

## FARM RENTALS ON THE RISE

# Rental farming on the rise with the high cost of farmland in the Okanagan and across the country

Cindy White - Feb 25, 2023 / 4:00 am | Story: 412947



Photo: Young Agrarians BC

A plot of land near Enderby that is part of the Young Agrarians BC Land Matching Program.

Farmland is not cheap in the Okanagan, so how do young or new farmers get into the business?

Leasing and renting from landowners is proving more popular. It's happening not just here but in many parts of the country as farmland rises in value.

The value per acre of farmland in Canada has skyrocketed by 334 per cent since 2001. That's attracting big money investors.

"Farmland valuations are so high now, it's attracting some really key investors that actually know how to work with money," says Dr. Sylvain Charlebois, director of the Agri-Food Analytics Lab at Dalhousie University. "Farmers know how to grow things. They know how to increase yields. And so it's just not the same skill set."

Charlebois points out that close to 50 per cent of farmers in Canada now rent instead of owning. Investor Robert Andjelic of Alberta is now the largest farmland owner in the country. He has snapped up over 225,500 acres and has a portfolio with an estimated value between \$500 and \$700 million.

"Along with his capital, his team brought knowledge of sound soil management practices, helping over 250 farmer-tenants to benefit from such expertise. Andjelic's job is to make sure his tenants make money. Otherwise, he's not getting paid – simple as that. This new way of thinking can make Canadian agriculture more profitable," says Charlebois.

He suggests a more specialized approach to farming and farmland stewardship is the way of the future.

"You're seeing the emergence of partnerships between owners and tenants. Especially the younger generations. They don't mind not owning land as long as they can actually make money."

Young Agrarians, a farm to farm educational resource network, expanded its [BC Land Matching Program](#) to the Okanagan about four years ago.

"We offer hands-on personalized support connecting farmers and farmland owners," explains land matcher Tessa Thompson.

So far, about 1200 have expressed interest, more than 300 have registered for the land matching program, and 64 growers have been matched with property owners.

"We work across all production types. It's the Okanagan so I do a ton of leases in orchards, vineyard. But we also work with market gardeners, flower farmers, small-scale meat producers, ranchers, all production really," she says.

However, Thompson says, in most cases, landowners are a long way from making significant profits, like the large investors Charlebois is referring to. She says the majority are private owners.

"I struggle with the idea that corporations are going to make 'return on investment' by leasing land to farmers because land lease rates are very low. Like, nobody's getting rich leasing land to a farmer."

She notes that in the Okanagan, the range of what people are leasing land for goes from free to \$2000 per acre, per year for premium vineyard land.

She says there is a demand for quality land opportunities. That means land that's good for growing. If you have land and don't know if it's viable, contact Young Agrarians and they will do an assessment.

The other main element is security.

"Lots of people say, oh yeah, we'd love to lease our land to a farmer this year. No, they need tenure. We need people who are willing to sign 20 year leases," says Thompson.

And the bottom line, is the bottom line. If the site doesn't support an economically viable, functioning business, it's likely a no-go.

Charlebois says Canada's agri-food potential is immense and the intent of investors from outside the agriculture sector is to make the industry stronger.

"The correlation between land prices, rental rates, and farm revenues is quite strong. All three tend to move synchronously higher over time, according to a report from Farm Credit Canada last year. With more specialization, everyone wins. Younger farmers also see value in renting and partnering with investors. It's just a different way of seeing farming," he concludes.

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