



The commercial farm market consists of many farm operations both large and small. Valuation in the marketplace can be challenging as each operation derives its values from many factors. I look to the following four criteria when first assessing the farm property to help the client and myself establish a foundation to build upon.

#### Location

Things that I look for include proximity to the target market, accessibility by adequate roads and availability of services. However, other factors can also affect value such as proximity to a large urban center and distinctive property features such as woodlots and availability of water.

#### Land

Is directly tied to productivity with soil fertility being a primary consideration. There are government agricultural services that provide detailed maps regarding soil types, surface textures, soil materials including drainage and topography. Crop Heat Units can not be overlooked as its not only important for crop selection but also in estimating productivity, as warm-season crops have a wide range of maturities. Crop development and time period to maturity is generally dependent on temperature, along with moisture levels in the soil and soil fertility. The Crop Heating Units indexing system can be referenced through government sources for all agricultural areas in the province.

#### Buildings

The type, age and condition of primary structures along with the condition of farm equipment also effect value. Capital investment in modern systems and process's can directly affect productivity which, in turn, can translate into higher values. Regular maintenance and upgrading of property improvements can go a long way in boosting value.

#### Assets

Farm quotas and government programs or incentive payments relating to specific types of farming operations can enhance value. Many agricultural products are subject to regulated marketing in Ontario through marketing boards. Farm value can be significantly affected by whether or not a quota or production contract can be assigned at point of sale. Its imperative that conditions get put into the agreement of purchase and sale for successful transfer or assignment from seller to buyer of any quota, entitlement or contract that a buyer needs to market products for which the farm is being purchased. Specific marketing boards have their own transfer or assignment procedures and should be contacted directly for guidance.