

EU farmland

# The costs country-by-country

Only in Denmark and Spain have average farmland prices dropped. Over the rest of Europe prices continue their upward trend, although direct comparisons and exact analyses are difficult. Not only are methods of recording land prices different, there are also large regional variations within countries, as the following examples show.

**Netherlands.** This is the home of record EU farmland prices with the latest national average standing at 49,575 €/ha – and this doesn't even include sales of intensive horticultural or greenhouse units. But within this awe-inspiring average there are huge variations with the east and south of the country seeing the highest prices, between 40,000 € and 75,000 €/ha in Limburg and North Brabant, for example. The good returns in recent years enjoyed by Dutch agriculture in general have encouraged investment in land by capital-rich farm businesses. However, the area of farmland sold as a proportion of the national total grows smaller every year with the latest figure just 1.1%.

**Germany.** The picture here has fundamentally changed over the last years. In eastern Germany farmland prices have exploded, with substantial increases also in Lower Saxony, Schleswig-Holstein, North Rhine-Westphalia and Bavaria. Factors driving this boom are very different from

state to state. In the livestock production areas, for example, environmental regulations or biogas production are main motors for expansion. Two aspects are increasingly focused-on: the interest from non-farming investors on buying land and, especially in the east, the change in ownership of shares in farming companies.

The option of taking over farms through buying shares in the respective businesses heralds new dimensions in structural change. Where these farm businesses are societies, the generation change means some shareholders want out. New investors are therefore crucial for full functionality in many concerns: for investing in the business and/or compensating those shareholders selling up. There are signs, however, that the attraction of agriculture for investors may become less in the next years. Main reasons: the amended European Renewable Energy Sources Act, decline of the financial and euro crisis, reduction of EU direct payments and the continuing rise in the cost of farmland.

**Denmark.** Since April 1, 2010 livestock producers here don't need to have the previously required manure spreading area for their units. This regulation had continuously driven-up farmland prices to the equivalent of 40,000 €/ha, representing a 400% rise within a decade. But since then, land prices have gone into a steep

downward slide. This is a threatening situation for both farmers and banks because land represents the main capital for many Danish farms. When the land price bubble burst, it meant the security for many loans simply vanished. Making the matter worse is the fact that Danish farms tend to be heavily reliant on borrowed capital so that the current situation means expansion is even more difficult.

**Britain.** The UK farmland market is extremely differentiated. While general interest in agriculture land as an investment remains great, only around 45% of those selling land in 2013 were actually farmers. Non-farming investors were involved in some 40% of the sales. The picture is similar for purchases, with 50% of the deals made by farmers aiming to make their businesses more com-

petitive through expanding. Around 40% of buyers were non-farming people or companies.

In this nation, too, there are great differences regionally. Eastern England, including the east Midlands and the southeast, are where the highest prices are paid for land. Farms are much cheaper in Wales and Scotland. Where a hectare will set you back around 26,800 € in East Anglia, you would need only an average 13,300 € for the same area of Scottish land.

**France.** Here, the average farmland value reached 5,420 € in 2012. Following years of moderate rises, the business and financial crises caused prices to start their slide in 2009 and the situation was worsened by stiffer controls on bank credit.

Thomas Künzel

Σ **In Dänemark und Spanien sinken die durchschnittlichen Bodenpreise. In anderen EU-Ländern hält die Preissteigerung der letzten Jahre weiter an. Ein direkter Vergleich zwischen den einzelnen Ländern und eine exakte Bewertung der Preise ist jedoch schwierig.**

Σ **Au Danemark et en Espagne, le prix du foncier diminue. Dans les autres pays de l'UE, la montée des prix de ces dernières années se poursuit. Une comparaison directe entre les pays et une évaluation exacte des prix est cependant difficile.**



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