

Land holdings and land market trends

The French situation and European issues

The topic is the renewal of the family farms to create jobs, added value, and extend good farming practices (agroecology)

Reminder: relationships between agricultural producers and landowners

The farmers can:

- own the land that they use
- rent the land
- own farming company shares without being owner of the land, without renting the land; the companies own or rent lands

The main trends:

- the farmers rent more and more land
- the farmers own more and more farming company shares; a few farmers own farming share without working on the farm
- *the concentration of land is not well known because one person can own shares in several agricultural companies*

In Normandy, the FNSAFER counted fifty farms, benefiting from subsidies from the EU, while it counted less than 20 units of production.

At the European level, for example, Spear International uses 89 000 ha in 5 countries UK (8 000 ha), Poland (32 000 ha), Czech Republic (27 000ha), Slovakia(5 000ha), Romania (16 000ha), but EU recognizes more than 60 farms

The EU knows the cattle population better than the farm owners to whom it pays aid.

The EU knows the farming companies without knowing the owners.

Modalities of access to land in France

By inheritance

By the land markets

Each year, between 3.3% and 3.6% of the agricultural area changes from one farmer to another:

- nearly half by “inheritance”
- nearly half by land markets

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MODALITIES OF ACCESS TO LAND USE RIGHTS				flow for the year 2017	
		approximated share of the farming area	% of farming area	billion euros	
the renewal of family farming through inheritance (outside the market)		from 1,4 to 1,8			
	land donations				
	leases on land belonging to parents				
	transfer of transferable leases between family members				
	transfer of company shares (GAEC, EARL, ...)		~ 0,6		~ 0,4
expansion or establishment of a new farm (via land markets)		from 1,6 to 1,8			
	the rental market supplied by farmers who stop their activity				
	former land owners				
	new owners of vacant properties (71 000 ha)		from 0,55 to 0,73		
	the market of company shares		~ 0,6		1,3
	the market for land acquired by farmers		0,47		~ 0,6
					1,9
The "land consolidation" of production units (leaving the size of the production unit unchanged)		more than 0,7			
	by inheritance				
	of leases land belonging to parents				
	of company shares				
	by the market of leased lands				
	bought by tenants		0,47		0,8
	bought by other landowners		0,13		0,6
	by the market for shares of land holding companies		0,05		<0,1

Source : Robert Levesque with data of SAFER 2017

NB

- the values include, where applicable, the value of buildings, plantations (vines)
- the land area of the shares' market corresponds to the sum of the land areas assigned to each sale in proportion of the share capital transferred

Inheritance in the broad sense corresponds to inheritances, donations of land from parents to children, leases of land belonging to parents to children, transfers of leases within the family (under the status of tenant farming), and transfers of shares in agricultural enterprises.

- Inheritance allows the renewal of family agriculture, outside of land markets
- The question is why children take over their parents' business or not

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Expansion or establishment of new farms

The most important markets are the rental and share markets. The market for land for expansion or settlement is not marginal, but is not the most common modality.

When you refer to the market, you refer to competition. In unregulated markets, the price is always too high. Everyone wants to buy land or shares; everyone will find the price of land too high except one person, the one who offers the highest price (or the most attractive conditions). The price therefore depends on who has the right to compete. For each transaction, the price is not determined *a priori*.

Unregulated land markets favour expansion rather than settlement. They are markets of exclusion and marginalisation of family farming.

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Not all land markets contribute to the establishment of new farms or the expansion of existing farms

Within the land markets, some aim to strengthen the land base of farms:

- farmers buy the land they use; they avoid rent and increase their security of tenure
- or landowners finance land, allowing farmers to spend more money on productive investments. It is an interesting way to support new entrants

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In the territories where farm mechanisation is easier, with a greater agronomic potential, family farming is hardly maintained when land is brought to the land markets.

Capitalist agriculture, where the owner of the production unit does not participate to farm work, will leave the "marginal" land to family farming (where farm work is mainly carried out by the people who own the working capital).

The stakes for the renewal of generations in agriculture to create more jobs, more added value, and to implement agroecological practices:

- **To increase family transmission (in particular to ensure that production units generate higher incomes):**

improve the remuneration of agricultural work (through prices of agricultural products, per-hectare or employment aid, remuneration of the work aiming at maintaining and improving the ecosystem functions of agricultural areas)

- **To regulate land markets:**

Transparency of land holdings with a **register of agricultural production units**

This is possible since the EU has set up a register of final beneficiaries of companies (see the EU Directive 2015/849 on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing)

Transparency of proposed land transactions and a mechanism for steering the transfers of land brought to the land markets

This is possible (see Commission Interpretative Communication on the acquisition of agricultural land and European Union law, 2017/C 350/05)

- NB about the values of the land markets :

- the values in euros of the land markets include, where applicable, the value of buildings, plantations (vines)
- the land area of the shares' market corresponds to the sum of the land areas assigned to each sale in proportion of the share capital transferred
- With regard to the surface areas affected, the market value of the shares of production companies may appear low because the companies purchased mainly rented land and the value of the shares takes into account the debts of the companies
- The market value of leased lands acquired by incumbent farmers appears low because leased lands are traded at a lower price than free lands.
- The market value of leased lands acquired by lessors may appear high because it includes wine producing lands

- Thank you very much for your attention

RURALIZATION Expert Meeting

Quantitative Analysis of Land Holdings and Land Market Trends

Oct 15th 2020

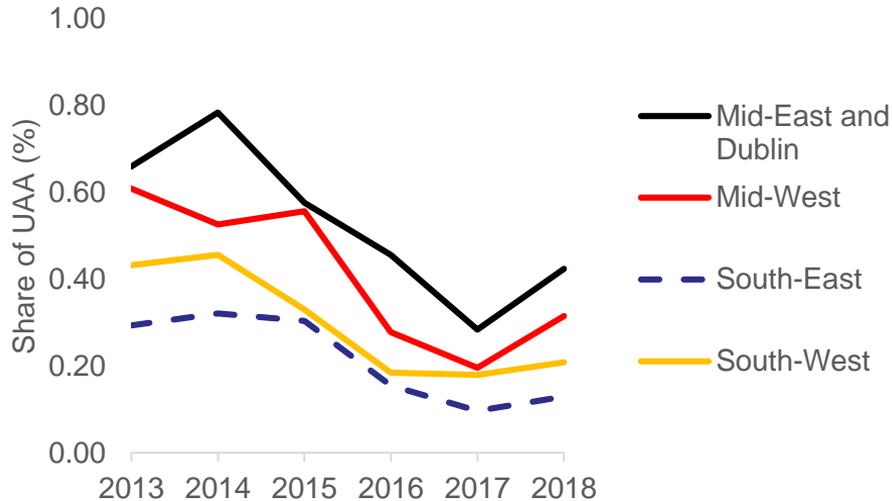
Jason Loughrey¹

1. Rural Economy and Development Programme, Teagasc

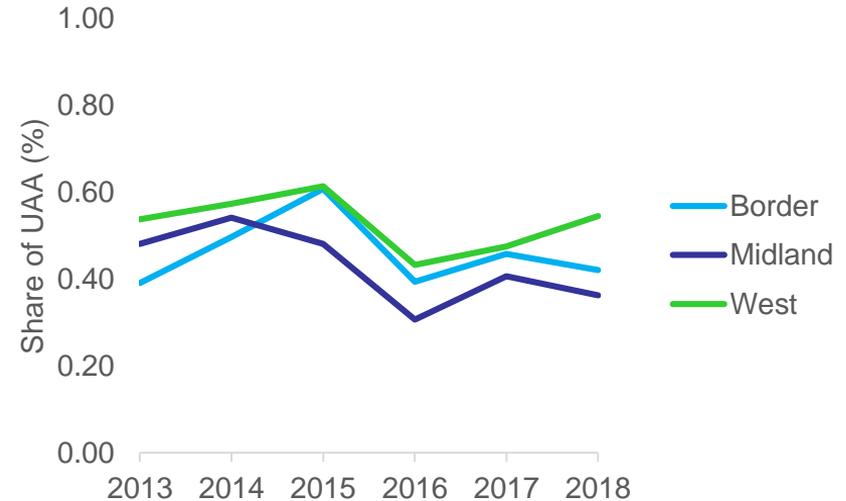
Email: jason.loughrey@teagasc.ie

Share of Agricultural Area Sold by NUTS3 Region 2013-2018

Main Dairy Regions

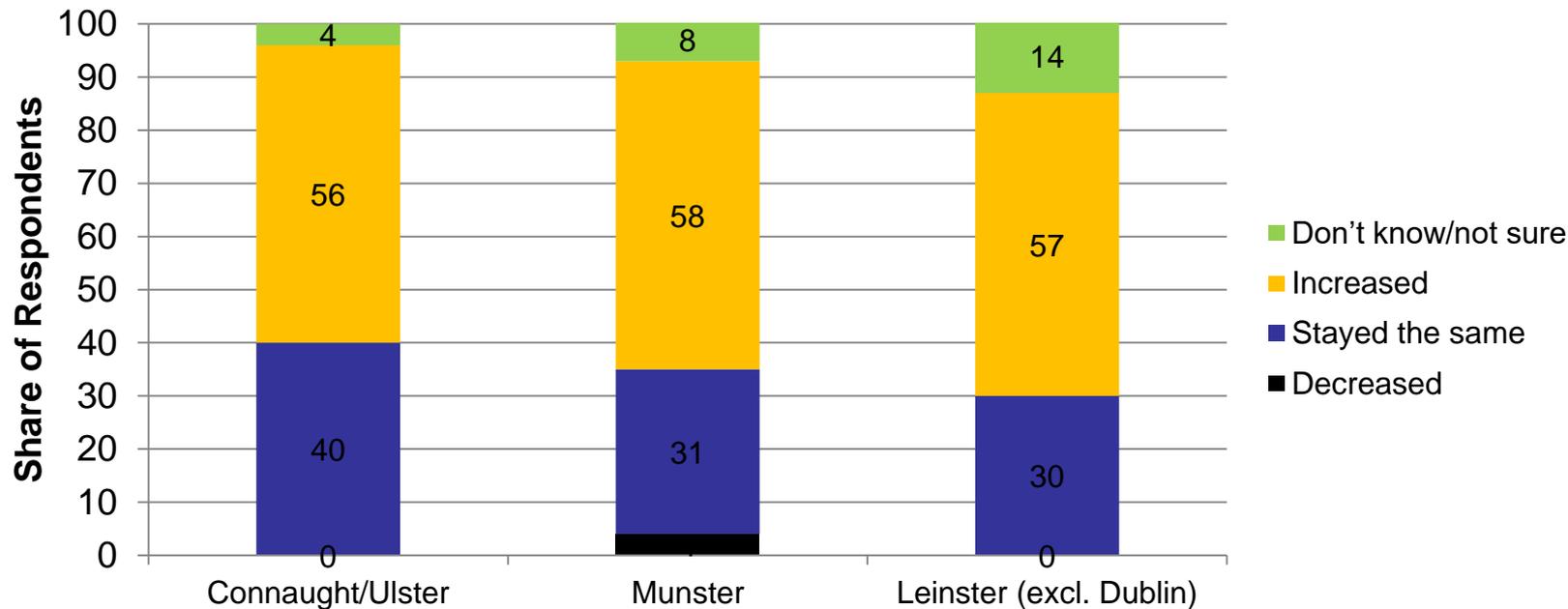


BMW Regions



Source: Central Statistics Office

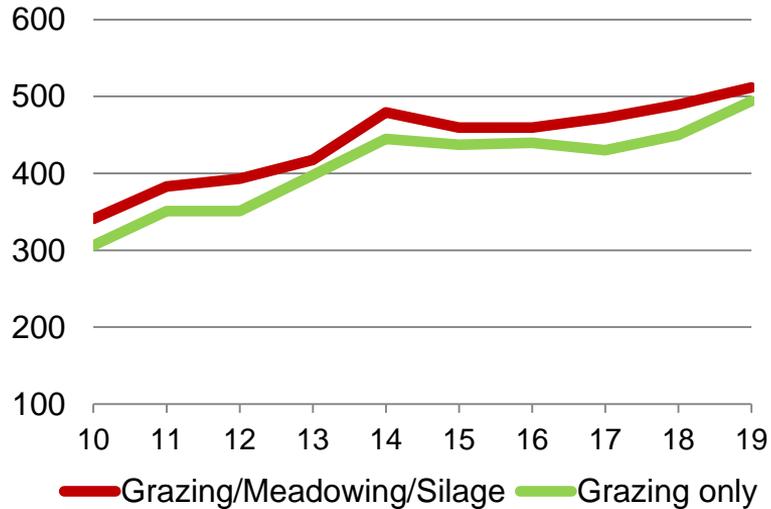
How the demand for long term leases changed from 2018 to 2019 by Province



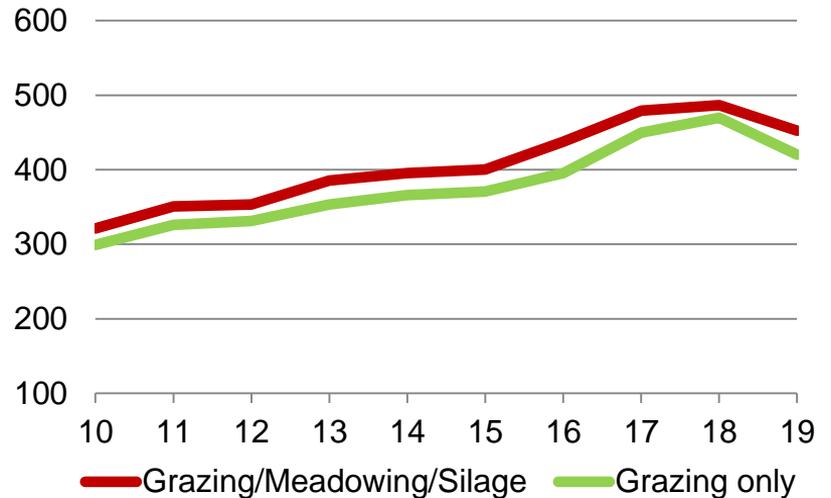
Source: SCSi/Teagasc Land Market Review and Outlook

Rental Prices, Euro/Hectare for Pasture Land, 2010-2019

Munster



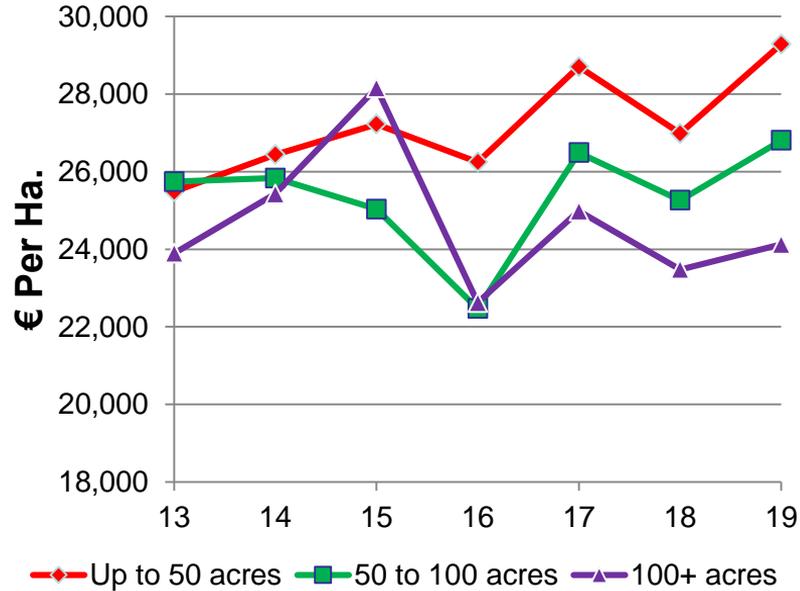
Leinster



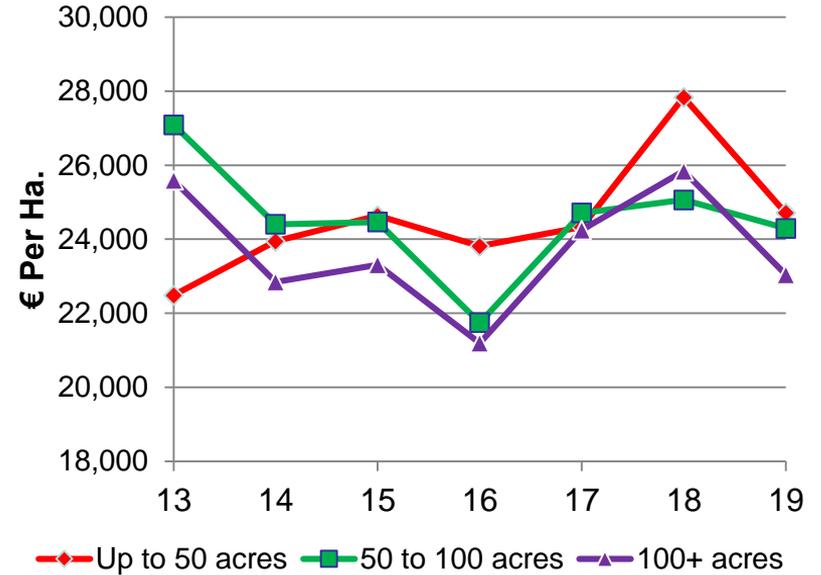
Source: SCSi/Teagasc Land Market Review and Outlook

Munster, Sales Price Per Hectare, 2013-2019

With a residence



Without a residence



Thank you for listening
Comments and questions are welcome



DIGITISATION: ECONOMIC AND SOCIAL IMPACTS IN RURAL AREAS

RURALIZATION: digitalisation and land markets

Gianluca Brunori



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#DESIRA2020



The question



Land:

- a) is the main source of livelihoods;
- b) it is limited;
- c) it produces public goods, and the way it is managed is a matter of public concern.

Is a framework that continues to consider land a commodity appropriate?

Regulation should thus regard: a) land distribution; b) land mobility; b) land management.

In the future, the principles on which land is governed may change deeply.

How digitalization affect these issues?

Land distribution



Digitalisation of registry data:

- Land consolidation: land associations, land banks, cooperatives
- Land rights
- Identification of owners
- Analysys of fragmentation

Land mobility



- Administrative simplification
- Matching demand-supply
- Crowdfunding

Land management



- Remote sensing: Incentives and sanctions related to stewardship
- Remote sensing: carbon emissions
- Automation: economies of scale
- Data integration: land data+land-related policies

Pros and cons of digitalisation



- + reduction of options for corruption
- + transparency : responsibility
- + certainty of tenure rights
- + reduction of transaction costs
- + more accurate statistics
- disparity of access to data/to land: driver of land grabbing
- loss of privacy
- stigma on bad performers



DIGITISATION: ECONOMIC AND SOCIAL IMPACTS IN RURAL AREAS

Thank you!

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Land Administration “issues” in Romania

Mark Redman (15 October 2020)



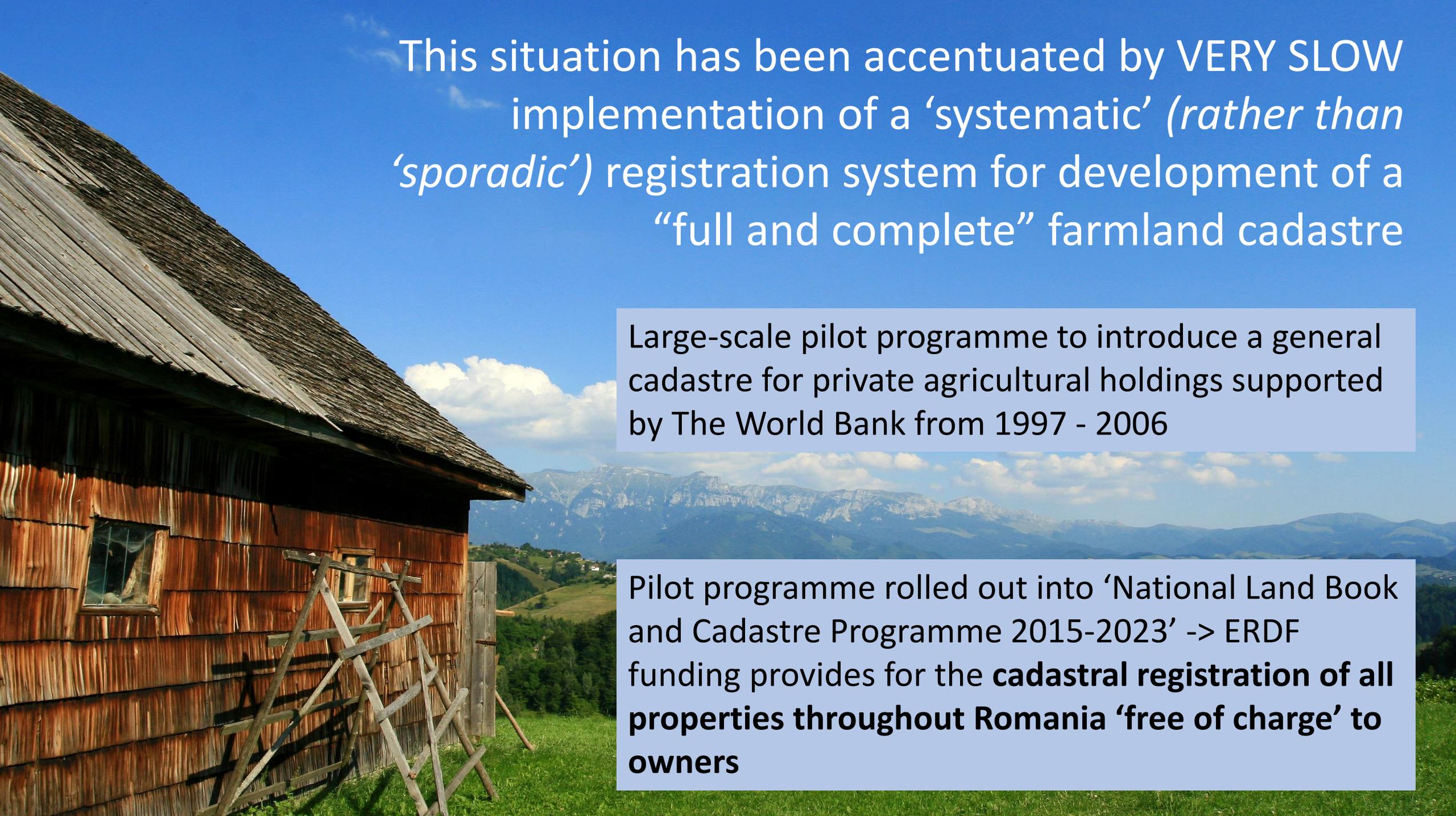
'Land Fund' Law 18 / 1991

Regulatory framework for the re-privatisation and restitution of land after the collapse of communism -> objective of achieving **"equity and social justice for former landowners"**

But flawed design and implementation led to **multiple forms of conflict and dispute** (Rusu *et al.*, 2011) -> many of which still **continue** including:

- Ownership conflicts between state and private, common or collective owners
- Boundary conflicts
- Ownership conflicts linked to inheritance
- Disputes over the value of land
- Ownership conflicts due to lack of land registration
- Disputes over payments for using / buying land
- Evictions by landowners, and
- Illegal evictions by state officials acting in their private interest.



A rustic wooden barn with a thatched roof is visible on the left side of the image. The barn is made of dark wood and has a small window. In the background, there are rolling green hills and a range of mountains under a blue sky with scattered white clouds. The overall scene is a rural landscape.

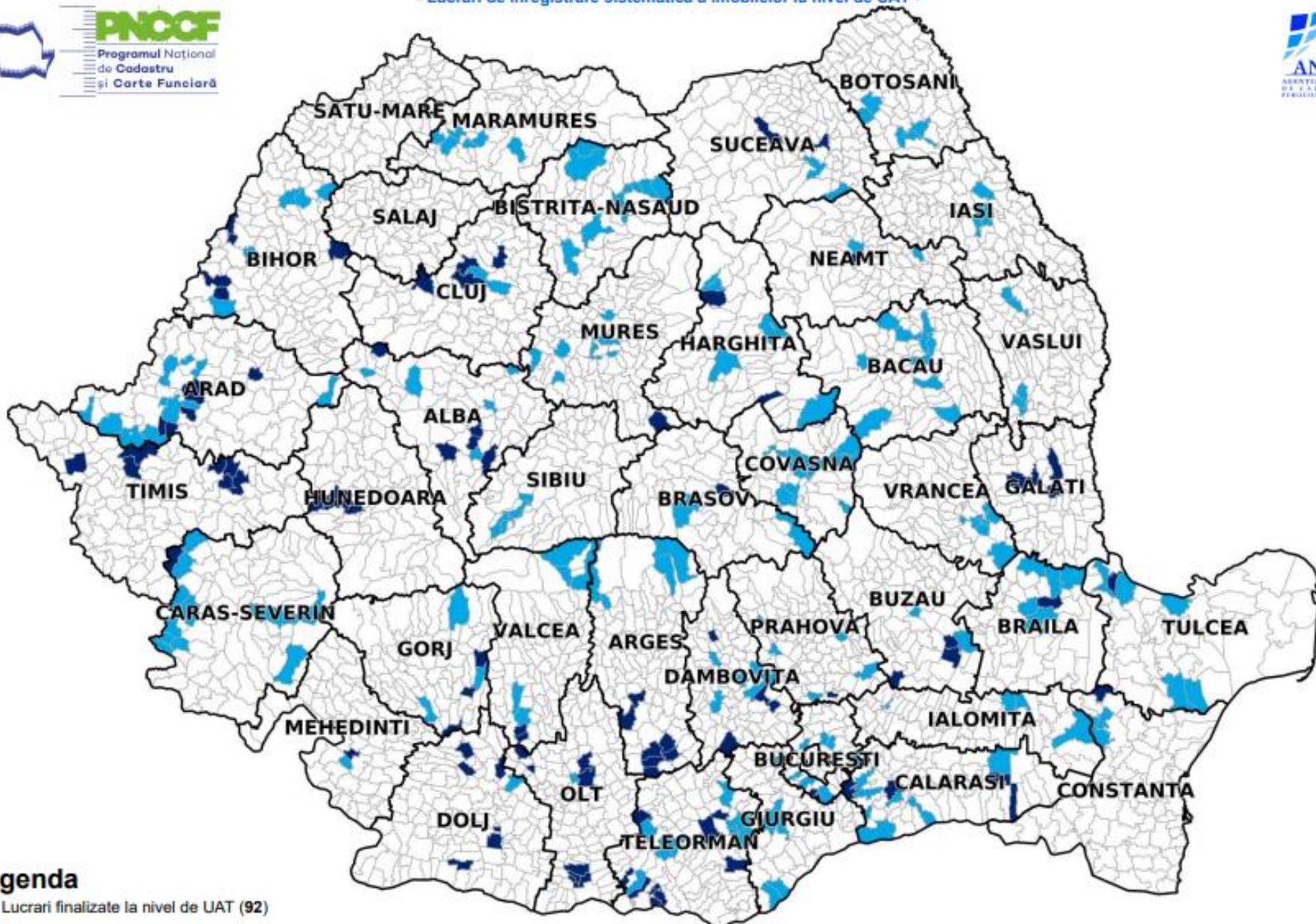
This situation has been accentuated by VERY SLOW implementation of a ‘systematic’ (*rather than ‘sporadic’*) registration system for development of a “full and complete” farmland cadastre

Large-scale pilot programme to introduce a general cadastre for private agricultural holdings supported by The World Bank from 1997 - 2006

Pilot programme rolled out into ‘National Land Book and Cadastre Programme 2015-2023’ -> ERDF funding provides for the **cadastral registration of all properties throughout Romania ‘free of charge’ to owners**

Stadiul PNCCF la 31-07-2020

- Lucrari de inregistrare sistematica a imobilelor la nivel de UAT -



Very low uptake – **systematic registration** is only underway / completed 10-15% of LAUs

Additional capacity-building projects are launched!

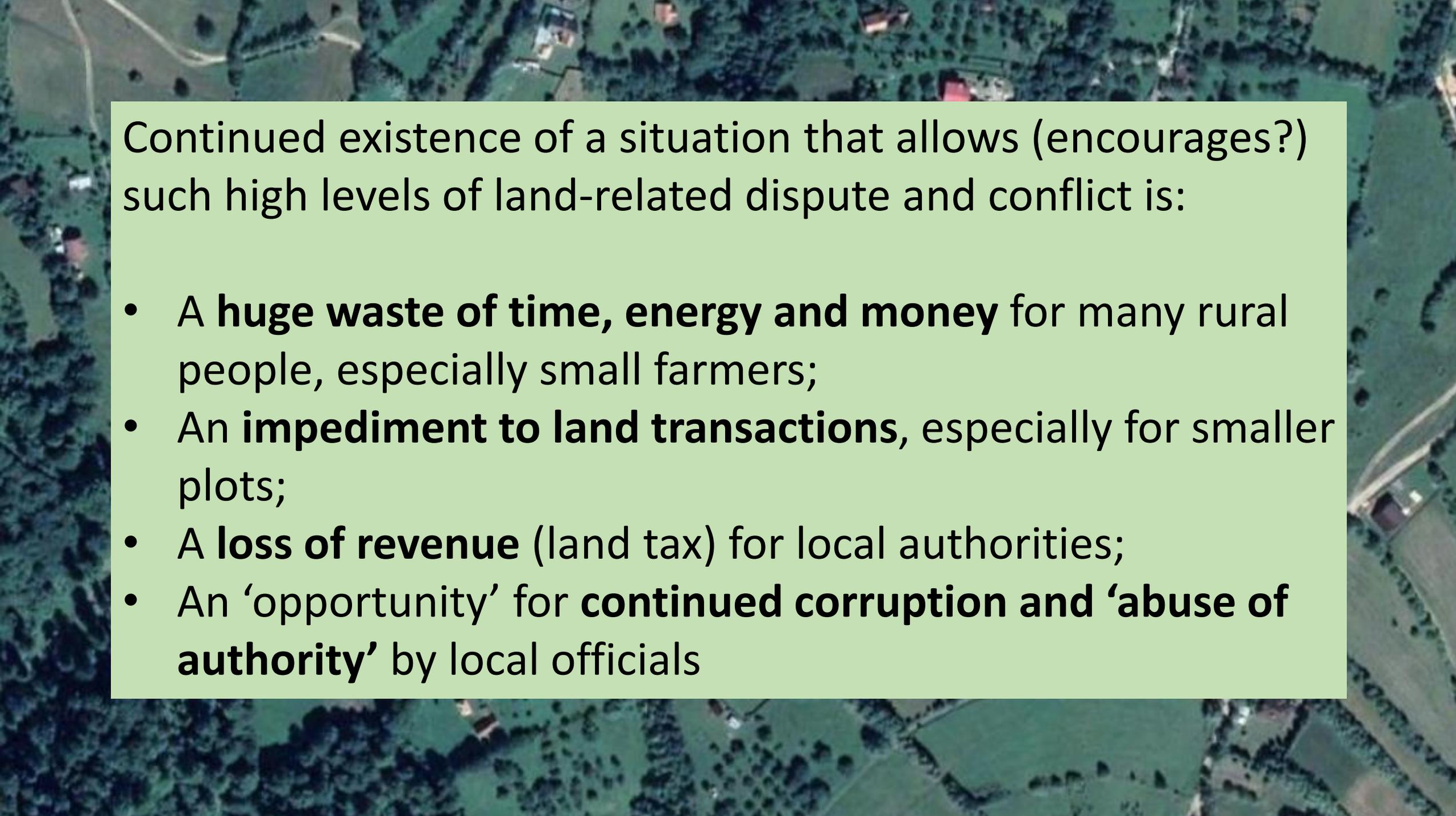
Legenda
■ Lucrari finalizate la nivel de UAT (92)
■ Lucrari in derulare la nivel de UAT (180)

A scenic view of a mountain valley. In the foreground, a yellow house with a red tiled roof is partially visible on the right. The middle ground shows a green field with scattered trees and a few buildings. The background features a large, forested mountain under a clear blue sky with a few clouds.

0.3 hectares
purchased in 2006

In the last 5 years, we have:

- Paid over **1,500 EUR** in technical / legal fees related to resolving dispute on the boundaries;
- Been subject to a **2 year civil action** regarding misplaced boundaries initiated by one neighbour, and;
- A **12 month criminal action** (*tulburare de posesie*) regarding misplaced boundaries initiated by another neighbour.



Continued existence of a situation that allows (encourages?) such high levels of land-related dispute and conflict is:

- A **huge waste of time, energy and money** for many rural people, especially small farmers;
- An **impediment to land transactions**, especially for smaller plots;
- A **loss of revenue** (land tax) for local authorities;
- An ‘opportunity’ for **continued corruption and ‘abuse of authority’** by local officials

EXPERT MEETING ACCES TO LAND

RURALIZATION – Horizon 2020 project

15 October 2020

Workshop:

Land holdings and land market trends

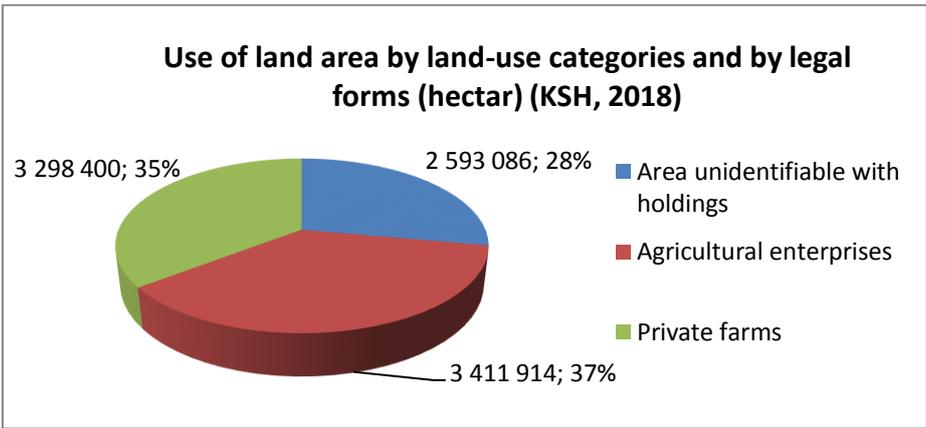
Dr. Laszlo Posta – associate professor
University of Debrecen – Faculty of Economics and Business
Research topic: land economics (land administration, rent, valuation)

Dr. Ferenc Buzas – scientific fellow
University of Debrecen – Faculty of Economics and Business
Research topic: real estate valuation, enterprise economics

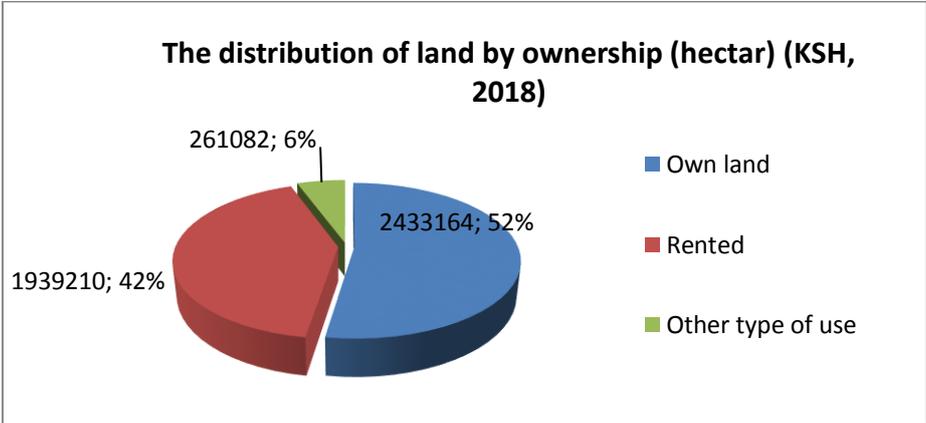
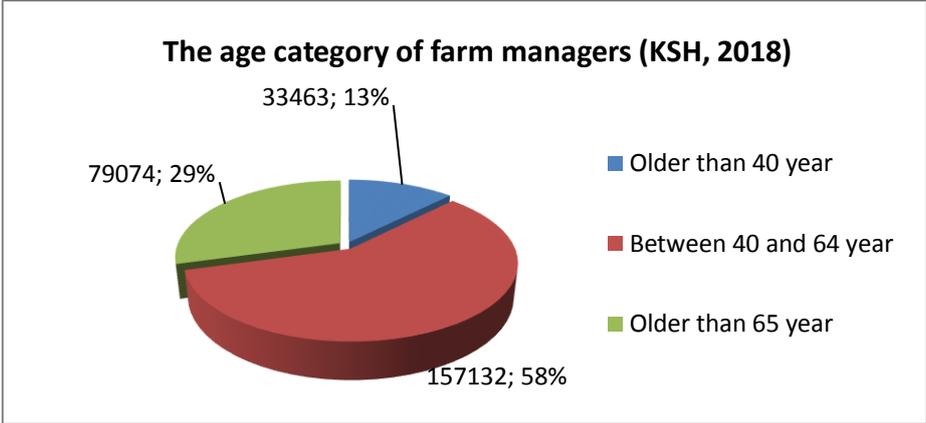
Few important reasons which limited the access to land market – that we consider – are the followings:

- financial and economic problems (lack of capital for young farmers).
- market irregularities (weakness in supply side, increasing land prices)
- administrative and legal (judiciary) obstacles (long administrative processes, controversial regulations etc.)

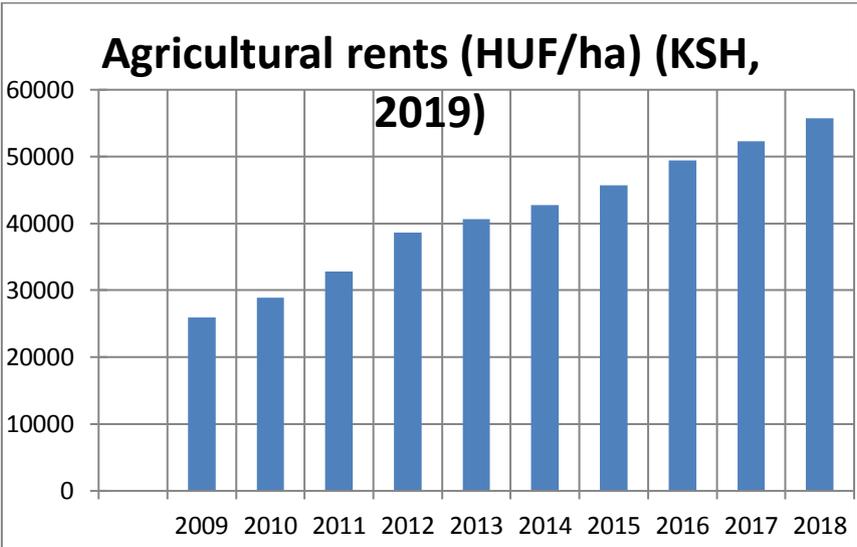
Under this project we try to highlight on reasons and possibilities in the context of young farmers entering on agricultural land market.

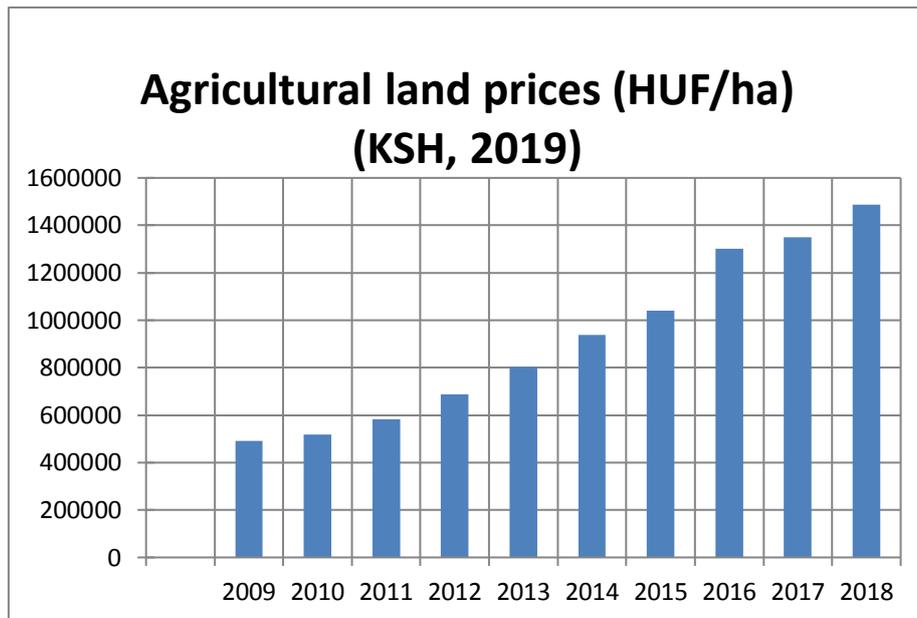


The number of private enterprises in agriculture was **25.685**, (5% of the total number of enterprises).



Increases of agricultural rental and land prices a in Hungary





Thank you for Your attention,

Laszlo Posta and Ferenc Buzas

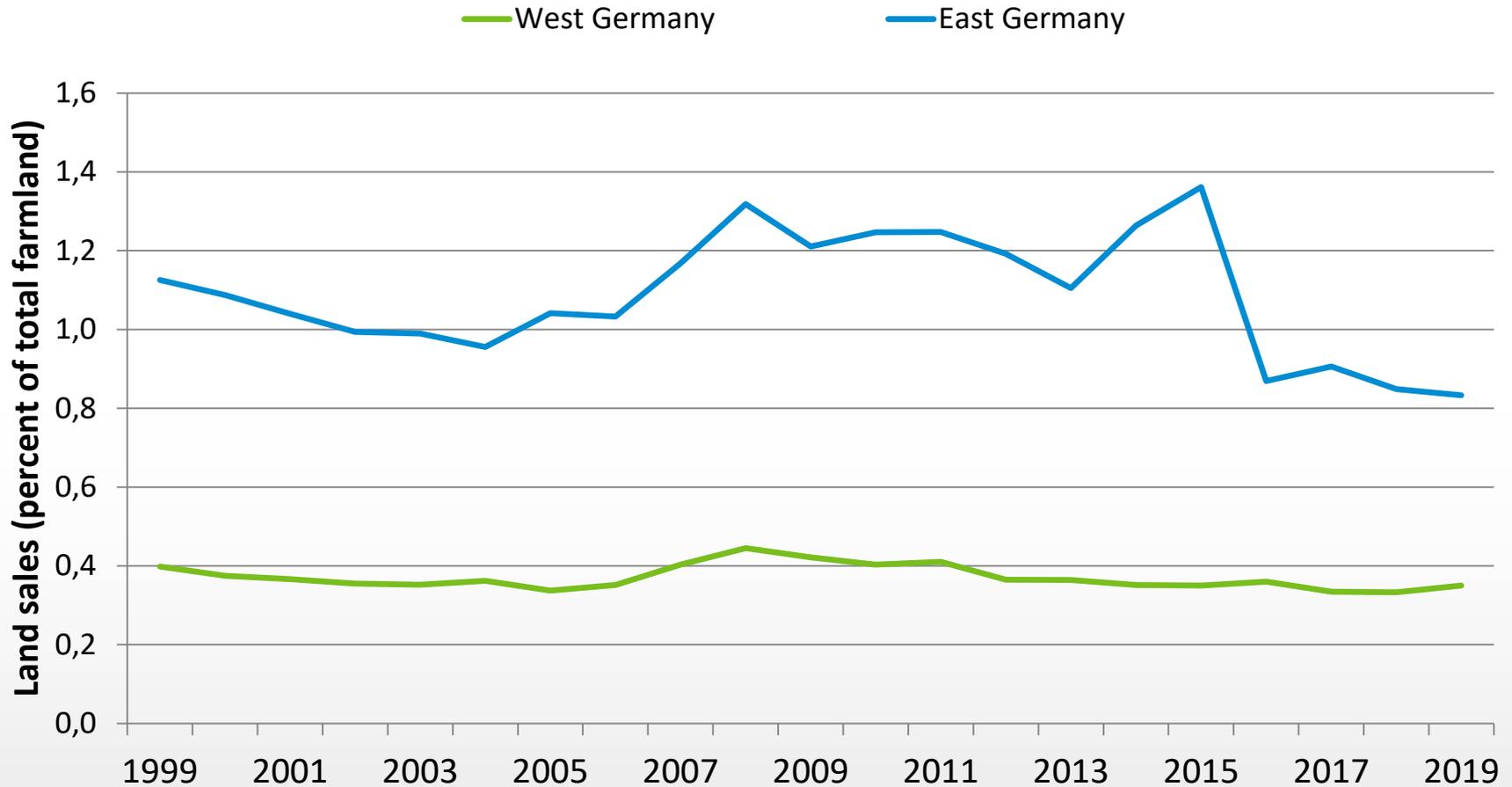
Situation in Germany

Andreas Tietz

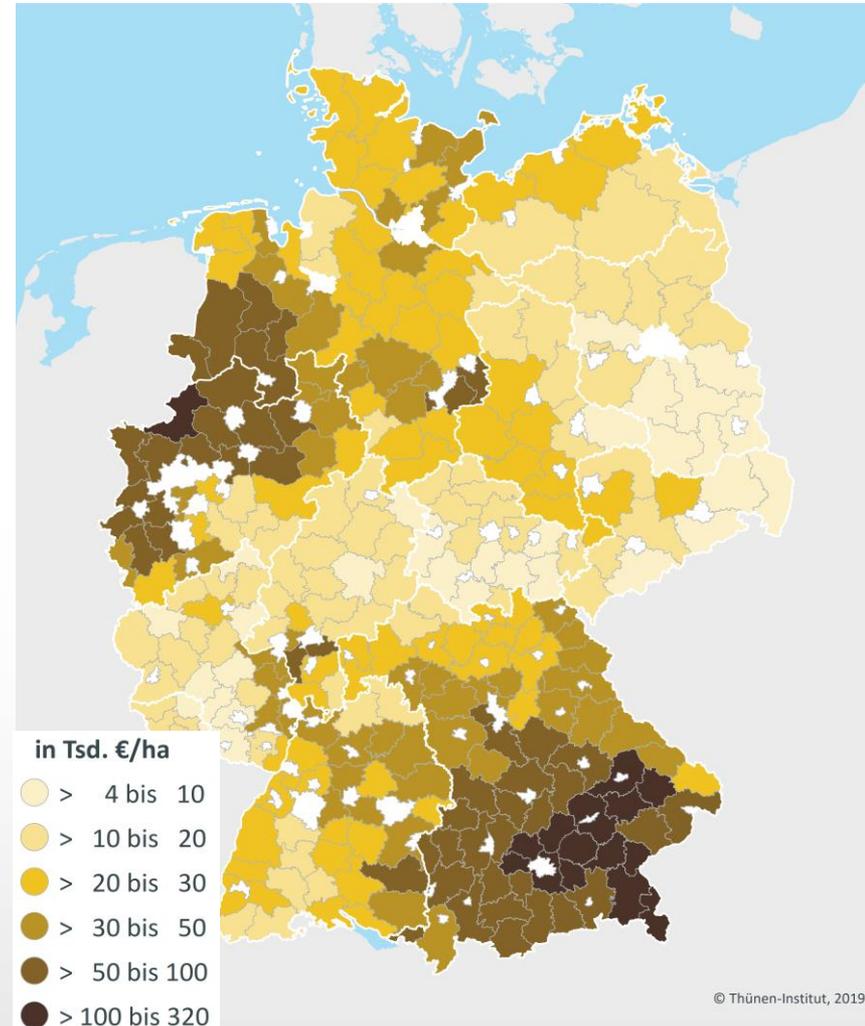
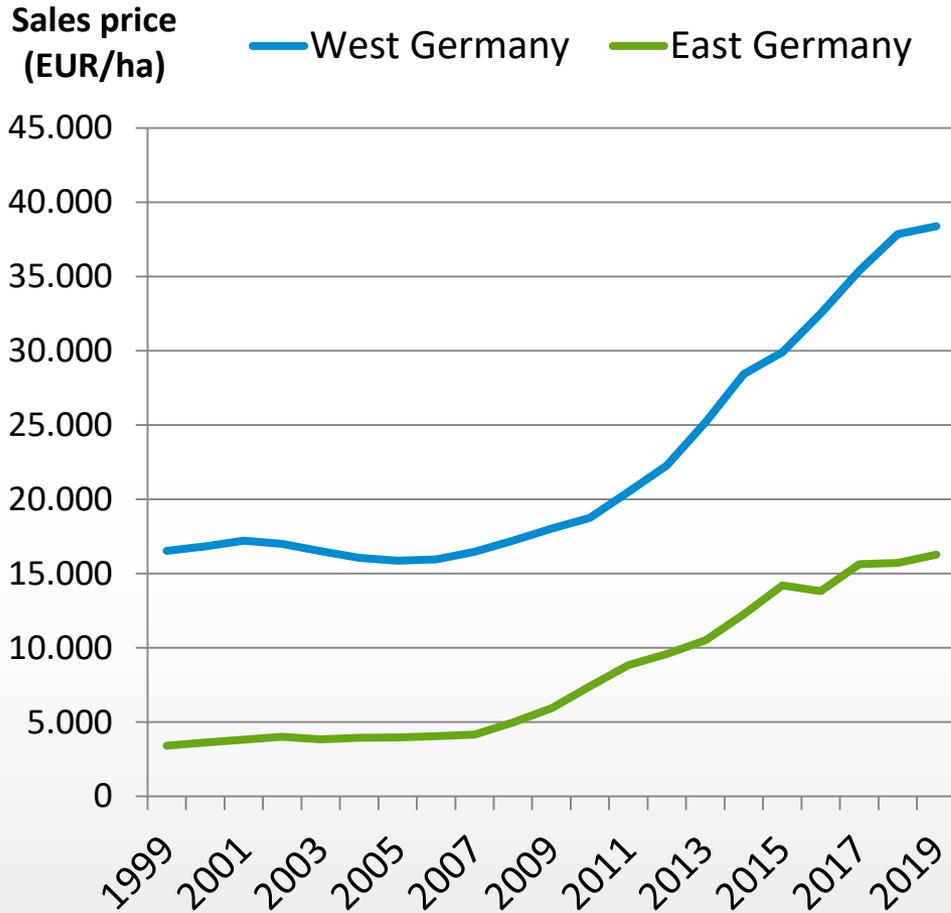
Thünen-Institut für Ländliche Räume, Braunschweig



Agricultural land mobility in Germany (West – East)



Land prices in Germany (West – East)



Causes of high land prices

- **Non-agricultural purposes – Urban sprawl**
 - **Competition inside agriculture**
 - Pressure to grow
 - Livestock density – dependence on land for environmental reasons
 - Support for renewable energies
 - **Capital market failures – Zero interest rates**
 - Lack for investment alternatives, fear of inflation, escape into asset values
 - Land is appreciated for its stable value (long term investment rather than speculation)
 - Low, but reliable returns
- **Asset value is crucial, not the agricultural value**

Structural change in agriculture

- **West Germany: >90% family farms**
 - transfer by inheritance
 - termination of farms caused by lack of successors – farm number decreases 3% yearly
 - farm growth by renting land and/or cooperation between farmers
- **East Germany: ½ family farms – ½ legal entities**
 - Transfer by share deals
 - Farm numbers are stable - Growth by formation of holdings
- **Newcomers in agriculture are uncommon**
 - High income business models needed – access to market crucial
 - Official projects promoting extra-family farm transfers („Hofbörse“) have little success
 - Expectations of old and new generation normally don't match

AGRICULTURAL LAND MARKET IN BULGARIA – LAW AND ECONOMICS PERSPECTIVE

Ass. Prof. Minko Georgiev, Department of Economics, Agricultural
University, Plovdiv

Dafinka Grozdanova, PhD Student, Agricultural University, Plovdiv



Agricultural University – Plovdiv, Bulgaria

Theoretical framework related to the market of Agricultural land

- ▶ Common law
- ▶ Natural rights and property law theory

- ▶ Land mobility theory
- ▶ “Land Grabbing” conception

- ▶ Common–Pool Resource/ Property Rights theory
- ▶ Theory of Vertical integration
- ▶ Transaction cost theory (TCE)
- ▶ Theory of structure–conduct–performance (S–C–P) and Antitrust paradox

- ▶ Theory of the “Rent seeking”

Chronology and development of the agricultural land market 1989–2020

- ▶ Amendment of the Bulgarian Constitution in 1991 – the beginning of the restitution of agricultural land;
 - ▶ In 1992–2000, more than 2,000,000 plots of agricultural land have been restituted;
 - ▶ Some of the agricultural plots are with more than – 20 heirs at law.
- 

Effects of the restitution of the agricultural land market

- ▶ Market barriers:
 - problems with the realization of the property land rights;
 - difficult access to the linked markets;
- ▶ High levels of the transaction costs;
- ▶ Low prices – for the agricultural land and low liquidity of the resource;
- ▶ Social consequences:
 - broken connections with the agricultural land;
 - migration of people from the village to the city;

Legal framework promoting the development of market relations as regards the agricultural land

- ▶ 1992 Agricultural Land Ownership and Use Act
 - solves the problems related to the restoration of ownership of agricultural land;

- ▶ 1997 Agricultural Lease Act
 - solves the issues of long-term production relations;

Urgent need for resource consolidation

- ▶ There are many:
 - fragmented plots of agricultural land;
 - uncultivated plots of agricultural land.
- ▶ An exception is only the region of Northern part of Bulgaria;
- ▶ Joint Project of the Bulgarian Ministry of agriculture food and forestry, DLG (Germany) and EVD – Kingdom of the Netherlands for Consolidation and sustainable use of the agricultural land.
- ▶ The Joint project started in 2006 and as result of it a Strategy for Consolidation and sustainable use of the agricultural land had been established. In this strategy 7 methods for consolidation of the agricultural land are identified.

Consolidation based on the use of agricultural land. Rules for renting agricultural land

- ▶ Procedure according to the art. 37c of the ALOUA;
 - ▶ Appearance of large funds with special investment purposes.
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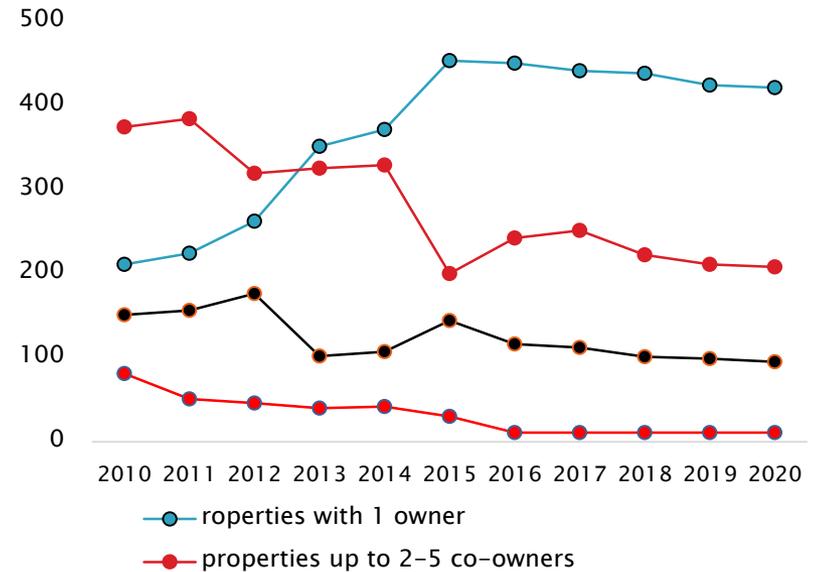
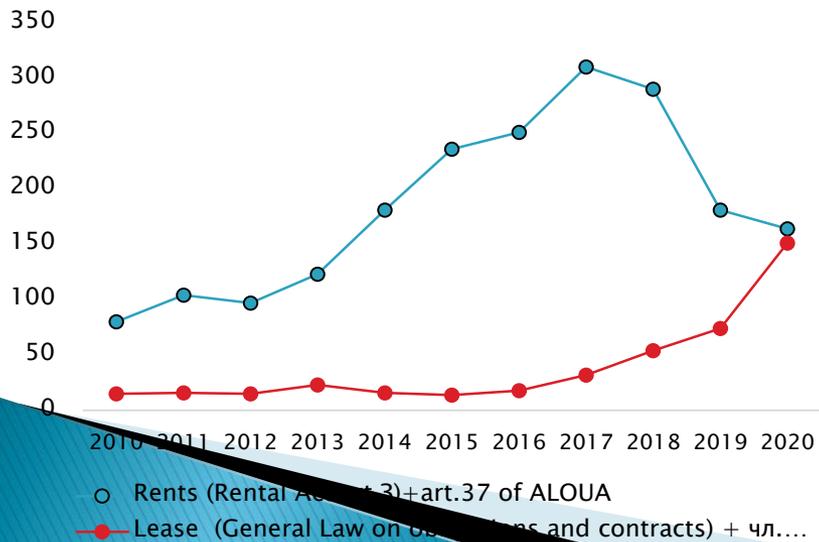
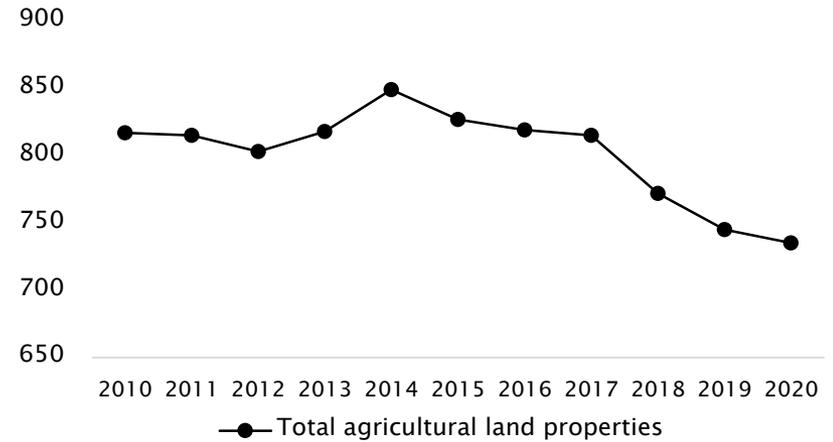
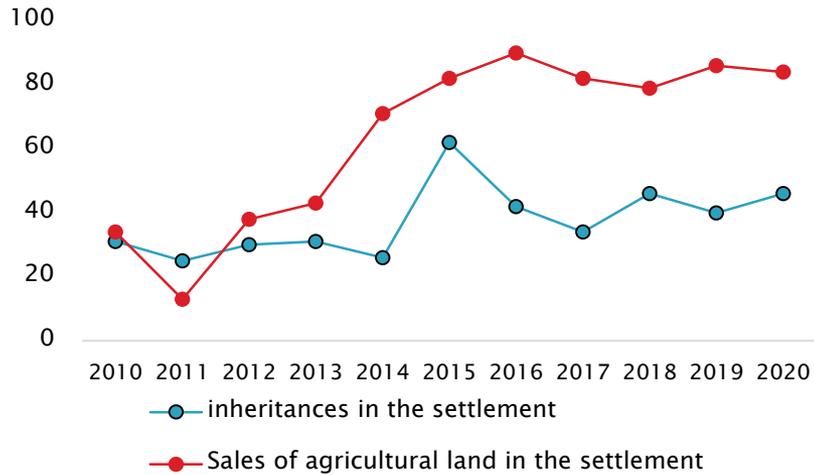
Legal entities as players in the agricultural land market

- ▶ Administrators of the business transactions for transferring and use of agricultural land;
 - ▶ As regards the procedure of Art. 37 (c) ALOUA – the administrative players are 18;
 - ▶ The total number of "players" in the agricultural land market in general is decreasing due to the takeovers;
- 

Concentration of the agricultural land

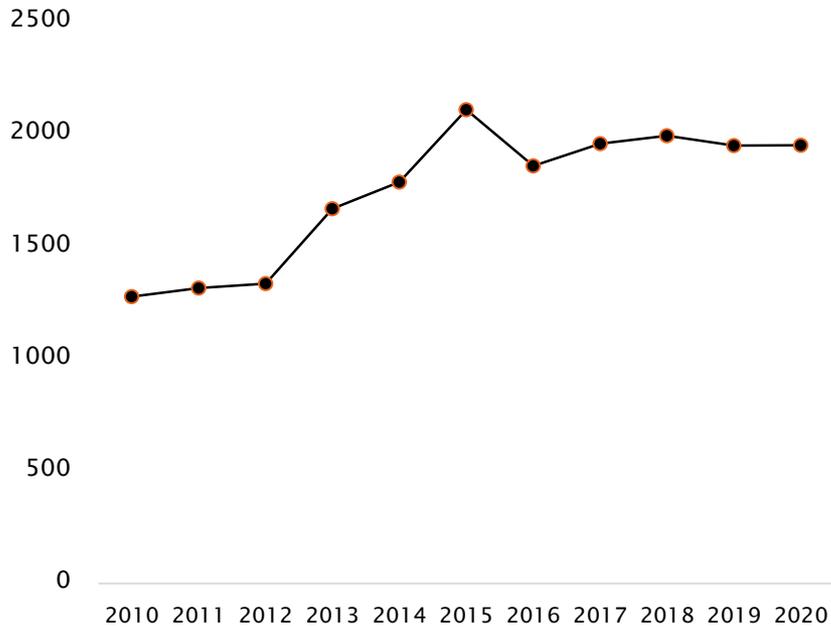
- ▶ Gradually decreases the number of big players;
 - ▶ Seizure of the agricultural land by legal entities is a dominant situation in the local land markets;
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Dynamics of the agricultural land market 2015-2019

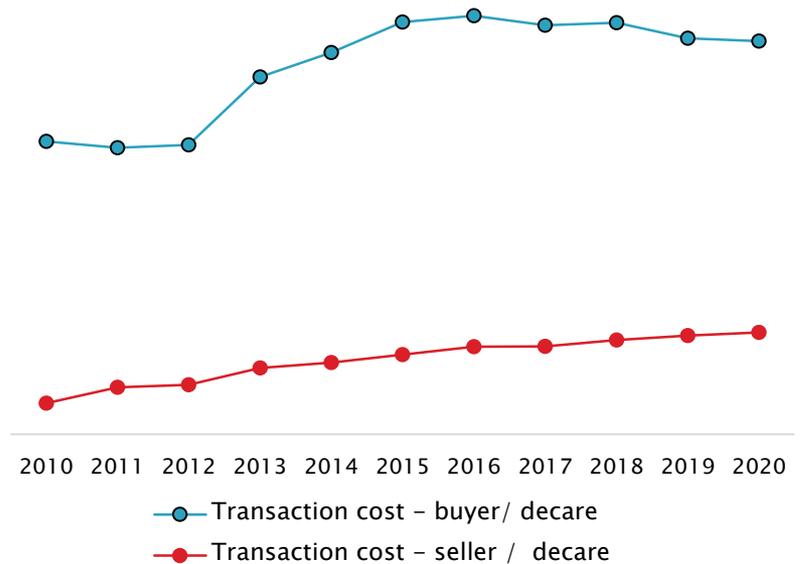


Transaction costs on the agricultural land market

Transaction cost - contract - total



Transaction cost - Dka - allocation



- Transaction cost - buyer/ decare
- Transaction cost - seller / decare

Some Conclusions

- ▶ "Legal gap" – lack of regulation on the competitiveness production factor – cascading market distortions;
 - ▶ The big legal entities works with other big ones
– decreasing the number of the small farmers;
 - ▶ The big players indirectly transferred the burden of the transaction's costs on the smaller ones.
- 

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