GENERAL AIM

to facilitate open and transparent agricultural land markets

• Optimum use of agricultural land
• Amalgamation of small un-economic units
• Agricultural competitiveness
• Facilitate entry into agriculture
• Requirements of the EU
Plan for this session

• To understand the special factors affecting the agricultural land market
• To consider how agricultural land markets in your country can be made more transparent
• If time permits, to consider other factors that inhibit the agricultural land market.
  • *NOTE In this session we will consider only capital values.*
Problems for land market data

• Mean values hide wide variations
• Sales statistics: do they match general national farms distribution?
• Comparative dates
• All statistics are historic
• Sale prices reported may be inaccurate
• VERY FEW SALES FOR AGRICULTURAL LAND
• Statistics or comparables

Is there a pattern?
What are the factors that determine the pattern?

• Agricultural productivity?
• Price of agricultural commodities?
• Quality of the land?
• Length of growing season?
• Access to irrigation?
• Subsidies?

If these are the factors why is (or was) Ireland so high? Why is Northern Ireland higher than England or Scotland?
Are there non-agricultural factors?
Other agricultural factors

- Prosperity of the country
- Population density
- Boom and bust
- Bank rate
- Foreign investment; or restrictions on foreign investment
- Speculation

Extracted from Knight Frank publication 2011

<table>
<thead>
<tr>
<th>Location</th>
<th>Average price $/ha</th>
<th>% Price change 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>England (average all land types)</td>
<td>22,000</td>
<td>+13</td>
</tr>
<tr>
<td>Romania</td>
<td>1,560-3,250</td>
<td>0</td>
</tr>
<tr>
<td>Poland</td>
<td>4,550-8,125</td>
<td>0</td>
</tr>
<tr>
<td>Ukraine (5 to 10-year lease rights)</td>
<td>150-350</td>
<td>0</td>
</tr>
<tr>
<td>Russia</td>
<td>300-1,000</td>
<td>-10</td>
</tr>
<tr>
<td>Zambia (long leasehold)</td>
<td>1,000-1,500</td>
<td>+10 to 15</td>
</tr>
<tr>
<td>Brazil (Mato Grosso dry land)</td>
<td>7,000</td>
<td>+20</td>
</tr>
<tr>
<td>Brazil (Sao Paulo sugar cane)</td>
<td>12,000</td>
<td>+24</td>
</tr>
<tr>
<td>Brazil (West Bahia double cropping)</td>
<td>6,000</td>
<td>+6</td>
</tr>
<tr>
<td>Brazil (Para native bush Para)</td>
<td>300</td>
<td>+11</td>
</tr>
<tr>
<td>Argentina (N provinces)</td>
<td>1,200-2,500</td>
<td>+10</td>
</tr>
<tr>
<td>Argentina (C provinces)</td>
<td>5,000-10,000</td>
<td>+10</td>
</tr>
<tr>
<td>Canada (Saskatchewan)</td>
<td>1,300</td>
<td>+7</td>
</tr>
<tr>
<td>Australia (dryland arable with reliable rainfall)</td>
<td>1,600-1,700</td>
<td>+2</td>
</tr>
<tr>
<td>New Zealand (dairy)</td>
<td>23,000</td>
<td>-3</td>
</tr>
<tr>
<td>US (dryland in cornbelt)</td>
<td>16,000</td>
<td>+8</td>
</tr>
</tbody>
</table>
International sources of information

• UK --- VOA property market report
• USA ----ers.usda.gov
• Knight Frank--

USA
Some comparative points

• Values not high. In 2010 mean just above €4000 per ha. But variable. €9000/ha for market garden land near urban centers. €1800/ha for cropland in Northern Plains.
• Proximity to large urban populations has a marked effect. USDA research has mathematical formula to take into account size of population and proximity of land to urban conurbation.
• In 2007 29% of the farmland was rented.
• ‘Rent to value’, that is the ratio of rents to capital value, have steadily declined over 45 years. It was more than 7% in 1967. In 2008 it was about 3%. 
Non agricultural factors affecting agricultural land

• Development value
• “Hope value”
• Special purchaser(s)
• Recreational use

Other trends

• Land values generally correlate to agricultural commodity prices and profits
• BUT agricultural land values always higher than can be justified by present day farming returns. Why? Anticipating inflation.
• Non-agricultural factors always important
• Investors and speculators
The questions for this session

• Is the agricultural land market in your country liquid and transparent?
• If not, what adverse consequences are there?
• How can information on agricultural land markets be made more readily available?
• What other factors affect the agricultural land market?