



The Invincible  
LAND



# Land Market Review Ukraine

November 2024



## KEY INDICATORS OF THE AGRICULTURAL LAND MARKET IN UKRAINE

Total land registered in the State Land Cadastre	<b>44,9 mln ha (74,4%)</b>
Agricultural land registered in the State Land Cadastre	<b>33,0 mln ha (77,2%)</b>
Average normative monetary value of arable land	<b>28 924 uah/ha</b>
Weighted average rent for municipally owned agricultural land plots (at land auctions)*	<b>8 683 uah/ha</b>
Weighted average purchase and sale price of agricultural land**.	<b>45 698 uah/ha</b>
Loans secured by agricultural land***.	<b>15 460 ha</b>
Average number of sale and purchase transactions per day in November 2024	<b>355</b>
Average size of a land plot in a sale and purchase transaction	<b>2,24 ha</b>
Number of concluded sale and purchase transactions, total	<b>305 190</b>
Area of registered sale and purchase transactions, total	<b>684 514 ha</b>

\*According to Prozorro. Prodazhi data from 01.01.2024 to 01.12.2024, larger plots are given more weight in the calculation of the average price per hectare

\*\*Weighted average price by area for the period from 01.01.2024 to 30.11.2024, larger plots are given more weight in the calculation of the average price per hectare, 1% of the most expensive and 1% of the cheapest plots are not taken into account in the calculation.

\*\*\*From 01.01.2022 to 31.12.2023

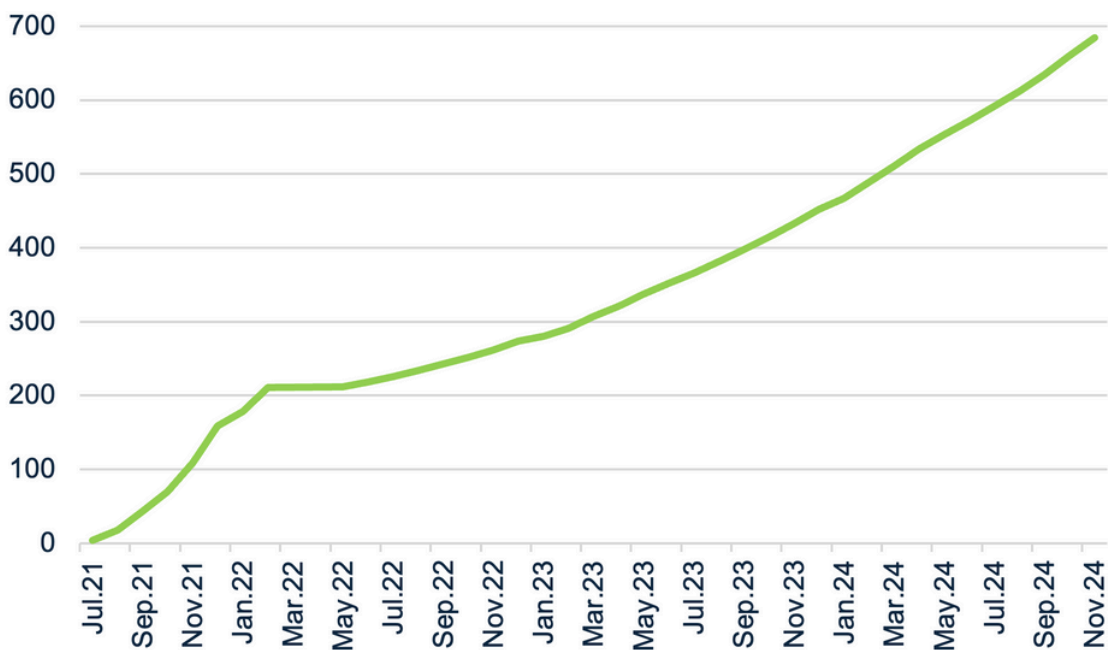
## LAND MARKET IN NOVEMBER 2024

Compared to October 2024, when the farmland market set an absolute record since the beginning of the full-scale invasion, its volumes in November were lower. While in October there were 11.3 thousand sale and purchase transactions on 25.2 thousand hectares, in November there were 10.6 thousand transactions (-5.7%) on 24.4 thousand hectares (-3.2%). At the same time, the results of November exceeded the average monthly figures of 2024 by 14.8% by the number of transactions and by

17.3% by the area of land in circulation - the second result since the beginning of full-scale aggression after October 2024. Compared to 2023, the average monthly figures in November 2024 were 52.8% higher by the number of concluded sale and purchase transactions and 63.8% higher by the area of land sold.

It is important to observe further market dynamics, as in previous years the market showed a pronounced seasonality, with the highest monthly volumes in December and the lowest in January.

Fig. 1. Dynamics of purchase and sale transactions (cumulative), thousand hectares

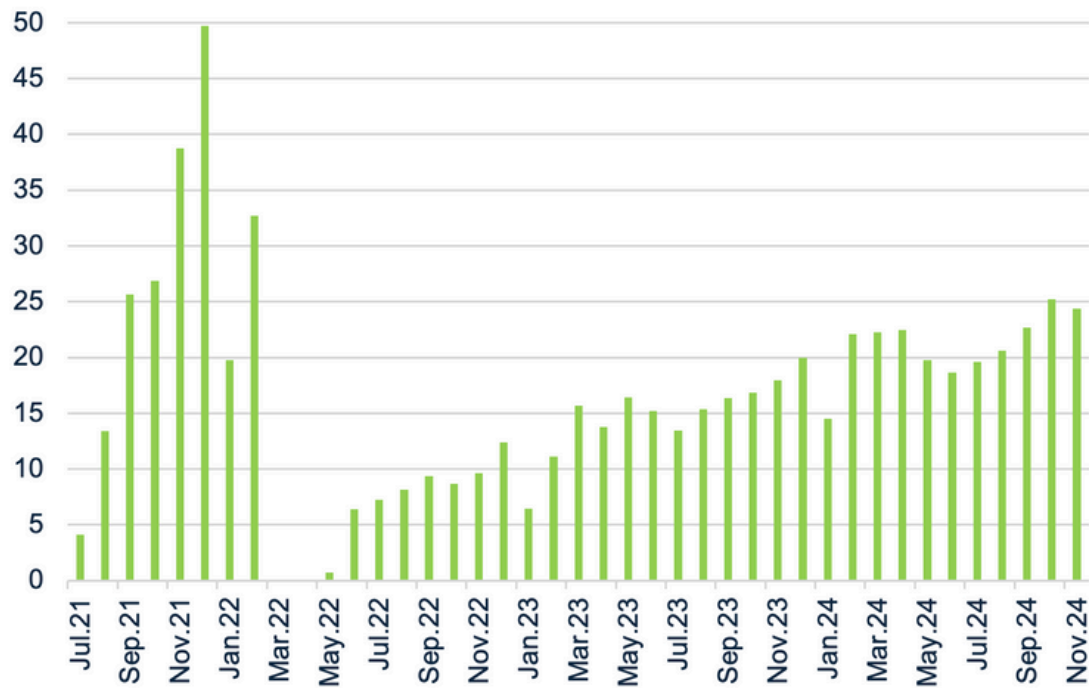


\* According to the State Geocadastre for the period from 01.07.2021 to 30.11.2024

As of the end of November 2024, the total volume of the agricultural land market since its opening in July 2021 reached 305.2 thousand transactions with a total area of 684.5 thousand hectares. Thus, over the

entire period of the land market's existence, 1.65% of the total area of all agricultural land in Ukraine was sold or 2.03% if we count only those regions where the land market is not complicated by hostilities or occupation.

Fig. 2. Dynamics of the volume of sale and purchase transactions (monthly), thousand hectares

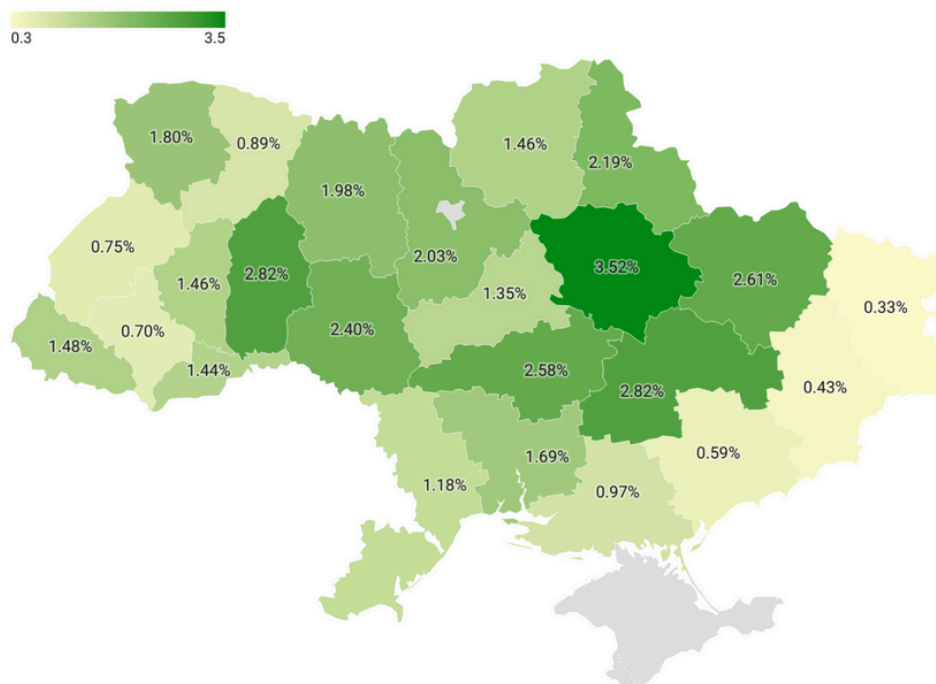


\* According to the State Geocadastre for the period from 01.07.2021 to 30.11.2024

If we extrapolate the results of the first 10 months of 2024 to the whole year, then this year 0.67% of all agricultural land in Ukraine will be in circulation, or 0.89%, if we do not take into account the areas where the market is hampered by hostilities and occupation. According to this indicator, the agricultural land market in Ukraine is close to the indicators of countries with developed markets (where about 1% of the total amount of agricultural land is in circulation annually), with some potential for growth.

The share of land in circulation in the regions with a liquid land market - Poltava, Khmelnytskyi, Dnipro, Kharkiv, and Kirovohrad regions - has exceeded 2.5% since the land market was opened and generally corresponds to the indicators of developed markets in other countries, given that the land market did not function for some time after the full-scale aggression. At the same time, in the most liquid region of Ukraine, Poltava region, even in the face of a full-scale invasion, the share of land in circulation has reached 3.5% since the market opened.

Fig. 3. Share of land in circulation in the total area of agricultural land in the region



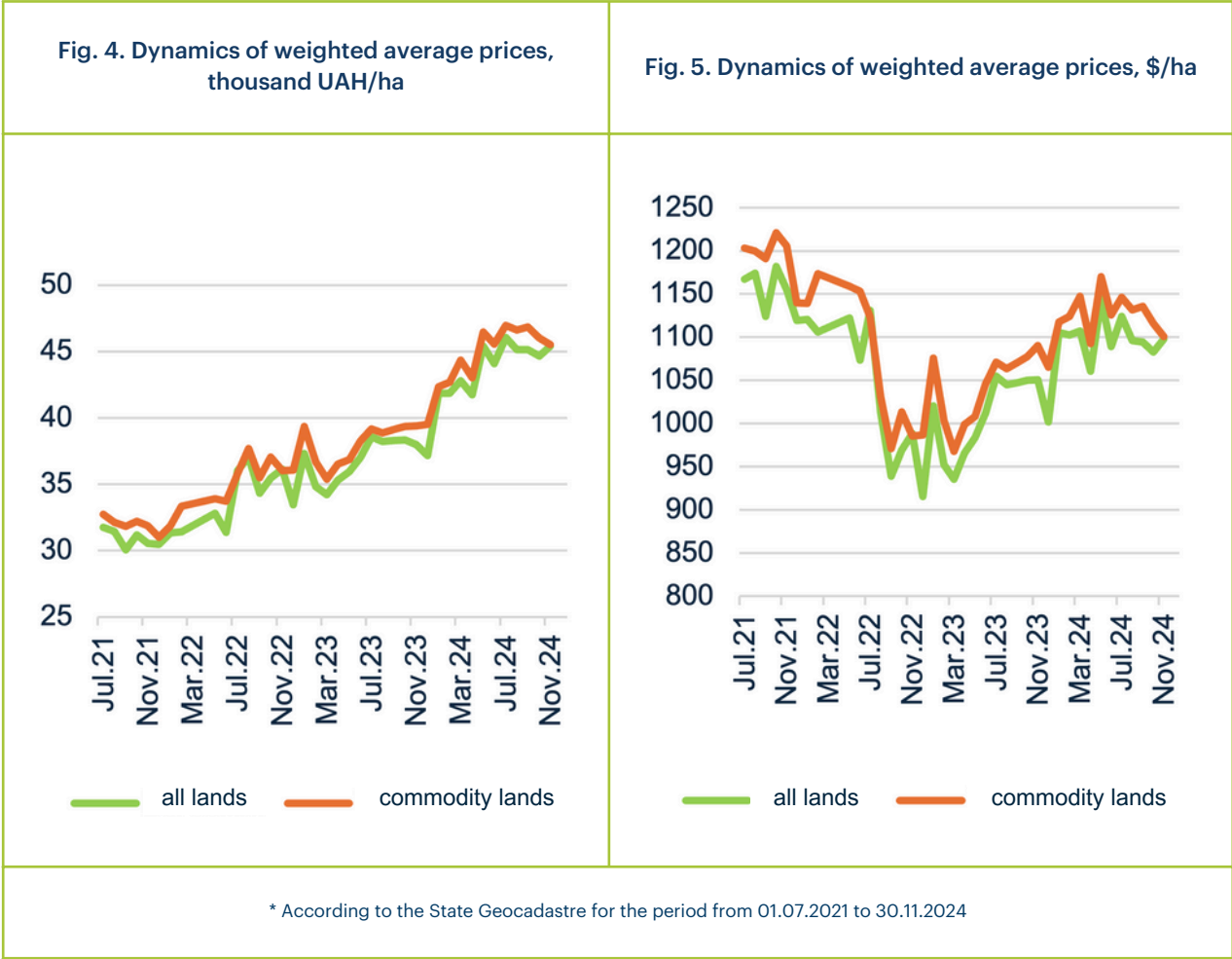
\* According to the State Geocadastre for the period from 01.07.2021 to 30.11.2024

## PRICES FOR AGRICULTURAL LAND REMAIN STABLE

In November 2024, the purchase and sale prices of agricultural land remained stable compared to the previous half of the year. The weighted average price of all agricultural land plots in November was 1.6% higher than in October and amounted to UAH 45.4 thousand per hectare, while the price of land with the designated purpose “for commercial agricultural production” (the so-called “commodity” land) in November was 1.1% lower than in October and amounted to UAH 45.5 thousand per hectare. At the same time, the average monthly price for all land over the past six months amounted to 45.0

thousand UAH/ha, and the price of “commodity” land amounted to 46.4 thousand UAH/ha.

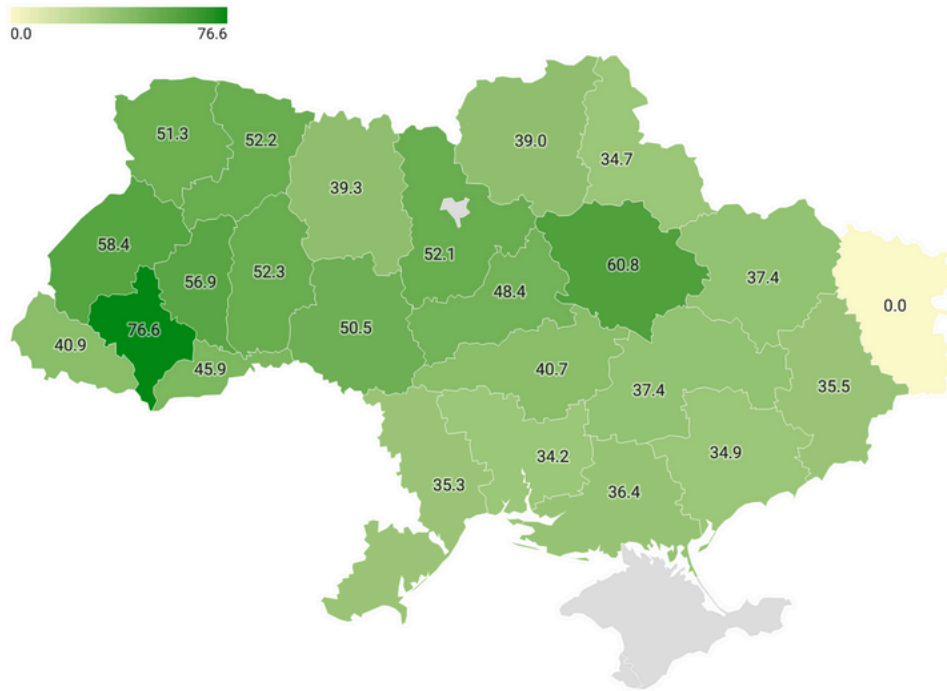
At the same time, prices in November 2024 were 22.2% higher than in December 2023, before the land market was opened to legal entities. As noted in previous issues of the analytical reviews, the opening of the land market for legal entities had a significant impact on the value of agricultural land. Legal entities pay at least 17% more for agricultural land than individual buyers, while individuals began to pay about 10% more for land than before the opening of the land market for legal entities.



It is important to note that these prices are based on official data registered in the sale and purchase transactions. Market prices for land may be significantly higher, as most

transactions are concluded at a price that does not differ by more than 2% from the normative monetary value, the minimum price per hectare established by law for formerly moratorium lands.

Fig. 6. Weighted average prices by region in 2024, thousand UAH/ha



\* According to the State Geocadastre for the period from 01.01.2024 to 30.11.2024

## LEGAL ENTITIES' PARTICIPATION IN THE AGRICULTURAL LAND MARKET IN NOVEMBER 2024

Starting from January 1, 2024, legal entities were granted the right to acquire the formerly moratorium agricultural land, provided that the companies were founded exclusively by Ukrainian citizens who were not subject to sanctions. Since the beginning of this year, the limit for acquisition of agricultural land by one person has also increased to 10 thousand hectares.

Since the opening of the land market for legal entities, 1446 companies have exercised the right to purchase agricultural land, of which 448 companies purchased at least one plot in November 2024. Although this figure is slightly lower than in October, when 458

legal entities purchased at least one land plot, it still exceeds the figures for all previous months of 2024. Thus, an increasing number of legal entities are actively participating in the land market. The share of agribusiness in the land market still has significant potential for growth, as according to official data, 23.5 thousand legal entities are engaged in the production of grains and legumes in Ukraine, and another 18.5 thousand are engaged in the production of sunflower.

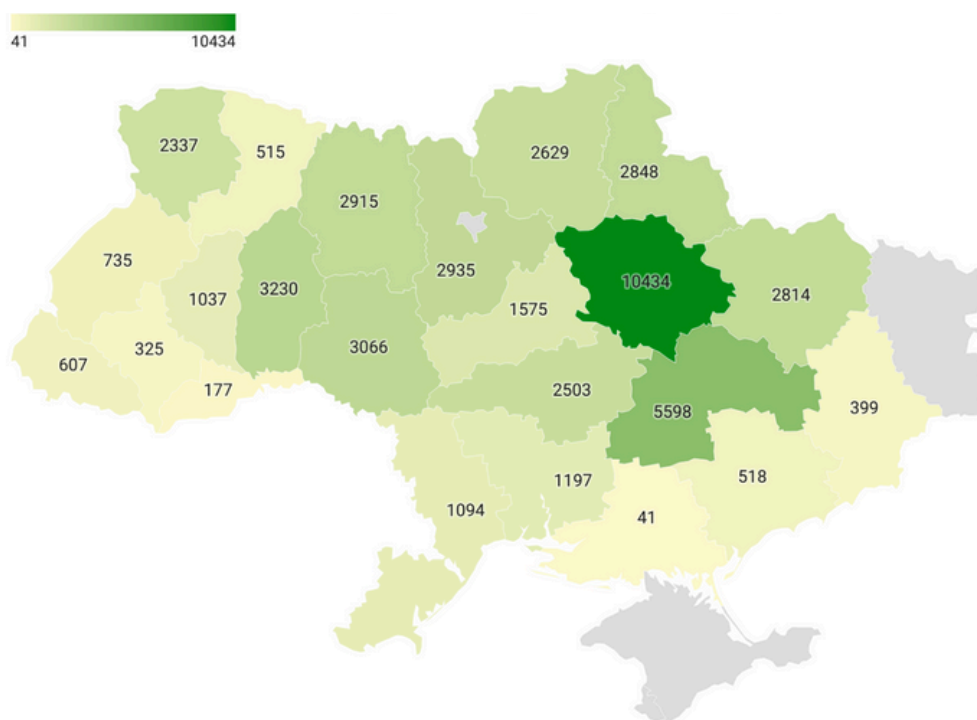
Since the beginning of 2024, legal entities have acquired 17247 land plots with a total area of 49.5 thousand hectares, of which 6.2 thousand hectares were acquired in November 2024,

which corresponds to the figures of September 2024 (it was in September that legal entities acquired a record area of land plots in 2024 - 6.3 thousand hectares), is slightly higher than in October (5.9 thousand hectares) and significantly higher than in previous months. Thus, in July-August 2024, legal entities purchased 4.8 thousand hectares per month, which was the highest figure since January 1 of this year, i.e. after the opening of the land market for legal entities. The share of legal entities in the agricultural land market in November 2024 reached

25.5%, which is slightly higher than in the previous months (except for September, when the share of legal entities was 27.7%).

The area of land plots acquired by legal entities in 2024 is unevenly distributed across the regions - 21% of the total area of land plots is located in Poltava region. The leading regions also include frontline Dnipro region (11%) and Khmelnytskyi region (7%). Legal entities did not purchase any land in only two regions of Ukraine, a significant part of which is under occupation - Luhansk region and the Autonomous Republic of Crimea.

Fig. 7. Area of agricultural land acquired by legal entities in 2024, ha



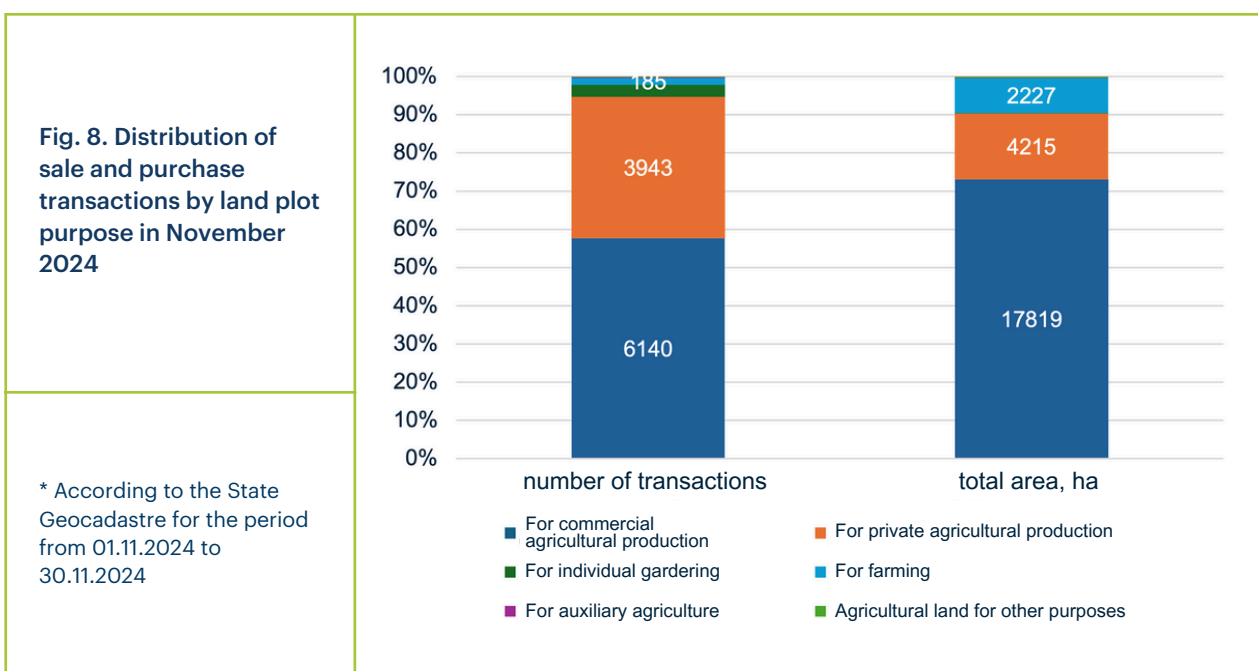
\* According to the State Geocadastre for the period from 01.01.2024 to 30.11.2024



## FORMERLY SUBMORATORIAL LAND PREVAILS IN TURNOVER

As in the previous months, sale and purchase transactions in November 2024 were mainly concluded on so-called “commodity” land (58% of transactions) and land for private farming (37% of transactions), a significant part of which was under moratorium until July 2021. At the same time, due to the larger average area of land plots, commodity land

prevailed in terms of land area in circulation (73% of all land in circulation in November 2024), while land plots for private farming accounted for only 17% of the total area of land for which sale and purchase agreements were concluded in November 2024. Another 9% of the land area in circulation in November of this year was land for farming.



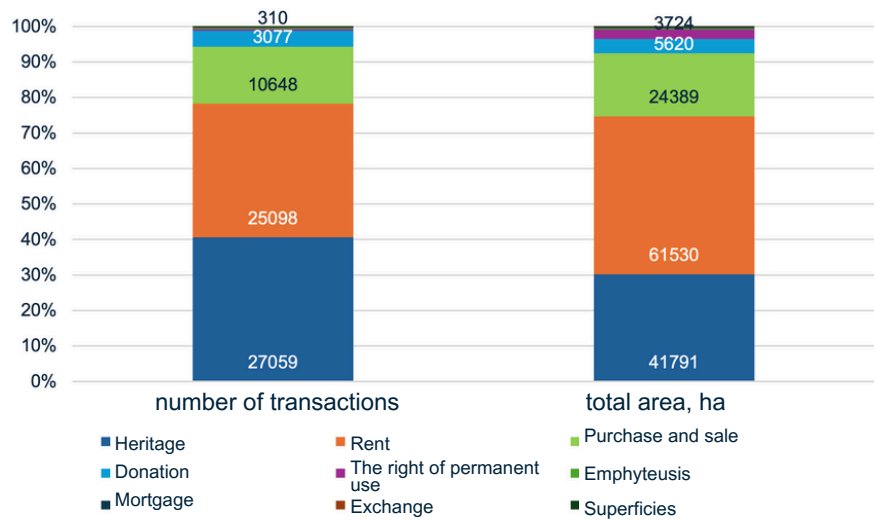
Among the 66.6 thousand transactions concluded in November 2024 on agricultural land, inheritance (27.1 thousand) and lease (25.1 thousand) prevail. The third place is occupied by land sale and purchase agreements (10.6 thousand).

The total area of concluded lease transactions amounted to 61.5 thousand hectares, while the total area of sold land was two and a half times less - 24.4 thousand hectares.

Also, in November 2024, 139 cases of transfer of agricultural land plots into mortgage with a total area of 492 hectares were recorded.

**Fig. 9. Types of land transactions in November 2024**

\* According to the State Geocadastre for the period from 01.11.2024 to 30.11.2024



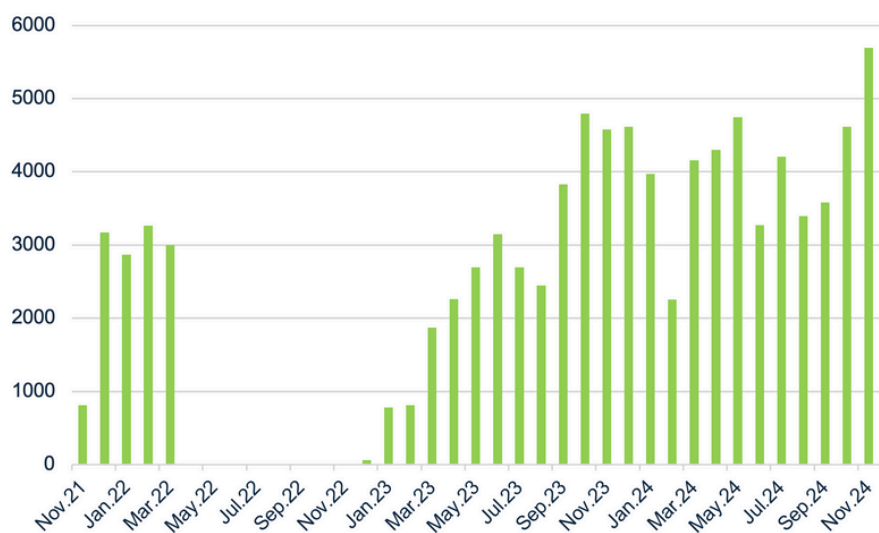
## LAND AUCTIONS IN NOVEMBER 2024

Since October 2021, communal land leases have been conducted through electronic auctions on the Prozorro. Prodazhi. Since

then, 10783 communal land plots with a total area of 92.0 thousand hectares have been successfully leased, bringing UAH 804.6 million in revenue to communities annually.

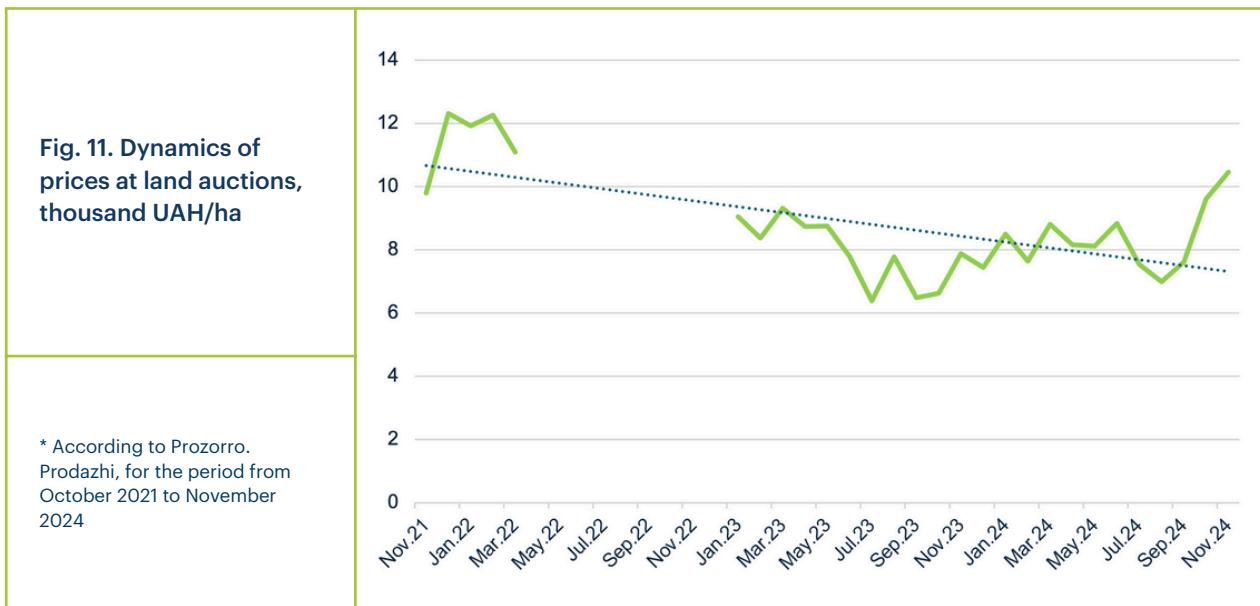
**Fig. 10. Dynamics of lease rights sales at land auctions, hectares**

\* According to Prozorro. Prodazhi, for the period from October 2021 to November 2024



In November 2024, 643 successful land auctions for lease rights to communal land plots with a total area of 5.7 thousand hectares were held on the Prozorro. Prodazhi. This exceeds the figures for

October by 21% in terms of the number of successful auctions and by 23% in terms of their total area and is a new record for the entire period of transfer of lease rights to communal land through the Prozorro. Prodazhi.



Prices for the lease of communal agricultural land (rent) through the Prozorro.Sale platform in November 2024 were the highest ever after the full-scale invasion and reached UAH 10.4 thousand per hectare. This is the fourth month in a row that the rental price at land auctions has been rising and the second month in a row that rental prices have set a new record. One of the hypotheses that could explain this activity in the communal land lease market is the increased profitability of the agricultural

business due to the stable functioning of the sea corridor and, as a result, lower logistics costs, which led to higher prices for basic agricultural products. It is too early to draw a definitive conclusion, but this may be one of the signals that farmers are optimistic about their future operations after several unprofitable years.

This analytical review did not take into account the results of the Land Bank project land auctions. We will analyze them in detail in the next issue.

## THE LAND MARKET SUPPORTS THE FINANCIAL CAPACITY OF HROMADAS

The turnover and use of agricultural land provide significant revenues to the budgets of territorial communities. Key tax revenues related to such land include the following:

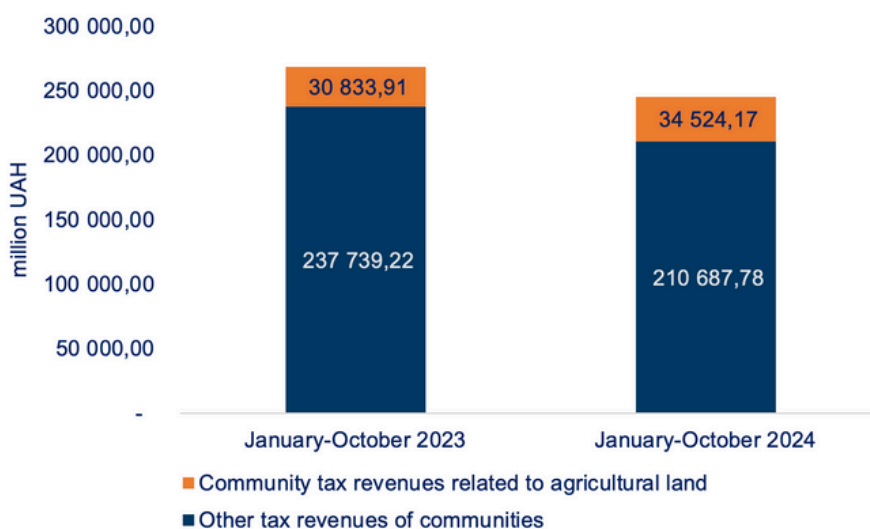
- rent for the use of communal land;
- land tax;
- a single tax on agricultural producers;
- personal income tax (PIT) received from the lease or sale of land plots;
- in certain cases, the minimum tax liability (MTL).

According to the latest data from the web portal of the Ministry of Finance of Ukraine OpenBudget, in October 2024, the budgets of local communities were replenished **by more than UAH 4.8 billion** due to the turnover and use of agricultural land. This is **10.2% (UAH 450 million) more than** in the same period last year. At the same time, other tax revenues decreased due to the redirection of personal income tax paid by military personnel to the state budget in full. In particular, in October 2024, the overall decrease in tax revenues amounted to 3.6% compared to October last year.

The share of territorial community revenues from the turnover and use of agricultural land in October 2024 **increased by 2 percentage points** - from 14.1% to 16.1% of total tax revenues compared to October 2023. In total, **over UAH 34.5 billion** of tax revenues related to the turnover and use of agricultural land were received by community budgets in the first ten months of 2024, which is **12%** higher than the same period last year.

The share of these revenues in total community tax revenues in January-October 2024 **increased from 11.5% to 14.1%** compared to the first ten months of 2023. At the same time, total tax revenues decreased **by 8.7%**. Thus, the turnover of agricultural land allows at least partially compensating for the significant reduction in tax revenues at the local level caused by the redirection of personal income tax paid by military personnel in full to the state budget, which took place in October 2023. Thus, the land market supports the financial capacity of local communities.

Fig. 12. Tax revenues of communities, UAH million



\* Own calculations based on the data of OpenBudget of the Ministry of Finance of Ukraine

The main factor behind the growth of budget revenues related to agricultural land is the increase in rent for the use of communal land, which forms the basis of these revenues (**54%** of total revenues from land turnover). In October 2024, territorial communities received **UAH 1.8 billion** in rent, which is **UAH 144 million** more than in October 2023. This is likely due to difficulties in accounting for the updated normative monetary valuation of land in existing lease agreements, which leads to incorrect formation of the tax base and, accordingly, a shortfall in local budgets.

By category of tenant, legal entities, mainly agricultural enterprises, remain the largest payers of rent for communal agricultural land. In 2024, they accounted for about three-quarters of all revenues to community budgets from the lease of such land.

As for the land tax, which is the second largest source of revenues of local communities from agricultural land (**27.2%** of the total amount of such revenues), its volumes in October 2024 reached **UAH 1.03 billion**, which is **13.6% more than** in October of the previous year.

Revenues from the minimum tax liability (MTL) demonstrated the highest dynamics among all revenues from land turnover and use compared to the previous year. The volume of these revenues **increased by**

**67.7%:** in October 2024, the budgets of territorial communities received **UAH 170.6 million** from the minimum tax obligation, compared to **UAH 101.8 million** in October 2023. Although the share of the MPS currently accounts for only **5%** of total revenues from the turnover and use of agricultural land, the role of this tax in the formation of budget revenues of territorial communities is gradually increasing.

In October, the single tax on agricultural producers (single tax of the fourth group) provided local budgets with more than UAH 1.8 billion, which is UAH 100 million more than in October 2023 (UAH 1.7 billion).

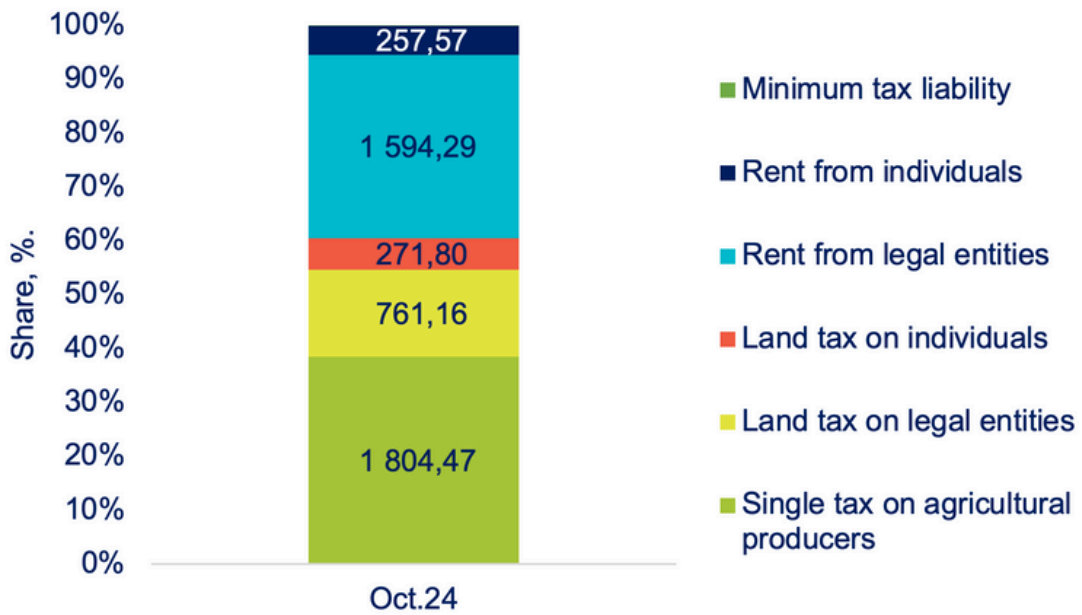
In accordance with the Tax Code of Ukraine, Group 4 single tax payers pay the tax quarterly within 30 calendar days after the end of the last day of the reporting quarter in the following installments:

- I quarter - 10%;
- The second quarter was 10%;
- **The third quarter - 50%;**
- The fourth quarter was 30%.

This taxation system makes October, as the month of payment for the third quarter, the period of the highest revenues from this tax during the year.

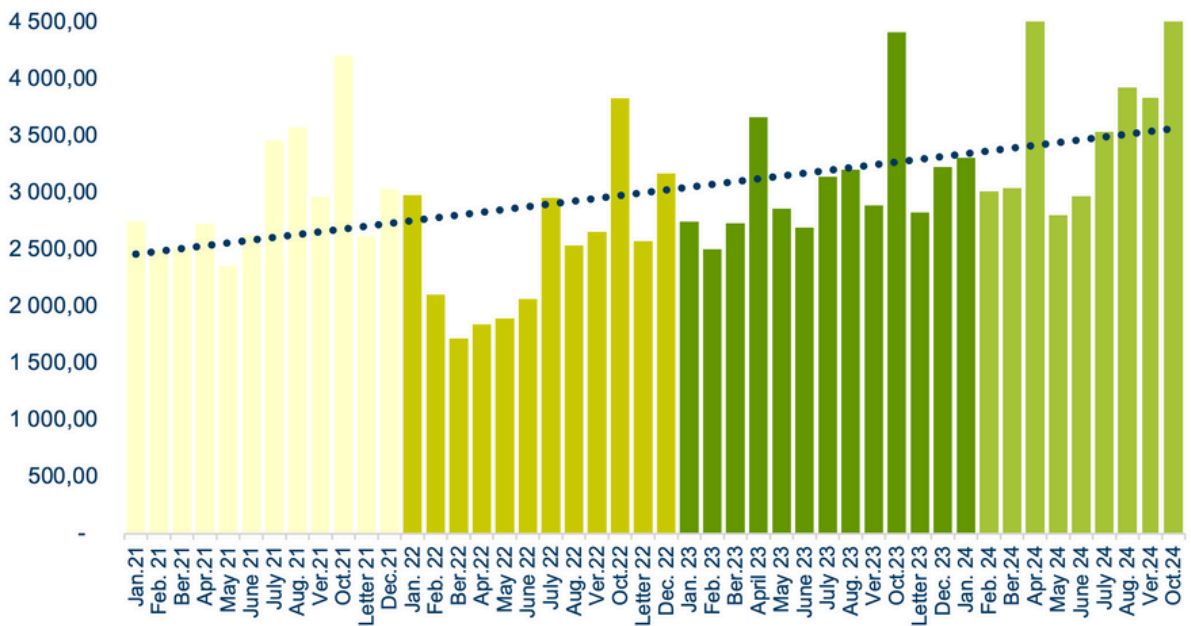
It is important that the single tax is transferred to the relevant local budget account at the location of the land plot.

Fig. 13. Budget revenues of communities related to agricultural land, UAH million



\* Own calculations based on the data of OpenBudget of the Ministry of Finance of Ukraine

Fig. 14. Dynamics of community budget revenues related to agricultural land, UAH million



\* Own calculations based on the data of OpenBudget of the Ministry of Finance of Ukraine

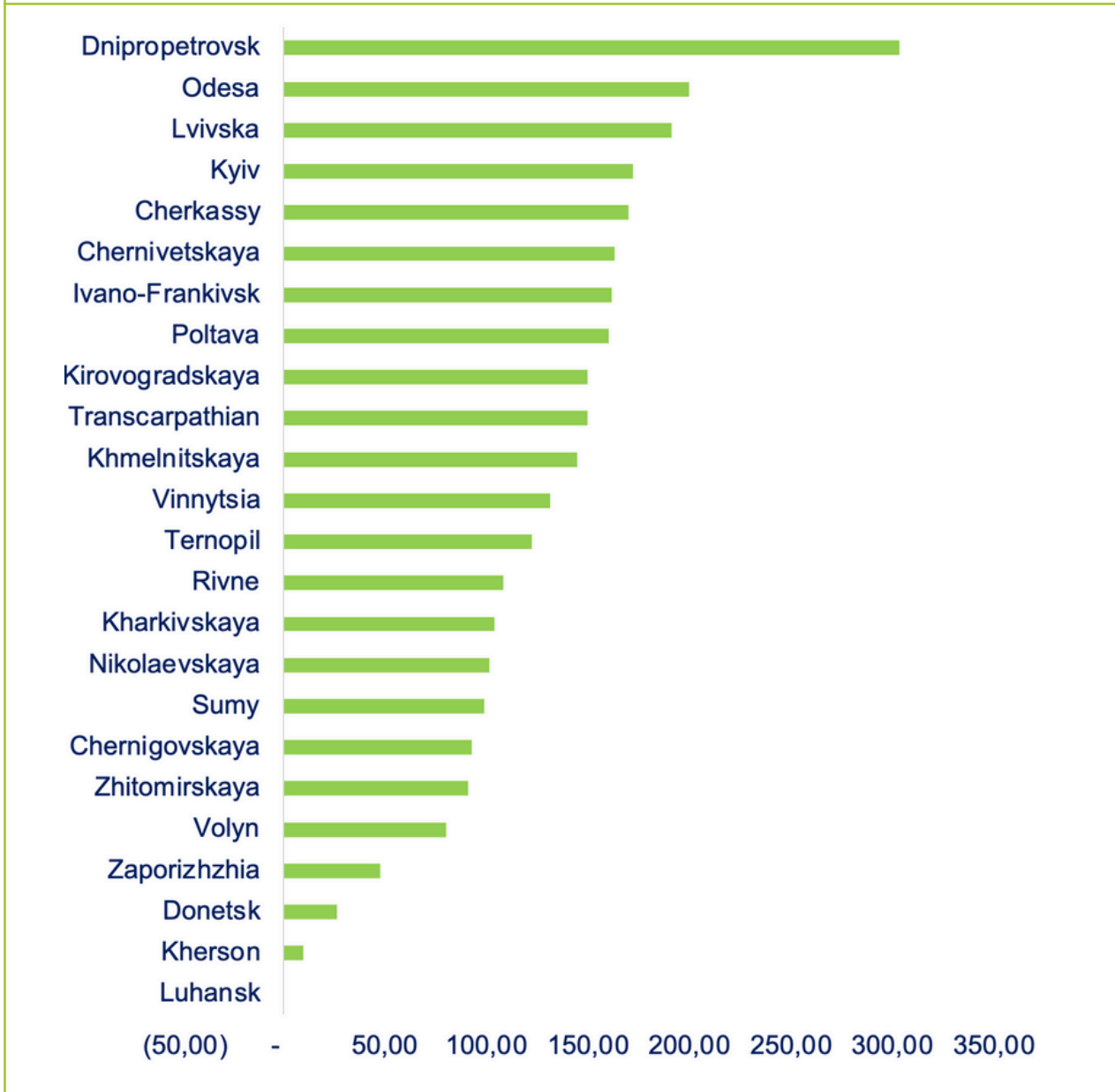
In October 2024, the largest revenues related to agricultural land were received by the budgets of the territorial communities of Dnipropetrovska (UAH 762.3 million), Odesa (UAH 517 million), Poltava (UAH 347.3 million), and Kirovohrad (UAH 304.5 million) regions. At the same time, the level of such revenues remains extremely low in the communities of the regions, many of which are under temporary occupation by Russia. For example, in Luhansk region, the total amount of revenues from the turnover and use of agricultural land was negative (-UAH 0.3 million) due to the refund of erroneous or overpaid payments. In Kherson region, such revenues amounted to only UAH 18.7 million. An important factor affecting the level of revenues from the Group 4 single tax is the introduction of a benefit starting from 01.03.2023 that exempts taxpayers from the calculation and payment of tax on agricultural land and/or water fund land if they are located in the temporarily occupied territories or in areas where military operations are underway. This benefit

applies to both owners of such land and persons using it on a lease basis. It is valid until the relevant territories are liberated or the hostilities end. At the same time, the exemption does not apply to land plots located in the territories where active hostilities or temporary occupation ended before 01.05.2022.

Among the regions close to the active combat zones, there is a downward trend in revenues compared to the same period in 2023, particularly in Kharkiv (-12%) and Donetsk (-25.7%) regions. However, in Zaporizhzhia and Kherson regions, due to the low comparison base, tax revenues increased significantly - by 34.6% and 61.5%, respectively.

The highest revenues per unit area of land are traditionally demonstrated by the communities of Dnipropetrovska oblast - 303.5 UAH/ha in October 2024, which is more than twice the national average of 124.1 UAH/ha for the same period. High relative indicators are also recorded in the communities of Odesa (199.8 UAH/ha), Lviv (191.4 UAH/ha) and Kyiv (172 UAH/ha) regions.

Fig. 15. Tax revenues of communities related to agricultural land in October 2024, UAH/ha



\* Own calculations based on the data of OpenBudget of the Ministry of Finance of Ukraine



## OVERVIEW OF AMENDMENTS TO LAND LEGISLATION AS OF NOVEMBER 2024

### State budget for 2025

In November, the Law of Ukraine on the State Budget of Ukraine for 2025 was adopted. The budget provides for expenditures for programs managed by the StateGeoCadastre, in particular, for:

- land reform - UAH 92.5 million;
- national topographic, geodetic and cartographic works, demarcation and delimitation of the state border - UAH 96 million;
- land inventory and updating the cartographic basis of the State Land Cadastre - UAH 16 million

### Changes to taxation

The Law of Ukraine "On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine on Ensuring the Balance of Budget Revenues during the Period of Martial Law", which entered into force on December 1, 2024, amended the rules governing tax liabilities in the field of land relations.

**The terms and procedure for publishing decisions on the normative monetary valuation of land plots**, in particular for state and communal land outside settlements, have been clarified. Such decisions must now be made public no later than 10 days after their adoption and take effect on the

first day of the second month after adoption. The law provides for special conditions for lands that have not previously been subject to a normative monetary valuation. The minimum values of the tax liability for land plots during martial law have been established. For one hectare of land with a share of arable land exceeding 50%, the minimum tax liability is UAH 1400, for other land plots - UAH 700. This rule does not apply to land plots located in the territories of possible hostilities, which are included in the List of territories where hostilities are (were) conducted or temporarily occupied by the Russian Federation."

The Cabinet of Ministers has been instructed to review the methodology of normative monetary valuation of land in view of climate change and the consequences of the destruction of the Kakhovka hydroelectric power plant. The changes should take into account the decrease in rental income due to reduced moisture and irrigated land.

New requirements for single taxpayers have been introduced. They are now obliged to switch to paying other taxes "if a single tax payer has a tax debt on the single tax, which has independently determined the positive value of the difference between the amount of the total minimum tax liability and the total amount of taxes, fees, payments and expenses for land lease for the last tax (reporting) year, on each first day of the month for two consecutive quarters - on the last day of the second of two consecutive quarters."

## CONTACTS

The analytical review was made possible through support provided by the U. S. Agency for International Development (USAID) through the USAID's Agriculture Growing Rural Opportunities Activity (AGRO) implemented by Checs International. The authors' views do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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