

Agribusiness & Real Estate Webinar Series

Course 1 - Buying and Selling Agricultural Properties

Marc Aubin – AREA 2021 Director and member
Mark Fournier – Olds College

Presented by:



Time	Topic
0 - 5 minutes	Introduction to course, introduction of speakers
5 - 20 minutes	Differences between rural and farm real estate transactions
20 - 40 minutes	The basics of listing farm and farmland Overview on the common types of farms in Alberta
40 - 55 minutes	Question and Answer period
55 - 60 minutes	Overview of other courses in this series

AGENDA

Farming Trends in Canada: Farmland will be selling in the future

FCC Survey Shows Most Farmers Would Consider Transition Plan

Category: Agriculture News MB
Published: Saturday, 06 February 2021 22:00
Written by Cory Knutt



Most producers say they would consider a transition plan as a possible risk management strategy for their operations, according to a recent Farm Credit Canada (FCC) risk management survey.

- Majority of farms operate without a formal transition plan.
- It is estimated that over the next 10 years, 75% of farms will change hands, but only 8% have a transition plan.
- An FCC Vision Panel survey of just over 1,700 producers – done in partnership with Farm Management Canada (FMC) – showed almost 40 per cent of respondents experienced high to moderate stress from farm transition considerations. The survey also showed about a quarter of those respondents (12 per cent) indicated farm transition considerations kept them up a night.

Farming Trends in Canada: Increase in Farmland Values

Average increase in farmland values			
	January 2020 – June 2020 (six months)	July 2019 – June 2020 (12 months)	January 2019 – December 2019 (12 months)
B.C.	3.0%	3.2%	5.4%
Alta.	4.9%	8.5%	3.3%
Sask.	4.2%	7.9%	6.2%
Man.	2.3%	3.6%	4.0%
Ont.	0.4%	3.7%	6.7%
Que.	2.6%	6.3%	6.4%
N.B.	6.5%	8.3%	17.2%
N.S.	0.0%	0.3%	1.2%
P.E.I.	0.4%	22.1%	22.6%
N.L.	N/A	N/A	N/A
Canada	3.7%	7.1%	5.2%

Source: <https://discoverairdrie.com/ag-news/agriculture-news-ab/farmland-values-increase-during-first-half-of-2020>

Farming Trends in Alberta: Increase in Farmland Values

< The Owl

Bucking the trend: Agriculture in Alberta doing well in 2020

Farm cash receipts in Alberta were up by 13 per cent in the third quarter of 2020 compared to the same period last year

By ATB Economics | 26 November 2020 | 1 min read

- Farm cash receipts in Alberta increased by 13% in the 3rd quarter of 2020.
- Year over year, farm receipts have increased by 4%.
- Crop receipts increased by 10% over 2019.
- Livestock receipts increased by 4% over 2019.

Source: <https://www.atb.com/company/insights/the-owl/bucking-the-trend/>

Farming Trends in Alberta: Ag market trends for 2021

Ag markets trends for 2021: What do we need to watch?

By Ed White

Reading Time: 4 minutes

Published: January 4, 2021
Crops, Markets, News



Canada's Agricultural Market is bullish, 2020 was a good year and 2021 is starting out well.

- Crop markets like canola and corn are booming.
- Weather in Southern Hemisphere has hurt crops so there is a strong demand for Canadian crops.
- Demand in China for Canadian crops.
- Farmland values continue to rise.

What is an Acreage vs What is a Farm

- The first place to look is always through the title where you can review the instruments on the title.
 - Have the seller provide you with the documents of any instrument you need.
 - The seller can obtain this through their lawyers.
 - Zoning is the next place to determine the status of the property.
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- LAND USE BYLAW & ZONING MAPS:
 - The Land Use Bylaw (LUB) is tool by which we achieve policy direction set out in the higher-level documents such as the Municipal Development Plan (MDP) or Area Structure Plans (ASP).
 - Most, if not every county has a Land Use Bylaw & Zoning Map.
 - CR1 is an example of Acreage Zoning.
 - AG is an Example of Farm Zoning.

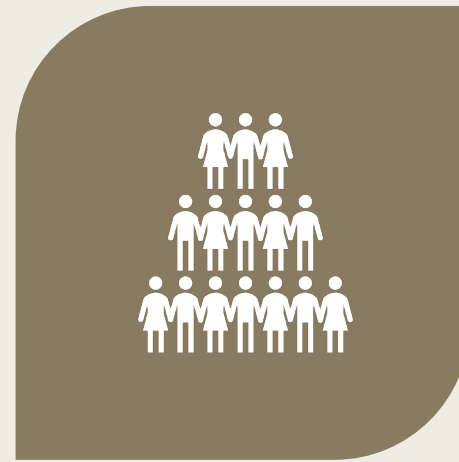
Acreage

- Most acreages will come with an RPR.
- RPR's need to be current.
- Septic Field Reports and diagrams. (is it a grandfathered system and will it follow the new owners?)
- Especially in old farmyards that have been parceled out.
- Every building needs a permit.
- Much higher taxes.

Acreage and Farms



WHERE'S WALDO?



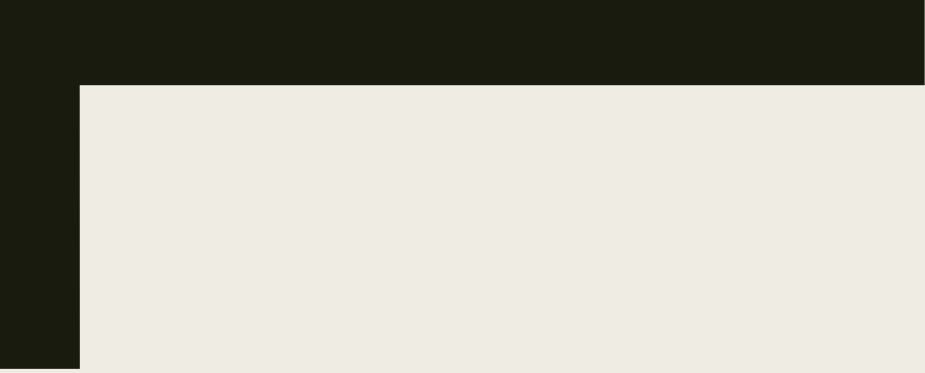

WHO'S WALDO?

Acreages and Farms

- The name of that “Owners old Combine or Tractor.”
- Normally doesn't have any indicators like a tombstone..
- Aka latent defect
- When they start kicking the gravel... dig deeper!
- 20-million-dollar sale.. 400 acres in 2006.. GREAT DAY!!! Or was it?

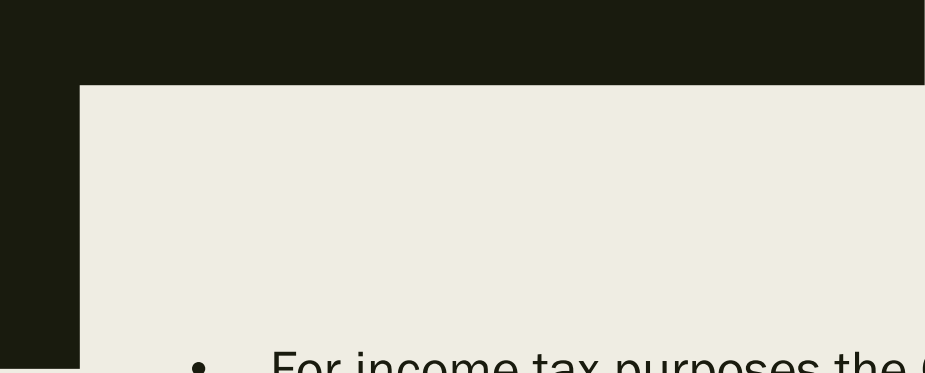

Acreage Owners and Farmers: Know your Audience

- Acreage sellers are normally people who have off-farm income and careers. So, when you deal with Acreage owners its like dealing with an urban homeowner.
- Farmers are usually very different from the acreage owner. Not a bad thing just understand you will probably get funny looks if you walk in dressed like a lawyer or worse... The Banker!!
- Dress the part and start immediately building rapport. Farmers do not play well with strangers...
- Today's farmer is very sophisticated and well read. Do your research prior to your meeting. "Time" is something every farmer cherishes.. So, don't waste it... EVER!!
- Know the seasons...

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- For the purposes of the municipality, they will need to have the property in agricultural production for it to be taxed at the farm property tax rate. If the property is assessed in a different class, for example, country residential, the annual tax bill will be higher. More information on property taxes can be obtained for your county or municipal district office.
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Definition of a Farm



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- For income tax purposes the Canada Revenue Agency (CRA) acknowledges that you are a farmer if you claim income from farming activity. To be considered a full-time farmer however the farm income will be compared to any off-farm income - if the off-farm income is higher the individual will only be eligible to claim part of any farming losses against their other income. In addition, the farm business must show a potential for profitability.
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Definition of a Farm



- For the farm census completed by Statistics Canada, a farm is defined as an agricultural operation that produces at least one of the following products intended for sale: crops (hay, field crops, tree fruits or nuts, berries or grapes, vegetables, seed); livestock (cattle, pigs, sheep, horses, game animals, other livestock); poultry (hens, chickens, turkeys, chicks, game birds, other poultry); animal products (milk or cream, eggs, wool, furs, meat); or other agricultural products (Christmas trees, greenhouse or nursery products, mushrooms, sod, honey, maple syrup products).

Anyone considering establishing a farm operation should obtain detailed information on these items from the appropriate level of government.

Definition of a Farm

- I only have 20 acres. Can I still be a farmer?
- It is impossible to categorize farming activity as a hobby or not, based solely on the number of acres used. Many fruit and vegetable producers can generate a good income from a small property - for greenhouse production this could be less than 1 acre.
- Always check zoning in the county of the property in question.
- Has the seller operated with proper permits in place?
- The idea of living off the land, especially with the recent pandemic has grown substantially... So, ensure you do the research.

Definition of a Farm

The Basics of Listing Farms and Farmland



Most farms are multi-Generational. This is a highly emotional Industry.



Farmers are kind, good and loving people... With long memories.



You're not selling a home... you're selling a family legacy.. So, bring tissues.



This is an enormous leap for most farmers, patience is an absolute must. Moving to town isn't a good thing.

2050

- The current world population of **7.6 billion** is expected to reach **8.6 billion** in 2030, **9.8 billion** in 2050 and **11.2 billion** in 2100, according to a new United Nations report being launched today.
- With roughly **83 million** people being added to the world's population every year, the upward trend in population size is expected to continue, even when if fertility levels will continue to decline.
- Land will continue to increase, and the competition is fierce.
- The buyer is no longer the local farmer.

Overview: Farming in Alberta

2016 Statistics Canada Highlights

Key Highlights

On May 10, 2017, Statistics Canada released farm and farm operator data from the 2016 Census of Agriculture for Canada and the provinces. The following are some key highlights for Alberta farm types.



- Alberta had 40,638 census farms in 2016, a 6.0 per cent decline from 2011. Despite the decline the province continued to rank second behind Ontario.



- Nationally, farm numbers fell 5.9 per cent to 193,492. Farm numbers were down for all provinces. Alberta continued to account for 21.0 per cent of farms in Canada.



- In 2016, Alberta had the highest amount of cattle ranching farms in Canada with 12,693 farms, up 1.5 per cent from 2011.



- The number of oilseed and grain farms increased 6.0 per cent in 2016 to 13,451 farms, up from 12,692 farms in 2011. However, oilseed (except soybean) farms decreased 28.8 per cent to 3,735.



- Beef cattle ranching farms in Alberta increased 2.2 per cent in 2016 to 12,282 farms, and continued to be the largest in Canada.



- Alberta represents over one third (34.1 per cent) of Canada's beef cattle ranching farms, up from 32.1 per cent in 2011.



- Farms reporting horse and other equine production fell 20.5 per cent in 2016 to 3,177 farms, but Alberta remained the highest reporting province in Canada.



- Alberta wheat farms increased 38.9 per cent in 2016 to 2,894 farms. Alberta continued to rank second, behind Saskatchewan.



- Other grain farms in Alberta increased 19.7 per cent to 6,211 in 2016, up from 5,191 in 2011. Other grain farming excludes wheat, corn, rice (except wild), and sweet corn.



- Alberta hay farms decreased 21.9 per cent in 2016, from 7,799 farms in 2011 to 6,094 farms in 2016.

Common Types of Farms in Alberta

Farm Classification:

The census classifies farms according to the predominant type of production using North American Industry Classification System.



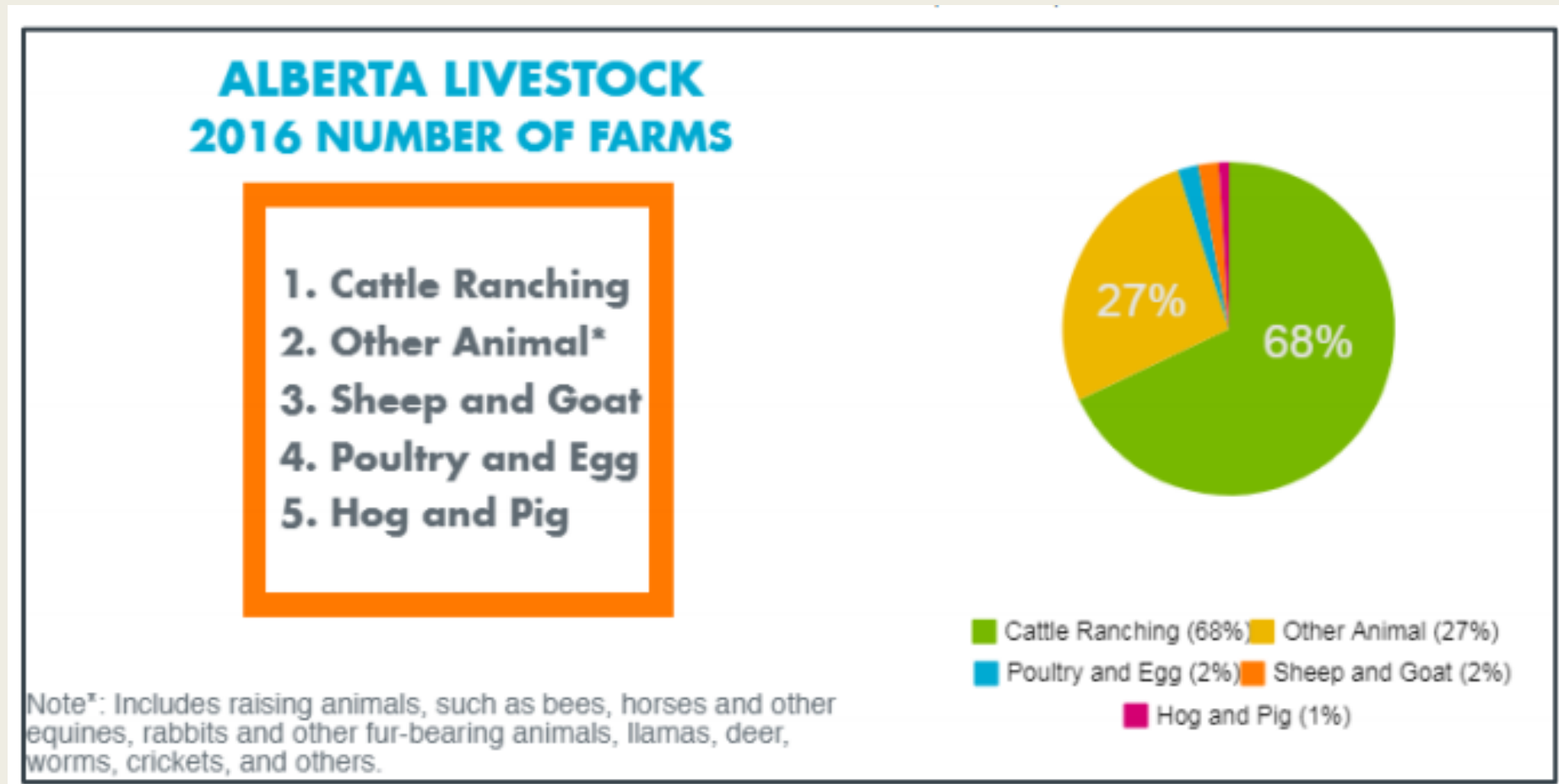
This is done by estimating the potential receipts from the inventories of crops and livestock reported on the questionnaire and determining the product or group of products that make up the majority of the estimated receipts.

Definitions

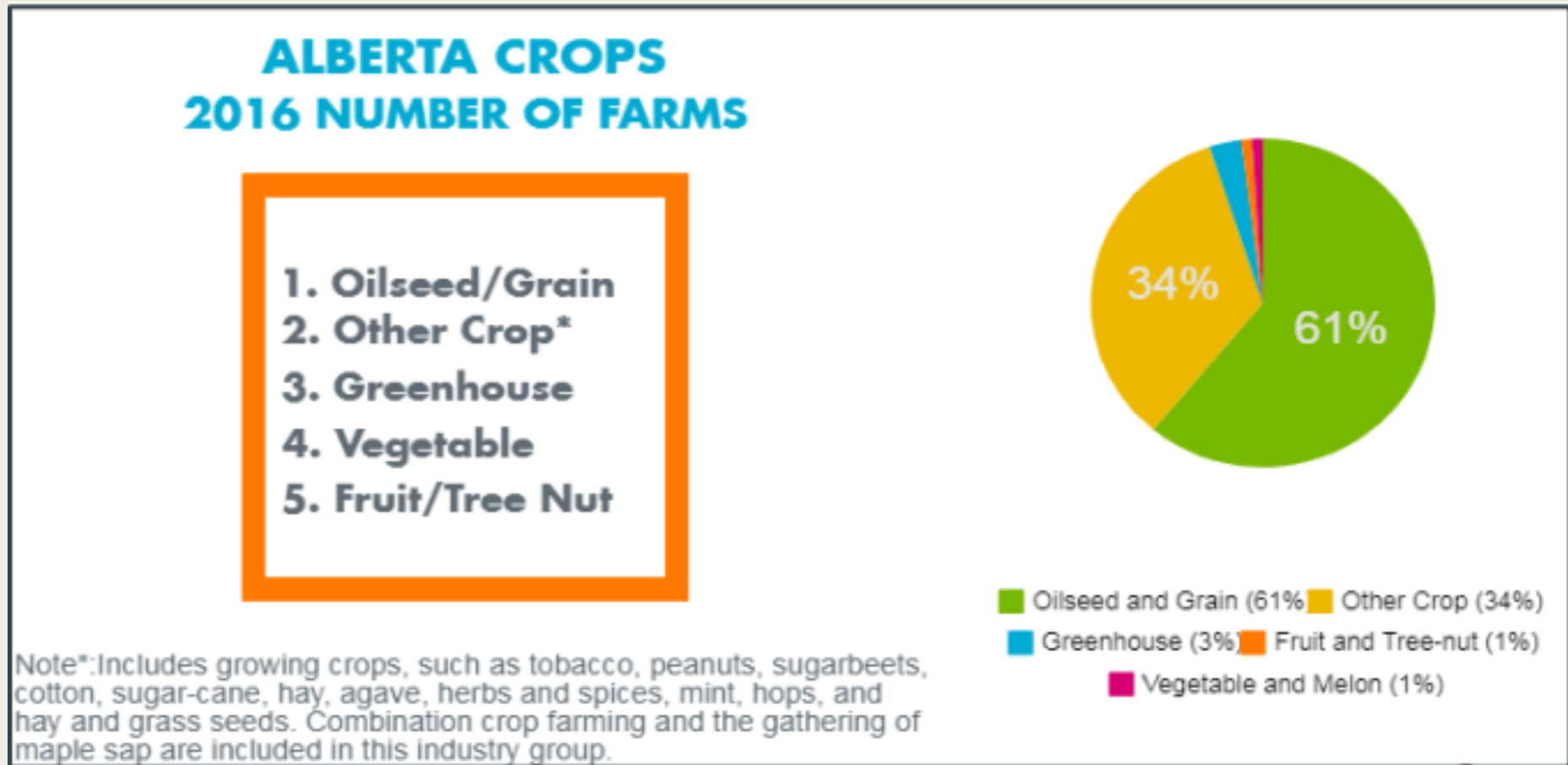
A **Census farm** is an agricultural operation that produces at least one of the following products that are intended for sale:

- **Crops**
 - Hay, field crops, tree fruits or nuts, berries or grapes, vegetables, and seed.
- **Livestock**
 - Cattle, pigs, sheep, horses, game animals, and other livestock.
- **Poultry**
 - Hens, chickens, turkeys, chicks, game birds, and other poultry.
- **Animal Products**
 - Milk or cream, eggs, wool, furs, and meat.
- **Other Agricultural Products**
 - Christmas trees, greenhouse or nursery products, mushrooms, sod, honey, maple syrup products or cream, eggs, wool, furs, and meat.

Common Types of Farms in Alberta: Livestock



Common Types of Farms in Alberta: Crop



QUESTION & ANSWER



AGRIBUSINESS & REAL ESTATE WEBINAR SERIES: UPCOMING COURSES

Course 2: Agricultural Shares vs Agricultural Assets – March 17, 2021, from 10 AM -11 AM

Course 3: Agricultural Legislation, Taxation, and Financing – April 14, 2021, from 10 AM -11 AM

Course 4: Marketing and Negotiation For Rural Properties – May 19, 2021, from 10 AM -11 AM

Course 5: Easements in Agricultural Properties – June 16, 2021, from 10 AM -11 AM

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