



RYAN R. PARKER B.COMM, AACI, P.APP, P.AG
PARTNER
VALCO CONSULTANTS INC.

Southwestern Ontario Land Values

2023 Edition



TABLE OF CONTENTS

Overview

Southwestern Ontario Land Values

Change in Values

Huron County

Perth County

Oxford County

Middlesex County

Elgin County

Lambton County

Kent County

Essex County

Bruce Couty

Grey County

Wellington County

Parameters and Disclaimer

Contact





OVERVIEW

BY RYAN PARKER

Similar to the price of almost everything, farmland values continued to push higher in 2023 with the 11 Counties in Southwestern Ontario increasing by just over 10%. However, this increase is significantly lower than the past 2 years that saw increases of approximately 25% per year and is closer to the long-term rate of increase on farmland that is typically quoted in the 5%-10% range.

This past year there were many areas in Southwestern Ontario that experienced new highs with a large swath of these 11 Counties having farms trade for over \$25,000 per acre and various pockets where expectations of over \$40,000 per acre became reality. These highs and overall increase in land values were despite a seemingly stiff headwind from interest rates and commodity prices. Interest rates available to farmers in 2023 were 2 to 3 times higher than the lows experienced during 2020-2022. However, the year ended on a good note with a fairly significant drop in mortgage rates.

On the commodity side of the ledger, the price of corn has dropped from \$6.54/bushel in the first week of 2023 to \$4.83/bushel in the last week of 2023 (source: OMAFRA new crop cash weekly prices). This 35% decrease, although better than the 60% drop experienced in 2013, is a major reason that the increase of farmland values has slowed. Following that 2013 drop, farmland values in these 11 Counties increased at rate of between 2.6%-9.7% until 2020-2021 when interest rates decreased and commodity prices increased. A logical theory would be that we will see lower farmland value increases for the foreseeable future if that future involves greater than 5% interest rates and less than \$5 corn.

Even though there was an overall increase in 2023 and overall prices remain very strong, there was a notable shift in demand in the last quarter of the year. There were fewer bidders for each farm than earlier in the year and this resulted in some surprising sales to end 2023. In multiple areas where values had been \$30,000-\$40,000 per acre for the year prior, there were a few farm sales that came in lower than \$30,000 per acre. Although I try to avoid the rumour-mill, it was notable for the first time that I can recall that the buzz in the countryside was about these lower sales and not about the new high sale. As a few months have passed since those sales, and a few additional farms have been sold in those areas at near new highs, it is apparent that the market is extremely variable and that the range of values is large.

It is this variability and expansive range that I believe will best describe our farmland market in 2024. For those farmers that have the means (think cash flow rather than equity), there will likely be several buying opportunities in 2024. The key for those producers will be picking their spot as there will be farms that garner big interest and result in big prices, as well as farms that have limited demand and will result in the potential for a 'deal'.

I wish everyone a prosperous 2024 and look forward to seeing many of you in my travels across farm country.

This report and all the contents of this report are proprietary and cannot be used in or for any type of presentation, appraisal, or separate study without written permission from the Author. Any violation of this copyright will be viewed as a direct infringement of the copyright of this report.

To view the Full Disclaimer please refer to the last page of the Report.

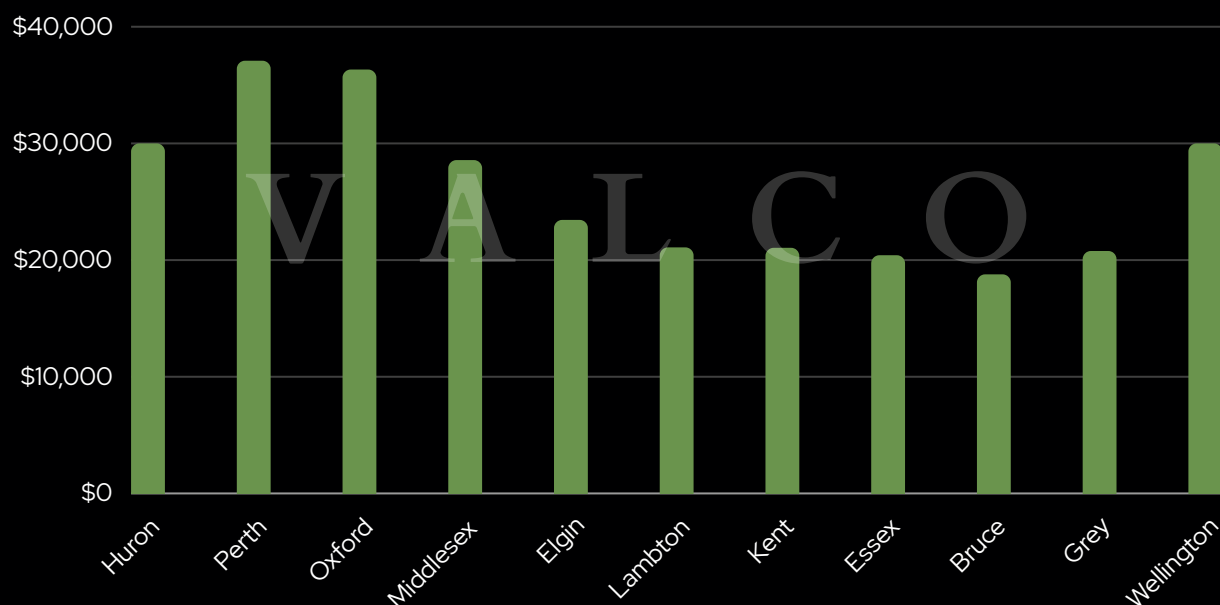


Figure 1: Median land values for 2023

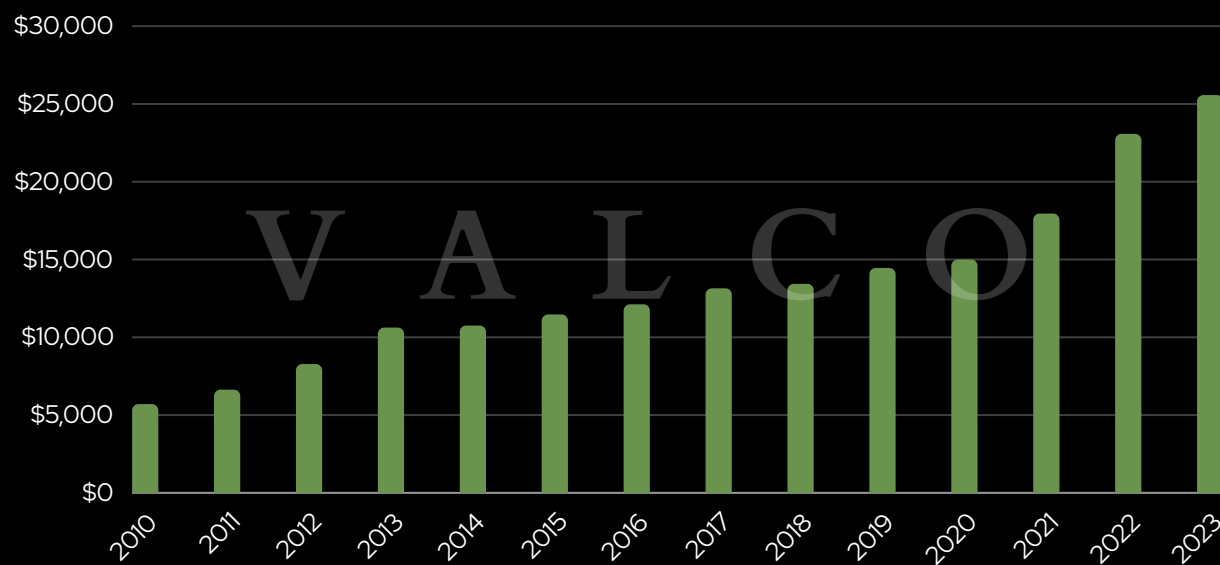
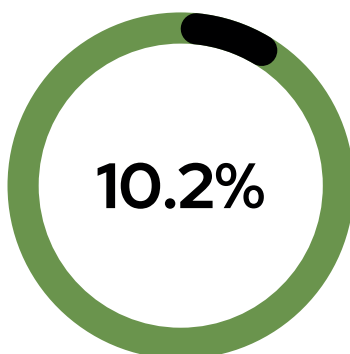


Figure 2: Median land values for all included counties

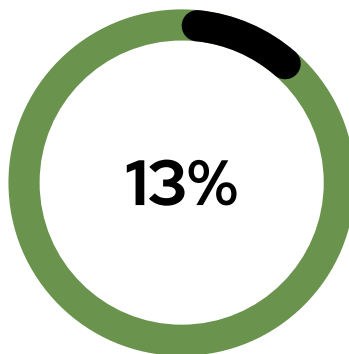
SOUTHWESTERN ONTARIO LAND VALUES

CHANGE IN VALUES

2022 to 2023 Average Change
Among All 11 Counties



2010 to 2023 Average Change
Among All 11 Counties



Median 2023 Land Value



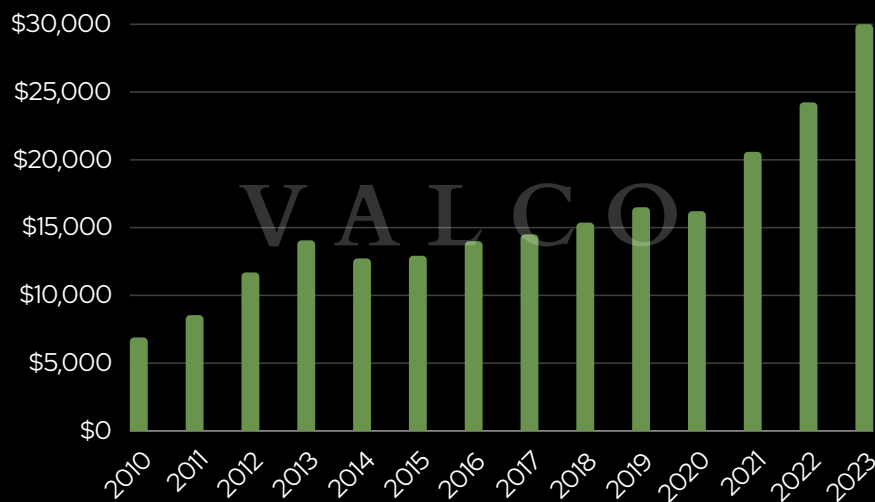


Figure 1: Median land values for Huron County

2022-2023

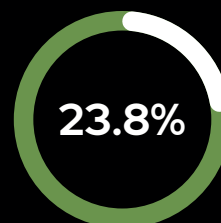
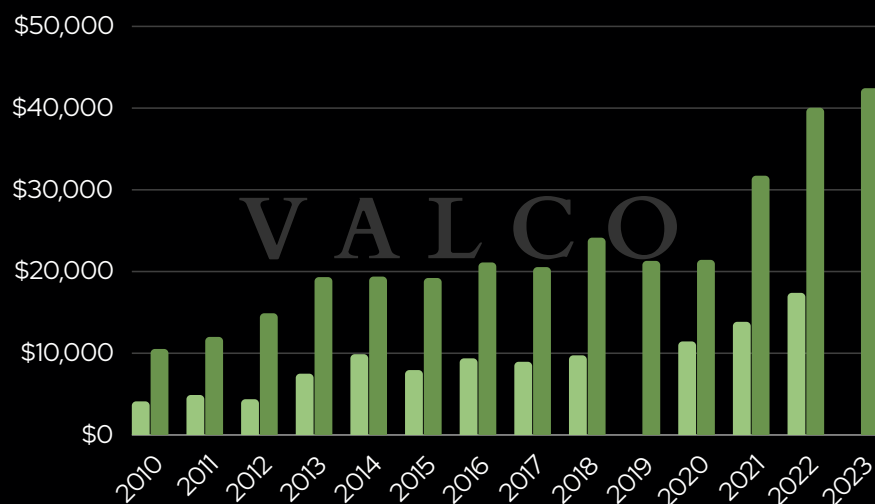
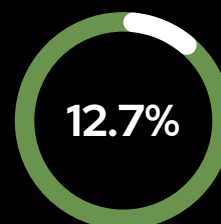
Figure 3:
Average
Change

Figure 2: Low and High land values for Huron County

2010-2023

Figure 4:
Average
Change

HURON COUNTY

Huron County's 5 Year Average Crop Yields (bushels/acre)

Corn	171
Soybeans	53
Winter Wheat	94

2022 Top Farm
Cash Receipt

Hogs
\$379,480,000

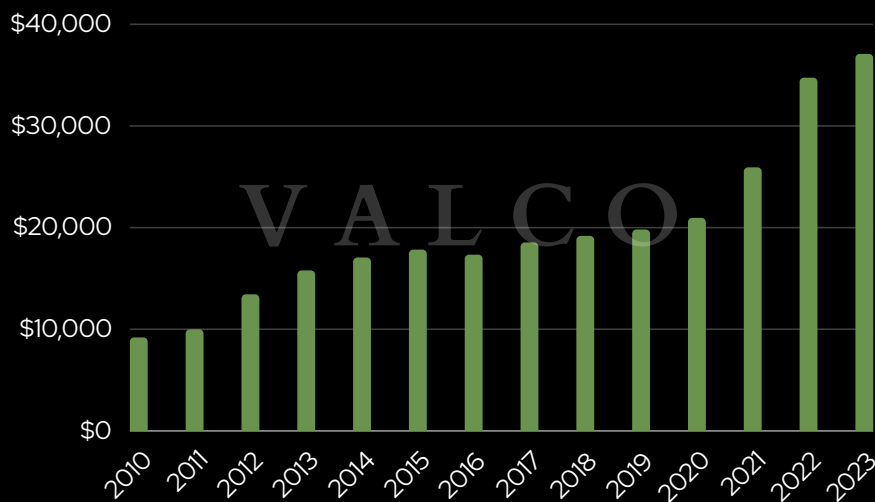


Figure 1: Median land values for Perth County

2022-2023

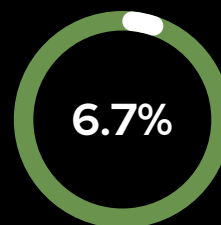
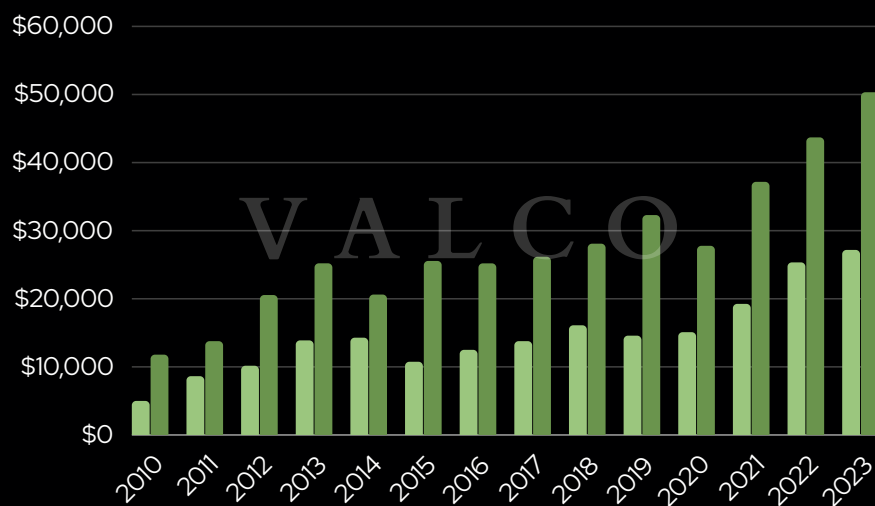
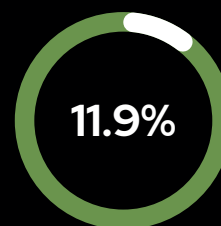
Figure 3:
Average
Change

Figure 2: Low and High land values for Perth County

2010-2023

Figure 4:
Average
Change

PERTH COUNTY

Perth County's 5 Year Average Crop Yields (bushels/acre)

Corn	177
Soybeans	54
Winter Wheat	96

2022 Top Farm
Cash Receipt

Hogs
\$324,010,000



Figure 1: Median land values for Oxford County

2022-2023

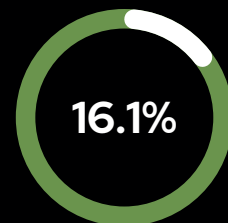
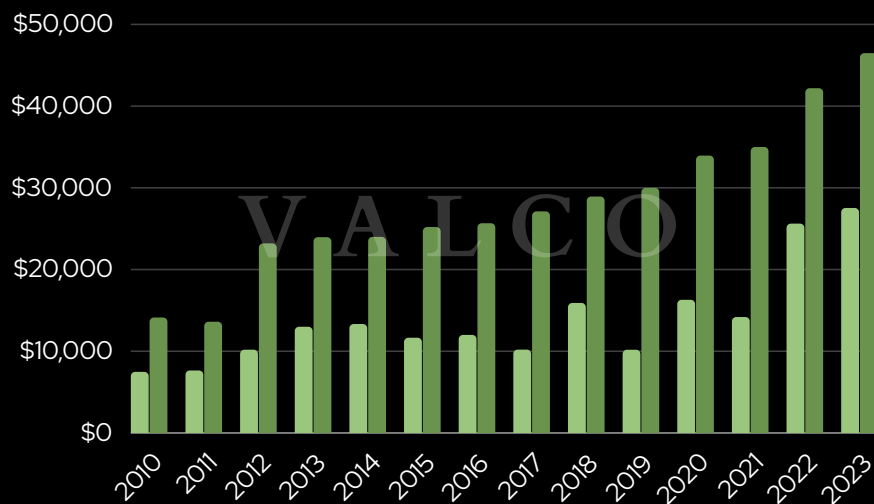
Figure 3:
Average
Change

Figure 2: Low and High land values for Oxford County

2010-2023

Figure 4:
Average
Change

OXFORD COUNTY

Oxford County's 5 Year Average Crop Yields (bushels/acre)

Corn	178
Soybeans	54
Winter Wheat	97

2022 Top Farm
Cash Receipt

Dairy
\$337,200,000

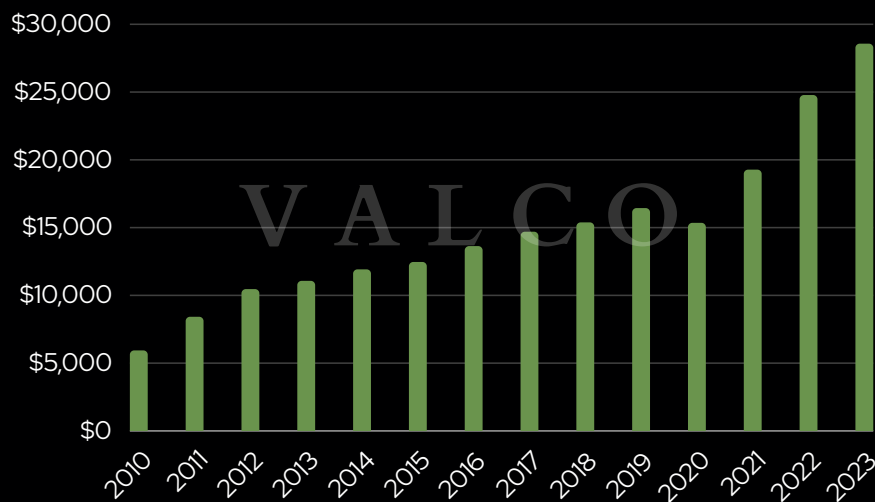


Figure 1: Median land values for Middlesex County

2022-2023

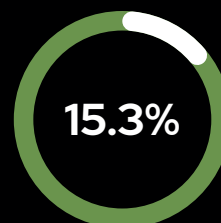
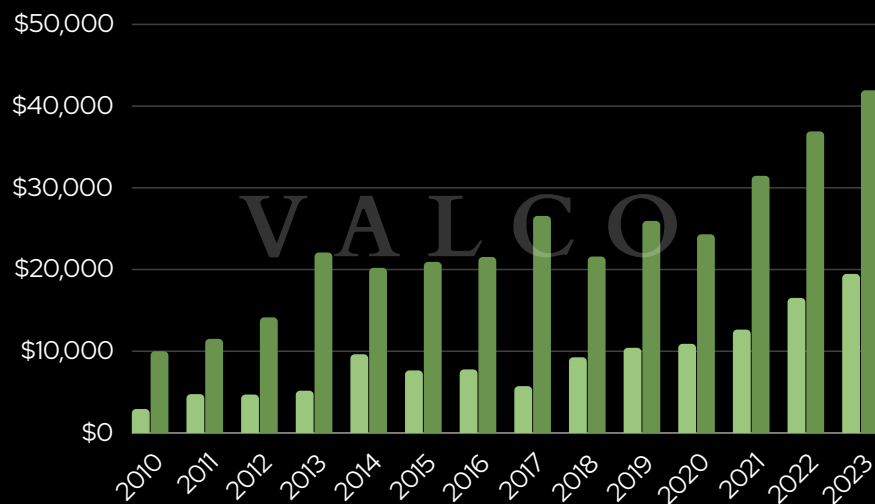
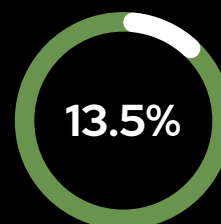
Figure 3:
Average
Change

Figure 2: Low and High land values for Middlesex County

2010-2023

Figure 4:
Average
Change

MIDDLESEX COUNTY

Middlesex County's 5 Year Average Crop Yields (bushels/acre)

Corn	177
Soybeans	53
Winter Wheat	90

2022 Top Farm
Cash Receipt

Corn
\$250,780,000

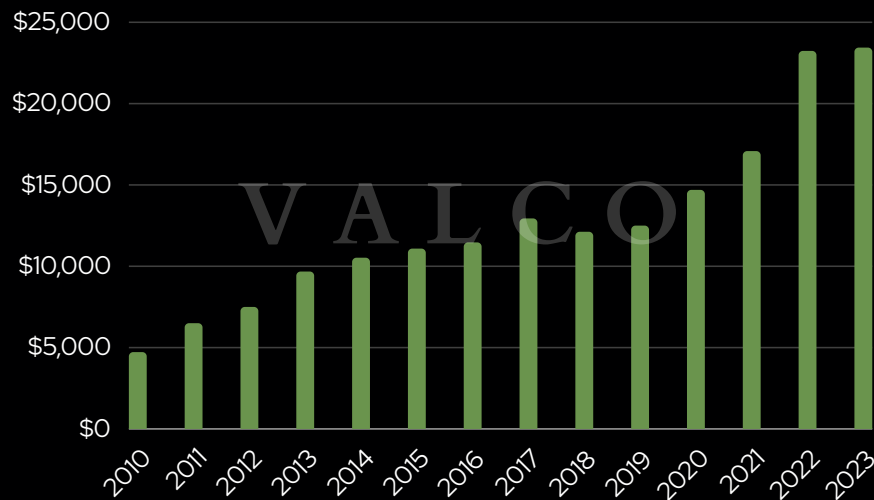


Figure 1: Median land values for Elgin County

2022-2023

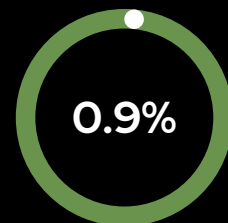
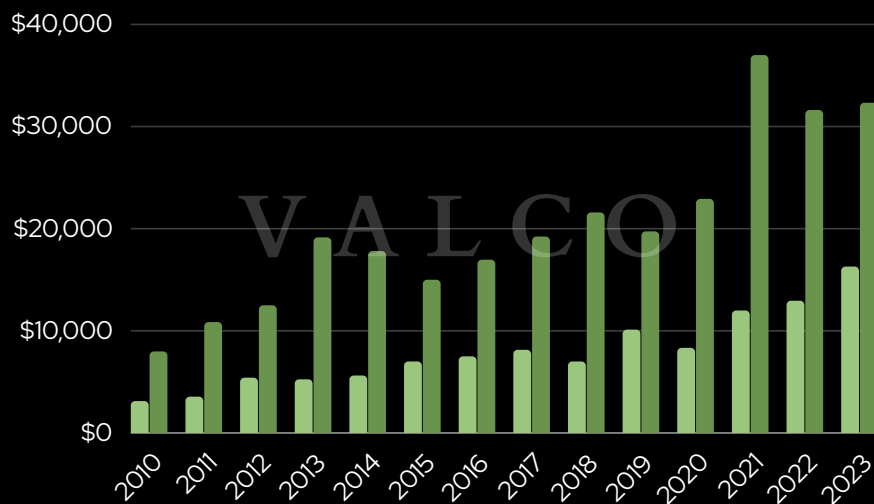
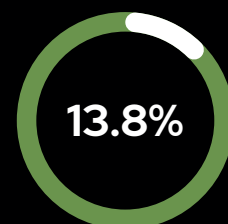
Figure 3:
Average
Change

Figure 2: Low and High land values for Elgin County

2010-2023

Figure 4:
Average
Change

ELGIN COUNTY

Elgin County's 5 Year Average Crop Yields (bushels/acre)

Corn	177
Soybeans	53
Winter Wheat	88

2022 Top Farm
Cash Receipt

Corn
\$203,320,000

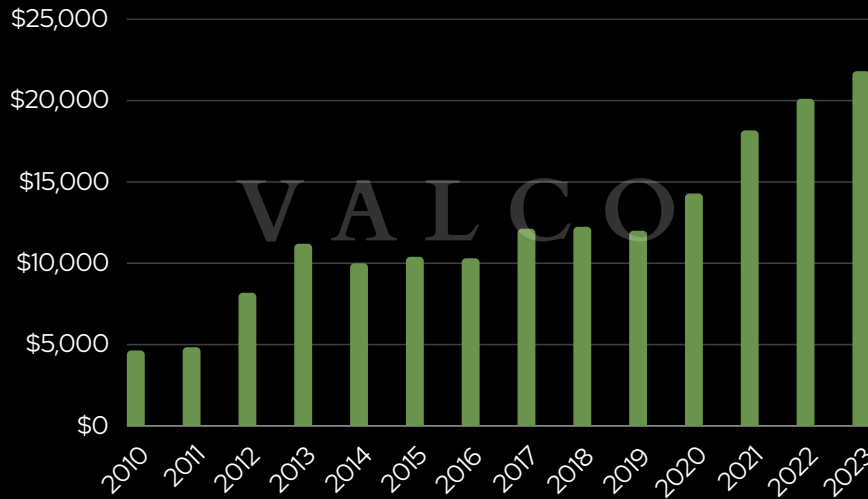


Figure 1: Median land values for Lambton County

2022-2023

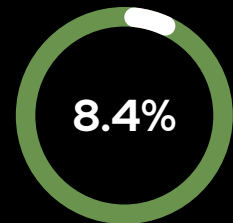
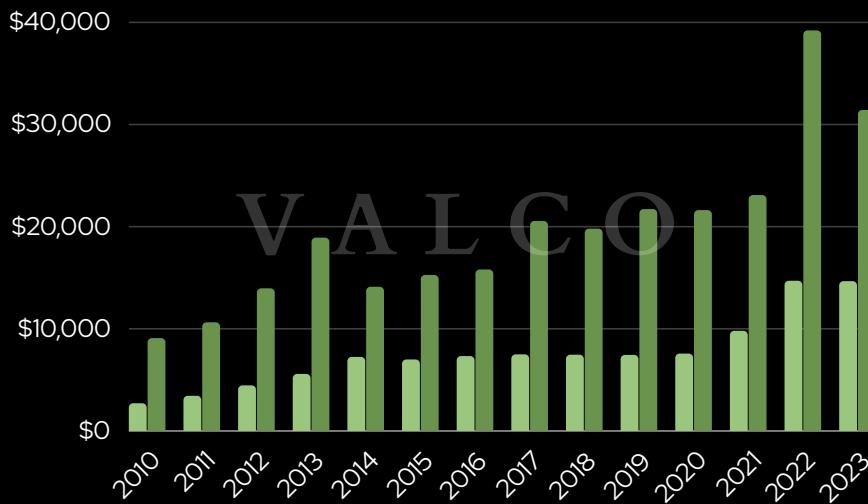
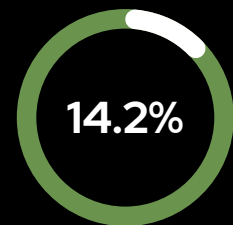
Figure 3:
Average
Change

Figure 2: Low and High land values for Lambton County

2010-2023

Figure 4:
Average
Change

LAMBTON COUNTY

Lambton County's 5 Year Average Crop Yields (bushels/acre)

Corn	172
Soybeans	49
Winter Wheat	80

2022 Top Farm
Cash Receipt

Soybeans
\$278,660,000

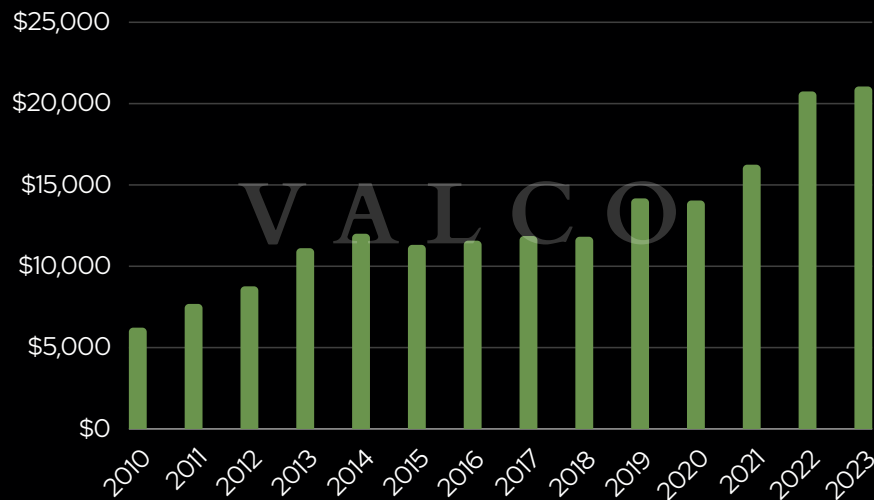


Figure 1: Median land values for Kent County

2022-2023

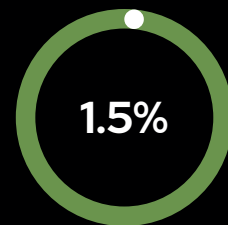
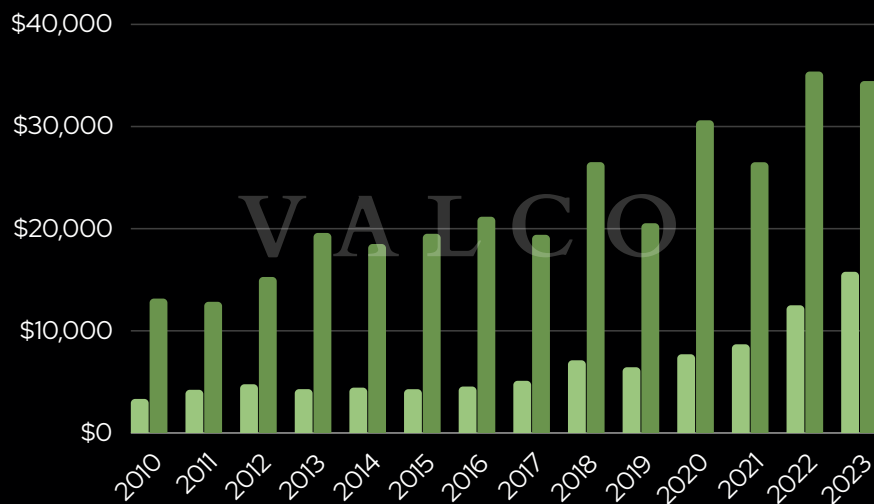
Figure 3:
Average
Change

Figure 2: Low and High land values for Kent County

2010-2023

Figure 4:
Average
Change

KENT COUNTY

Kent County's 5 Year Average Crop Yields (bushels/acre)

Corn	183
Soybeans	53
Winter Wheat	92

2022 Top Farm
Cash Receipt**Soybeans**
\$272,020,000

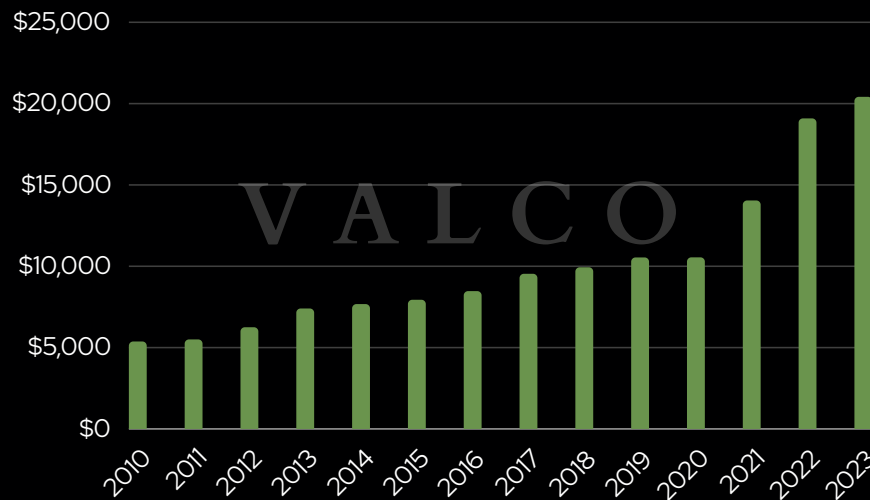


Figure 1: Median land values for Essex County

2022-2023

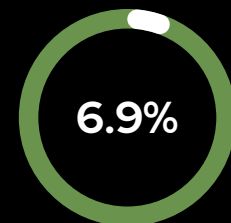
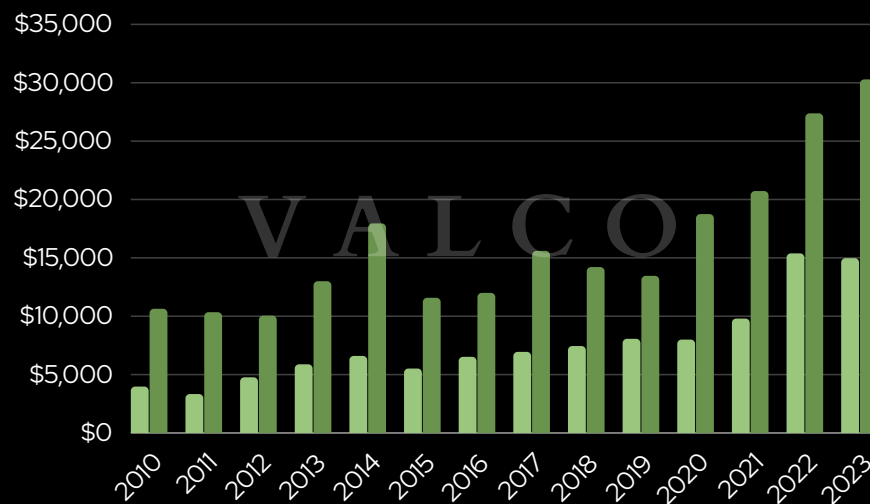
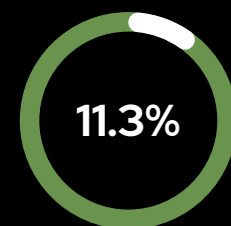
Figure 3:
Average
Change

Figure 2: Low and High land values for Essex County

2010-2023

Figure 4:
Average
Change

ESSEX COUNTY

Essex County's 5 Year Average Crop Yields (bushels/acre)

Corn	171
Soybeans	52
Winter Wheat	77

2022 Top Farm
Cash Receipt

Greenhouse Vegetables
\$1,086,540,000

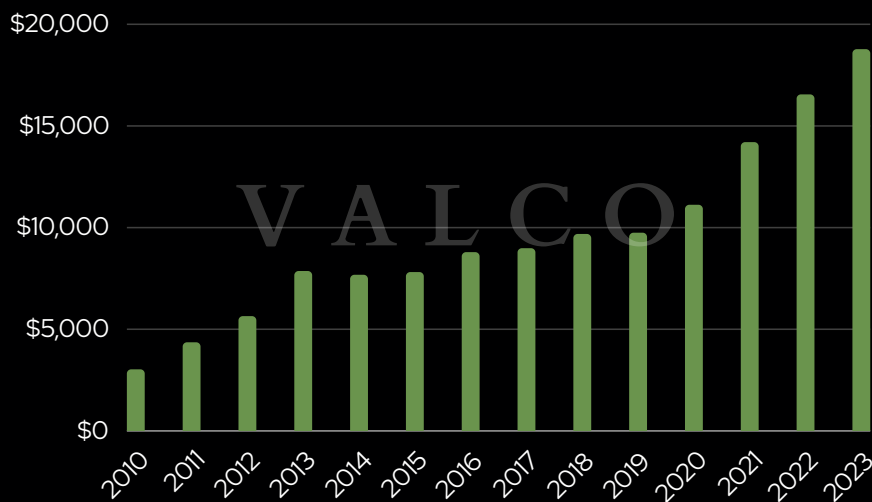


Figure 1: Median land values for Bruce County

2022-2023

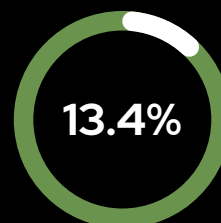
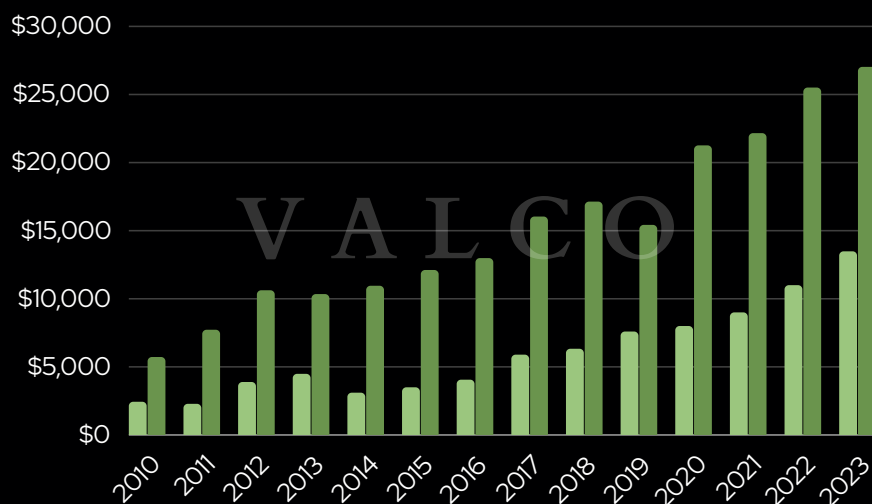
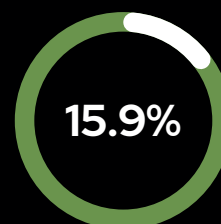
Figure 3:
Average
Change

Figure 2: Low and High land values for Bruce County

2010-2023

Figure 4:
Average
Change

BRUCE COUNTY

Bruce County's 5 Year Average Crop Yields (bushels/acre)

Corn	163
Soybeans	50
Winter Wheat	91

2022 Top Farm
Cash Receipt

Beef
\$218,050,000

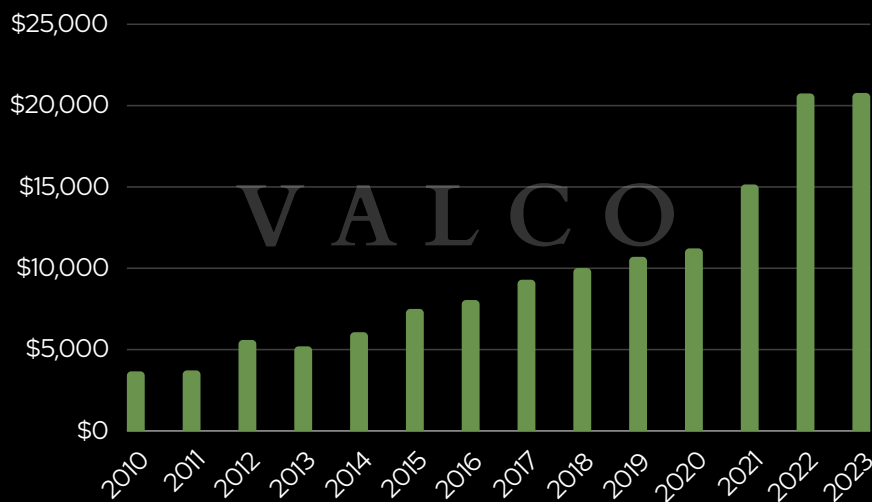


Figure 1: Median land values for Grey County

2022-2023

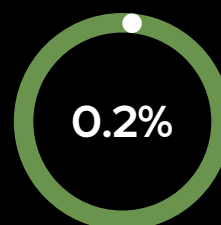
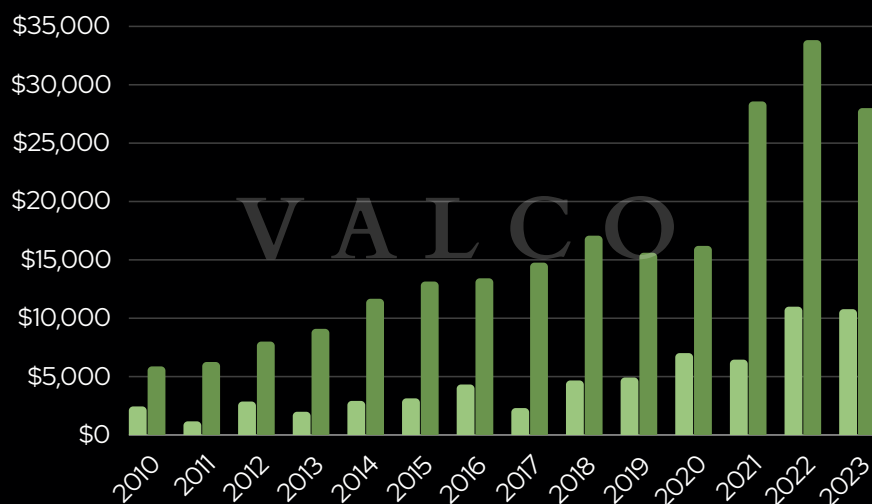
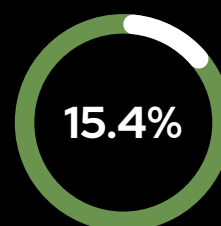
Figure 3:
Average
Change

Figure 2: Low and High land values for Grey County

2010-2023

Figure 4:
Average
Change

GREY COUNTY

Grey County's 5 Year Average Crop Yields (bushels/acre)

Corn	154
Soybeans	47
Winter Wheat	87

2022 Top Farm
Cash Receipt

Beef
\$157,600,000

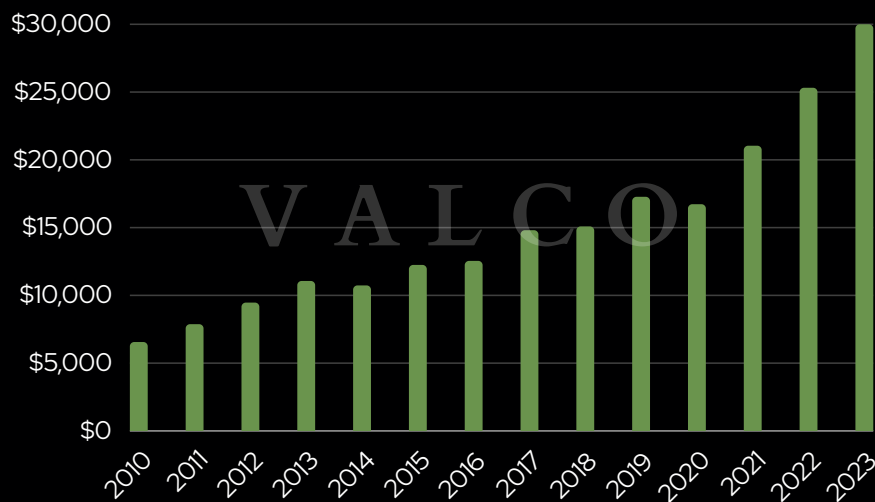


Figure 1: Median land values for Wellington County

2022-2023

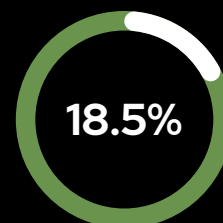
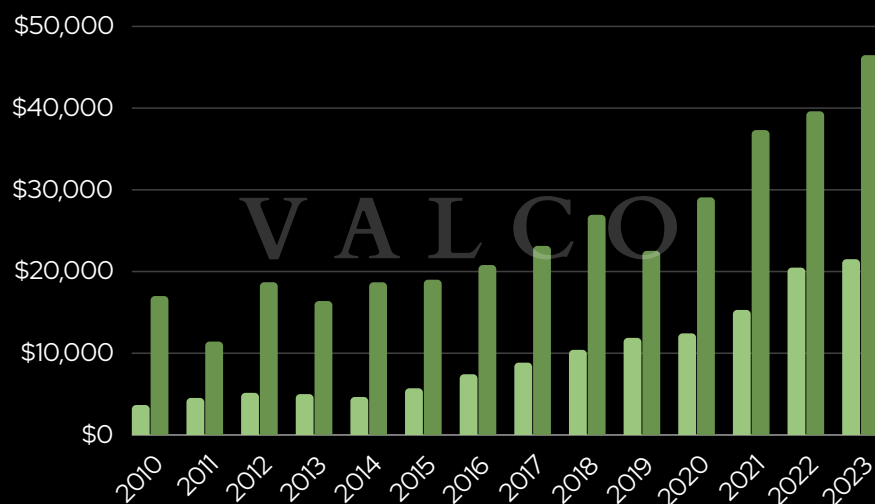
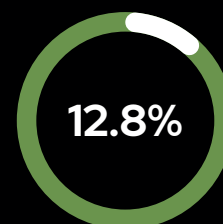
Figure 3:
Average
Change

Figure 2: Low and High land values for Wellington County

2010-2023

Figure 4:
Average
Change

WELLINGTON COUNTY

Wellington County's 5 Year Average Crop Yields (bushels/acre)

Corn	165
Soybeans	51
Winter Wheat	90

2022 Top Farm
Cash Receipt

Dairy
\$254,550,000



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 2023 were selected for the 2023 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 2022, 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.

This report and all the contents of this report cannot be relied on for any financing, accounting, litigation, expropriation, and/or any other use without written permission from the author. This report and the studies were completed as an informative tool and were completed independently for no particular client.

This report and all the contents of this report are proprietary and cannot be used in or for any type of presentation, appraisal, or separate study without written permission from the author. Any violation of this copyright will be viewed as a direct infringement of the copyright of this report.



CONTACT



RYAN R. PARKER B.COMM, AACI, P.APP, P.AG
Partner and Agricultural Appraiser at
Valco Consultants Inc.

519-709-3088
rparker@valcoconsultants.com