



LAND GOVERNANCE REVIEW UKRAINE

January 2022

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 ***	38 691 uah/ha.
Total area of agricultural land used as a collateral****	2 408 ha
Average number of sales transactions per day	459
Average size of the land sales transaction	2,41 ha
Total number of sales transactions for agricultural land	72 276
Total area of the registered agricultural land sales transactions	174 466 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 February 1, 2022.	
**** - as of January 1, 2022s	

Agricultural land market in January 2022

The volume of the land market in January 2022 contracted compared to December 2021. While there were approximately 19 thousand land transactions with a total volume of 49 thousand hectares in December 2021 – in January 2022, there were only 8.2 thousand transactions with a combined transacted area of 19,5 thousand hectares.

However, albeit the monthly volume of the land market is the lowest since August 2021 – it is too early to make inference on the reversion of trends on the market. January in Ukraine – is a month with traditionally low business activity. 75% of transactions in January were made during the last two weeks of the month when most of the Ukrainian businesses returned to work. The average daily number of transactions (per working day) in the last two weeks of January was 622, while the average for the first seven months was 359.

Most of the transacted land (65.6% 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 gospodarstva'), 31.2% 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, most of the transactions were made with the parcels for individual farming (51% 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 (86.16% 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	7884	27191	1,128%
2 Kherson	3577	15102	0,767%
3 Kirovograd	4000	12607	0,621%
4 Poltava	5357	13372	0,618%
5 Dnipropetrovs'k	3692	14432	0,575%
6 Sumy	5599	9462	0,557%
7 Khmelnytsky	4587	8210	0,524%
8 Mykolayiv	2509	9217	0,459%
9 Vinnytsya	5162	9021	0,448%
10 Kyiv	5014	7094	0,430%
11 Ukraine	72276	174466	0,421%
12 Volyn	2679	3939	0,376%
13 Chernihiv	3626	7313	0,354%
14 Zaporizhzhya	2170	7882	0,352%
15 Zhytomyr	2503	4319	0,286%
16 Cherkasy	2287	4139	0,285%
17 Luhans'k	1016	4886	0,256%
18 Donets'k	1327	4913	0,240%
19 Ternopil	1625	2321	0,222%
20 Chernivtsi	1112	955	0,203%
21 Zakarpattia	953	856	0,190%
22 Odesa	1521	4123	0,159%
23 Rivne	1349	1155	0,125%
24 Lviv	1617	1435	0,114%
25 Ivano-Frankivs'k	1110	520	0,083%

*-As of February 1, 2022

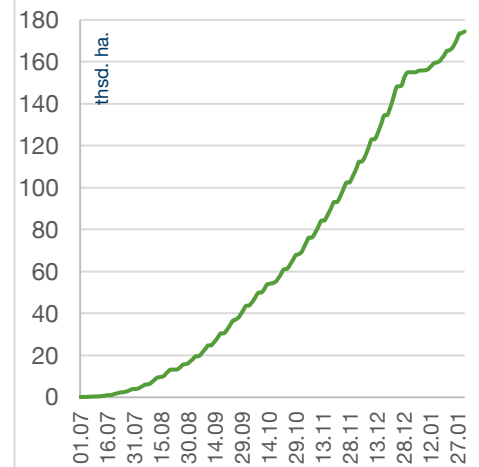
** - % of the total area of agricultural land in the region

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 27 thsd. ha., or 1 % of all farmland in the region sold. That is the first region in Ukraine where more than 1.13% of the total farmland in the region was sold.

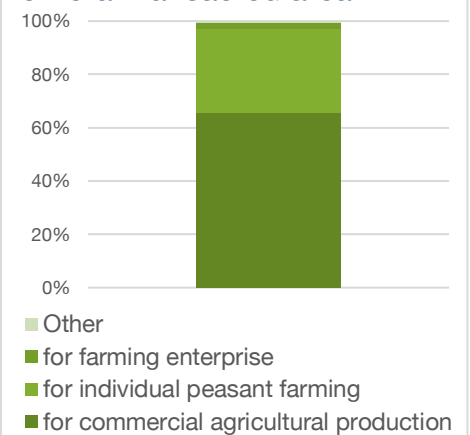
There are no changes at the bottom of our rating as well. The top-three least active regions are Rivne, Lviv, and Ivano-Frankivs'k regions. The total volume of land in circulation for the past six months in the Ivano-Frankivsk region is just 0.083% of the total volume of the farmland in this region.

The total volume of land in circulation for the first seven months of the land market amounted to 0.421% of the total area of agricultural land in Ukraine.

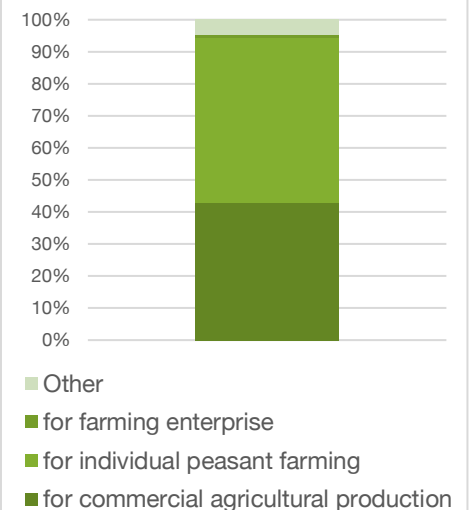
Daily number of transactions (cumulative)



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



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



Median parcel prices by regions and categories of farmland

	All parcels (uah.)	Parcels for commercial agricultural production (uah.)	Parcels for individual peasant farming (uah.)
Vynnytsya	43 668	70 000	33 000
Volyn	26 407	63 101	26 297
Dnipropetrovs'k	100 041	161 858	29 880
Donets'k	87 038	149 986	24 450
Zhytomyr	30 586	70 299	26 504
Zakarpattya	29 000	37 700	23 941
Zaporizhzhya	34 000	155 850	21 818
Ivano-Frankivs'k	35 000	34 913	30 000
Kyiv	75 078	95 115	65 410
Kirovograd	64 405	130 623	37 100
Luhans'k	166 650	178 754	34 700
Lviv	56 000	38 650	70 200
Mykolayiv	48 200	145 920	23 000
Odesa	81 823	154 537	67 000
Poltava	59 500	122 094	35 500
Rivne	15 000	39 861	30 179
Sumy	25 093	40 887	22 924
Ternopil	48 500	58 801	30 063
Kharkiv	88 492	162 493	10 600
Kherson	77 154	112 200	22 584
Khmelnystky	50 980	69 515	40 510
Cherkasy	54 418	88 300	39 120
Chernivtsi	28 972	32 425	22 029
Chernihiv	29 900	58 468	21 036
Ukraine	50 203	104 187	30 000
*as of February 1, 2022			

Median parcel prices by regions

In October's issue of our Review, we already discussed the regional dimension of the land prices. Back then, we were discussing the regional differences of weighted average per hectare land prices for two primary land categories - lands for commercial agricultural production and lands for individual peasant farming—these two categories of land account for 94.9% of all transacted parcels.

In this issue, we are discussing median prices rather than the weighted average prices, and instead of focusing on per-hectare prices – we will discuss the parcel prices. The primary

reason for these changes is two-fold. Per hectare prices do not tell a lot about how much the landowners get for their parcels. The reason being – there are substantial differences in the average parcel size both in terms of the land category and in terms of the region. While the average parcel size for the “commercial agricultural production” lands is 3.6 hectares, the average parcel size is considerably lower for “individual peasant farming” lands, approximately 1.5 hectares.

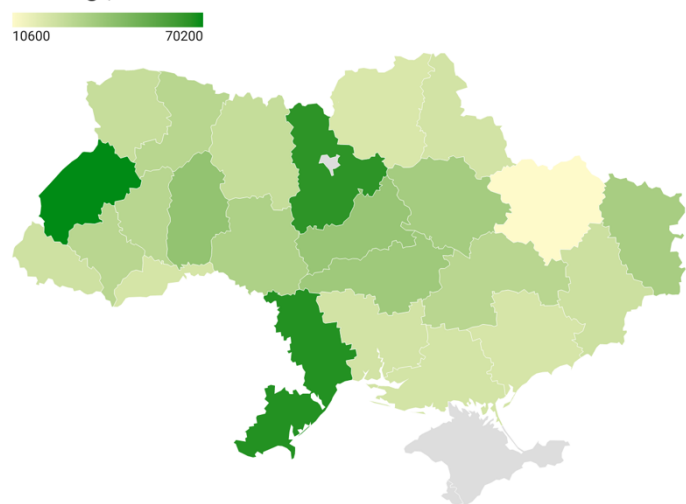
The second factor – the median prices—should be less affected by the outliers than the average prices.

After the first seven months of the land market in Ukraine, the median parcel price is 50 thousand uah.

Median prices of “individual peasant farming” parcels

If we take all parcels for “individual peasant farming” sold in Ukraine, the median price would be 30 thousand hryvnias, substantially lower than the prices for lands intended for “commercial agricultural productions,” which is equal to 104 thousand hryvnias. In other words, half of the landowners who decided to sell their parcel intended for “individual peasant farming” get more than 30 thousand uah. for their property, while for the “commercial” lands – half of the owners could sell their belongings for more than 104 thousand hryvnias (approximately 3700-4000 US dollars, depending on the exchange rate).

Median prices for parcels intended for "individual peasant farming", uah.



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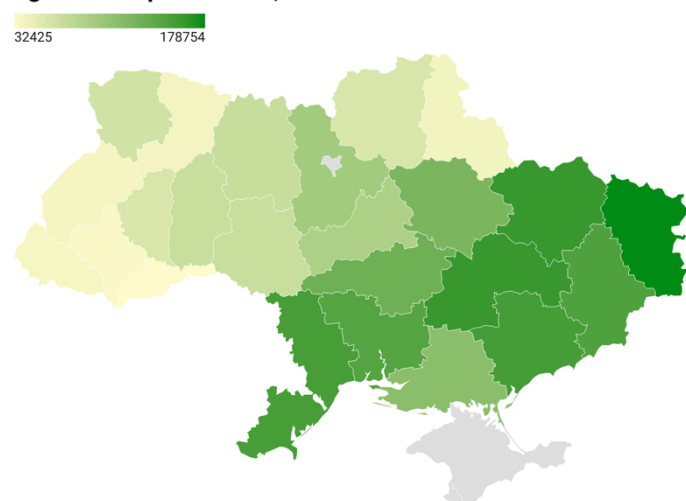
Apart from already discussed differences in the average parcel size – there lands for individual peasant farming are typically less valuable than the “commercial” lands (discussed in detail in October’s issue of our Land governance review). However, there are three regions with relatively high prices for this type of parcel. Two of them – the Lviv and Kyiv regions may exhibit higher prices due to the proximity to large agglomerations and the consequent potential for further development.

Median prices of parcels for “commercial agricultural production

As for the parcels intended for “commercial agricultural production,” – the highest prices are in the Eastern part of Ukraine, where the average parcel size is the largest. The median parcel price in the Luhans’k region is 178 thousand hryvnias (approximately 6300-6800 US dollars), while the average parcel size is 5.4 hectares. Interestingly, none of the regions with the most productive soils in Ukraine made it into the top-5 areas by the median parcel prices. The only region made into the top-10 is the Poltava region, with 122 thousand uah. median parcel price and average parcel size of 3.6 hectares. That is the only region in the top-10 with an average parcel size smaller than 4.5 hectares.

Regions with the smallest median prices are Zakarpattya (37.7 thousand uah.), Ivano-Frankivs’k (34.9 thousand uah.), and Chernivtsi (32.4 thousand uah.) regions. The average parcel size in each of those regions is rather small (as for the “commercial agricultural production” category of land), from 0.99 hectares in the Ivano-Frankivs’k region to 1.57 in the Zakarpattya region of Ukraine.

Median prices for parcels intended for "commercial agricultural production", uah.



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Therefore, we could conclude that the difference in per-hectare prices between the most productive and less productive regions cannot offset the effect of the differences in parcel size between regions.

Lending with agricultural land as a collateral

	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021
Number of banks that lent with land as a collateral	4	4	5	4	6	5
Number of credits with land as a collateral	6	13	14	11	18	12
The total volume of credits, thsd. uah.	28600	14548	56084	47957	91375	176492
The total amount lent to individuals, thsd. uah.	20600	14548	10405	4297	9217	3676
The total amount lent to legal entities, thsd. uah.	8000	-	9579	43660	82158	172816,2
The total amount lent to individual 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	-	13 370	88 447
The volume of medium-term loans (from 1 to 5 years), thsd. uah	20 500	122	600	6 250	51 588	62 100
The volume of long-term loans (more than 5 years), thsd. uah	4 100	14 426	23 105	41 707	26 417	25 946
Weighted average credit interest rate						
For short-term loans (up to 1 year), %	16,0%	-	12,9%	-	16,2%	15,3%
For medium-term loans (from 1 to 5 years), %	14,2%	17,7%	15,1%	13,4%	13,8%	11,3%
For long-term loans (more than 5 years), %	10,0%	12,8%	13,2%	6,9%	13,8%	13,4%
The total value of the collateral, thsd. uah.	71218	40631	948586	192838	372049	1346864
The total value of agricultural land used as collateral, thsd. uah	28959	3272	12531	9194	34815	46698
Other collateral, thsd. uah.	42259	37358	936054	183644	337235	1300166
% of agricultural land's value in collateral's value	41%	8,1%	1,3%	4,8%	9,4%	3,5%
The total area of agricultural land used as collateral, ha.	470	53	61	227	594	1004

Source - National Bank of Ukraine's survey of banks

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