



2017 Farmland Value and Rental Value Survey

Summary of Findings

March 2018

Survey Description:

The data provided in this report is from 2367 Ontario respondents who participated in an online survey between January 23rd and February 5th in 2018. Respondents were asked a number of questions about farmland, farmland values, and rental rates for the previous year, 2017. Many respondents did not answer specific questions, so we provide you with the number of responses for each question that we report.

A total of 19,472 potential respondents were contacted by email with the support of OFA. The cooperation of OFA and OMAFRA, and the survey respondents, is greatly appreciated. However, any mistakes in the survey should be attributed to the above contact person.

When interpreting the results presented in this report, a few issues should be kept in mind. First, respondents were not randomly sampled from each region, and therefore results are not necessarily representative of each region. Instead, results reflect the responses of those who voluntarily answered the survey. We recognize that rental rates and land prices can vary considerably within a region, and for this reason the survey asked questions with the aim of eliciting information about central tendencies – e.g., *average cash rent for average quality cropland* in a region. Admittedly, respondents' knowledge of this information varies with respect to accuracy. And importantly, rental rates and farmland values can vary considerably depending on individual parcel characteristics. **For this reason, these results will not be useful in assigning a particular rental rate or land value to a specific parcel.** It is also important to note that **reported results on land values are not derived from actual farm sales or specific rental contracts.**

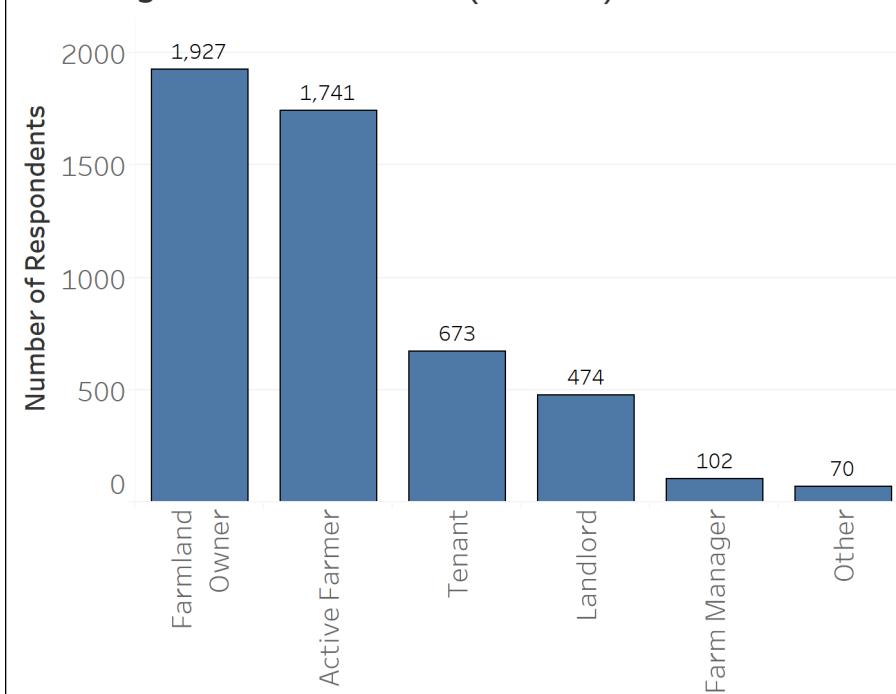
At the regional level, we report median values for per-acre rental rates and land prices. In most cases, these median values are close to the mean values. That said, in a small number of cases the median and mean rental rate or price in a region differ considerably, and in these cases we report the mean in a footnote.

Additional survey updates will be provided here: https://www.uoguelph.ca/fare/bios/f_deaton.html, and on twitter: @BradyDeatonJr.

Respondent Breakdown

Figure 1 below presents the number of survey respondents who classified themselves into the following categories: farmland owner, active farmer, tenant, landlord, farm manager, and 'other'. We asked respondents to select all applicable categories, and therefore the categories displayed below are not mutually exclusive (ex. approximately 73% of respondents who identified themselves as a "farmland owner" also identified themselves as an "active farmer").

Figure 1: "How would you describe your relationship to the agricultural sector?" (n=2367)



Note: Categories with less than 20 responses were bundled into the 'Other' category shown above. This included: Assessors (3), Realtors (16), Lenders (9), Government employees with a focus on the agricultural sector (10), and 'other – respondent specified' (32).

Key Respondent Characteristics

Table 1 below displays summary data for key respondent characteristics, including what they reported about their owned and rented farmland. For each variable we provide the number of responses (n), central tendencies (mean and median), standard deviation, maximum and minimum values.

Table 1: Key Characteristics of Farm Operators and Farm Operations

Respondent Characteristic	n	Mean	Median	Std. Dev.	Min	Max
Age	2299	59.31	61	12.09	24	99
Sex (Male=0, Female=1)	2327	0.13	0	0.34	0	1
Acres Owned	2152	272.23	150	387.49	1	8000
Acres Rented, Leased, Cropshared or Custom Farmed in	1133	285.41	150	521.60	1	8000
Ratio of Acres Rented, Leased, Cropshared or Custom Farmed in to Acres Owned ¹	1083	2.92	0.67	34.43	0.0025	950
Number of Landlords ²	1069	3.59	2	4.04	1	20
Landlords Require Stipulations (1=yes, 0=no/NA)	1065	0.25	0	0.43	0	1

¹This ratio was calculated by dividing acres rented, leased, cropshared or custom farmed in by acres owned for each respondent that reported both owning land and operating land as a tenant.

²Respondents were allowed a maximum response of '20+' for this question, and these responses were treated as '20' for the purposes of generating summary statistics.

Farmland Rental Rates and Farmland Values by Region

The following table provides per tillable acre values for median cash rent and median price of farmland in each region surveyed. The survey questions used to elicit these values are identified in the table column headings. Respondents answered these questions for the region that they were most familiar with, and these regions are indicated in the first column of the table.

The final column of the table provides a rent/price ratio for each region, expressed in percentage terms. These rent/price ratios were calculated by taking the median reported cash rental value in each region and dividing it by the median reported price. These ratios are an approximation of net-income divided by property value, which is often referred to as the capitalization rate – or "cap-rate". This measure does not account for a host of important factors (ex. taxes, land appreciation, etc.). Nonetheless, it is useful for comparing and assessing the returns to an asset like farmland. In our survey, the cap-rates appear relatively low compared to historic comparisons in other places (see, for example: <http://bit.ly/2nZ9kqO>). One long term goal of this survey is to continue to collect this measure over time, in order to compare present information with historic trends.

We only report median rental rates and prices for regions that had more than 10 responses for each. We provide the number of responses used to generate these medians for each region reported (N).

Table 2: Farmland Rental Rates and Farmland Values by Region

Region	Survey Question		Rent/Price Ratio (%)
	In 2017, approximately what was the typical (or average) cash rent for [average quality cropland], per tillable acre, in the region that you selected? [Median reported]	In 2017, approximately what was the typical (or average) price, per tillable acre, for average quality cropland in this region? [Median reported]	
Brant (Census Division)	200 (N=29)	12000 (N=31)	1.7%
Bruce (County)	200 (N=65)	8500 (N=70)	2.4%
Chatham-Kent (Census Division)	250 (N=68)	12000 (N=79)	2.1%
Dufferin (County)	100 (N=22)	10000 (N=21)	1.0%
Durham (Regional Municipality) ¹	100 (N=43)	10200 (N=43)	1.0%
Elgin (County)	250 (N=54)	12000 (N=51)	2.1%
Essex (County)	200 (N=58)	9000 (N=67)	2.2%
Grey (County)	100 (N=49)	7000 (N=52)	1.4%
Haldimand-Norfolk (Census Division)	200 (N=76)	10000 (N=76)	2.0%
Halton (Regional Municipality) ²	50 (N=13)	25000 (N=13)	0.2%
Hamilton (Census Division)	150 (N=16)	12000 (N=11)	1.3%

¹The mean price in this region is significantly higher than the median, at approximately \$15,814. The rent/price ratio calculated with this higher mean price would be 0.6%.

²Both the mean rental rate and mean price are significantly higher than the median in this region. The mean reported rental rate is approximately \$94, and the mean reported price is \$39,200. However, the rent/price ratio calculated with these higher means would be unchanged, at 0.2%.

Table 2 (Continued): Farmland Rental Rates and Farmland Values by Region

Region	Survey Question		Rent/Price Ratio
	In 2017, approximately what was the typical (or average) cash rent for [average quality cropland], per tillable acre, in the region that you selected? [Median reported]	In 2017, approximately what was the typical (or average) price, per tillable acre, for average quality cropland in this region? [Median reported]	
Hastings (County) ³	25 (N=17)	3000 (N=23)	0.8%
Huron (County)	250 (N=95)	14600 (N=103)	1.7%
Kawartha Lakes (Census Division)	100 (N=21)	7000 (N=19)	1.4%
Lambton (County)	250 (N=60)	10000 (N=66)	2.5%
Leeds and Grenville (United Counties)	50 (N=21)	3000 (N=27)	1.7%
Middlesex (County)	250 (N=78)	14000 (N=88)	1.8%
Niagara (Regional Municipality) ⁴	50 (N=27)	8100 (N=38)	0.6%
Northumberland (County)	50 (N=25)	4000 (N=25)	1.3%
Ottawa (Census Division)	150 (N=32)	9500 (N=32)	1.6%
Oxford (County)	250 (N=80)	20000 (N=84)	1.3%
Peel (Regional Municipality)	50 (N=12)	50000 (N=13)	0.1%
Perth (County)	300 (N=77)	18400 (N=81)	1.6%
Peterborough (County)	50 (N=22)	4800 (N=22)	1.0%
Prescott and Russell (United Counties)	150 (N=26)	10000 (N=34)	1.5%
Prince Edward (Census Division)	50 (N=16)	5000 (N=18)	1.0%
Renfrew (County) ⁵	50 (N=14)	4000 (N= 19)	1.3%
Simcoe (County)	100 (N=54)	10000 (N=51)	1.0%
Stormont, Dundas and Glengarry (United Counties)	200 (N=59)	10000 (N=71)	2.0%
Waterloo (Regional Municipality)	200 (N=24)	20000 (N=25)	1.0%
Wellington (County)	150 (N=62)	12600 (N=64)	1.2%
York (Regional Municipality) ⁶	100 (N=14)	15800 (N=18)	0.6%

³The mean rental rate in this region is significantly higher than the median, at approximately \$51. The rent/price ratio calculated with this mean rental rate would be 1.7%.

⁴Both the mean rental rate and mean price in this region were significantly higher than the medians. The mean reported rental rate is approximately \$148, and the mean reported price is approximately \$13,482. The rent/price ratio calculated with these means would be 1.1%.

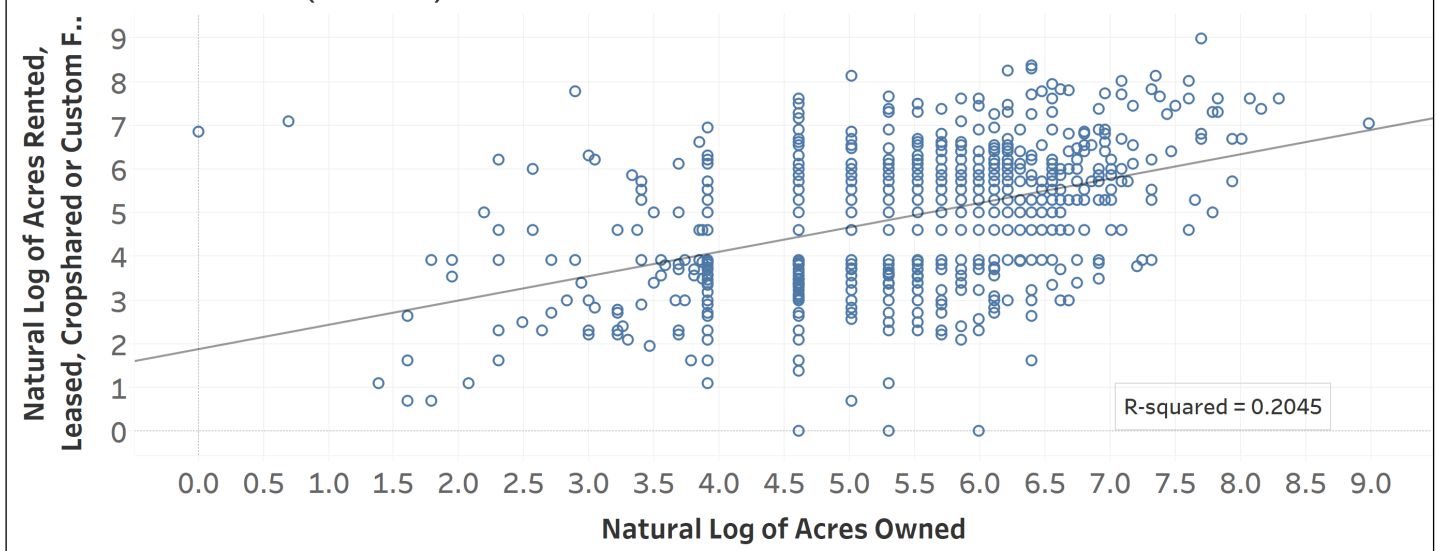
⁵The mean rental rate in this region is significantly higher than the median, at approximately \$84. The rent/price ratio calculated with this mean rental rate would be 2.1%.

⁶The mean price in this region is significantly higher than the median, at approximately \$28,383. The rent/price ratio calculated with this mean price would be 0.4%.

Land Owned vs. Land Rented, Leased, Cropshared or Custom Farmed

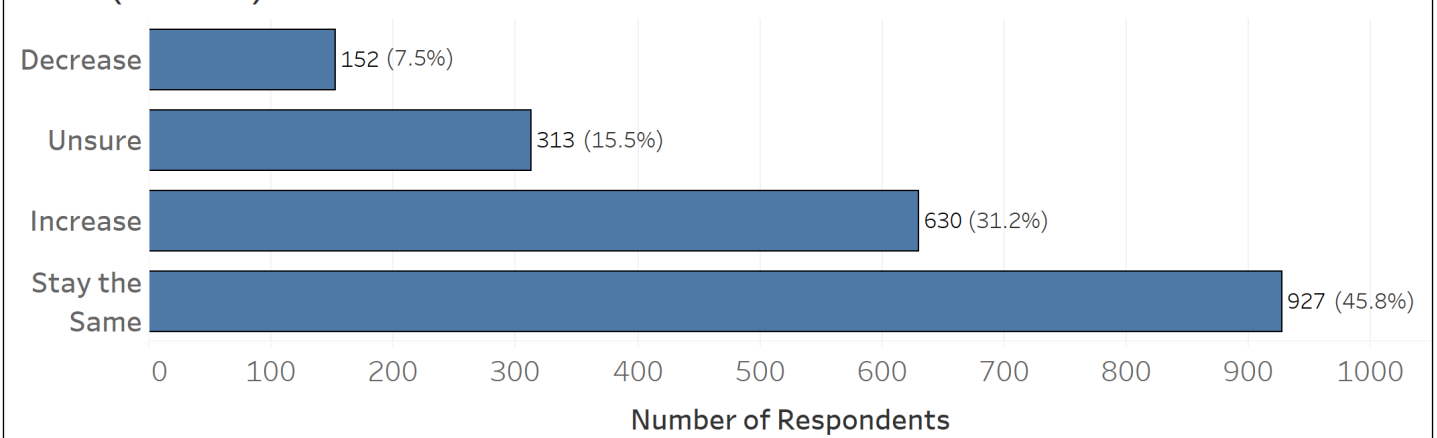
Respondents were asked to report the number of acres that they own, and the number of acres that they operate as tenants through cash rent, lease, cropshare or custom farming arrangements. The graph below plots responses for acres owned vs. acres operated as a tenant, for respondents who reported both (i.e. respondents who operated on their own land, and land owned by others in 2017). The natural logs of these values have been used to control for outliers (i.e. very large values that could skew the data and prevent the observation of a trend). A linear trendline through this data has been provided, with an R-squared value. The distribution of this data indicates that the more farmland an operator owns, the more land they are likely to rent, lease, cropshare or custom farm in.

Figure 2: Natural Log of Acres Owned vs. Natural Log of Acres Rented, Leased, Cropshared or Custom Farmed (n=1083)



Respondent Perceptions of Changing Farmland Prices

Figure 3: "Over the next 12 months, do you expect farmland prices in this region to..." (n=2022)



Respondent Perceptions of Farmland Buyers

Respondents were asked to report their perception of the percentage of farmland sales in their region that had been made by farmers in the past 12 months. For the overall sample (1154 respondents answered this question), the median reported percentage of farmland sales to farmers was 85% (the mean was lower, at 73%). However, there was considerable spatial variation in responses to this question. Table 3 below provides the median reported percentage of farmland sales to farmers in each region surveyed. As with the rent and price data, we only report regions that had greater than 10 responses to this question, and the number of responses for each region is given in the table (N).

Table 3: “During the past 12 months, approximately what percentage of farmland purchases in [familiar] region were made by farmers?”

Region	Median Reported Perceived Percentage of Farmland Sales Made by Farmers
Brant (Census Division)	82.5% (N=18)
Bruce (County)	92.5% (N=52)
Chatham-Kent (Census Division)	90% (N=59)
Dufferin (County)	65% (N=17)
Durham (Regional Municipality)	40% (N=31)
Elgin (County)	85% (N=43)
Essex (County)	75% (N=38)
Grey (County)	90% (N=39)
Haldimand-Norfolk (Census Division)	90% (N=57)
Hamilton (Census Division)	20% (N=11)
Hastings (County)	50% (N=15)
Huron (County)	95% (N=77)
Kawartha Lakes (Census Division)	82.5% (N=22)
Lambton (County)	90% (N=52)
Lanark (County)	97.5% (N=12)
Leeds and Grenville (United Counties)	77.5% (N=22)
Middlesex (County)	85% (N=63)
Niagara (Regional Municipality)	50% (N=26)
Northumberland (County)	50% (N=16)
Ottawa (Census Division)	90% (N=24)
Oxford (County)	95% (N=67)
Perth (County)	100% (N=69)
Peterborough (County)	30% (N=20)
Prescott and Russell (United Counties)	90% (N=19)
Prince Edward (Census Division)	50% (N=15)

Table 3 (Continued): “During the past 12 months, approximately what percentage of farmland purchases in [familiar] region were made by farmers?”

Census Division	Median Reported Perceived Percentage of Farmland Sales Made by Farmers
Renfrew (County)	92.5% (N=16)
Simcoe (County)	50% (N=42)
Stormont, Dundas and Glengarry (United Counties)	95% (N=52)
Waterloo (Regional Municipality)	67.5% (N=14)
Wellington (County)	90% (N=44)
York (Regional Municipality)	0% (N=15)