Міністерство аграрної політики та продовольства України

ДЕРЖГЕОКАДАСТР
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KSE Kyiv School of Economics

LAND GOVERNANCE REVIEW UKRAINE

December 2021

Key land market statistics in Ukraine

Share of total land registered in the State Land Cadastre	69,5% (41,9 m ha)
Share of agricultural land registered in the State Land Cadastre	75,8% (32,4 m ha)
Average normative land value for arable land	27 520 uah/ha
Average rental price for agricultural land:	
State and communal land (land auction price)*	4 039 uah/ha
Private land **	2 117 uah/ha
Average sale price of agricultural land ***	38 557 uah/ha.
Total area of agricultural land used as a collateral****	810 ha
Average number of sales transactions per day	470
Average size of the land sales transaction	2,42 ha
Total number of sales transactions for agricultural land	64 262
Total area of the registered agricultural land sales transactions	155 523 ha

* - since 01.01.2021
** - average price as of 01.01.2021
*** - weighted average price for land sale transactions occurred since July 1,.2021 till December 1, 2021.
**** - as of November 1, 2021

Agricultural land market in December 2021

While in October, we had a substantial slowdown in the pace of market growth – November's growth rate exceeded 30%. In December, the land market continued this trend, setting new records. Compared to November's results, the market grew by 30% in December. This growth was both in the number of transactions and the transacted area in December. The total area of transacted land exceeded 49 thousand hectares, and the number of transactions almost reached 19.5 thousand in December.

In December, for the first time after the abolishment of the farmland sales moratorium, the daily number of transactions exceeded 1,000. It happened five times during the month. It led to the record-high daily volume of the transacted land; more than 2500 hectares were transacted six times in December 2021. The absolute record was set on December 23 with 1187 transactions and 3175 hectares of the transacted land.

Most of the transacted land (65.8% of total area) is the land for commercial agricultural production. The second-largest land category is the land for individual peasant farming (‘ua: dlia osobystogo selianskogo hospodarstva’), 31% of the transacted area. A small but noticeable share of transactions was done with the land ‘for farming enterprise’ (‘ua: dlia fermerskogo gospodarstva’) - 2.8 % of the total transacted area. Other categories of agricultural land made up only 0,3% of the land market transactions. At the same time, the largest number of transactions was made with the land for individual peasant farming.

At the same time, most of the transactions were made with the parcels for individual farming (50.8% of transactions), followed by 43.9% of transactions made with commercial agricultural land. By the land type, most of the sales transactions were made with the arable land (86.2% of the sold land, by area), followed by hays & pastures (10.6%). The remaining land transactions were with either a mixture of multiple land types within the same parcel or other land types.

Ranking of the regional activity on the agricultural land market in Ukraine*

		# of sales	Area, ha	Area, %**
1	Kharkiv	6938	24277	1,007%
2	Kherson	3203	13602	0,691%
3	Kirovograd	3642	11478	0,565%
4	Poltava	4710	11861	0,548%
5	Dnipropetrovs'k	3267	12701	0,506%
6	Sumy	4878	8210	0,484%
7	Khmelnystky	4026	7249	0,462%
8	Mykolayiv	2289	8368	0,417%
9	Vinnytsya	4620	8051	0,400%
10	Kyiv	4524	6253	0,379%
11	**Ukraine**	**64262**	**155523**	**0,375%**
12	Volyn	2412	3569	0,341%
13	Chernihiv	3157	6476	0,313%
14	Zaporizhzhya	1902	6971	0,311%
15	Cherkasy	2070	3711	0,256%
16	Zhytomyr	2273	3813	0,253%
17	Luhans'k	927	4491	0,236%
18	Donets'k	1162	4386	0,215%
19	Ternopil	1450	2087	0,200%
20	Chernivstsi	945	805	0,171%
21	Zakarpattya	835	763	0,169%
22	Odesa	1360	3673	0,142%
23	Rivne	1200	982	0,106%
24	Lviv	1465	1282	0,102%
25	Ivano-Frankivs'k	1007	464	0,074%

*-As of January 1, 2022

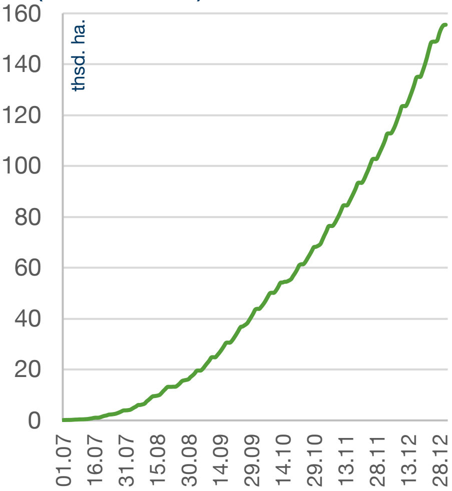
**- % of the total area of agricultural land in the region

The top regions from the previous month's rating held their position - Kharkiv, Kherson, and Kirovograd regions are still the top three regions in terms of land market activity. The most active region, the Kharkiv region, holds its position with more than 24.2 thsd. ha., or 1 % of all farmland in the region sold. That is the first region in Ukraine where more than 1% of the total farmland in the region was sold.

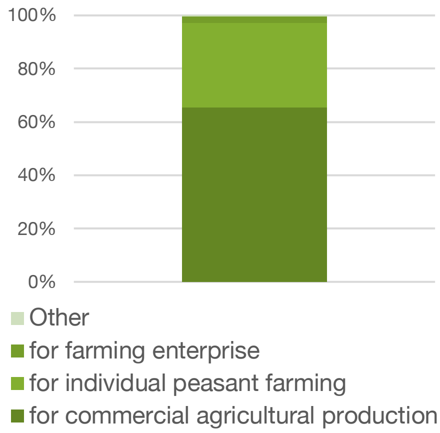
There are no changes at the bottom of our rating as well. The top-three least active regions are Rivne, Lviv, and Ivano-Frankivs'k regions. The total volume of land in circulation for the past six months in the Ivano-Frankivsk region is just 0.074% of the total volume of the farmland in this region.

The total volume of land in circulation for the first four months of the land market amounted to 0.379% of the total area of agricultural land in Ukraine.

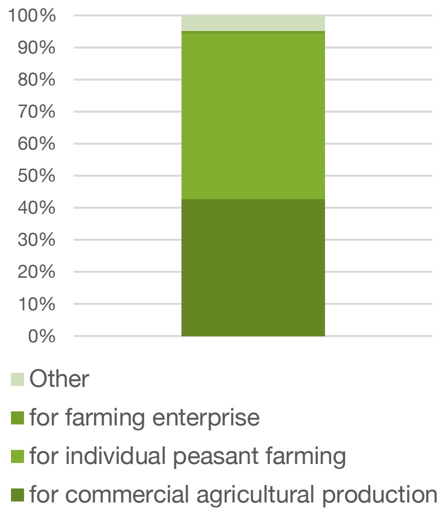
Daily number of transactions (cumulative)



Purchase&Sale transactions structure by land purpose, % of total transacted area



Purchase&Sale transactions structure by land purpose, % of total transactions



The farmland market volume

	Number of transactions	Transacted area, ha.	Market volume, m. uah.	% from the market volume
All sale transactions	64262	155523	5 272,4	
Breakdown by the land purpose				
For commercial agricultural production	28181	102401	3 219,6	61,1%
For farming enterprise	543	4389	106,7	2,0%
For individual peasant farming	32663	48182	1 765,0	33,5%
For subsistence farming	138	123	41,4	0,8%
For gardening	2571	254	127,1	2,4%
Breakdown by the land type				
Arable land	49855	134098	4 566,7	86,6%
Hays and pastures	11466	16433	475,9	9,0%
Other**	2941	4992	229,8	4,4%

* Estimated market volume, for transactions with the price missing the estimated transaction price is modelled
** Other land types include a mix of different land types

The farmland market volume

December 2021 is the sixth month since the abandonment of the moratorium on farmland sales. At the same time, while we have complete information on the number of transactions and the transacted area, the land market volume in monetary units remains challenging to estimate. As we already mentioned in the first volume of our Review – the transaction prices are missing for the substantial share of observations. While it is expected to change soon – for the first six months of the farmland market in Ukraine – the transaction price is available for approximately 55% of observations.

In this volume of the Land governance review, we decided to estimate the land market volume. We use the characteristics of the parcels sold and observations with available transaction prices to model the estimated prices of parcels where actual prices are missing.

We built a regression model of the parcel's price that takes into account the parcel's size, land type, purpose, and location (on the rayon level). Since we do not include other substantial factors that affect the land price, such as the possibility of the land plot's alternative use, our model consistently underestimates the parcel prices.

For observations with the price data available (approximately 55% of the sample) – our model underestimates the market volume by 25%. Therefore – the estimated market volume should be considered a rather conservative estimate.

According to our results, the total farmland market volume is 5.2 billion Ukrainian hryvnias (approximately $200 m.). The lands for commercial agricultural production – a category under the moratorium for the last twenty years earned the landowners 3.2 billion hryvnias, or 61% of the total market volume. The second-largest category is the land for individual peasant farming. A noticeable share of land in this category was under the moratorium as well, but we cannot distinguish parcels that were under the moratorium from parcels that were not. Transactions with lands from this category earned the landowners approximately 1.7 billion Ukrainian hryvnias, or 33.5% of the total market volume. The third biggest category of land is land for gardening – 127 million hryvnias or 2.4% of the total market volume.

If you have any questions or suggestions regarding the Review, please send them to the e-mail address: Taras.dzoba@minagro.gov.ua or onivievskyi@kse.org.ua

Lending with agricultural land as a collateral

	July 2021	August 2021	September 2021	October 2021
Number of banks that lent with land as a collateral	4	4	5	4
Number of credits with land as a collateral	6	13	14	11
The total volume of credits, thsd. uah.	28600	14548	56084	47957
The total amount lent to individuals, thsd. uah.	20600	14548	10405	4297
The total amount lent to legal entities, thsd. uah.	8000	-	9579	43660
The total amount lent to individial proprietors, thsd. uah.	-	-	36100	-
Breakdown by the term of the loan				
The volume of short-term loans (up to 1 year), thsd. uah	4 000	-	32 379	-
The volume of medium-term loans (from 1 to 5 years), thsd. uah	20 500	122	600	6 250
The volume of long-term loans (more than 5 years), thsd. uah	4 100	14 426	23 105	41 707
Weighted average credit interest rate				
For short-term loans (up to 1 year), %	16,0%	-	12,9%	-
For medium-term loans (from 1 to 5 years), %	14,2%	17,7%	15,1%	13,4%
For long-term loans (more than 5 years), %	10,0%	12,8%	13,2%	6,9%
The total value of the collateral, thsd. uah.	71218	40631	948586	192838
The total value of agricultural land used as collateral, thsd. uah	28959	3272	12531	9194
Other collateral, thsd. uah.	42259	37358	936054	183644
% of agricultural land's value in collateral's value	41%	8,1%	1,3%	4,8%
The total area of agricultural land used as collateral, ha.	470	53	61	227