



## FARMLAND SUPPLY TRENDS IN WESTERN CANADA

### **ABSTRACT:**

A review of western Canadian farmland supply trends and input factors into farm operation consolidation

### **KEYWORDS:**

Canadian farmland – Western Canadian farmland  
- Canadian farmland supply trends – Canadian farm-  
land consolidation

## INTRODUCTION:

Arable land supply trends are of critical importance to farmland investors at both the acquisition and disposition stage as such trends can factor into land pricing and individual farm growth goals. A review of the data shows two key trends affecting absolute and relative supply of arable land on the market. First is an overall general downward trend in absolute acres. In addition, there is clearly an ongoing farmland consolidation process factoring into market supply.

## DISCUSSION OF RESULTS:

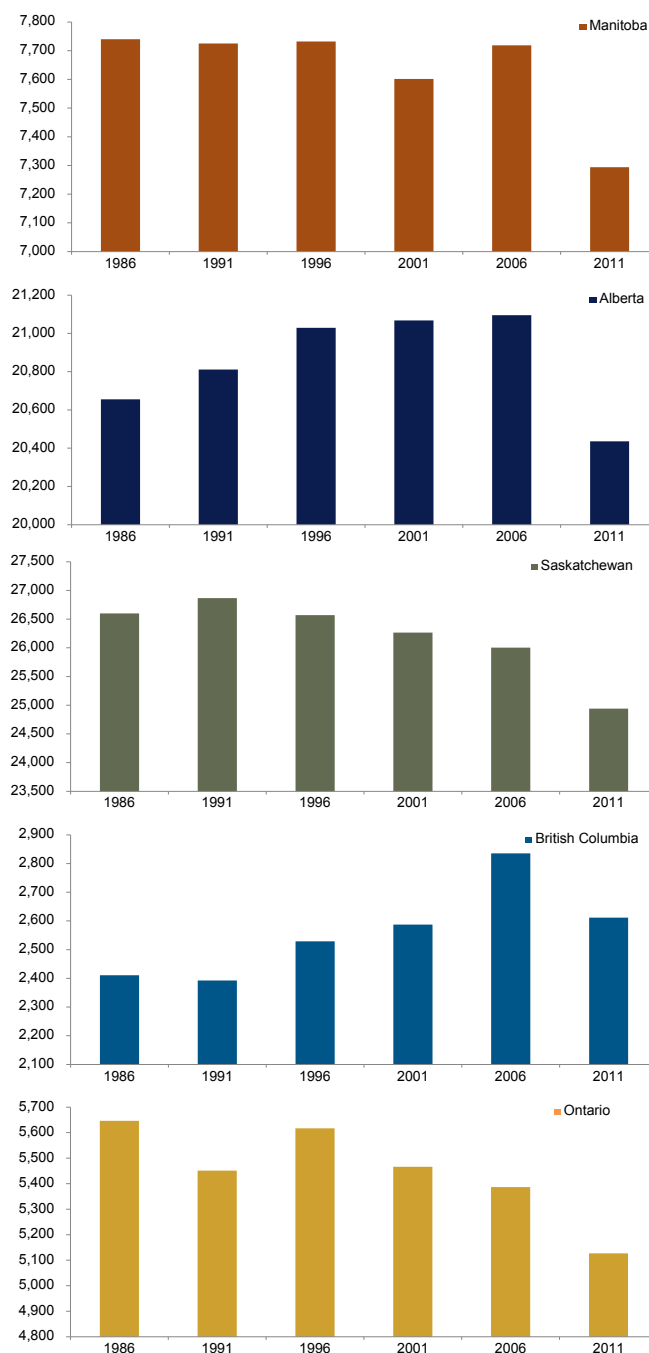
Farmland area in Canada, especially Western Canada, has experienced a reduction from 1986 levels. According to 2011 census, Canadian farmland area has decreased by 3 million hectares from its 1986 level to 64.8 million hectares in 2011. In Western Canada, the largest decline of 1.7 million hectares in farmland area took place in Saskatchewan. Saskatchewan, which constituted 39.2% of overall Canadian farmland in 1986, constituted around 38.5% in 2011. This decrease in Canada's farmland could continue due to increasing urbanization. Canada's urban population stood at 80.1% in 2005 and at 80.9% in 2010. Urban population is projected to grow at an annual average rate of 1.2% between 2010 and 2020, compared to Canada's overall population growth of 1.0% during the same period. This would increase Canada's urban population to 82.7% by 2020 compared to 80.9% in 2010.

Even though there has been a decrease in farmland area, it is interesting to note that farm cash receipts and soil and water quality performance indicators for farms have improved. (Agri-environmental performance indicators take into consideration information on the risk of soil loss, soil contamination by trace elements, build-up of salt, and reduction in organic matter in the soil).

A long-term trend in Canadian agriculture has been the consolidation of farms. Average farm size increased from 231.4 hectares in 1986 to 315.0 hectares in 2011, representing 36.1% growth. Consequently, around 5% of the farms had annual gross receipts exceeding CAD1 million in 2011. Farms with CAD500,000 or more in gross receipts accounted for 11.5% of farms in 2011, and 67.9% of total gross farm receipts in Canada. In 2006, they represented 8.6% of farms and

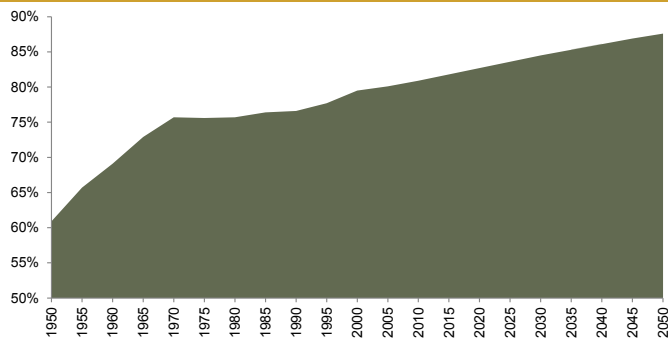
60.1% of gross farm receipts. A shift towards bigger farms has occurred due to improvements in technology, rising crop prices and the need for economies of scale.

### Decline in farmland area in Western Canada and Ontario ('000 Ha)



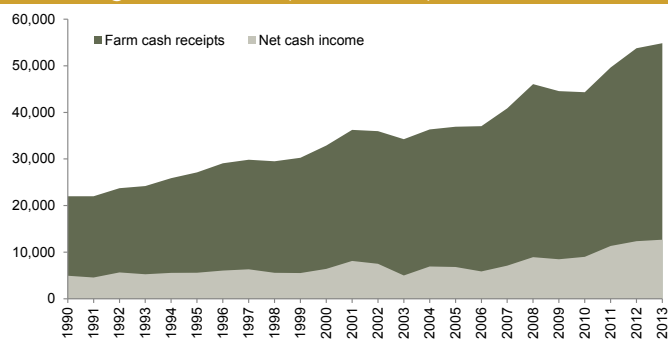
Source: Statistics Canada

### Increasing urban population in Canada (%)



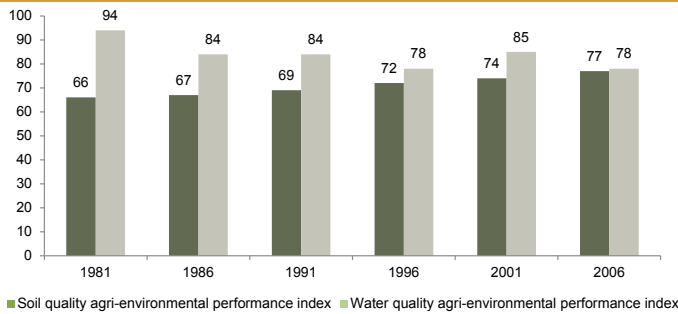
Source: UN—Population Division

### Increasing farm income (CAD million)



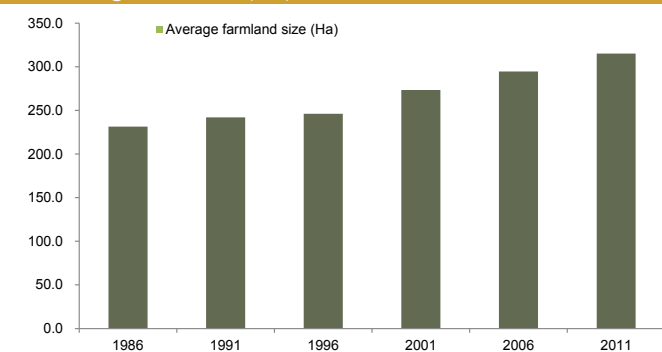
Source: Statistics Canada

### Soil & water quality indicators for agriculture in Canada



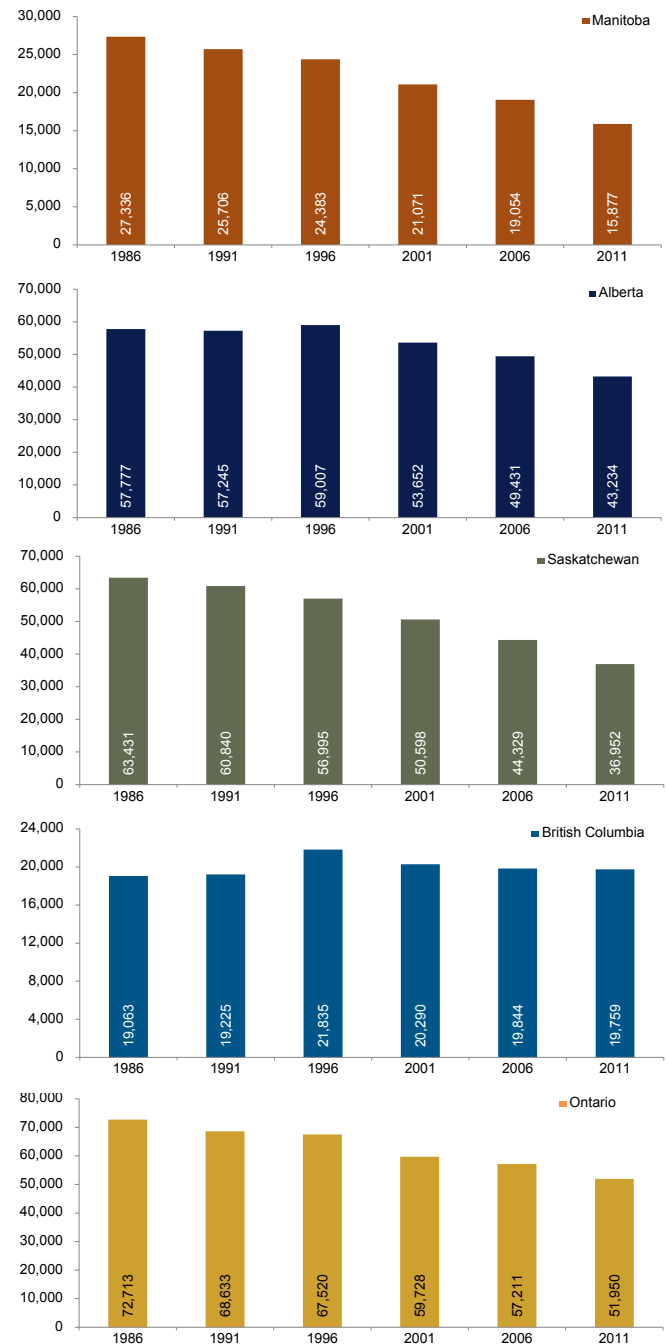
Source: Environment Canada, Agriculture and Agri-Food Canada (2010)

### Increasing farm size (Ha)



Source: Statistics Canada

### Decline in number of farms in Western Canada and Ontario (in units)



Source: Statistics Canada

**CONCLUSION:**

Absolute and relative supply of farmland in western Canada is shrinking due to two main trends; decreases in western Canadian farmland area coupled with increases in average farmland size since 1986.

**SOURCE DATA AND ANALYSIS:**

1. Statistics Canada
2. UN–Population Division
3. Environment Canada, An Overview of the Canadian Agriculture and Agri-food System 2015

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