



Republic of Macedonia
Ministry of agriculture, forestry and water economy



5th International Workshop Skopje

21-24 April 2013

Land markets & land structures across Europe
Agricultural land market data
by Simon KEITH
formerly Senior Land Tenure Officer in FAO & Assistant Chief Valuer in UK Valuation Office



5th International Workshop on Land Market Development and Land Consolidation – Skopje, 21-24 April 2013

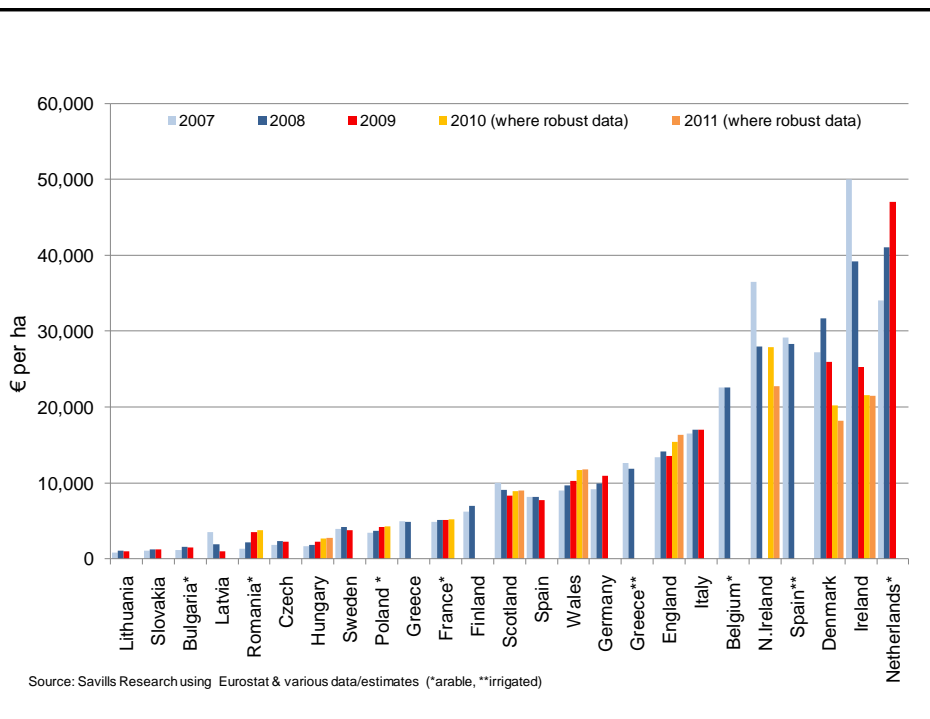
GENERAL AIM

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

The Index

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

International sources of information

- UK --- VOA property market report
- USA ----ers.usda.gov
- Canada--<http://www.statcan.gc.ca/pub/21-013-x/2011002/t002-eng.htm>
- Knight Frank--
<http://globalbriefing.knightfrank.com/post/2011/04/20/The-Knight-Frank-Farmland-Index-2011.aspx>

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?