Agricultural land market in Slovakia

Trh s poľnohospodárskou pôdou na Slovensku

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Abstract: The agricultural land market in Slovakia has noted an increased dynamics recently. Such situation was a result of entering big foreign investors, particularly car factories, which had bought agricultural land for construction purposes. It resulted in the raised prices of plots. Agricultural land prices sold for the further agricultural use are markedly lower from the national point of view than in the EU-15. Such prices are also the third lowest ones within the new member countries of the EU.

Key words: land market, land market prices, land area, plot size, official land prices

Abstrakt: V poslednom období sme na Slovensku zaznamenali zvýšenú dynamiku trhu s poľnohospodárskou pôdou. Zapríčinil to najmä vstup veľkých zahraničných investorov na Slovensko, najmä automobiliek, ktoré vykúpili poľnohospodársku pôdu na ich výstavbu. V dôsledku toho sa zvýšila cena týchto pozemkov, avšak z celoslovenského pohľadu sú ceny poľnohospodárskych pozemkov, ktoré sú predávané na ďalšie poľnohospodárske využitie výrazne nižšie ako v krajinách EU 15 a tretie najnižšie v rámci nových členských krajín EU.

Kľúčové slová: trh s pôdou, trhové ceny pôdy, výmera pôdy, veľkosť pozemku, úradné ceny pôdy

Since the year 2000, monitoring of the agricultural land market in Slovakia by the Research Institute of Agricultural and Food Economics (RIAFE) shows that the interest in the purchase and sale of agricultural plots has increased, including plots for further agricultural use (Buday 2004). The greatest number of the sold land represents plots up to 1 ha, which serve mainly as building plots, plots for recreational purposes or as gardens. Demand for the purchase of agricultural land is different in each region of the Slovak Republic. The plots with industrial construction possibility closely connected to the building-up of the adequate infrastructure and the dwelling construction are sold most often. Demand for land is the highest near the intra-village of towns and villages which is also marked with the most important growth of prices. The significant advancement of the land market was recorded also in the regions with a possibility of tourism development. The prices are still growing there recently. The purchase of land for further agricultural use forms the lowest number of transactions. This is connected especially with a lower profitability of agricultural production and capital undersized of the entrepreneurial subjects on the ground that is the main reason of the lower demand for buying land (Buday et al. 2005).

MATERIALS AND METHODS

The analyses results of the development of agricultural land market prices in the years 2001–2005 in selected districts of Slovakia are presented in the article. The analyses result from the land market monitoring in the selected districts of Slovakia. The Research Institute of Agricultural and Food Economics with the Research Institute of Geodesy and Cartography (RIGC) perform this monitoring together. Market prices are regarded according to the kind of the sold land, size structure and the assumed further use in the following districts: Dunajská Streda, Topoľčany, Rimavská Sobota, Liptovský Mikuláš, Svidník and Michalovce. The plots were divided into two size groups in a review of their assumed further use:

– plots with acreage up to 1 ha. These are mainly building plots, plots for gardens, cottages, recreational use etc.,
– and plots over 1 ha, in which the assumption of their further agricultural use exists.

The object of analyses were the data of the actual buying and selling agricultural land prices, which were taken from the sale and purchase agreements. Such sale and purchase agreements provide for agricultural land transfers which had been registered in the Cadastral Office by entry in 2001–2005. Comparison of the average market and official agricultural land prices in the selected districts was performed (Buday 2000).

Land market in Slovakia in the years 2001–2005

In 2001–2005, most of the sale and purchase agreements (transactions) were done in the district of Dunajská Streda, where 2 794 contracts were registered and 5 680 ha of the total plots acreage were sold. In the districts of Liptovský Mikuláš, 1 565 contracts were signed and 588 ha of land sold, Michalovce 614 contracts and 777 ha of land, Rimavská Sobota 547 contracts and 953 ha of land, Topoľčany 439 contracts and 843 ha of land. The district of Svidník is in the last position according to the number of the concluded contracts, with 203 contracts and 237 ha of land sold (Table 1).

Table 1. Acreage of the sold agricultural land according to the kind of plot in selected districts in 2001–2005

District	Land acreage (m^2)				
	total	arable land	vineyards	orchards	permanent grasslands
Dunajská Streda	56 800 788	41 970 486	10 782 844	416 494	3 630 964
Topoľčany	8 436 905	7 027 056	1 064	47 697	1 361 088
Liptovský Mikuláš	5 880 224	1 601 077	0	0	4 279 147
Rimavská Sobota	9 534 722	5 019 852	6 550	18 638	4 489 682
Svidník	2 366 829	470 130	0	14 138	1 882 561
Michalovce	7 770 226	4 257 674	70 277	0	3 442 275
Total	**90 789 694**	**60 346 275**	**10 860 735**	**496 967**	**19 085 717**

Source: RIGC, own calculations

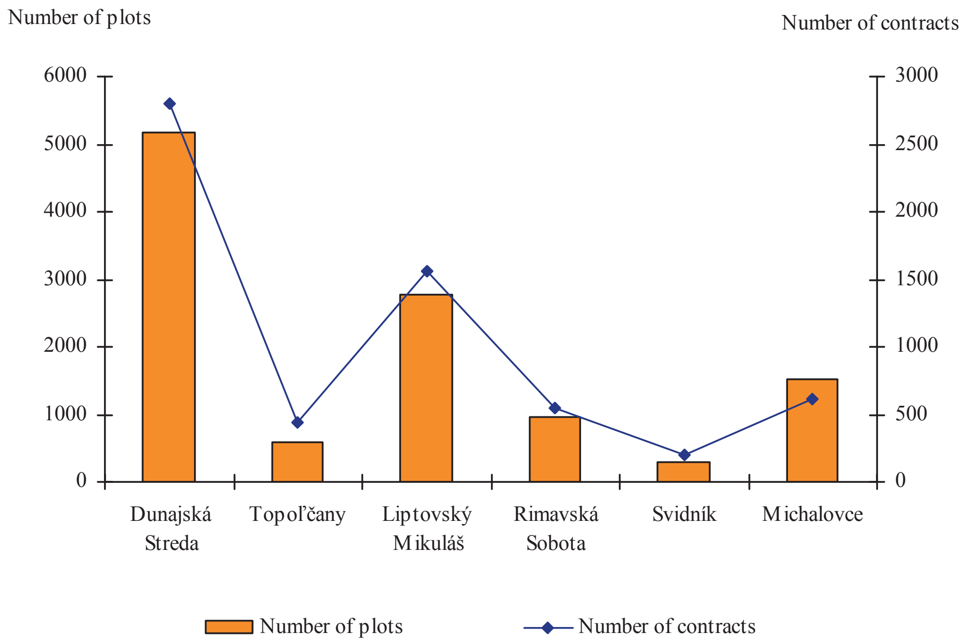

Figure 1. Number of contracted agreements and sold plots

In total, 10 439 sale and purchase contracts were concluded within the monitoring period in the selected regions of Slovakia and the total sold acreage presented 9 079 ha. From the total sold acreage of agricultural land, the proportion of arable land was 66.47%, the proportion of permanent grasslands was 21.02%, vineyards 11.96% and orchards 0.55%.

During the last five monitored years, the district of Dunajská Streda had the greatest share in the total sold acreage of agricultural land (62.6%) with the sold acreage 5 680 ha. In the district of Rimavská Sobota, 10.5% was sold, in Topoľčany 9.3%, in Michalovce 8.6%, in Liptovský Mikuláš 6.5% and in Svidník 2.6% from the total sold acreage in the followed districts. As well as with the agricultural land, the district of Dunajská Streda has the highest proportion 66.5% in the total sold acreage of arable land.

In the years 2001–2005, the market price of the sales agricultural land was in average 15.50 SKK/m^2 without any distinction of its further use in the selected districts. The average price of arable land was 20.02 SKK/m^2, of permanent grasslands 6.84 SKK per m^2, orchards 65.79 SKK/m^2, vineyards 3.25 SKK/m^2 and hopyards 4.53 SKK/m^2.

The highest average price of arable land 40.91 SKK per m^2 was determined in the district of Liptovský Mikuláš. In the district of Dunajská Streda, the average price of arable land reached the value 23.75 SKK/m^2, in Michalovce 14.27 SKK/m^2, in Svidník 12.76 SKK per m^2, and in Topoľčany 8.37 SKK/m^2. In the district of Rimavská Sobota, the lowest price of arable land was only 4.10 SKK/m^2.

The average market price of vineyards 41.77 SKK/m^2 was the biggest in the district of Topoľčany. In other districts, where the sale was registered, the average market price was on the move from 13.76 up to 3.17 SKK/m^2. The highest market price of orchards was in the district of Dunajská Streda 76.52 SKK/m^2, Topoľčany 14.34 SKK/m^2, Rimavská Sobota 3.20 SKK per m^2, Svidník 5.58 SKK/m^2. The other observed districts did not record any sale of orchards.

The average market price of permanent grasslands achieved the highest valuation 13.99 SKK/m^2 in the district of Liptovský Mikuláš, in Dunajská Streda 9.27 SKK per m^2, in Topoľčany 7.44 SKK/m^2. In other districts the price was moving from 2.31 to 2.96 SKK/ m^2.

Size structure of sales plots

Number and acreage of sold plots according to their size

The monitoring of acreage development and the level of market prices of the agricultural land in the years 2001–2005 sustained the reality that per the highest prices, there are sold the plots with small acreage and on the contrary, their market price is falling together with the growing plots acreage. A permanent shortcoming of the individual cases registered in the cadastral

Table 2. Number of sales plots according to the plot size in the years 2001–2005

Plot size (m^2)		Number of plots	Share in the total	Land acreage	Acreage share	Average plot size
above	up to		%	m^2	%	m^2
0	100	1 539	13.56	57 792	0.06	37.55
100	1 000	4 902	43.18	2 376 329	2.62	484.77
1 000	2 500	2 163	19.05	3 445 900	3.80	1 593.11
2 500	5 000	949	8.36	3 376 356	3.72	3 557.80
5 000	10 000	687	6.05	4 719 854	5.20	6 870.24
Total up to 1 ha		10 240	90.20	13 976 231	15.39	1 364.87
10 000	20 000	467	4.11	6 532 394	7.20	13 988.00
20 000	50 000	355	3.13	11 217 208	12.36	31 597.77
50 000	100 000	140	1.23	9 974 645	10.99	71 247.46
100 000	*	150	1.32	49 089 216	54.07	327 261.44
Total above 1 ha		1 112	9.80	76 813 463	84.61	69 076.86
Total		**11 352**	**100.00**	**90 789 694**	**100.00**	**7 997.68**

Source: RIGC, own calculations

Table 3. Acreage of the sold plots according to their type

Plot size (m^2)		Acreage of sold plots (m^2)									
		total		arable land		vineyards		orchards		permanent grasslands	
above	up to	m^2	%	m^2	%	m^2	%	m^2	%	m^2	%
0	100	57 792	0.06	39 860	0.07	894	0.01	82	0.02	16 956	0.09
100	1 000	2 376 329	2.62	1 660 894	2.75	51 715	0.48	33 143	6.67	630 577	3.30
1 000	2 500	3 445 900	3.80	2 440 812	4.04	37 910	0.35	19 192	3.86	947 986	4.97
2 500	5 000	3 376 356	3.72	2 566 712	4.25	2 735	0.03	69 870	14.06	737 039	3.86
5 000	10 000	4 719 854	5.20	3 479 058	5.77	6 375	0.06	61 452	12.37	1 172 969	6.15
Total up to 1 ha		13 976 231	15.39	10 187 336	16.88	99 629	0.92	183 739	36.97	3 505 527	18.37
10 000	20 000	6 532 394	7.20	5 369 639	8.90	33 934	0.31	41 083	8.27	1 087 738	5.70
20 000	50 000	11 217 208	12.36	8 255 575	13.68	130 526	1.20	116 433	23.43	2 714 674	14.22
50 000	100 000	9 974 645	10.99	8 122 945	13.46	61 856	0.57	155 712	31.33	1 634 132	8.56
100 000 and more		49 089 216	54.07	28 410 780	47.08	10 534 790	97.00	0	0.00	10 143 646	53.15
Total above 1 ha		76 813 463	84.61	50 158 939	83.12	10 761 106	99.08	313 228	63.03	15 580 190	81.63
Total		90 789 694	100.0	60 346 275	100.0	10 860 735	100.00	496 967	100.00	19 085 717	100.0

Source: RIGC, own calculations

office is the fact that registers in respect to individual cases of purchase and sale do not specify the purpose of the further plots use (Tables 2 and 3).

In accordance with the chosen methods, we divided the sold plots into two groups:

– plots with acreage up to 10 000 m^2 (1 ha), there is an assumption, that these are plots dedicated for non-agricultural use or as potential building plots,
– and plots with acreage over 10 000 m^2 (1 ha) as plots for further agricultural use.

Table 4. Average market price of plots according to their type per years 2001–2005

Plot size (m^2)		Average market price of plots (SKK/m^2)				
above	up to	total	arable land	vineyards	orchards	permanent grassland
0	100	125.28	149.29	612.04	111.59	43.24
100	1 000	127.65	162.04	64.31	124.09	42.45
1 000	2 500	44.27	55.15	5.69	57.25	17.51
2 500	5 000	26.90	29.98	10.97	16.28	17.24
5 000	10 000	26.33	28.34	0.44	24.92	20.59
Total up to 1 ha		48.53	57.45	41.37	42.94	23.09
10 000	20 000	14.11	14.61	9.34	7.05	12.07
20 000	50 000	20.18	22.58	17.50	190.97	5.67
50 000	100 000	12.38	13.92	9.32	14.64	4.60
100 000 and more		5.84	8.63	2.66	.	1.34
Total above 1 ha			12.42	2.90	79.19	**3.19**
Total			20.02	3.25	65.79	**6.84**

Source: RIGC, own calculations

The greatest proportion 75.8% from the total number of the sold plots represent the plots in the first three lowest intervals, respectively from 0 to 1 500 m^2. Plots with the acreage to 10 000 m^2 presented only 90.2% from the total number of sold plots, but their acreage represented only 15.36% from the total sales acreage. From the ground-plots over 10 000 m^2, there were most sold in the interval from 10 000 to 50 000 m^2, i.e. 7.2% from the total number. The acreage of sold plots over 10 000 m^2 represented 84.6% from the total sold acreage.

The greatest acreage of the sold arable land was in the interval over 100 000 m^2, namely 47.1% from the total sold acreage of arable land. Accordingly with permanent grasslands, 53.15% were sold at the same interval. The greatest acreage of sold orchards was in the scale from 20 000 to 100 000 m^2, i.e. 54.8%. In this kind of plots, the only ones with a relatively high abundance of smaller sales were the plots to 10 000 m^2 (36.8%). Vineyards were sold with the largest acreage in the interval over 100 000 m^2, i.e. 97.0%.

Average market price of sold land according to their further use

The average market price of the sold plots for non-agricultural and building use (to 1 ha) was in the selected districts 48.53 SKK/m^2, the average price of arable land achieved 57.46 SKK/m^2, orchards 42.94 SKK/m^2, vineyards 41.4 SKK/m^2 and permanent grasslands 23.09 SKK/m^2 (Table 4).

The average market price of agricultural land with the assumption of their further agricultural use (with acreage over 1 ha) reached in years 2001–2005 value 9.49 SKK/m^2. The average market price of arable land was 12.42 SKK/m^2, orchards 79.2 SKK/m^2, permanent grasslands 3.2 SKK/m^2, and vineyards 2.9 SKK/m^2 (Figure 2).

Comparison of average market and official agricultural land prices in selected districts

Market prices of the agricultural land without any differentiation of its further use were in the chosen regions in comparison with official prices 3.6-times higher. The highest difference between the level of official and market agricultural land prices was in the district of Liptovský Mikuláš. The market price exceeded the value of official price 18-times there. None of the followed districts did show the market price lower than the official agricultural land price (Table 5).

The average agricultural land prices allocate a similar trend as in the agricultural land. The average land price in the select districts exceeds the official price 3.4-times. In the districts suitable for intensive agricultural production, the average market prices in Dunajská Streda are 2.6-times higher and in Topoľčany 1.39-times than the average official prices. Absolutely the greatest difference between the level of market and official land price is in the district of Liptovský Mikuláš. The average market land price exceeds the official price 17-times there.

The average market prices of vineyards are in Topoľčany 7-times, in Michalovce and Rimavská Sobota 3-times higher than the average official prices

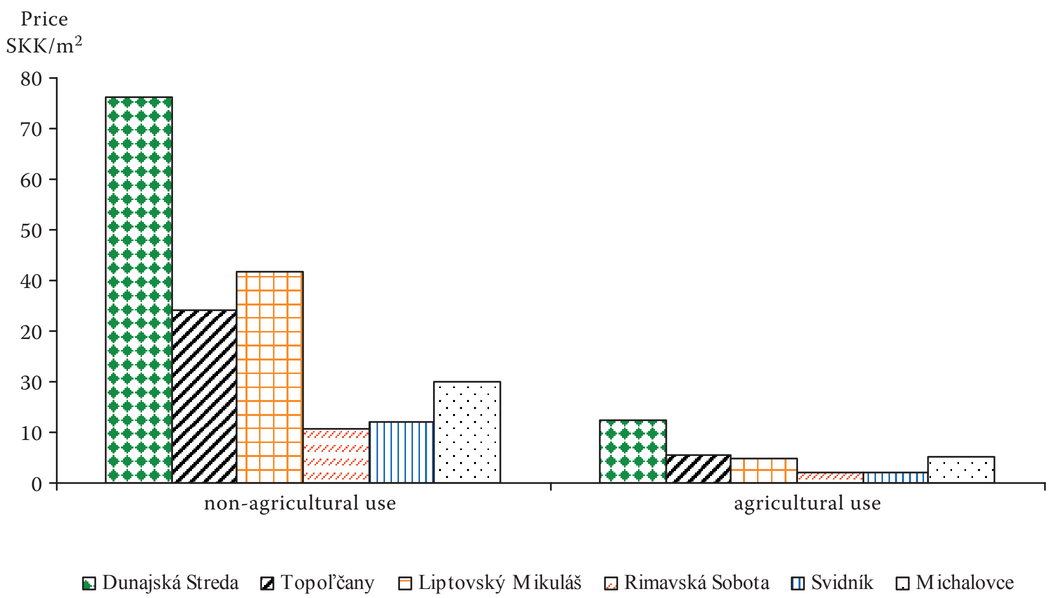

Figure 2. Average market price (SKK/m^2) of agricultural land according to purpose in the years 2001–2005

of arable land. In the district of Dunajská Streda, the average market prices of vineyards are on the level of the average official prices. In the orchards, stronger differences between the level of the market prices and the official arable land price were recorded in the district of Dunajská Streda. There the level of the market price exceeded 8.3-times the level of the average official prices.

In permanent grasslands, the highest differences were in the district of Liptovský Mikuláš, where market prices exceed official prices 14-times, Topoľčany 3-times, Rimavská Sobota 2-times and in the district of Dunajská Streda, Svidník and Michalovce 2-times.

A different situation is when comparing the level of official and market agricultural land prices sold for further agricultural use. In the district of Liptovský Mikuláš, market price exceeds the level of official prices 4-times, in Michalovce 1.5-times, in Dunajská Streda 1.4-times, in Svidník 1.1-times. In the district of Topoľčany, the level of market prices reaches 94% and in Rimavská Sobota 90 % of official prices level.

Table 5. Average official and market land prices in 2001–2005

District	Average land price (SKK/m^2)		Agricultural land	Arable land	Vineyards	Orchards	Permanent grassland
Dunajská Streda	*official price*		*9.10*	*9.24*	*9.24*	*9.24*	*5.56*
	market price	up to 10 000 m^2	76.13	81.93	139.91	58.43	26.94
		above 10 000 m^2	12.31	15.06	2.90	83.95	5.57
		total	19.30	23.75	3.17	76.52	9.27
Topoľčany	*official price*		*5.85*	*6.00*	*6.00*	*6.00*	*2.19*
	market price	up to 10 000 m^2	34.06	39.00	41.77	22.40	21.03
		above 10 000 m^2	5.51	5.59	.	1.04	5.16
		total	8.26	8.37	41.77	14.34	7.44
Liptovský Mikuláš	*official price*		*1.19*	*1.78*	*1.78*	*1.78*	*0.98*
	market price	up to 10 000 m^2	41.75	50.09	.	.	35.06
		above 10 000 m^2	4.97	16.34	.	.	3.20
		total	21.30	40.84	.	.	13.99
Rimavská Sobota	*official price*		*2.58*	*3.60*	*3.60*	*3.60*	*1.34*
	market price	up to 10 000 m^2	10.77	15.36	10.45	3.20	5.73
		above 10 000 m^2	2.06	1.91	.	.	2.22
		total	3.48	4.10	10.45	3.20	2.78
Svidník	*official price*		*1.70*	*2.63*	*2.63*	*2.63*	*1.26*
	market price	up to 10 000 m^2	12.07	12.80	.	5.58	11.22
		above 10 000 m^2	1.94	12.63	.	.	1.24
		total	4.41	12.76	.	5.58	2.31
Michalovce	*official price*		*3.46*	*4.15*	*4.15*	*4.15*	*1.78*
	market price	up to 10 000 m^2	19.94	22.15	13.76	.	8.75
		above 10 000 m^2	5.04	8.45	.	.	2.37
		total	9.25	14.27	13.76	.	2.96
TOTAL	*official price*		*4.41*	*5.85*	*5.85*	*5.85*	*1.44*
	market price	up to 10 000 m^2	48.53	57.45	41.37	42.94	23.09
		above 10 000 m^2	9.49	12.42	2.90	79.19	3.19
		total	15.50	20.02	3.25	65.79	6.84

Source: RIAFE, RIGC, own calculations

Table 6. Acreage and price of sold plots in the years 2001–2005 in the selected districts of the SR

District	Type of plot	No. of plots	Acreage (m^2)	Average price (SKK/m^2)	Total price (SKK)
Dunajská Streda	arable land	4 539	41 970 486	23.75	996 797 224
	vineyards	43	10 782 844	3.17	34 221 512
	orchards	87	416 494	76.52	31 871 294
	permanent grasslands	517	3 630 964	9.27	33 648 627
	No. of contracts: 4791	*5 186*	*56 800 788*	*19.30*	*1 096 538 657*
Topoľčany	arable land	411	7 027 056	8.37	58 794 819
	vineyards	2	1 064	41.77	44 440
	orchards	9	47 697	14.34	684 113
	permanent grasslands	173	1 361 088	7.44	10 123 293
	No. of contracts: 725	*595*	*8 436 905*	*8.26*	*69 646 665*
Liptovský Mikuláš	arable land	1 253	1 601 077	40.84	65 391 120
	vineyards	0	0	.	0
	orchards	0	0	.	0
	permanent grasslands	1 515	4 279 147	13.99	59 868 910
	arable land	1	2 979	4.53	13 505
	No. of contracts: 2 672	*2 768*	*5 880 224*	*21.30*	*125 260 030*
Rimavská Sobota	arable land	532	5 019 852	4.10	20 561 283
	vineyards	12	6 550	10.45	68 443
	orchards	8	18 638	3.20	59 642
	permanent grasslands	418	4 489 682	2.78	12 476 955
	No. of contracts: 898	*970*	*9 534 722*	*3.48*	*33 166 323*
Svidník	arable land	174	470 130	12.76	6 001 027
	vineyards	0	0	.	0
	orchards	5	14 138	5.58	78 944
	permanent. grasslands	124	1 882 561	2.31	4 346 720
	No. of contracts: 347	*303*	*2 366 829*	*4.41*	*10 426 691*
Michalovce	arable land	1 177	4 257 674	14.27	60 743 910
	vineyards	112	70 277	13.76	967 116
	orchards	0	0	.	0
	permanent grasslands	241	3 442 275	2.96	10 176 136
	No. of contracts: 990	*1 530*	*7 770 226*	*9.25*	*71 887 162*
TOTAL	arable land	8 085	60 343 296	20.02	1 208 275 878
	vineyards	169	10 860 735	3.25	35 301 511
	orchards	109	496 967	65.79	32 693 993
	permanent grasslands	2 988	19 085 717	6.84	130 640 641
	No. of contracts: 10 433	*11 352*	*90 789 694*	*15.50*	*1 406 925 528*

Source: RIGC, own calculations

The level of market prices of arable land in the district of Liptovský Mikuláš exceeds the market price 9-times, in Svidník 5-times, in Michalovce 2-times and in Dunajská Streda 1.6-times. In the district of Topoľčany, it achieves 93 % and in Rimavská Sobota only 53 % of the official prices level.

The average level of permanent grasslands market prices in the followed districts is 2-times higher as the average official prices. In the next districts, the level of market prices exceeds the average official prices: in Liptovský Mikuláš 3.3-times, Topoľčany 2.4-times, Rimavská Sobota 1.6-times and Michalovce 1.3-times. In the district of Dunajská Streda and Svidník, the level of permanent grasslands market prices moves on the level of average official prices.

CONCLUSION

It follows from the reached findings of land market monitoring that the agricultural land market has been moving. The most numerous purchase and sale transactions can be seen in respect to small plots, which serve as building plots, gardens or plots for recreational purposes. Land market development was also supported by the entry of big investors to Slovakia (PSA Peugeot Citroën near Trnava and KIA besides Žilina). Agricultural land in the surroundings of the big towns and villages is regarded as the most valuable land. The land market for recreational purposes (cottages and gardens) has been also significantly growing. Its intensity is the highest in the areas with tourism development possibilities.

The land market can be significantly facilitated by the sale of plots in the state ownership, as well as opportunity of the plots' sale from so-called "unknown owners".

The new SR Government in "The Manifesto of the Government of the Slovak Republic" undertook to support the land market development by creating preconditions for a faster completion of land records register, and will make the process of land consolidation more dynamic. Finally, it will resolve the problems of unknown owners land in a lawful manner, with the objective of creating preconditions for the development of the land market for the benefit of entrepreneurial entities working in this land.

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