

# Land Valuation in Danish land consolidation projects and experiences from Eastern Europe



**Budapest**

**6 – 9 June 2011**

**FAO Workshop on land consolidation and land banking**

Morten Hartvigsen  
Head of Land Management Section  
[moha@orbicon.dk](mailto:moha@orbicon.dk)



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## Land valuation in Danish land consolidation projects



**Land valuation is a core element in any land consolidation process.**

**The objective of land valuation is to facilitate the land consolidation (re-allotment) process through establishing a platform for the formation of the land prices that can be common accepted by the participants.**

**Traditionally two land consolidation valuation methods - *Market price* and *relative value*.**

**According to the Danish law on land consolidation, it is an option to conduct a land valuation in connection with the project but it is not mandatory. Up to the initiator and palnner(s) to decide as part of the project design.**

## Land valuation in Danish land consolidation projects



**Normally a land valuation process is conducted at the initial phase of the land consolidation project.**

**A Committee of Stakeholders is elected among the participants in the initial public meeting (project launch) to represent the general interests of the landowners and stakeholders.**

**The committee conducts the land valuation of all parcels that may be included in the project together with the land consolidation planner(s) and one or more local agronomist (from extension service).**

3

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## Land valuation in Danish land consolidation projects



### **Indicators of the value/price of land parcel**

#### **General price level:**

- Recent transactions in or around the area
- Existing soil maps (not very detailed in Denmark)
- Valuation maps / register values (for land tax purposes)
- Land use plans (territorial planning)
- Expectations to the price from both potential sellers and buyers

#### **The single land parcel:**

- Size and shape
- Soil quality (production value /outcome pr. hectare)
- Irrigation condition
- Drainage condition
- Access to road
- Cultivation condition
- Position (for potential buyer)

4

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## Land valuation in Danish land consolidation projects



### **Outcome of the land valuation process in Danish land consolidation projects:**

- Valuation map with index (relative) values.
- Recommended values only for the purpose of land consolidation – not a valuation concerning land taxes.
- To be used as a guideline for the planner(s) when facilitating agreements between sellers and buyers.
- Easier to negotiate and deal with the stakeholders (a solid platform for negotiations)
- Timesaving tool.

5

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## Land valuation in Danish land consolidation projects



### Land valuation from nature project "Halkær Lake" in Denmark



Committee of stakeholders supported by a local agricultural consultant. To the left the two land consolidation planners.

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## Land valuation

### Land valuation from nature project “Halkær Lake”



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## Land valuation in Danish land consolidation projects



### **Finding the market price of each parcel through relative value:**

The normal procedure in Denmark is to allocate relative values to each parcel in the valuation. The best parcel is given the value 100, second 95, third 90, 85 ...

Then the evaluation committee decides about the market price of the value 100 parcel and the market price of all other parcels can easily be calculated.

If the market price of a value 100 parcel is 25.000 Euro/ha, then the market price of value 65 is:  
 $25.000 \text{ Euro} \times 0,65 = 16.250 \text{ Euro}.$

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## Land valuation in Danish land consolidation projects



Example of part of Danish draft LC valuation map:



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## Land valuation land consolidation projects in Eastern Europe



### **Preconditions:**

The existence of a land market is a precondition for the use of any valuation methods (more than one buyer for each land plot offered for sale).

No market = no land consolidation project.

Weak market: Forget about valuation methods (the value of each plot must be negotiated directly between potential seller and buyer).

Absence of valuation has a limiting effect on the dynamic of the process.

## Land valuation land consolidation projects in Eastern Europe



### **Valuation method used in LC projects in Armenia, Moldova and shortly Albania:**

- 1) Devide the project community into sub-areas.
- 2) Conduct the valuation in the field (local team, stakeholder committee and if needed other experts with knowledge of land valuation.
- 3) Allocate a relative value representing the average value in each sub-area where value 100 is the best in the village. Second best is given 95 etc...
- 4) Discuss and agree within the team of valuers the market price of the best parcel (relative value = 100).
- 5) The market value of all other parcels can be calculated based on that.

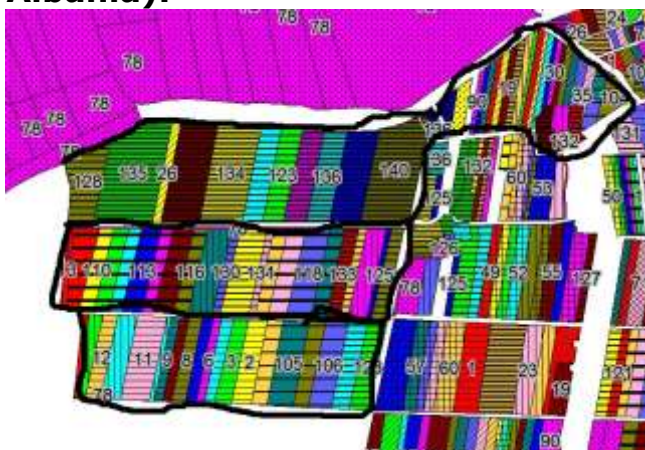
11

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## Land valuation land consolidation projects in Eastern Europe



### **Division of project community into sub-areas following natural boundaries (example from Albania):**



12

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## Land valuation land consolidation projects in Eastern Europe



### **Conclusion:**

**Experiences have shown that it is difficult to apply and get the full value of the conducted land valuation in land consolidation pilot projects in Eastern Europe.**

**The reason is mainly that the land market is normally weak in the pilot communities.**

**And due to lack of legal framework for land consolidation, the price must be agreed in all cases directly between sellers and buyers. However, the land valuation map can still provide guidance to landowners and LC planners.**

**It is easy to handle (mass) purchase of parcels but very difficult to negotiate large scale exchange of parcels between a large number of owners.**