



**LITHUANIAN UNIVERSITY OF AGRICULTURE**

# **PECULIARITIES OF AGRICULTURAL LAND MARKET IN LITHUANIA**

**Audrius Aleknavicius**

**Lithuanian University of Agriculture**

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## Main issues of the presentation:

- Overview of agricultural land market changes;
- Impact of urban growth on agricultural land market;
- Agricultural land market in territories suitable for recreation.

Land reform and land privatization created preconditions of land market evolvement

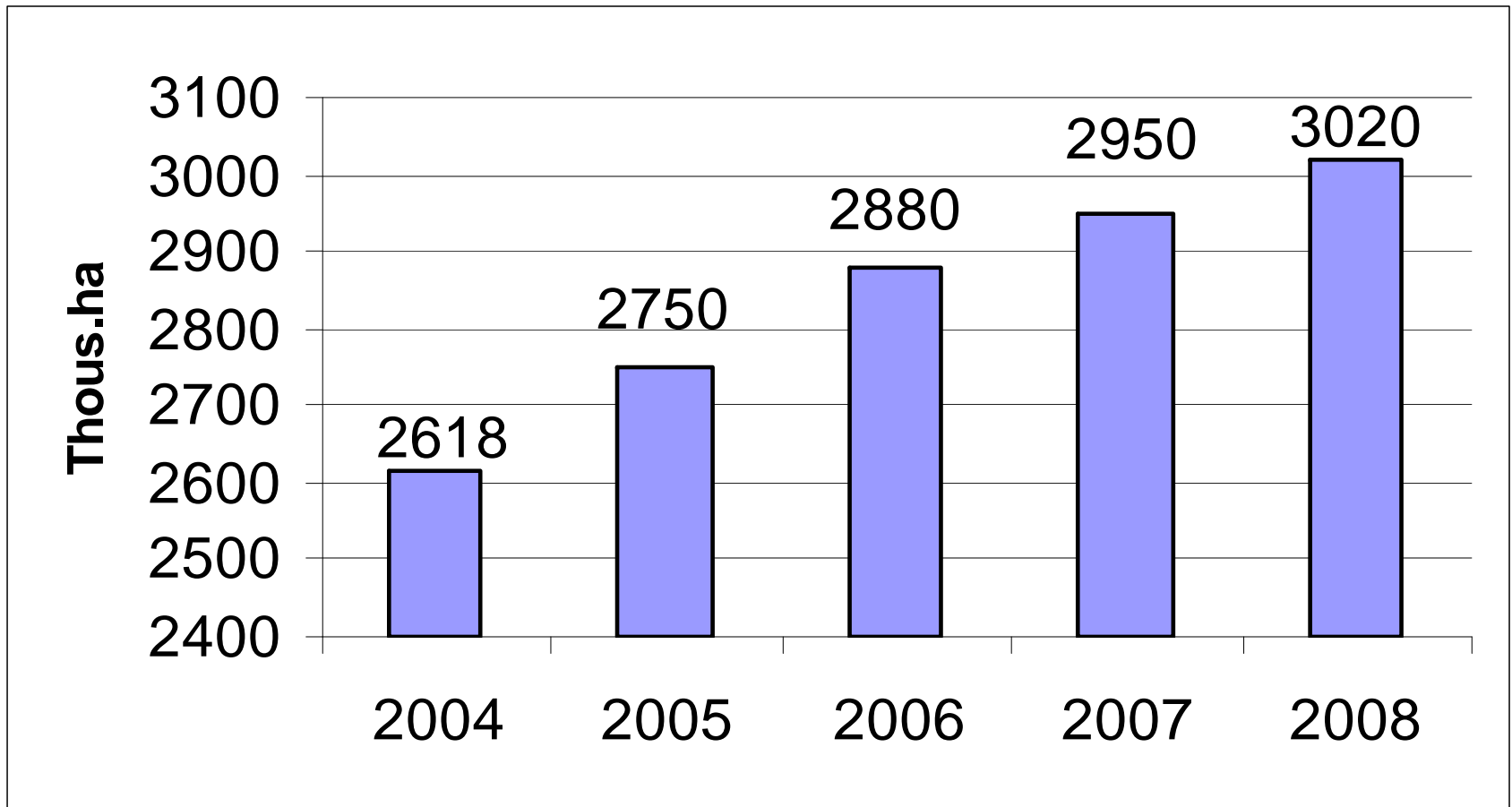
Main figures:

Agricultural land – **total: 3960 thous.ha,**  
**private 3016 thous.ha.**

Number of owners – **756 thous. (average 4 ha)**

Number of plots – **1223 thous. (average size –  
2.5 ha)**

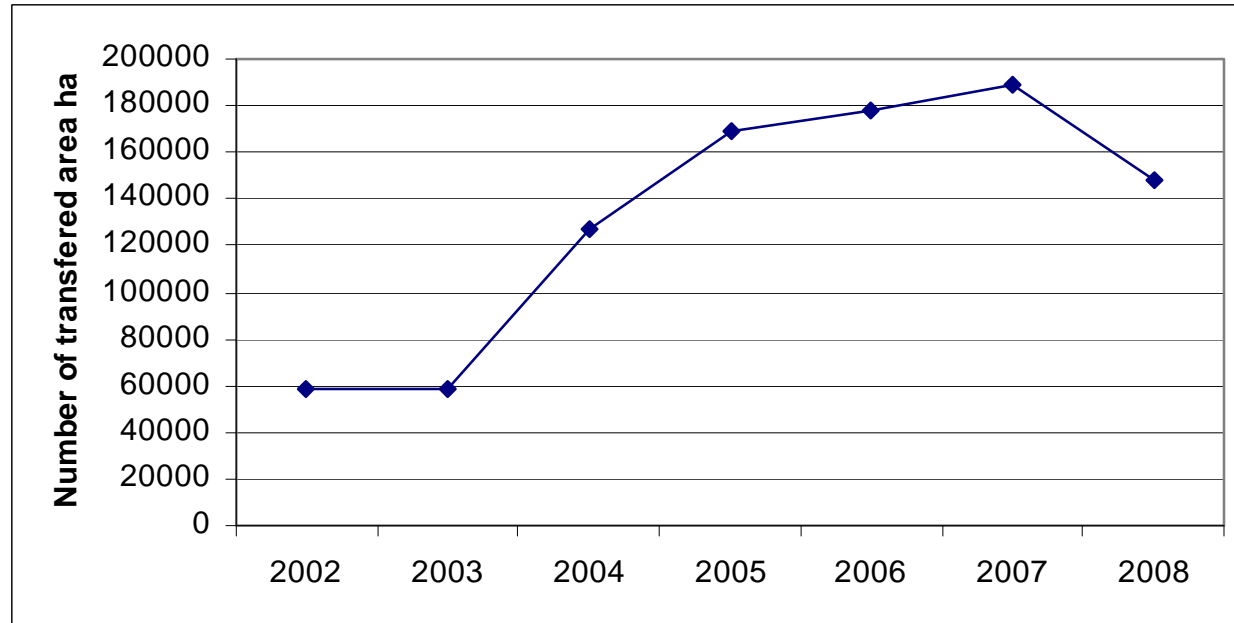
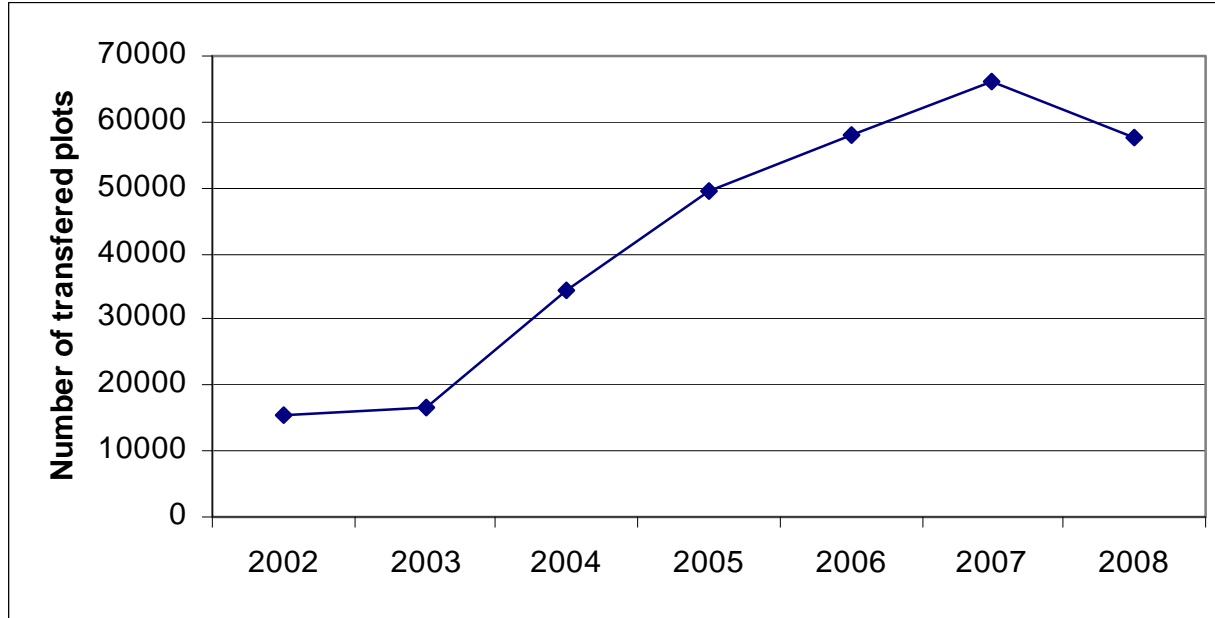
# Increase of private agricultural land



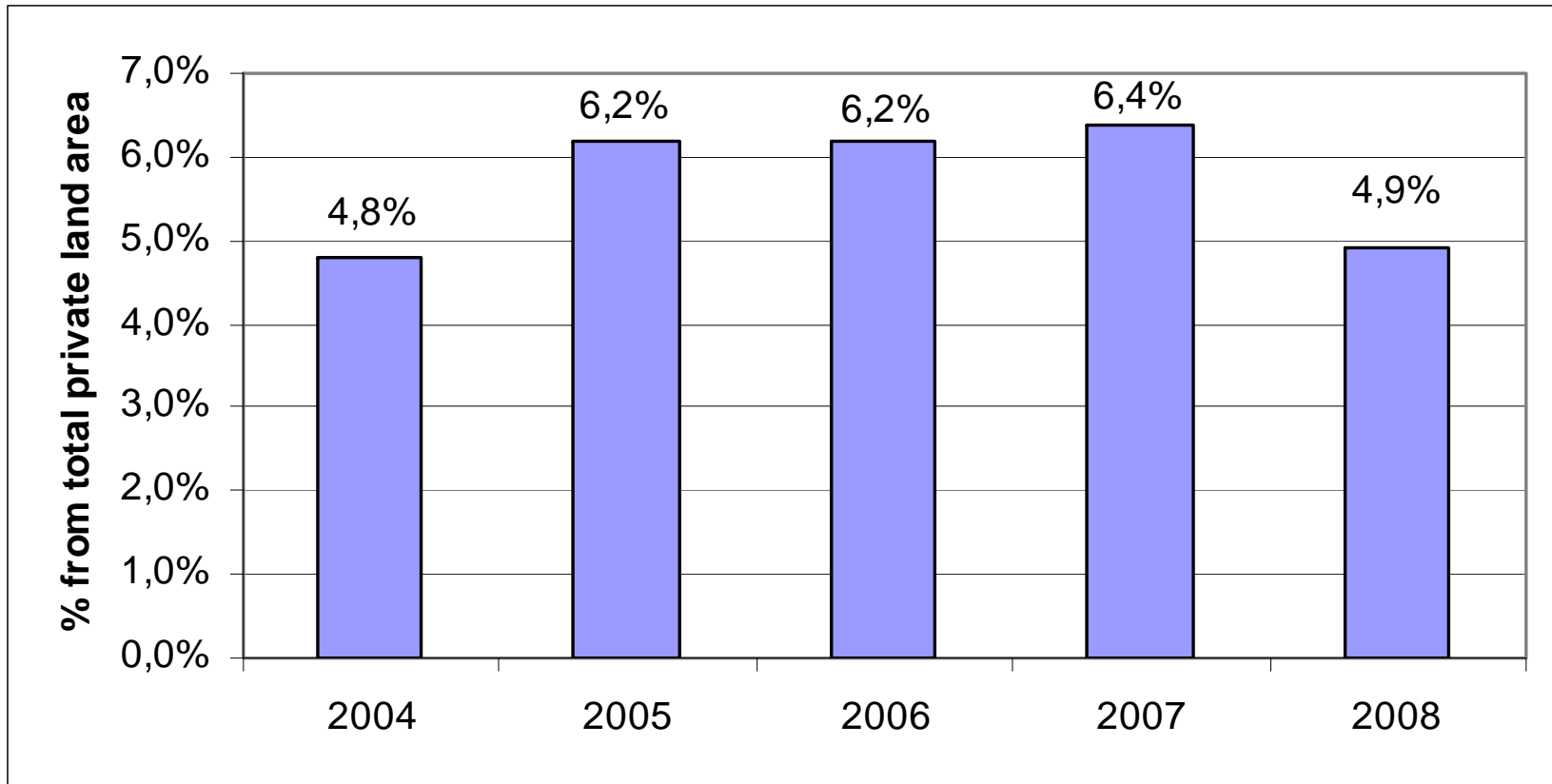
## Main actors of agricultural land market:

- Private farmers expanding their farms;
- Agricultural enterprises;
- Persons with speculative intentions;
- Persons buying land for non agricultural use

# Activity of agricultural land market



# Transferred agricultural land area comparing with total private agricultural land area



2000 - 2003 the area of transferred agricultural land was less than 3% from total private agricultural land area

## Factors affecting agricultural land value and market intensity since 2004:

- Expectations that land value will increase after joining EU (owner's value "in his mind");
- Payments from EU and Lithuanian government for cultivation certain crops;
- Increase of general economical situation in Lithuania;
- Speculative expectations and activity
- Actions of foreign investors

Due to changes in legal acts and joining European Union agricultural enterprises and foreign citizens and enterprises can buy agricultural land

Restrictions:

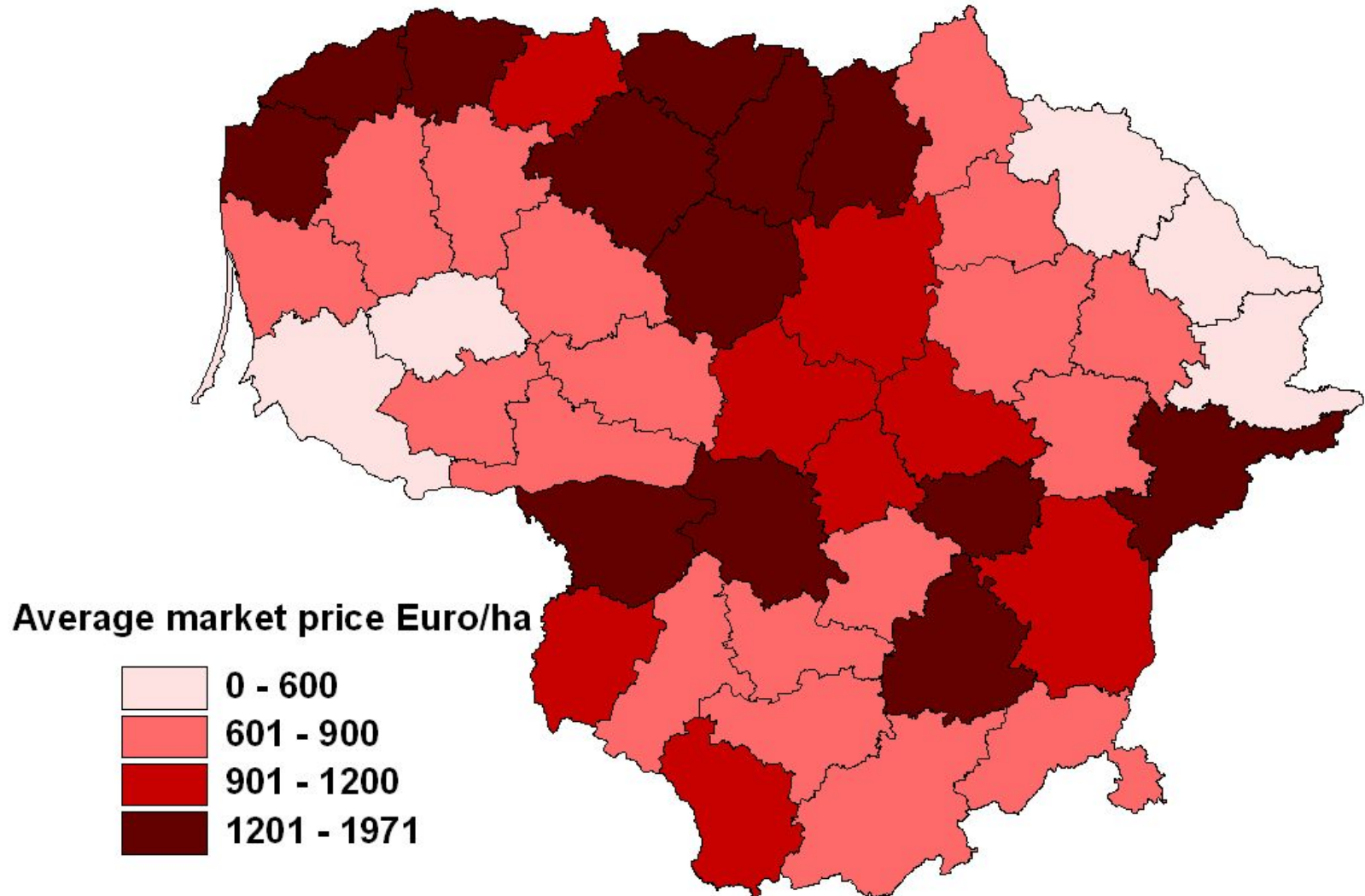
Maximum area of agricultural land – 500 ha

Certain requirements for foreign investors

Negative social consequences:

- Purchase of land by enterprises with speculative interest;
- High prices and lower supply for real farmers expanding their farms.
- Social opinion - “selling Lithuania to foreigners”;

# Average market prices of agricultural land for agricultural use



## 2008 Agricultural land market prices for long-term farming :

- in localities with soils of good economical value - 1500 – 2000 EUR/ha,
- in localities with soils of average value – 800 – 1200 EUR/ha,
- in localities with soils less favourable for farming – 500 - 800 LTL/ha.

## **2008 Agricultural land market prices for non farming use**

Small agricultural land plots not exceeding 1 ha are mainly bought with intention to use it for residential households or construction of other buildings.

Market price of such parcels depends on influence of cities and towns:

Near towns average prices of such parcels are:

10.000–20.000 EURO/ha,

Near smaller towns – 8.000–12.000 EURO/ha,

Near larger towns and cities these prices are higher from 5 to 20 times - 60.000 – 240.000 EURO/ha

# Impact of urban growth on agricultural land market

Municipalities	Sold and donated per year in average (2005–2008)		Changing prime use of parcels per year in average (2005–2007)		Percent of total number sold parcels
	Number of parcels	Average parcel size, ha	Number of parcels	Average parcel size, ha	
Vilnius (city and district)	4258	1.26	588	0.29	<b>13,8%</b>
Kaunas (city and district)	2747	1.54	1869	0.16	<b>68,0%</b>
Klaipėda (city and district)	3055	1.81	1156	0.21	<b>37,8%</b>
Panevėžys (city and district)	2101	3.40	384	0.41	<b>18,3%</b>
Šiauliai (city and district)	1734	3.09	237	0.42	<b>13,7%</b>
Alytus (city and district))	1601	2.30	147	0.44	<b>9,2%</b>
Trakai district	1451	1.94	120	0.56	<b>8,3%</b>
Total amount/average:	16947	2.02	4501	0.25	<b>26,6%</b>
In other municipalities	40903	3.35	714	10.Sau	<b>1,7%</b>
In total (Lithuania):	57850	2.96	5215	0.37	<b>9,0%</b>

Private interest changing agricultural land  
main use – possible increase in land  
market value

Public interest – compensation for  
diminishing agricultural land area and  
destroyed fertile soil layer

Agricultural land market in territories suitable for recreation

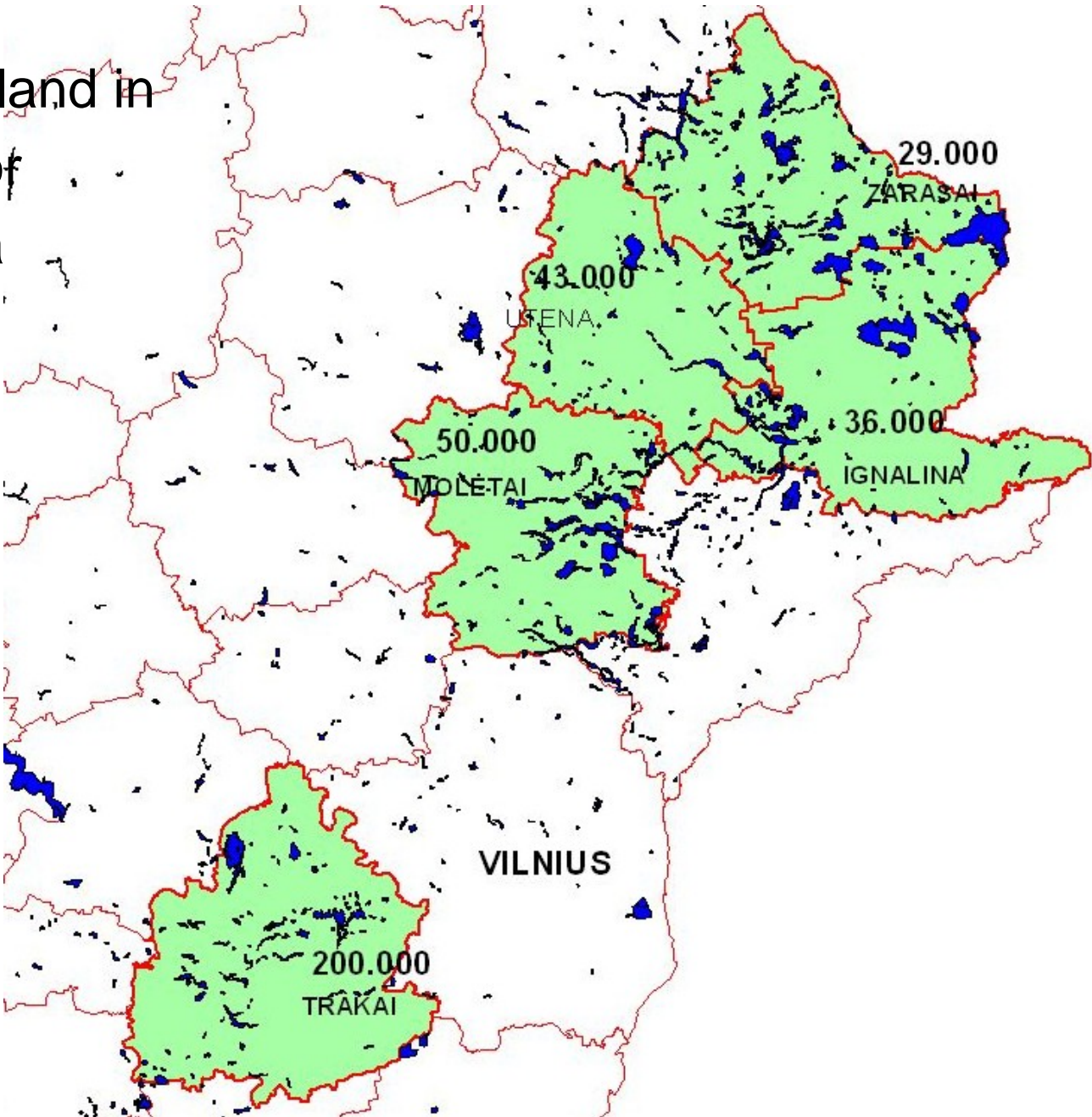
Almost all shores of lakes and rivers are private

The price of such agricultural land is similar as land price near cities

Price depends on:

Distance to Vilnius, district center and length of a water shore

Price of agricultural land in territories suitable for recreation EURO/ha



Private interest in territories suitable for recreation:

- Changing agricultural land main use and building a summer house;
- Possible increase in land market value.

Public interest:

- Access to lakes and rivers shores;
- Compensation for diminishing agricultural land area and destroyed fertile soil layer.

## Conclusions:

- Increased market activity and market prices since 2004;
- More actors in agricultural land market, which have conflicts of interests:

*Enterprises, foreign investors, speculations increased land market prices;*

*Farmers have less possibilities expand farms and make farming more efficient.*

- Impact of urban growth on agricultural land market:

*increased land prices and benefits for land owners;*

*lack of territorial planning from infrastructural and sustainable development point of view;*

*no compensation mechanism for destroyed.*

- Agricultural land market in territories suitable for recreation:

*Increased land prices and benefits for land owners;*

*Restricted public access to water;*

*Lack of territorial planning from environmental and nature preservation point of view*

Thank you