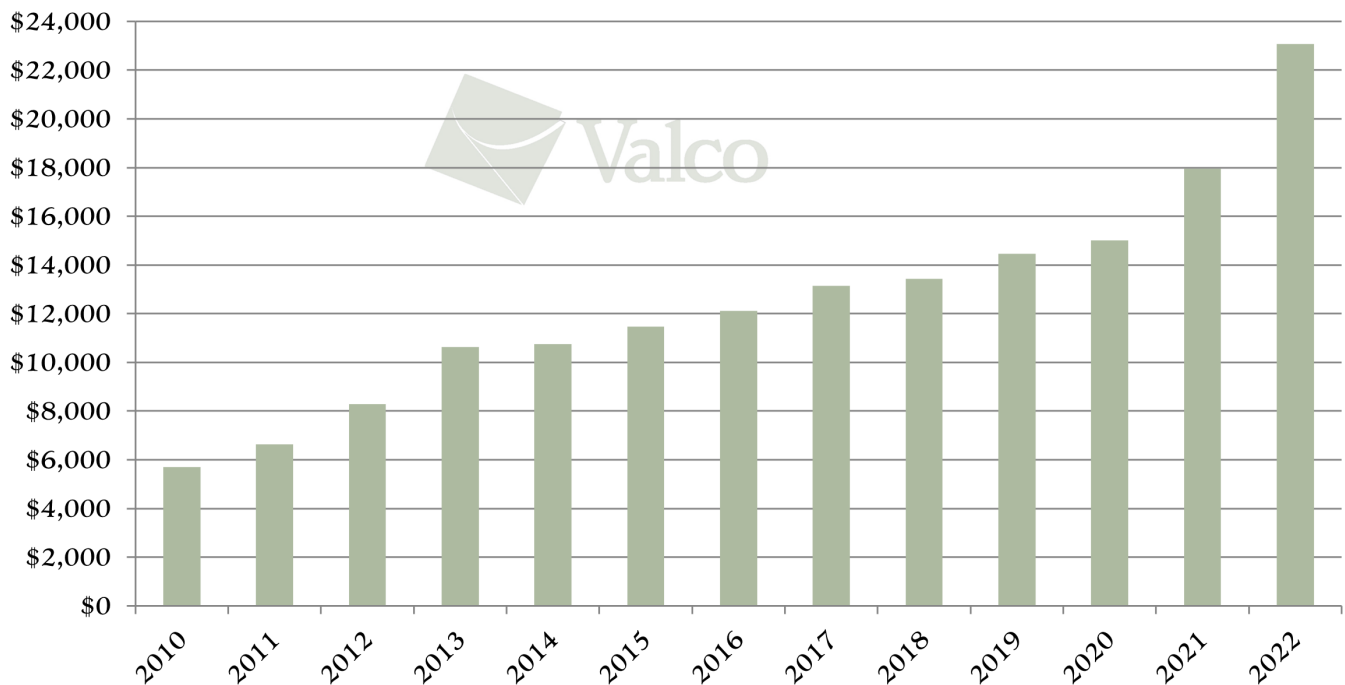


Figure 2: Median Land Value each year for the 11 Counties



Change in Values



Figure 3: Average Annual Change
among all included Counties

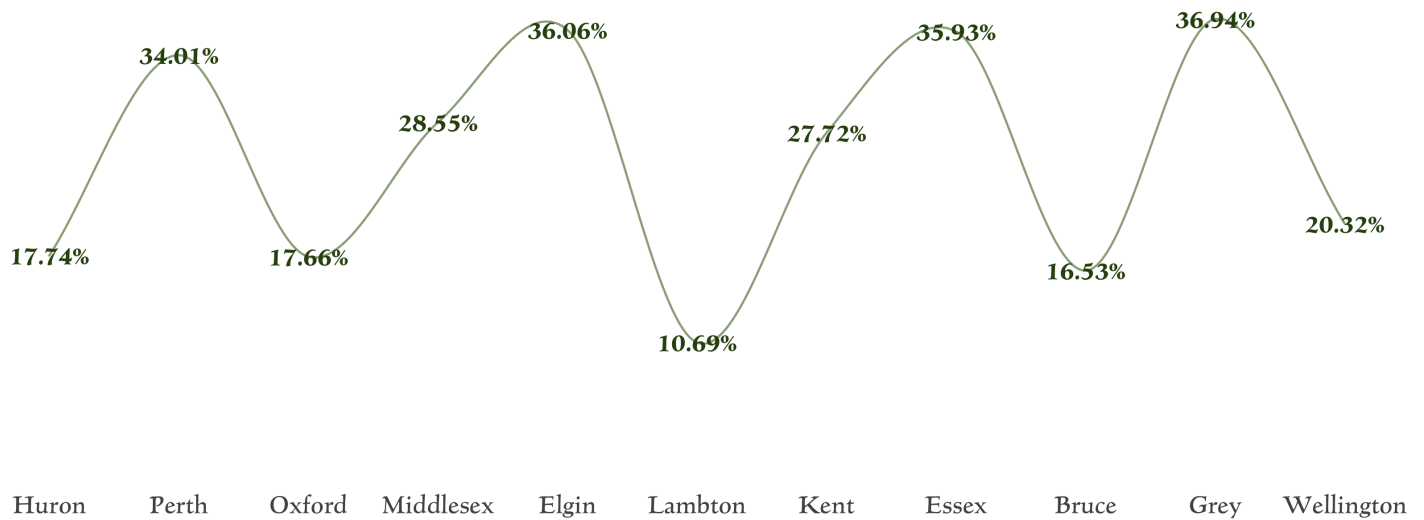


Figure 1: Average Change from 2021-2022

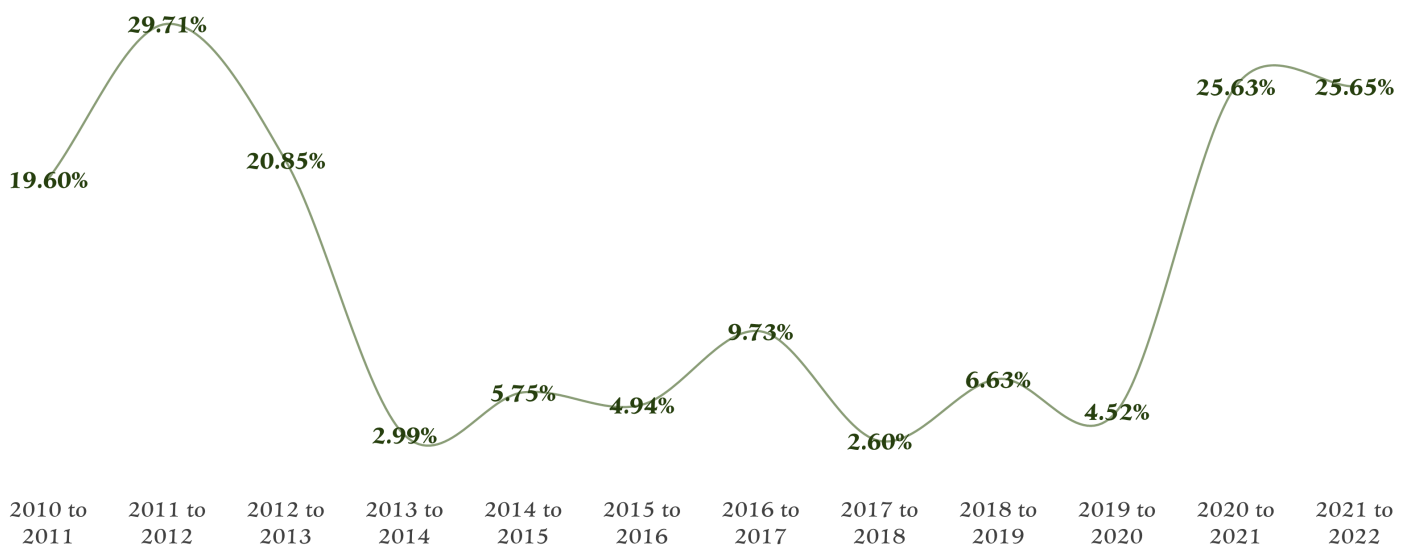


Figure 2: Average Annual Change Among All Included Counties





Huron County

2021
17.74%
2022

2010
11.92%
2022

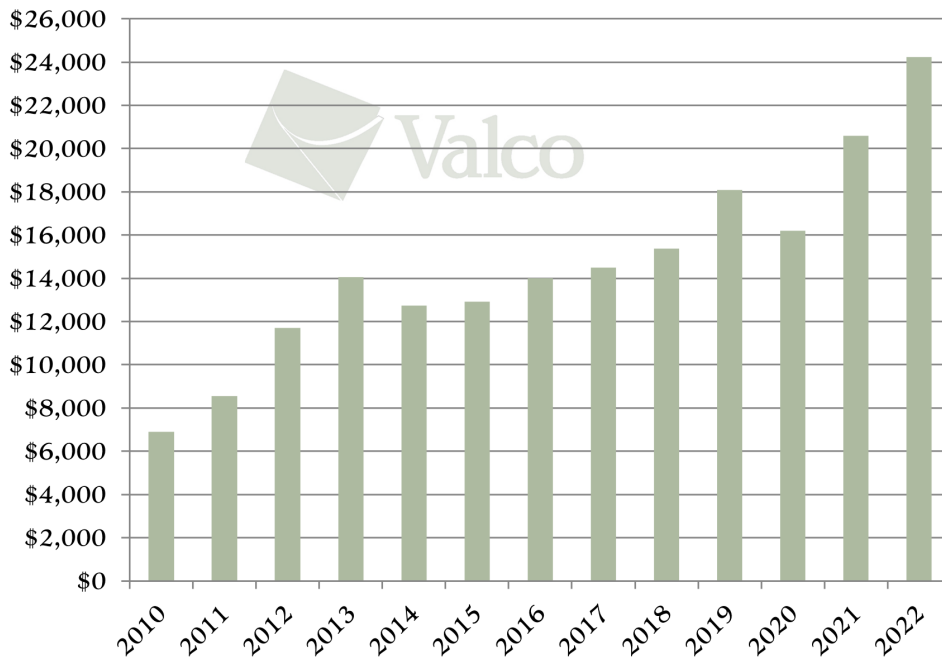


Figure 1: Median land values for Huron County each year from 2010 to 2022

Figure 2: Low and High land values for Huron County each year from 2010 to 2022

2021 Top Farm Cash Receipt

Hogs

\$307,000,000

Source: OMAFRA

5 Year Average Crop Yields (bushels/acre)

Corn

171

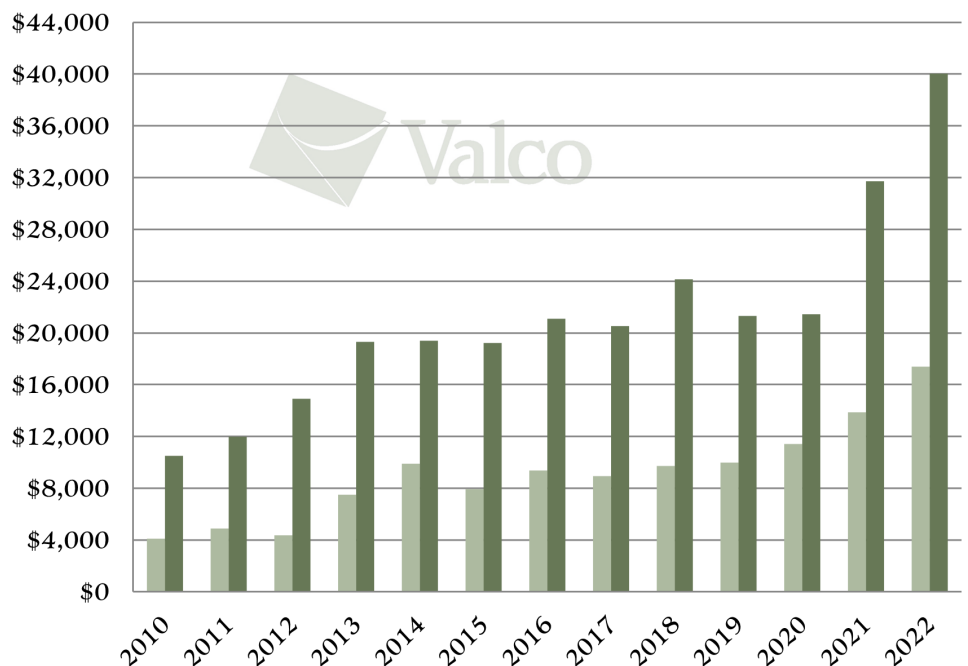
Soybeans

52

Winter Wheat

90

Source: OMAFRA





Perth

County

2021
34.01%
2022

2010
12.30%
2022

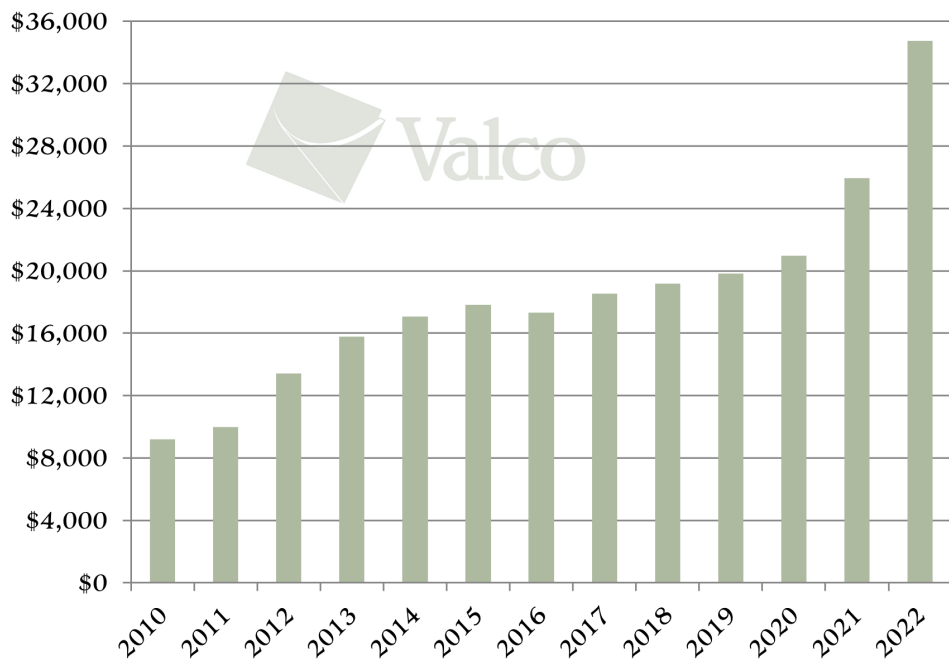


Figure 1: Median land values for Perth County each year from 2010 to 2022

Figure 2: Low and High land values for Perth County each year from 2010 to 2022

2021 Top Farm Cash Receipt

Hogs

\$303,650,000

Source: OMAFRA

5 Year Average Crop Yields (bushels/acre)

Corn

175

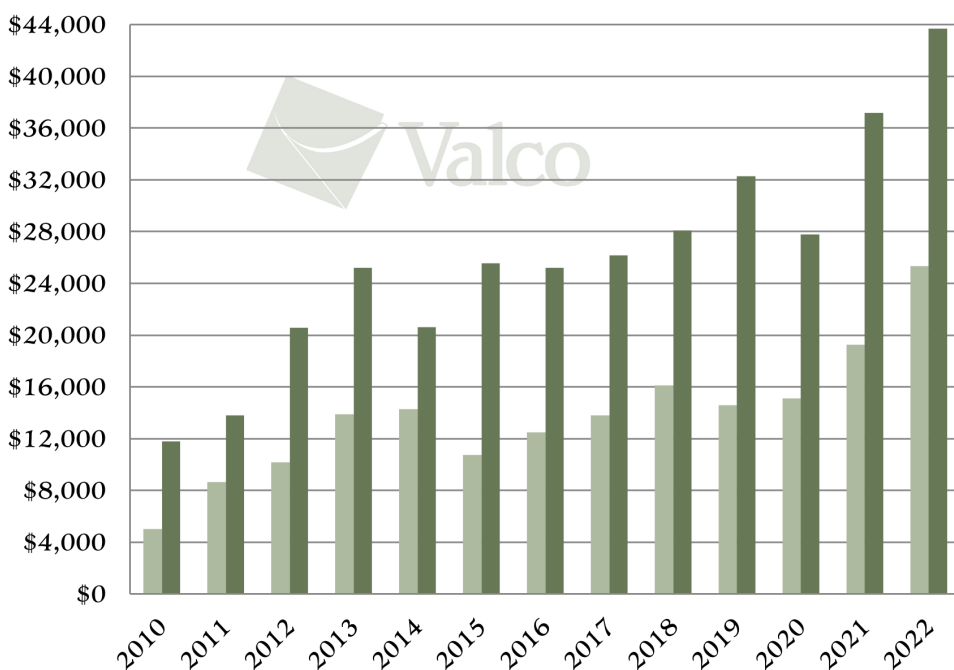
Soybeans

54

Winter Wheat

94

Source: OMAFRA





Oxford

County

2021
17.66%
2022

2010
10.31%
2022

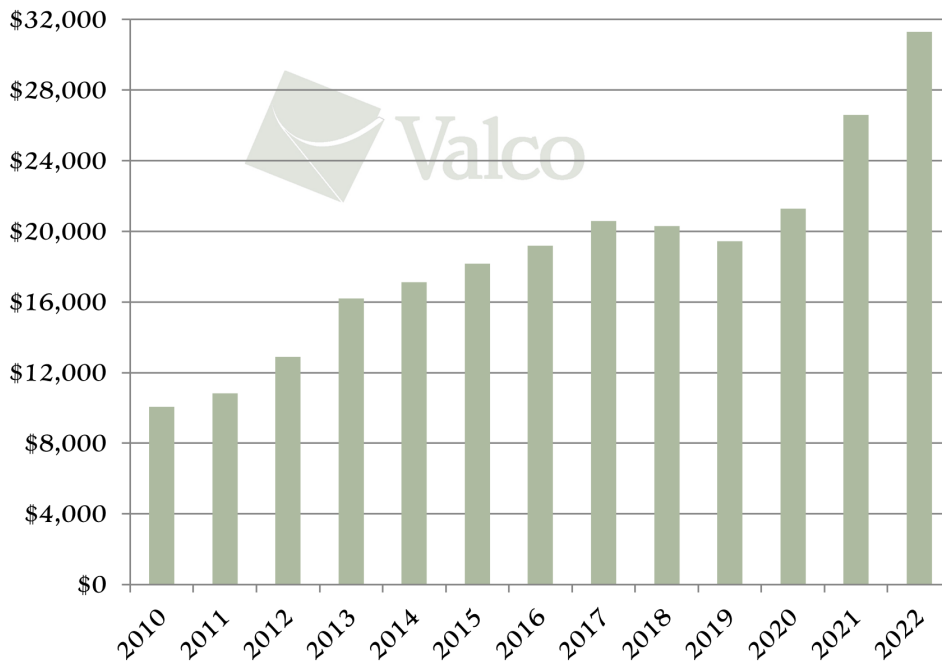


Figure 1: Median land values for Oxford County each year from 2010 to 2022

Figure 2: Low and High land values for Oxford County each year from 2010 to 2022

2021 Top Farm Cash Receipt

Dairy

\$296,670,000

Source: OMAFRA

5 Year Average Crop Yields (bushels/acre)

Corn

180

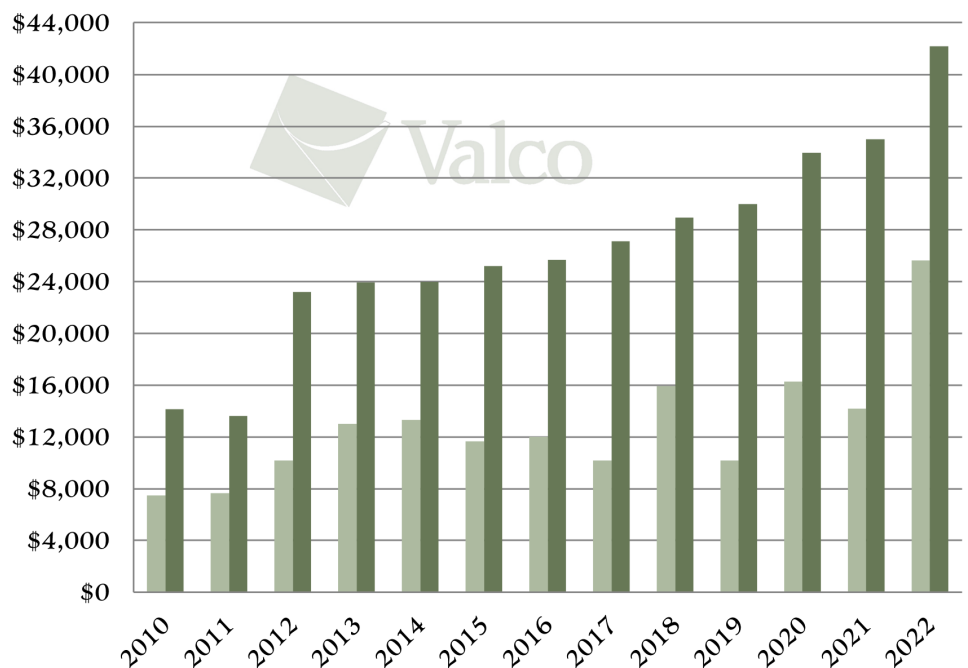
Soybeans

54

Winter Wheat

96

Source: OMAFRA





Middlesex

County

2021
28.55%
2022

2010
13.36%
2022

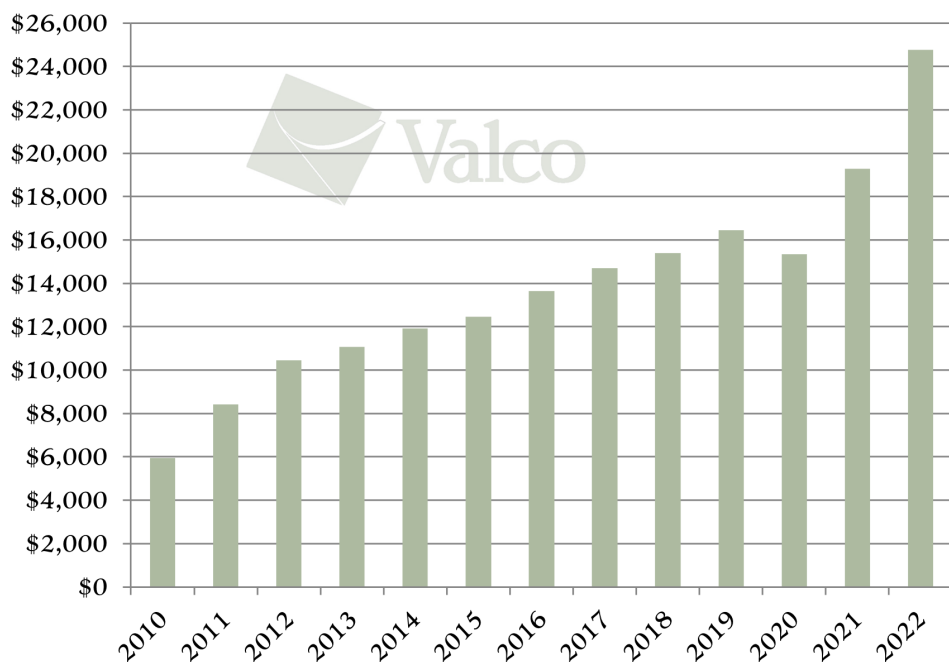


Figure 1: Median land values for Middlesex County each year from 2010 to 2022

Figure 2: Low and High land values for Middlesex County each year from 2010 to 2022

2021 Top Farm Cash Receipt

Corn

\$221,530,000

Source: OMAFRA

5 Year Average Crop Yields (bushels/acre)

Corn

178

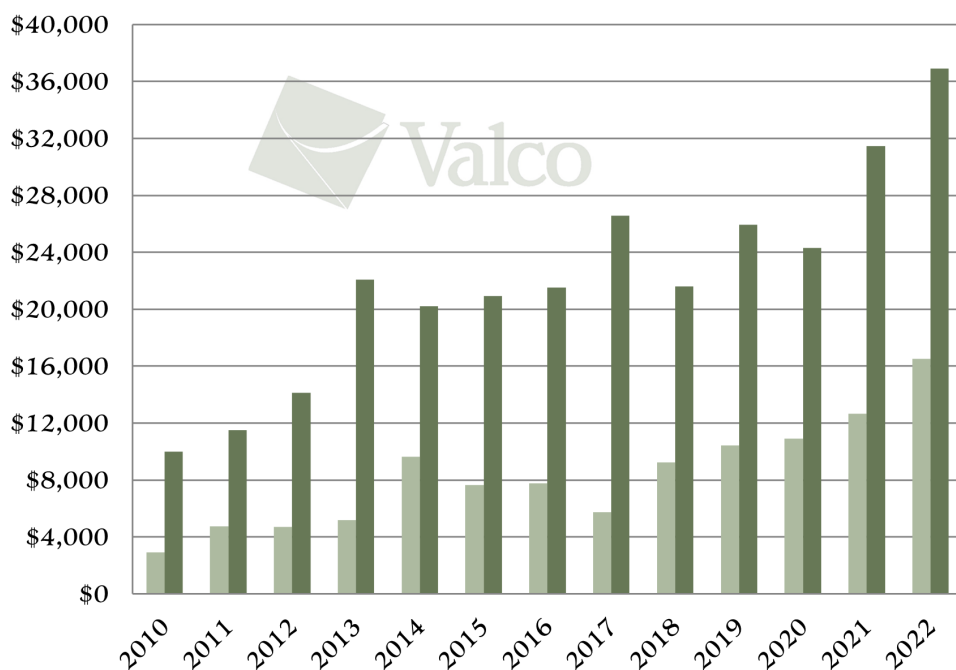
Soybeans

52

Winter Wheat

89

Source: OMAFRA





Elgin County

2021
36.06%
2022

2010
14.92%
2022

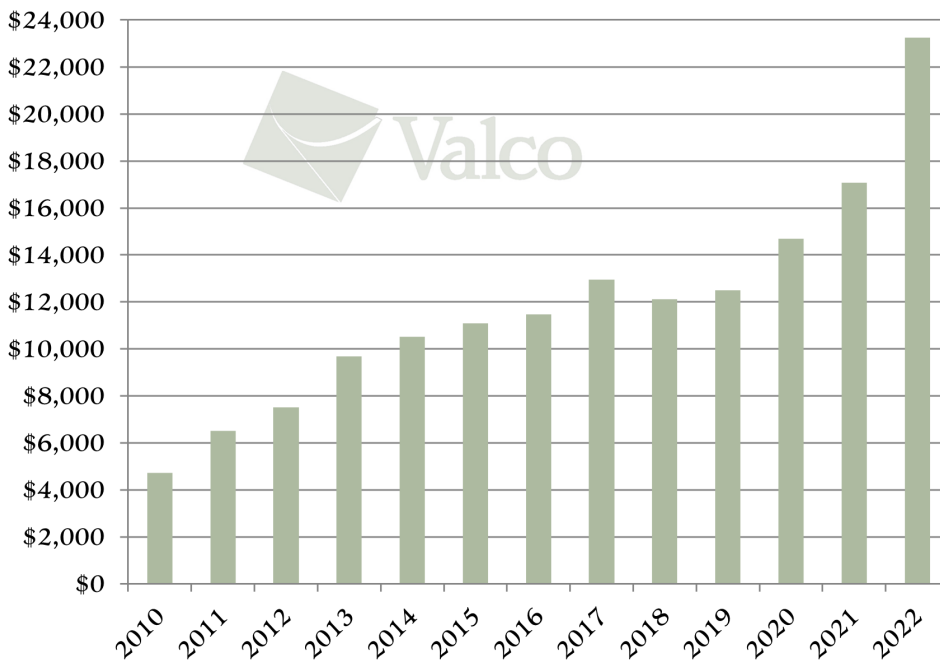


Figure 1: Median land values for Elgin County each year from 2010 to 2022

Figure 2: Low and High land values for Elgin County each year from 2010 to 2022

2021 Top Farm Cash Receipt

Corn

\$130,930,000

Source: OMAFRA

5 Year Average Crop Yields (bushels/acre)

Corn

176

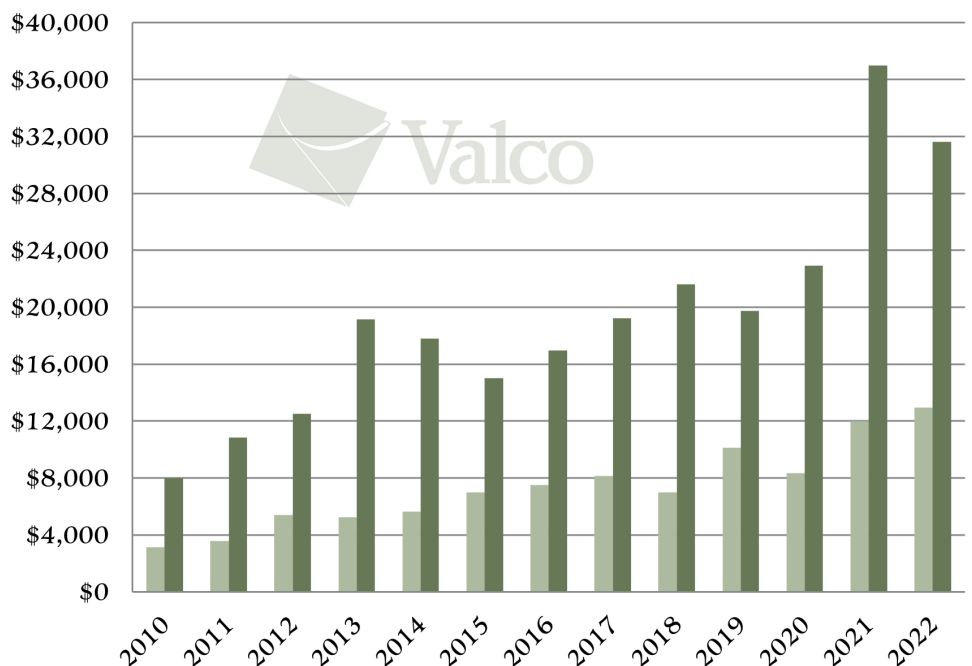
Soybeans

50

Winter Wheat

88

Source: OMAFRA





Lambton

County

2021
10.69%
2022

2010
14.69%
2022

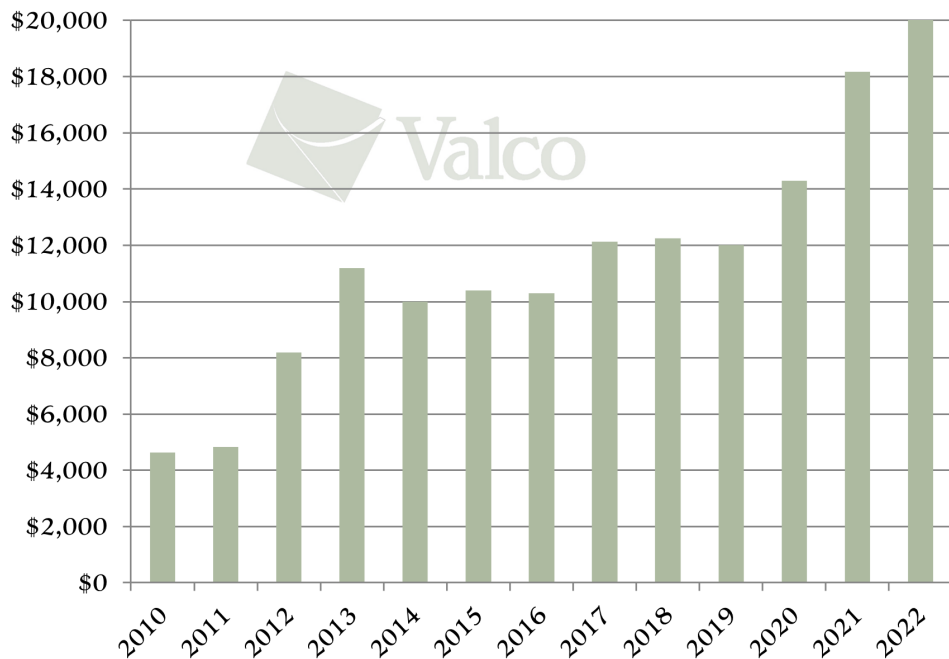


Figure 1: Median land values for Lambton County each year from 2010 to 2022

Figure 2: Low and High land values for Lambton County each year from 2010 to 2022

2021 Top Farm Cash Receipt

Hogs

\$160,970,000

Source: OMAFRA

5 Year Average Crop Yields (bushels/acre)

Corn

177

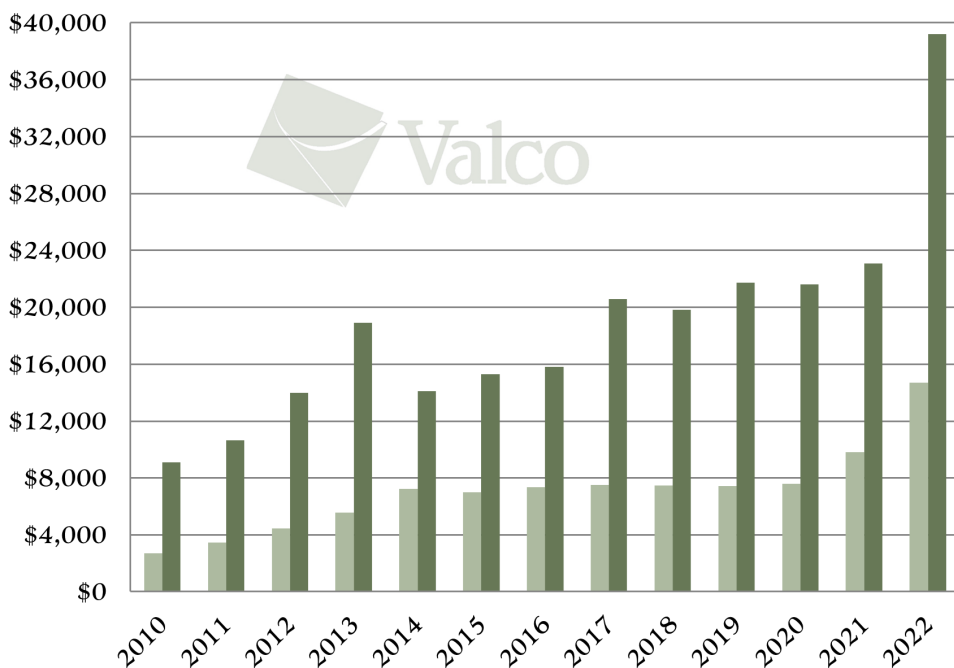
Soybeans

50

Winter Wheat

80

Source: OMAFRA





Kent County

2021
27.72%
2022

2010
11.11%
2022

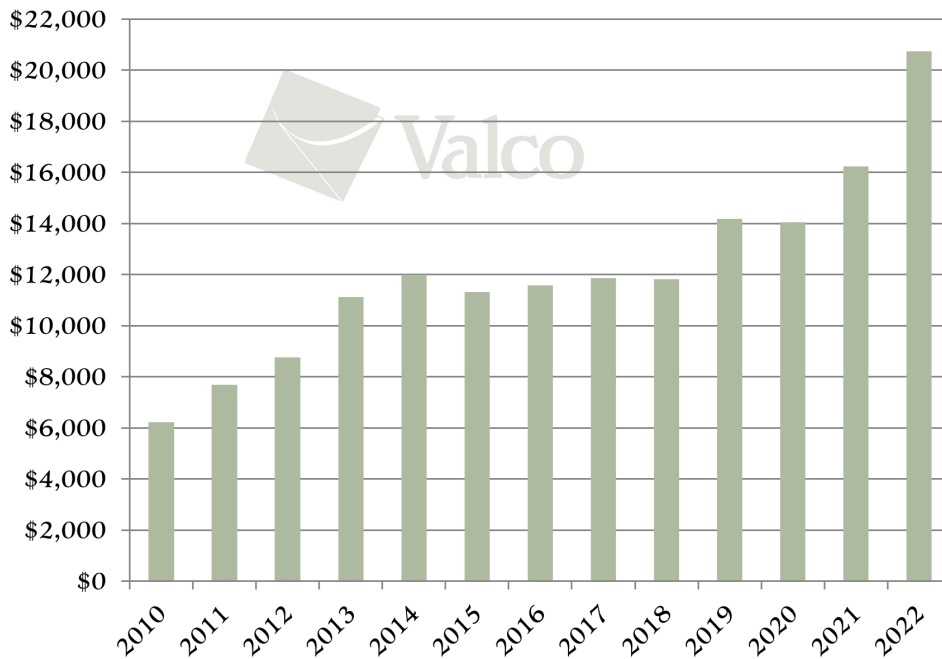


Figure 1: Median land values for Kent County each year from 2010 to 2022

Figure 2: Low and High land values for Kent County each year from 2010 to 2022

2021 Top Farm Cash Receipt

Field Vegetables
\$212,130,000

Source: OMAFRA

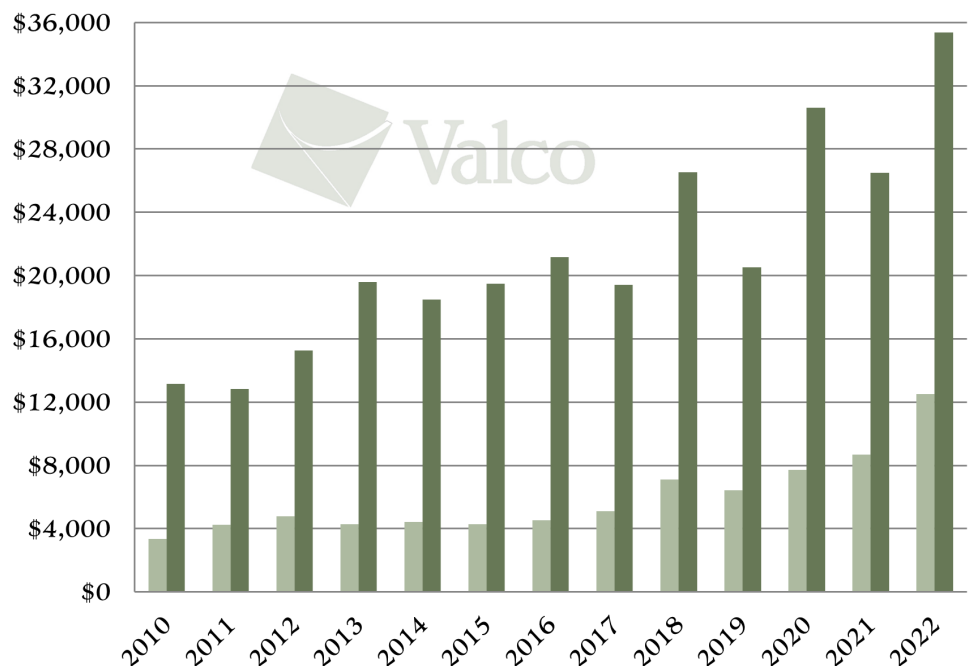
5 Year Average Crop Yields (bushels/acre)

Corn
185

Soybeans
53

Winter Wheat
92

Source: OMAFRA





Essex

County

2021
35.93%
2022

2010
11.69%
2022

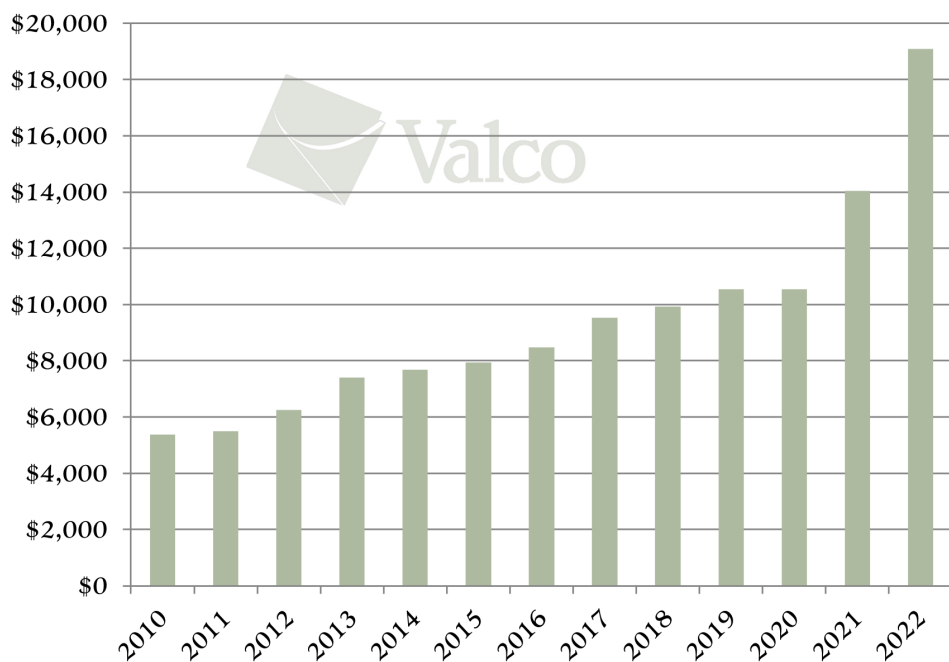


Figure 1: Median land values for Essex County each year from 2010 to 2022

Figure 2: Low and High land values for Essex County each year from 2010 to 2022

2021 Top Farm Cash Receipt

Greenhouse Vegetables

\$964,120,000

Source: OMAFRA

5 Year Average Crop Yields (bushels/acre)

Corn

175

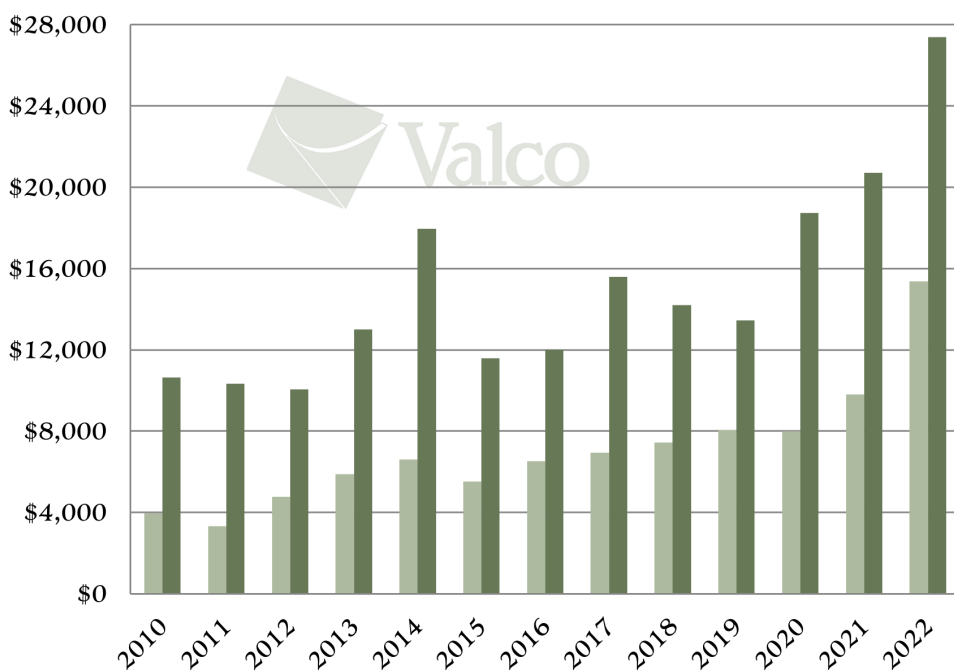
Soybeans

52

Winter Wheat

77

Source: OMAFRA





Bruce

County

2021
16.53%
2022

2010
16.13%
2022

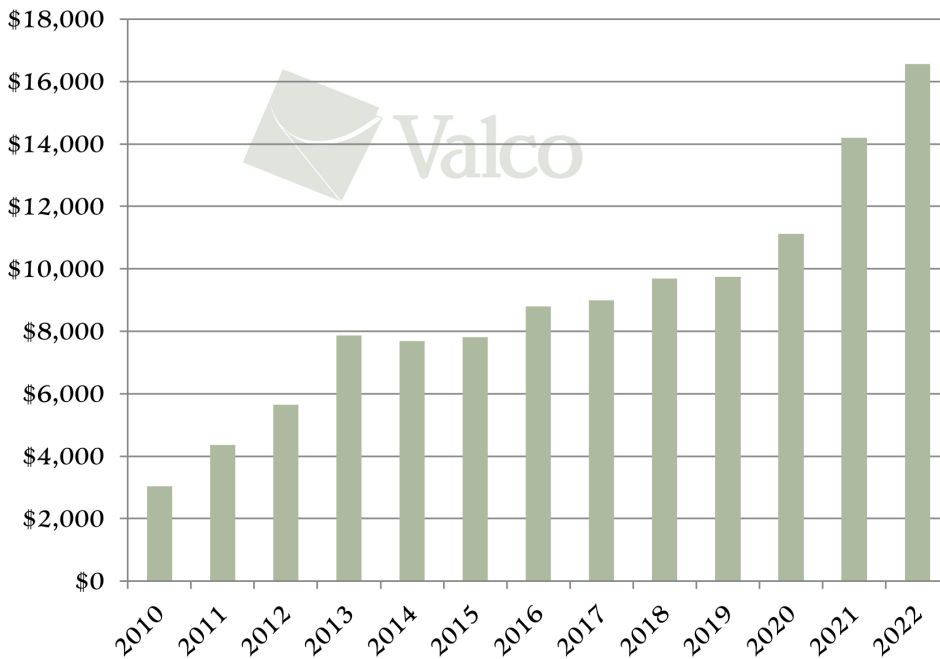


Figure 1: Median land values for Bruce County each year from 2010 to 2022

Figure 2: Low and High land values for Bruce County each year from 2010 to 2022

2021 Top Farm Cash Receipt

Beef

\$203,860,000

Source: OMAFRA

5 Year Average Crop Yields (bushels/acre)

Corn

164

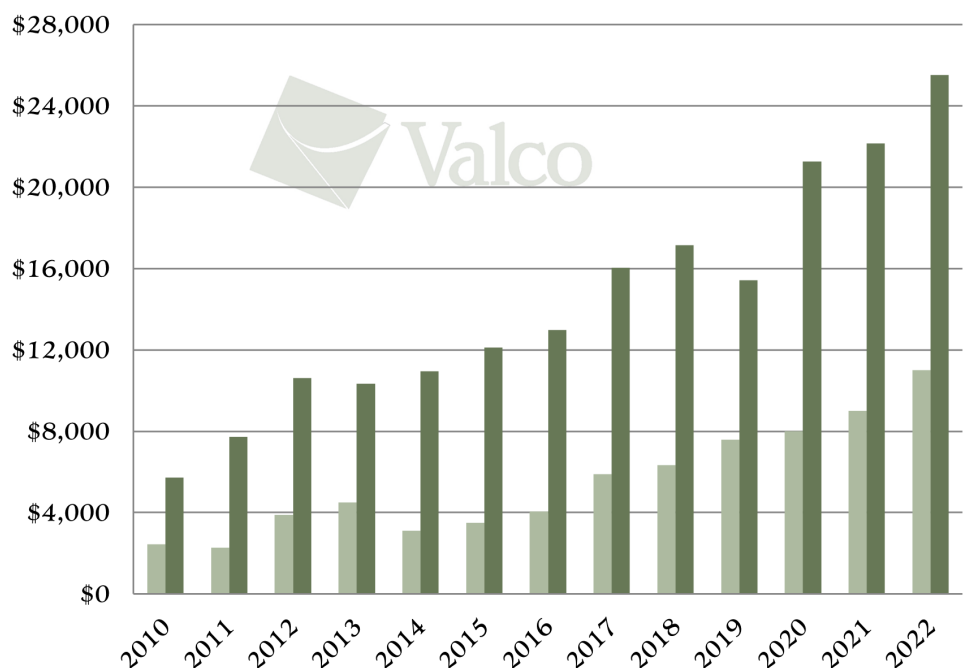
Soybeans

48

Winter Wheat

87

Source: OMAFRA





Grey County

2021
36.94%
2022

2010
16.62%
2022

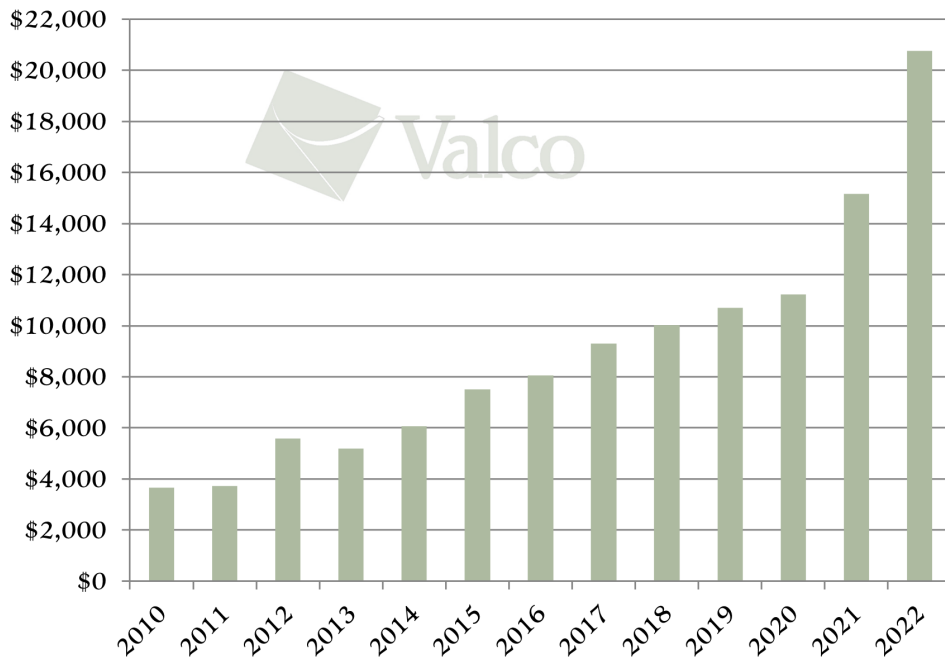


Figure 1: Median land values for Grey County each year from 2010 to 2022

Figure 2: Low and High land values for Grey County each year from 2010 to 2022

2021 Top Farm Cash Receipt

Beef

\$160,630,000

Source: OMAFRA

5 Year Average Crop Yields (bushels/acre)

Corn

155

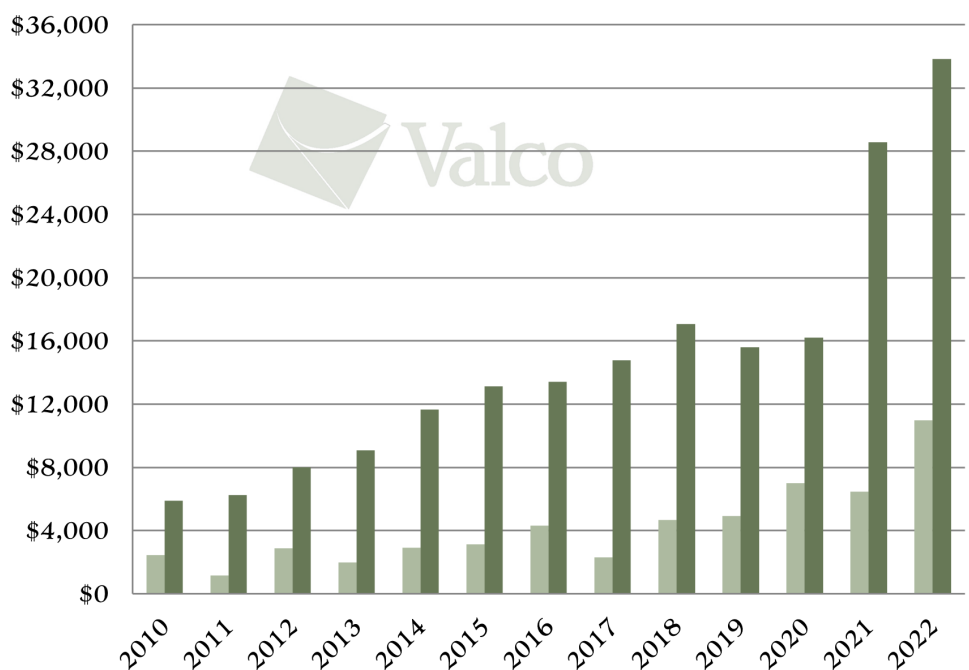
Soybeans

46

Winter Wheat

84

Source: OMAFRA





Wellington

County

2021
20.32%
2022

2010
12.34%
2022

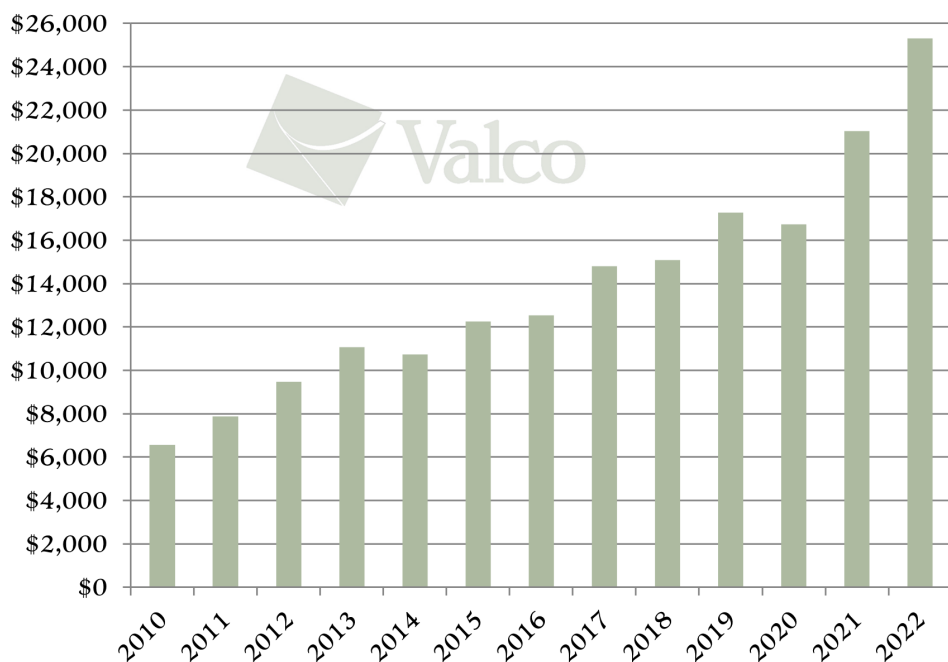


Figure 1: Median land values for Wellington County each year from 2010 to 2022

Figure 2: Low and High land values for Wellington County each year from 2010 to 2022

2021 Top Farm Cash Receipt

Dairy

\$223,960,000

Source: OMAFRA

5 Year Average Crop Yields (bushels/acre)

Corn

167

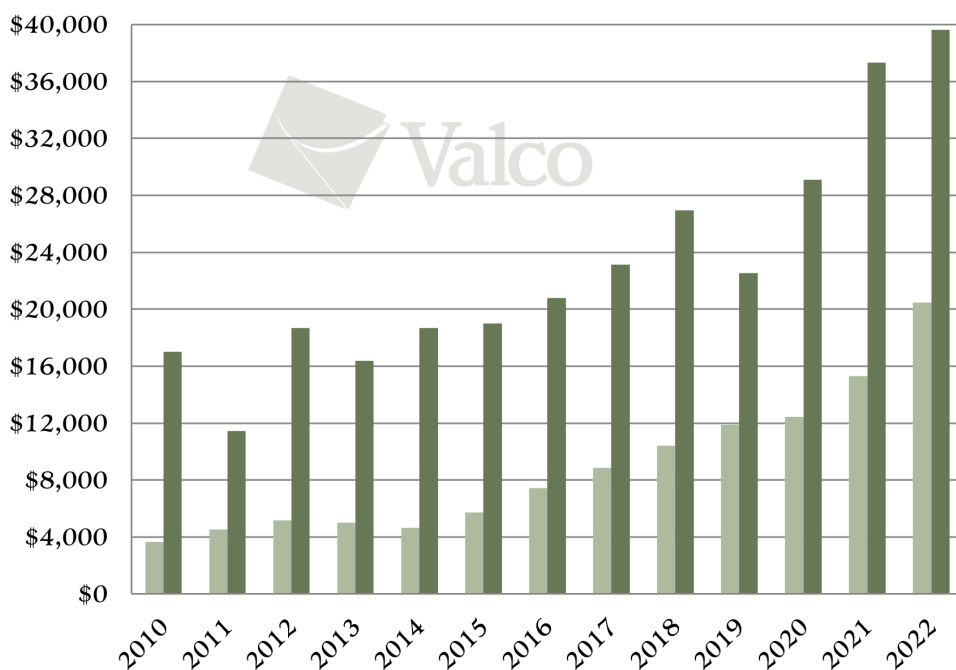
Soybeans

50

Winter Wheat

89

Source: OMAFRA



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 2022 were selected for the 2022 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 2021, 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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