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DOI <https://doi.org/10.26661/2414-0287-2023-4-60-15>**LAND MARKET: PROSPECTS OF DEVELOPMENT AND FEATURES OF PRICING****Hamova O.V., Dukov A.V., Pavlenko A.I.***Zaporizhzhia National University*  
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ORCID: 0000-0002-9752-6900**Key words:**land market, pricing, rent,  
rational land use, land resources,  
land relations, private property,  
experience of EU countries

The article examines the prospects for the development of the land market and its features. It is substantiated that the need to solve the issue of rational use of agricultural lands is the basis for developing a strategy for the development of territories and united territorial communities. It has been proven that the basis of reforming in the field of land relations and the formation of an effective land market are two fundamental provisions: ensuring the proper level and quality of life of the population; support for social justice. Attention is focused on the fact that the potential of the national land fund determines opportunities and creates significant prospects, gives competitive advantages at the international level. These potential opportunities can be realized only if an effective model of property relations is developed and implemented, which provides for the balancing of the interests of land market participants and determines the place of Ukraine as a state with a stable competitive position on the world market based on rational nature management and effective use of resources in general. It is substantiated that there are little opportunities for buying and selling land resources, which can be determined by the following factors: lack of financial opportunities in the vast majority of the population, that is, a small level of ability to pay for the purchase of land; a number of issues in the field of land relations remain unsettled and unclear; insignificant level of market infrastructure development; opacity of the pricing mechanism for land resources; unwillingness of the rural population to join the processes of buying and selling land; the presence of risks related to the process of buying and selling land, etc. It was determined that the basis of reforming in the field of land relations and the formation of an effective land market are two fundamental provisions: ensuring the proper level and quality of life of the population; support for social justice. Attention is focused on the fact that the vast majority of economic sectors are related to rational land use, which determines the importance of proper coordination and regulation of the land market.

**РИНОК ЗЕМЛІ: ПЕРСПЕКТИВИ РОЗВИТКУ ТА ОСОБЛИВОСТІ ЦІНОУТВОРЕННЯ****Гамова О.В., Дуков А.В., Павленко А.І.***Запорізький національний університет*  
*Україна, 69600, м. Запоріжжя, вул. Жуковського, 66***Ключові слова:**ринку землі, ціноутворення,  
орендна плата,  
раціональне землекористування,  
земельні ресурси,  
земельні відносини,  
приватна власність,  
досвід країн ЄС.

У статті досліджуються перспективи розвитку ринку землі та його особливості. Обґрунтовано, що необхідність вирішення питання щодо раціонального використання земель сільськогосподарського призначення є основою для розробки стратегії розвитку територій та об'єднаних територіальних громад. Доведено, що основою реформування в галузі земельних відносин та формування ефективного ринку землі є два принципових положення: забезпечення належного рівня та якості життя населення; підтримка соціальної справедливості. Акцентовано увагу на тому, що потенціал національного земельного фонду визначає можливості та створює значні перспективи, дає конкурентні переваги на міжнародному рівні. Зазначені потенційні можливості можуть бути реалізовані лише за умови розробки та реалізації ефективного моделі відносин власності, яка передбачає збалансування інтересів учасників ринку землі та визначила місце України як держави з стійкою конкурентною позицією на світовому ринку на основі

раціонального природокористування та ефективного використання ресурсів загалом. Обґрунтовано, що незначні можливості щодо купівлі-продажу земельних ресурсів, що можна визначити такими чинниками: відсутність фінансових можливостей у переважній більшості населення, тобто незначний рівень платоспроможності для придбання землі; низка питань у сфері земельних відносин залишаються неврегульованими і незрозумілими; незначний рівень розвитку ринкової інфраструктури; непрозорість механізму ціноутворення на земельні ресурси; неготовність сільського населення долучатися до процесів купівлі-продажу землі; наявність ризиків щодо процесу купівлі-продажу землі тощо. Визначено, що основою реформування в галузі земельних відносин та формування ефективного ринку землі є два принципових положення: забезпечення належного рівня та якості життя населення; підтримка соціальної справедливості. Акцентовано увагу на тому, що переважна більшість галузей економіки пов'язана з раціональним землекористуванням, що обумовлює важливість правильної координації та регулювання ринку землі.

### **Problem statement**

Regardless of the country's level of development, land resources are a source of economic growth and national wealth. Note that the sustainable development of the country, the level and quality of life of the population depends on the efficiency of the use of land resources. In addition, the state and use of land resources determines the prospects for the development of the agricultural sector of the economy, which forms the country's competitive advantages.

The modern stage of development of the market economy, according to leading land use experts, especially regarding agricultural land, should be accompanied by a transformation of approaches to the use of natural resource potential, namely land resources.

Note that the need to solve the issue of rational use of agricultural land is the basis for developing a strategy for the development of territories and united territorial communities.

Let us emphasize that Ukraine has significant potential and competitive advantages, it owns about 70% of agricultural land, which is characterized by a high level of fertility. If we talk about the land fund of the EU countries, the share of Ukraine is more than 5.5% [1]. It is the potential of the national land fund that determines opportunities and creates significant prospects, gives competitive advantages at the international level. These potential opportunities can be realized only if an effective model of property relations is developed and implemented, which provides for the balancing of the interests of land market participants and determines the place of Ukraine as a state with a stable competitive position on the world market based on rational nature management and effective use of resources in general.

In the conditions of European integration, there is an urgent need to build effective property relations at the national level, that is, the formation of a new model of land use, which is a symbiosis of the interests of all market participants. At the same time, the capabilities of the national economy are objective conditions that determine the need to create a land market.

### **Analysis of recent studies and publications**

The question of the formation of the land market, its features and influencing factors is a subject of discussion for scientists and practitioners in the field of land use. The identified problems were investigated by Ukrainian scientists, such as: Gadzalo and Y. Luzan [2], I. Kolesnyk [3], Y. Lupenko, O. Khodakivska [4], M. Martyniuk [5], B. Paskhaver [6] and others. The key aspects of the analysis are the important issues and risks that arise in the process of introducing land reform, its possible prospects, the formation of the land market under the influence of the peculiarities of the management system at the national level, the circulation of land, etc. In addition, experts emphasize the need to study positive world experience that can be used in developing a strategy for the development of the land market in Ukraine.

The above-mentioned scientific works have created a solid basis both from the point of view of theory and practical implementation, which must be used when building and implementing a model of relations in the land market.

### **Highlighting previously unsolved parts of the overall problem**

In our opinion, there is a need for deeper research and substantiation of the possible prospects for the development of the land market in the conditions of aggravation of global conflicts and challenges today, as well as to analyze approaches to pricing, which allows us to determine the factors that affect and rationality of land use, as well as to substantiate the effectiveness of pricing models for land market.

### **Objectives of the article**

The purpose of the article is to study the prospects for the development of the land market and to determine effective models of pricing in order to determine the national model of land relations, which is based on the principles of sustainability and justice.

### **The main material of the research**

Today's realities indicate that the point of view regarding the need for prompt formation and ensuring the

functioning of the land market is quite widespread. There is also a diametrically opposite opinion, the supporters of which oppose the immediate creation of a land market and the purchase and sale of land plots.

Based on the above, two directions can be distinguished:

- supporters of creating a land market;
- opponents of the formation of the land market.

Note that the creation of an effective land market requires, first of all, appropriate legal support and improvement of the existing legislative framework for the regulation of land relations.

The basis of reforms in the field of land relations and the formation of an effective land market are two fundamental provisions:

- ensuring the proper level and quality of life of the population;
- support of social justice.

However, these issues remain unresolved at the level of legislation and regulatory regulation. If we talk about united territorial communities and the distribution of power as a result of the decentralization process, then ensuring a high level of development is possible only if the owner changes, the state lands become the property of the state, which will allow solving a number of social, economic, and environmental issues. If the above-mentioned principles are observed, appropriate development of territories and effective land market is possible. The specified issue is strategic and its solution will take time.

Note that the vast majority of economic sectors are related to rational land use, which determines the importance of proper coordination and regulation of the land market [7].

An important issue for the land market is the pricing mechanism for this strategic resource. According to experts, at the current stage there are low opportunities for the purchase and sale of land resources, which can be justified by the following factors [8]:

- lack of financial opportunities in the vast majority of the population, i. e. a small level of solvency for the purchase of land;
- a number of issues in the field of land relations remain unsettled and unclear;
- insignificant level of market infrastructure development;
- opacity of the pricing mechanism for land resources;
- unwillingness of the rural population to join the processes of land purchase and sale;
- presence of risks related to the process of buying and selling land, etc.

An important issue of the effective functioning of the land market is the determination of value, that is, the methods of pricing. Note that at the current stage this issue is unresolved, because the methods approved in the national economy do not correspond to reality and do not reflect the real value of the land. The use of pricing methods based on the interaction of market elements, that is, through the market mechanism, leads to a surplus, because only owners of significant financial resources will act on the demand side, and their number is insignificant. At the same time, the offer will be redundant. That is,

a situation will arise on the market when the supply of land exceeds the demand for it, that is, a surplus. The result of the above is the establishment of an unfair price for the land, which does not correspond to the conditions of today.

As a rule, to determine a fair price, land is differentiated by quality, the so-called credit rating. This technique has disadvantages, which are determined by the subjectivity of the land value assessment, which leads to the fact that, for example, two plots located not far from each other have a significant difference in value – about ten times. This becomes possible due to the use of various coefficients that make it possible to adjust the value of the land plot in the direction of increase or decrease.

An important issue regarding land pricing, which is constantly the subject of discussions at both the national and international levels, is the amount of rent. Note that in the EU countries, the rent for the use of agricultural land is on average 20–25% of the value of the crop, or 2.5% of the value of the land, in Sweden – 7–9% of the value of the sold products, Denmark – 16–20% of the value harvest. At the same time, every three years, the amount of the rent increases by 1.5 times, which is justified by the increase in the price level for means of production and agricultural products. Moreover, every three years it grows approximately 1.5 times, which is due to the increase in prices for the means of production and agricultural products.

In order to solve the urgent problems related to the land market and the formation of fair and adequate pricing, it is advisable to turn to the positive experience of the leading EU countries.

Let's consider the peculiarities of the use of the land fund in some EU countries and the assessment of the cost of renting agricultural land (Fig. 1).

Figure 1 clearly demonstrates that countries such as Ireland and Denmark have the largest share of land in private ownership – 81.8–96%. This indicator for the Netherlands, Great Britain and Spain varies between 62.6–69.8%, and in other countries, privately owned land accounts for about 50%. The amount of rent is the largest in the Netherlands and amounts to 791 euros/ha, despite the fact that the share of leased land is 35.5%, in Denmark it is 538 euros/ha (leased land – 18.3%).

We emphasize that the uniqueness of each country in terms of land resources determines the model of the land market, which must take into account quantitative and qualitative indicators, on the one hand, and the peculiarities of the national economic system, on the other.

Studying the experience of European countries allows us to form the main prospects for the development of the national land market, among which the most important are [11, p. 37]:

- activation of foreign investment processes, which will contribute to the growth of the competitiveness of the national economy and increase the level of socio-economic development;
- the possibility of independent decision-making regarding the use of land resources by owners, which makes it possible to form a “portrait” of an effective owner

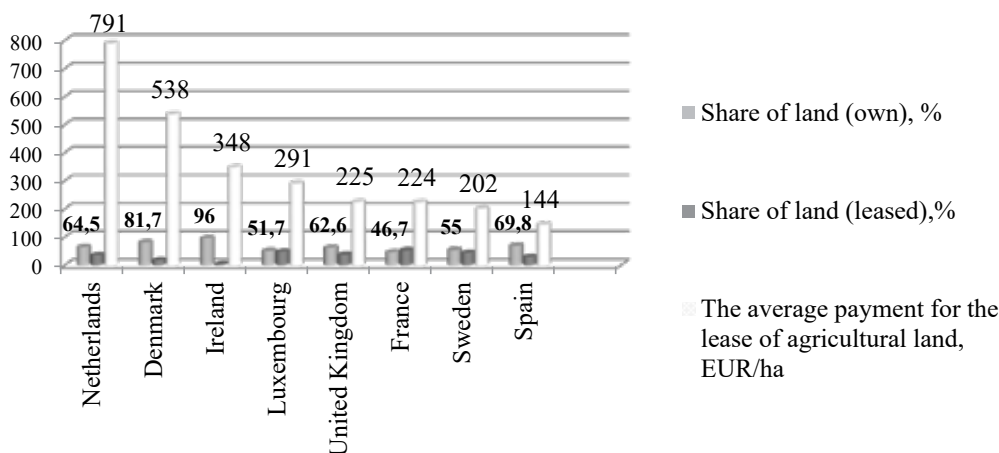


Fig. 1 – Use of agricultural land in EU countries

Source: compiled by the author: [9; 10, p. 113]

and to spread positive experience among other land market participants;

- attracting additional resources and expanding the resource base at the local level, which will contribute to solving unemployment problems at the community level through the creation of new jobs and will stimulate the development of private initiative based on incentives and motives to increase the level of efficiency of entrepreneurial activity;

- general stimulation of the development of the agrarian sector on the basis of reducing the level of shadowing of the economy and the formation of market relations in the relations of ownership of land resources;

- increase in the level of efficiency of the production process on land, which will be revealed due to the improvement of activity results, increase in the level of profitability and efficiency of market operations with land resources.

We emphasize that an effective mechanism for improving the functioning of the sphere of land relations, which affects the development possibilities of territories and districts, which depends on revenues to the budget, is the creation of favorable conditions for all participants. This provides for the use of measures of a motivational nature, and not of a coercive nature. For example, the establishment of certain tax benefits or special conditions of land use determined by the lease agreement serve as incentives for the participants of land relations to consciously comply with norms and rules. Among them, it is possible to single out: a reduction of the rent for a certain period, subject to the timely extension of the lease agreement, but at the same time, the introduction of a system of fines for late fulfillment of conditions. At the same time, there should be a direct relationship between the term of untimely extension of the lease agreement

and the amount of the fine. Let us emphasize that fines and incentives are an effective mechanism, provided that their size corresponds to the realities of today, that is, they should not be small, because their action will lead to the opposite consequences.

Thus, solving the issue of detinization in the field of land relations depends on the degree of orderliness of norms and rules, the effectiveness of the existing regulatory mechanisms and the consciousness of the participants. Of course, it takes time, but it is objectively necessary under the conditions of intensification of decentralization processes, the result of which should be an increase in revenues to the budgets, and accordingly, an expansion of territorial development opportunities.

### Conclusions and suggestions

Based on the analysis, it can be concluded that the priority task of the state is to ensure rational land use, protect the rights of land owners and fair pricing. For this, it is necessary to take certain measures to create favorable conditions for the sustainable and effective development of the land market, the formation of land relations and the protection of the rights of landowners. This will allow to achieve the necessary level of concentration and integration of agricultural production, rational use of land resources and solving social and economic problems.

That is, it is necessary to create an own model of the land market, which would synthesize positive foreign experience, national features and interests, as well as take into account the needs of stakeholders. Only under such conditions is it possible to ensure effective land use, the basis of which is management, support of the territory where the land plot is located, development of infrastructure and replenishment of the budget.

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