

Land market development in the Czech Republic

Vývoj trhu s půdou v České republice

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Abstract: Land market in the Czech Republic is monitored by the Research Institute of Agricultural Economics on the sample of 24 districts (1/3 of the CR). Land prices depend on the area, culture and region of the plot. Sales of small plots (up to 1 ha) prevail. These plots are usually purchased for non-agricultural use and their prices are many times higher than prices of large plots (above 5 ha) which are usually bought for agricultural purpose. Land market is not well developed, only 0.2–0.4% of the monitored area is sold each year. But in the last years, it is increasing. Compared with land prices in the west EU countries, land market prices in the CR are low.

Key words: land market, land price, area of the plots, land culture

Abstrakt: Trh s půdou v České republice je monitorován Výzkumným ústavem zemědělské ekonomiky na vybraném vzorku 24 okresů (1/3 ČR). Ceny půdy jsou závislé na výměře prodávaného pozemku, pěstované kultuře a regionu. Převažují prodeje malých pozemků do 1 ha, které jsou obvykle kupovány pro nezemědělské účely a jejich ceny několikanásobně převyšují ceny velkých pozemků (nad 5 ha), obvykle nakupovány pro zemědělské využití. Trh s půdou není příliš rozvinutý, každý rok se prodá pouze 0,2–0,4 % monitorované výměry. V posledních letech ale objem prodeje narůstá. Při porovnání s cenami půdy v západních zemích EU jsou tržní ceny půdy v ČR nízké.

Klíčová slova: trh s půdou, cena půdy, výměra pozemku, kultura

INTRODUCTION

The land market in the Czech Republic has been monitored by the Research Institute of Agricultural Economics since 1993. Selling and buying of land is monitored in the 24 chosen districts throughout of country. These districts comprise around 1/3 of the area of the republic. The marked price of the plots of land is determined from purchasing contracts that are recorded in the cadastral office. Individual contracts are recorded in paper form by subcontractors, then converted into electronic form and sent to the RIAE. The data are checked out there and then added to ever

widening database, which during 11-year monitored period comprises nearly 77 000 sells of agricultural land. The data are then categorised according to various indicators; above all by size of the plot and also by land category of the plot (Němec 2004).

MARKET PRICES

The average market price of agricultural land varies significantly from year to year regardless of location, size and the category of the plot of land, but generally it has a rising tendency (Table 1).

Table 1. Development of average market price of agricultural land (CZK/m²)

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	1993–2003
Price	13.48	16.47	19.60	18.26	28.01	31.84	25.42	27.41	34.55	21.68	23.18	24.36

The paper was prepared for the seminar of the RIAFE Prague "Economic condition for use of land funds in the Czech Republic after the accession to the EU". 11–15 October 2004, Špindlerův Mlýn, Czech Republic.

Table 2. Development of market prices of agricultural land according to size of plots (CZK/m²)

Area of plots	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	1993–2003
Up to 1 ha	27.50	34.69	54.43	44.52	124.94	101.94	79.45	92.61	108.78	99.26	114.32	82.94
1–5 ha	12.96	16.15	14.09	15.25	14.64	17.42	9.60	13.54	20.01	13.73	14.17	14.64
Above 5 ha	3.68	3.79	4.66	3.71	6.53	4.10	6.57	4.99	5.69	3.45	3.42	4.59

Source: RIAE Survey, 2004

Table 3. Market prices of land cultures by size of plots in 1993–2003 (CZK/m²)

Indicator		Size of purchased plots (ha)								Total
		< 0.10	0.10 –0.25	0.25 –0.50	0.50 –1.00	1.00 –2.00	2.00 –5.00	5.00 –10.00	>10.00	
Market prices of land cultures (CZK/m ²)	arable land	226.04	137.44	68.40	72.83	23.26	18.51	8.03	5.27	31.42
	hop – garden	5.60	21.22	100.06	6.19	8.65	8.75	11.70	4.50	9.49
	vineyard	16.60	66.17	24.00	7.84	5.87	.	.	.	25.87
	garden	125.54	114.74	55.65	39.57	19.15	16.83	15.61	9.40	84.53
	orchard	117.87	101.78	62.98	53.36	47.90	11.92	3.80	.	59.62
	grassland	54.67	45.78	33.00	16.22	7.68	4.91	2.51	2.66	9.56
	wholes	110.56	71.96	35.50	26.14	12.24	7.45	3.58	3.07	7.66
	agricultural land	147.10	107.64	54.91	51.91	17.93	12.74	5.37	4.22	24.36
Share of sale (%)	forest	83.16	48.31	25.05	14.12	9.58	8.86	8.90	10.25	11.26
	number of sales	53.36	20.12	8.67	6.81	4.76	3.78	1.46	1.04	100.00
Sold area		3.61	4.81	4.79	7.58	10.52	18.14	16.10	34.46	100.00
Average size of plot (m ²)		433	1 532	3 536	7 126	14 171	30 739	70 365	211,698	6,405

Source: RIAE Survey, 2004

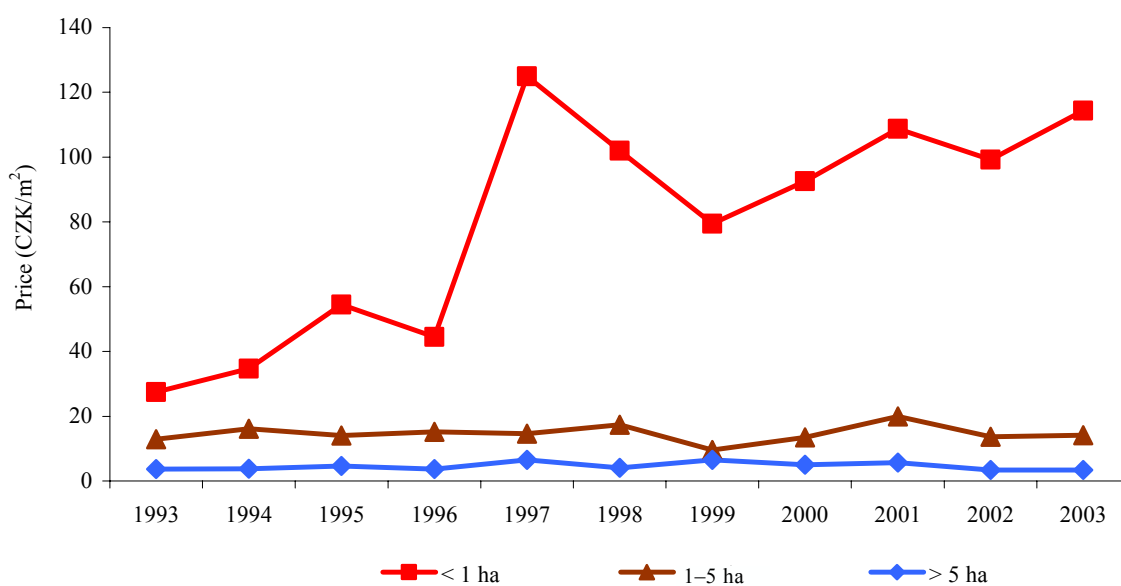


Figure 1. Development of market prices by land area

Source: RIAE Survey

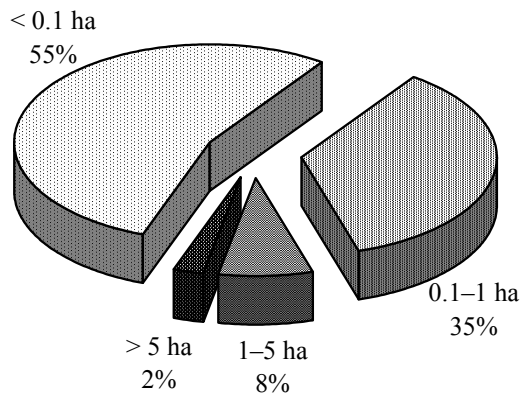


Figure 2. Number of sales by size of plot

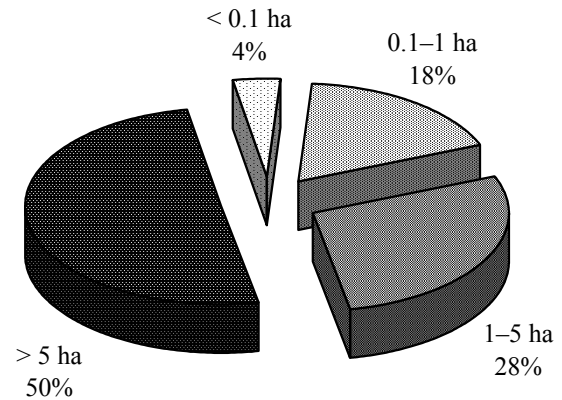


Figure 3. Sold area by size of plot

For the more detailed analysis, individual plots of land were sorted according to their size and assumed usage into 3 basic categories:

- plots below 1 hectare, purchased for other reason than agricultural use, 95% of those is used for construction purposes
- plots of size 1–5 hectares, purchased from 45–60% for other reason than agriculture
- over 5 hectares, 85% purchases for agricultural use

The market price of the plots of land larger than 1 ha does not show marked rise and the price of plots over 5 ha in most cases remains below official price of agricultural land. In the years 2002 and 2003, the market price of the plots of land larger than 5 ha was 56–70% of the official price. The official (or administrative) price of agricultural land is based on productive potential of the land and its average for the

CR is 5.24 CZK/m². On the other hand, the average price of plots of agricultural land under 1 ha exceeds average official price many times and is continually rising throughout followed period. In the sporadic cases, the market price of agricultural land under 1 ha reaches as much as a few thousand Czech crowns for 1 m² (Table 2, Figure 1) (Němec 2004).

The market prices of the individual categories of plots (cultures) were also monitored in dependence of the size of sold area. The highest average price of 84.53 CZK/m² is commanded by gardens followed by fruit growth with average price of 59.62 CZK/m². In all individual categories, there is a general trend towards lowering the market price with the rising size of the sold plot (Table 3).

The most frequently sold culture is arable land, which comprises about 40% of all sales. Its average price is 31.42 CZK/m², which, regardless of culture, is by 7 CZK/m² more than the average market price,

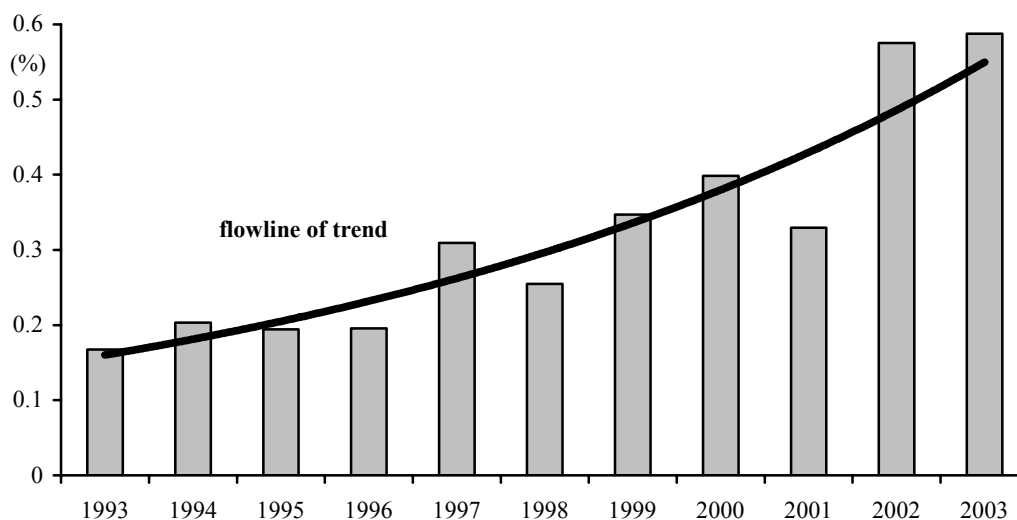


Figure 4. Share of sold area

Table 4. Market prices of the agricultural land in some EU countries

Country	Category	EUR/ha					
		1997	1998	1999	2000	2001	2002
Denmark ¹⁾	agricultural land	8 552	9 734	10 490	10 867	12 882	13 727
Former West Germany	agricultural land	16 386	17 078	16 530	16 830	17 221	.
Germany ²⁾	agricultural land	9 865	9 436	8 939	9 081	9 416	.
Spain	agricultural land	.	.	6 823	7 292	7 553	8 001
France	arable land	3 191	3 287	3 461	3 613	3 710	3 860
	meadow	2 208	2 287	2 424	2 500	2 660	2 750
Italy	agricultural land	12 488	12 806	13 177	13 654	14 266	.
Holland	arable land	22 661	24 869	31 492	36 439	37 500	.
	meadow	22 073	24 914	29 859	35 985	37 100	.
England ³⁾	agricultural land	9 503	9 172	10 084	11 613	11 692	11 081
Czech Republic	plots below 1 ha	40 304	32 885	25 628	29 875	35 098	33 087
	plots 1–5 ha	4 721	5 620	3 097	4 367	6 454	4 577
	plots over 5 ha	2 106	1 322	2 119	1 611	1 275	1 150
Poland	meadow	.	.	1 038	1 194	1 415	1 307

¹⁾Agricultural land with constructions (10–100 ha)

²⁾Including former DDR

³⁾Sales of agricultural land over 5 ha

Source: European Commission

which in the period was 24.36 CZK/m². The average price is lowered by price of permanent grassland. Meadows and pastures comprise almost one quarter of all sales but their average market price is only 9.56 CZK/m² (The Report ... 2004)

As for the size of plots, the small plots up to 0.1 ha command the biggest interest. They are purchased mostly for construction purposes. Nearly 90% of all sales are plots smaller than 1 ha. In contrast to that, the plots larger than 5 hectares comprise only 2.43% of all transactions. Despite that, the overall area of plots above 5 ha is 50% of all sold agricultural land (Figure 2 and 3).

Land market in the Czech Republic is not well developed. Only 0.2–0.4% of the surveyed area is sold every year. But as follows from Figure 4, the volume of sold area has a rising trend. In 2002, as much as 0.58% of surveyed land was sold (Figure 4) (Němec et al. 2004).

Compared to western countries of the EU, the prices of agricultural land in the CR are low. If the market price of the land for agricultural use is best represented by the price of the plots over 5 ha (which in 2002 was 1.150 EUR/ha), than the price of arable land in France was more than triple of that, price of agricul-

tural land in England nearly 10 times higher, and in neighbouring Germany (old countries) was nearly 15 times higher, in new German countries “only” 8 times higher. Similarly to the CR, market price of agricultural land in newly accessed countries of the EU is relatively low. In Poland, the market price of arable land is only 200 EUR/ha higher than the agricultural land in the CR (Table 4) (Němec et al. 2004).

CONCLUSION

- The land market in the Czech Republic is developing, albeit very slowly. In the recent years, the rate of growth is rising
- The bulk of sales comprises small plots (up to 1 ha) which are used for other than agricultural purposes and the price of which is many times higher than basic (official) price of agricultural land
- Average market price of the plots of land over 5 ha which are purchased mostly for the agricultural use is slightly under the official price of agricultural land.
- In foreseeable future, any significant rise of the market price of agricultural land for agricultural use cannot be expected

– Compare to the western countries of the EU-15, the market prices of agricultural land in the Czech Republic are low and they are comparable with market prices of countries newly accessed to the EU-25

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Arrived on 18th April 2005

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