

Practice of Functioning of the Land Market in European Countries

Práctica del funcionamiento del mercado de la tierra en países europeos

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Abstract

Land issues have always been acute. States around the world have been gradually reforming the land sector. At the present stage, European countries are actively contributing to the development of the land market. The purpose of the scientific article: to determine the legal and economic aspects of the land market in European countries, study of the impact of the land market on the economic stability of European countries, identify the factors influencing the development of the land market in Europe. To achieve the purpose outlined, were used the following methods: statistical analysis and comparison, historical retrospective, element-theoretical method, analysis, generalization and analogy. It has been established that there are four types of land market in European countries. In the countries of European Union two types of land market dominate, namely: a fully open market and an open market for foreigners. The closed market for foreigners operates only in Croatia. A comprehensive analysis of economic aspects of the land market, reflected in the share of gross profit of the agro-industrial complex in GDP, agricultural land prices and other indicators, proves the causal link between them, the type of land market, investment and economic development in general. The factors influencing the formation of the land market have been revealed, namely: historical, mentality and established traditions of the people, economic development of the country, the share of the agricultural complex in the state's activities, and the functional purpose of the land. The main ways to improve the regulation of the land market have been proposed, namely: attracting investors, improving infrastructure, creating favorable conditions for the development of national farming, introducing innovative technologies for land cultivation, preserving the environment, fighting corruption, removing shadow business, informatization of the land market.

Key words: Land Market, Agricultural Land, Agro-Industrial Complex, Land Lease, Real Estate.

Resumen

Los problemas de la tierra siempre han sido graves. Los estados de todo el mundo han ido reformando gradualmente el sector de la tierra. En la etapa actual, los países europeos están contribuyendo activamente al desarrollo del mercado de la tierra. El propósito del artículo científico: determinar los aspectos legales y económicos del mercado de la tierra en los países europeos del funcionamiento del mercado de la tierra en los países europeos, estudio del impacto del mercado de la tierra en la estabilidad económica de los países europeos, identificar el factores que influyen en el desarrollo del mercado del suelo en Europa. Para lograr el propósito planteado, se utilizaron los siguientes métodos: análisis estadístico y comparación, retrospectiva histórica, método elemento-teórico, análisis, generalización y analogía. Se ha establecido que existen cuatro tipos de mercado de suelo en los países europeos. En los países de la Unión Europea dominan dos tipos de mercado de tierras, a saber: un mercado totalmente abierto y un mercado abierto para extranjeros. El mercado cerrado para extranjeros opera solo en Croacia. Un análisis exhaustivo de los aspectos económicos del mercado de la tierra, reflejados en la participación del beneficio bruto del complejo agroindustrial en el PIB, los precios de la tierra agrícola y otros indicadores, demuestra el vínculo causal entre ellos, el tipo de mercado de la tierra, la inversión y la economía desarrollo en general. Se han revelado los factores que influyen en la formación del mercado de tierras, a saber: la historia, la mentalidad y las tradiciones establecidas de la gente, el desarrollo económico del país, la participación del complejo agrícola en las actividades del estado y el propósito funcional de la tierra. Se han propuesto las principales formas de mejorar la regulación del mercado de tierras, a saber: atraer inversionistas, mejorar la infraestructura, crear condiciones favorables para el desarrollo de la agricultura nacional, introducir tecnologías innovadoras para el cultivo de la tierra, preservar el medio ambiente, combatir la corrupción, eliminar el negocio en la sombra, informatización del mercado de tierras.

Palabras clave: Mercado de Tierras, Tierras Agrícolas, Complejo Agroindustrial, Arrendamiento de Tierras, Inmobiliario.



Introduction

During Functioning of the land market is one of the most pressing issues of the modern legal system. The land market should perform three main tasks, namely: to ensure efficient use of land resources in the agro-industrial complex; to determine the course of perception of land as the most valuable asset of the people, which should contribute to the preservation of land; to provide support for agriculture and carry out efficient and equitable redistribution of land as well as attract investment in land market development.

Legal and regulatory regulation determines the boundaries of the land market and the political course of its development. Thus, different legal systems of European countries form their own legal framework, which directly affects the land market and, accordingly, the last one develops differently. Despite this, European countries have a great agricultural potential, and therefore it is important in the legal regulation of the land market to determine an effective mechanism for using the potential of land while preserving the natural environment.

The aim of the article is to determine the legal and economic aspects of the land market in European countries; to study the impact of the land market on the economic stability of European countries; to reveal factors that affect the development of the land market in Europe, and ways of improving the land market regulation.

The objectives are:

1. To carry out typologization of the various land markets that exist in the world;
2. To investigate the interdependence between the type of land market and the overall economic development of the state;
3. To identify the factors influencing the development of the land market in Europe.

Literature review

The land market is a way of redistributing the land between owners and users through economic methods based on competitive demand and proposal. Such redistribution is provided by: rent, purchase and sale, pledge of land plots or rights to them; establishing the value of land and recognizing it as capital and goods; distribution of areas between market participants and competing land use options. The land market is a self-regulating system that is established in legal environment, consisting of seven main elements: price, demand, supply, management, marketing, business procedures, infrastructure.

Vranken (2016) identifies three types of land regulation in Europe, namely: countries with tight regulation of land markets, such as Poland, Slovakia, Hungary and France; countries with moderately regulated land markets, such as Belgium, Austria, Italy, Slovenia, Portugal, Latvia, Lithuania, the Netherlands and Sweden (in these countries, as a rule, one type of regulation dominates); countries with less regulated land market, such as Germany, Finland, Romania, Great Britain. The author also considers four categories of land market regulation, namely: measures to protect the tenant; measures to protect the owner; mechanisms for protection of the owner of non-agricultural land plots; prevention of fragmentation of agricultural lands. Regulations and institutional factors affect the using of land, farmers' access to the land market. A successful combination of liberalization and legal regulation can influence the determination of the political course and economic growth in the country.

In European Union, the following land tenure measures are applied: prevention of land fragmentation, protection of the owner, protection of the tenant, protection of the (non-agricultural) landowner. Land ownership and property rights differ significantly in different member states of European Union (Ciaian et al., 2016).

In the 1990s, the optimal link in the transition period in the former communist countries of the former Soviet Union and Eastern Europe was occupied by optimal land institutions, and recently there has been large-scale investment in land in developing countries (Swinnen, Van Herck & Vranken, 2016).

Depending on the forms of land ownership, there are two types of countries. In countries transitioning from communal to individual land ownership, a flexible, phased and decentralized approach is needed. This necessitates the improvement of the legal framework, which provides the evolution of land rights in connection with the commercialization and shortage of land. In countries, where there are constant wars or illegal occupation of territory by another state, the need arises to harmonize the requirements and establish clear land ownership rights at minimal cost (Deininger & Feder, 2014).

One of the factors in improving land ownership and its management is the development of the land market. It is rather difficult to explain how the land market works, especially in order to identify non-technical components necessary for its effective



development and operation. There are difficulties in organizing and managing the land market.

Regulations in the field of land relations, especially in the agricultural sector, have a great impact on the development of the country's economy, and especially on the local (rural) economy, which contributes to its further development. Regulations and defined land policy affect the functioning of land sales market and leasing land. Therefore, their effective and equitable redistribution is determined (Swinnen, Van Herck & Vranken, 2016).

Land market transactions can have potentially different consequences for land distribution. Regulations of land functioning predicts two consequences: it can lead to the concentration of land in the hands of persons with significant incomes; it can also serve as an alternative way of accessing land for those who do not have a significant income and receive their main income from land use. Land distribution practices show that households use the land market in order to make a real profit and compensate for low income, while households with larger initial holdings are more likely to manage it, including through the market (Wineman & Liverpool-Tasie, 2017).

Land as an object of market relations is at the center of the territorial economic system. An important land management function is performed by the municipal land market. This approach is due to the need to determine the vector of rural development. The land market provides a significant share of local budget revenues (Bryzhko, 2019).

The ever-increasing globalization undoubtedly affects the formation of the functioning of the land market and its legal regulation, especially in the field of information technology, including web services that provide access to national land information. The global diversity of approaches to land markets requires a strong land management system, a clear land policy and legal framework in order to support the land market.

Methods

Implementation of the purpose of the present investigation involves the use of the following research methods:

- statistical analysis and comparison, which consists in comparing statistical indicators of countries of different types of land market, their economic development, prices per 1 hectare of agricultural land, the share of profits from the agro-industrial complex in GDP;
- historical retrospective to conduct analysis of the history of land market formation in Europe;
- element-theoretical method for establishing a cause and effect relationship between the type of the land market, the minimum number of restrictions, investment and high economic development of the country;
- analysis in order to identify the main factors that affect the functioning of the land market and the prerequisites for assigning countries to a specific type of land market;
- generalization and analogy in order to study the practice of land market functioning in different European countries according to the type of land market.

In particular, the following indicators have been analyzed in the academic paper:

1. The share of profits in agriculture, forestry and fisheries in the GDP of Latvia, Lithuania, Ukraine, Belarus, Italy, Denmark, Spain, Poland, Bulgaria, Romania from 2010 to 2018 (The World Bank, 2019);
2. Prices for agricultural land in regions of Bulgaria, the Czech Republic, Denmark, Greece, France, Spain, Croatia, Poland from 2011 to 2018 (Eurostat, 2020);
3. GDP per capita in the following countries: Latvia, Lithuania, Ukraine, Belarus, Italy, Denmark, Spain, Poland, Bulgaria, Romania from 2010 to 2018 (Trading Economics, 2020a-h).

Results

Traditionally, there are four types of land market in the world, the main features that distinguish them from each other are the possibility of acquiring land ownership, the subjects of ownership are residents and / or non-residents, and the presence of restrictions (quantitative, price, and others) (Table 1).

Table 1. Types of land market in the world

Types of land market in the world	Completely closed market
	It implies the absence of the possibility of full implementation of private property rights. Transactions of purchase and sale of agricultural land, any transactions of transfer of ownership rights to land, except for inheritance, are prohibited. Foreigners are completely deprived of the right of ownership of agricultural land.



	Closed market for foreigners
	It provides for a complete ban on foreign individuals and legal entities to own land. Usually, they can only use agricultural land on a lease basis.
	Open market with foreigners
	It provides for certain restrictions for both foreigners and residents of the country. These may include restrictions on the maximum and minimum area of ownership, targeted regulation; requirements for education, qualifications, work experience and place of residence of the buyer, and certain restrictions are provided for both foreigners and residents of the country.
	Open market model
	It assumes the absence or very small number of restrictions and regulations. In the markets of this type, agricultural land is in free circulation. There are no restrictions for individuals, legal entities, or foreigners.

Source: Paskhover (2019)

Analyzing the countries of the world according to the type of land market that operates on their territory, we come to the conclusion that in

European countries, an open land market with foreigners and a fully open market are used to a greater extent (Table 2).

Table 2. Distribution of countries according to the types of land market

Land market type	Countries of the world	Property right	Right of a foreigner to buy	Restrictions		
				Quantitative indicators	Price tags	Others
Completely closed market	Tajikistan	no	-	-	-	-
Closed market for foreigners	Azerbaijan, Belarus, Bosnia and Herzegovina, Armenia, Iran, Kazakhstan, Kyrgyzstan, Korea, Macedonia, Morocco, Moldova, Nigeria, South Africa, Russia, Serbia, Tunisia, Croatia	yes	no	yes	yes	yes
Open market with foreigners	Argentina, Bulgaria, Brazil, Guatemala, Honduras, Greece, Georgia, Denmark, Cameroon, Canada, Latvia, Lithuania, Mexico, Nicaragua, Panama, Paraguay, Poland, Romania, El Salvador, Slovakia, Hungary, Turkey, Uruguay, Finland, France, Switzerland, Sweden, Japan	yes	yes	yes	yes	yes
Open market	Australia, Austria, Belgium, the United Kingdom, the Dominican Republic, Estonia, Ireland, Spain, Italy, the Netherlands, Germany, Portugal, the Czech Republic	yes	yes	no	no	no

Source: EasyBusiness (2016, 2019)

Ukraine temporarily remains the only democratic country in the world where landowners do not have the right to freely dispose of their property (EasyBusiness, 2016). Therefore, in Ukraine the type of the land market with features is closed. EasyBusiness (2016) divides European countries into "old member countries" of European Union and other developed countries, namely: Austria,

Belgium, Greece, Denmark, Germany, Ireland, Finland, France, Italy, the Netherlands, Portugal, Sweden, Switzerland; "new member countries" of European Union, namely: Bulgaria, Estonia, Latvia, Lithuania, Poland, Romania, Slovakia, Hungary, Croatia, the Czech Republic; candidate countries to European Union, namely: Albania, Bosnia and Herzegovina, Macedonia, Serbia,

Turkey; post-Soviet countries: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan and Ukraine.

We analyze the land market rules adopted in the European Union and post-Soviet countries, as they are distinguished from each other by a number of characteristic features: historical aspect, mentality of the people, geographical location, land distribution, and others. For completeness of the investigation, we analyze European countries with different types of land markets, that is, the countries that have been the members of European Union for a long time and the ones that have recently joined European Union, as well as the countries that were formerly part of the Soviet Union. The specified countries are located in different geographical regions and have different economic development.

The system of agrarian and land reforms in the republics that were part of the USSR, as well as in

Eastern Europe, was aimed at developing market relations and reorientation by eliminating the state monopoly on land and appropriation of property. At the same time, there was a problem of reforming the state and the staff of agricultural enterprises, because in these countries, agricultural production, mainly collective farms have not proved their superiority in efficient land use. Most countries of the former Soviet Union used the model of land privatization, where the private sector of agriculture played an important role in the life of the people, due to the mentality (sustainable land use), traditions (conducting a certain type of agriculture, which gave the main income from generation to generation) and large families of rural residents (whose members took part in land cultivation and other large-scale agriculture).

Currently, in European countries that have been previously part of the former Soviet Union, the share of agricultural income in the country's GDP is quite high (Table 3).

Table 3. Agriculture, forestry, and fishing, value added (% of GDP)

Market type	Country	2010	2011	2012	2013	2014	2015	2016	2017	2018
	World	3,67	3,706	3,634	3,682	3,588	3,517	3,471	3,437	4,003
Open market to foreigners	Latvia	3,995	3,237	3,126	3,108	3,241	3,525	3,088	3,47	3,575
	Lithuania	3,032	3,5	3,989	3,55	3,423	3,525	3,107	3,508	2,907
	Denmark	1,202	1,312	1,655	1,302	1,382	0,958	0,961	1,428	1,025
	Poland	2,566	2,832	2,664	2,874	2,612	2,201	2,381	2,753	2,239
	Bulgaria	4,011	4,643	4,409	4,484	4,524	4,024	4,026	4,036	3,371
	Romania	4,996	6,255	4,675	5,378	4,722	4,186	4,062	4,313	4,357
closed market	Ukraine	7,448	8,197	7,816	8,786	10,155	12,059	11,726	10,186	10,144
Open market	Italy	1,776	1,883	1,971	2,145	1,998	2,065	1,928	1,973	1,966
	Spain	2,431	2,373	2,408	2,622	2,536	2,735	2,826	2,802	2,796
Closed to foreigners	Belarus	8,892	8,002	8,131	6,809	7,303	6,283	6,895	7,566	6,59

Source: World Bank (2019).

Thus, from 2010 to 2018, the largest share of income from agriculture is in the GDP of Ukraine (7,5% – 12,05%) and Belarus (6,3% – 8,9%). The smallest share of income from agriculture is in the GDP of Denmark (0,96% – 1,7%) and Italy (1,8% – 2,1%). The specified indicators show that post-Soviet European countries have traditionally focused on making a profit from the agro-industrial complex. At the same time, these countries are

characterized by high levels of corruption, the shadow economy and low economic development. The share of GDP per capita in these countries is as follows: Ukraine (2 965, 14 USD – 3 160, 08 USD); Belarus (6 029, 4 USD – 6 649, 6 USD), compared to the countries of “Old Europe”, which are highly developed, namely: Denmark (58 041, 4 USD – 63 915, 5 USD), Italy (33 666, 7 USD – 36 192, 9 USD) (Table 4).

Table 4. GDP (current USD per capita)

Country	2010	2011	2012	2013	2014	2015	2016	2017	2018
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Open market to foreigners									
Latvia	1134 8,41	1228 3,29	12950, 76	13394,9 5	13780,6 6	14346,9 5	14735,4 9	15429,7	16216,7
Lithuania	1195 7,08	1296 7,15	13646, 02	14275,3 4	14903,7 1	15350,4 6	15944,1 3	16855,4 2	17637,2 5
Denmark	5804 1,4	5857 5,6	58487, 8	58788,1	59437,9	60402,1	61878	62733	63915,5
Poland	1259 9,5	1322 4,6	13437, 2	13632,5	14095,4	14646,3	15101,6	15845,2	16692,8
Bulgaria	6809, 9	7014, 8	7081	7143,5	7320,3	7661,1	8009	8350,7	8670,6
Romania	8209, 9	8416	8629,1	8965,6	9306,2	9712,1	10236,9	11029,3	11586,5
Open market									
Italy	3600 0,5	3619 2,9	35019, 5	33978,6	33666,7	33961,4	34459,2	35086,5	35433,8
Spain	3050 2,7	3014 7	29235, 8	28910,8	29398,6	30549,8	31449,3	32282,9	32897,5
Closed market to foreigners									
Belarus	6029, 4	6365, 4	6478,7	6542,7	6649,6	6384,8	6215,7	6375,3	6586,3
Closed market									
Ukraine	2965, 14	3138, 47	3153,7 4	3160,08	3123,9	2828,89	2903,8	2988,5	3106,04

Source: Trading Economics (2020a-h)

The average price of agricultural land in post-Soviet countries with good soil quality and fertility is quite low and averages \$ 1 400. In the countries of the European Union (Table 5), the price of land

per 1 ha is not less than 2 726 Euros, the highest price of land is observed in Denmark, Greece, Spain - not less than 11 910 Euros.

Table 5. Agricultural land prices by region (the price is indicated in euros per 1 hectare of land)

Country	2011	2012	2013	2014	2015	2016	2017	2018
Open market to foreigners								
Bulgaria	2112	2843	3175	3620	3891	4131	4622	5011
Denmark	17476	17562	15708	17209	18752	17584	17328	17690
Greece	15393	14968	13907	13276	12633	12528	12627	12750
France	5390	5440	5770	5940	6000	6070	6030	6020
Poland	4855	6080	6275	7723	9220	9083	9699	10318
Open land market								
The Czech Republic	1836	3264	3662	4282	4775	5463	6448	7572
Spain	-	12005	11910	12192	12574	12522	12827	13023
Closed market to foreigners								
Croatia	-	-	-	-	2726	2835	3005	3285

Source: Eurostat (2020)

Countries belonging to the type of land market open to foreigners during 2011-2018 had the following prices per 1 ha of agricultural land: Bulgaria – 2 112 EUR – 5 011 EUR, Denmark – 15 708 EUR – 18 752 EUR, Greece – 12 528 EUR – 15 393 EUR, France – 5 390 EUR – 6 070 EUR, Poland – 4 855 EUR – 10 318 EUR; closed type for foreigners - Croatia – 2 726 EUR – 3 285 EUR; open type – the Czech Republic - 1 836 EUR - 7 572 EUR, Spain - 11 910 EUR - 13 023 EUR.

Thus, in countries open to foreigners and fully open, agricultural land is much more expensive than in countries closed to foreigners. An example of a price difference between countries with different types of land markets is the Czech Republic, in which the price of land per 1 ha in 2011 was 1 836 EUR, and in 2018 increased to 7 572 EUR. This difference is due to the reform of the land sector. In 2011, the Czech Republic

opened a market for agricultural land for foreigners, which gave impetus to higher land prices.

The same practice is observed in Estonia, where from 2001 to 2020 the price of land increased 7, 2 times.

Thus, land markets, where there are minimal restrictions or no restrictions at all, and it is possible to carry out a land purchase and sale transactions, can provide effective means to achieve the results of the transactions, which involve land as assets. Consequently, on the basis of an open land market, a financial market will be formed, which will directly affect the economic development of the country. Accordingly, this situation is attractive for investors, whose involvement will ensure the development of the land market. There is interdependence between the open type of land market, the minimum number of restrictions, investment and high economic development of the country, because, as the data in Table 3 indicate, countries with a high level of development are in the group of countries open to foreigners type of land market.

Rising prices in agricultural land markets over the past decade have sparked a debate about the investment attractiveness of land. An indicator of investment attractiveness is the ratio of rent and market price of land, as it is the main indicator of return on investment in land. The recent rise in prices for agricultural land in Europe has not been unprecedented, forasmuch as rents are relatively low at a ratio of the price in the land market.

Consequently, the profit from the land market is rather negative, which makes investments in the agro-industrial complex unprofitable for financial investors. Therefore, unstable investment in the land market is one of the main factors of instability of land prices.

Discussion

Based on the conducted research, it has been established that traditionally there are four legal types of land market in the world: a completely closed market, an open market for foreigners, a closed market for foreigners, and a fully open market. All European countries belong to one of the types of land market.

The history of economic development of European countries convincingly proves that there is a strengthening of regulatory influence of the state on agricultural production and land market through the creation of a proper regulatory framework, the use

of economic levers of state influence on business entities, limiting private ownership of agricultural land.

Swinnen, Van Herck and Vranken (2016) distinguish three groups of countries with different land regulation structures. Firstly, these are states that strictly regulate both markets and land leases. Such countries include Hungary and France. Secondly, these are countries with a more moderate course of regulation of land markets, such as: Poland, Belgium and the Netherlands. As a rule, only one type of regulation dominates in these countries. For example, in Belgium, land regulations focus on the rental market. In this country, about 70% of the land is leased. Another example is Poland, where most of the country's land is owned by large landowners and small family farms. Therefore, there is a high level of protection of landowners (farms) working on their own lands and a low level of protection of tenants. Thirdly, these are countries with less regulated land markets, such as: Romania, Germany, Sweden, the Czech Republic, the United Kingdom, Finland, Greece and Ireland.

In 2004 and 2007, the countries that had joined European Union were given the opportunity to impose temporary restrictions on the acquisition of agricultural land by foreigners from EU member states. Transitional measures were introduced, which provided the gradual adaptation of land markets to competitive pressure from the unified market of European Union. Such pressure was due to significant differences in agricultural land prices in member states of New Europe and in the old member states of the European Union. A common trend among numerous new EU member states has been focused on maintaining the status quo, that is, to support effective restrictions on land acquisition by foreigners (Ciaian et al., 2016).

The principle of proportionality (together with the principle of subsidiarity) is one of the general principles of European law. It is rooted in Article 5 of the Treaty on European Union and the Protocol No. 2 and has been further developed in the practice of the European Union. This principle is a basic one for acts of European institutions and member states, but it is applied partially differently at these two levels. On the part of member states, it regulates that all state measures should be based on a fair assessment. Certain restrictions on foreign investment in agricultural land are allowed, provided that such restrictive measures are proportionate. In recent decades, the national legal systems of member states have undergone many changes regulating the acquisition of real estate by non-residents. Some properties are prohibited from



being purchased under contracts (Denmark, Malta, Aland Islands), and some are still in transition (agricultural land in Croatia). There are still hidden discriminatory measures against the new member states of European Union after their transitional periods. European Union has tried several times to solve this problem, and even initiated proceedings against some of them, however, it cannot be concluded that all states have definitely adapted their legislation to European law. At present, the restrictions apply mainly to agricultural land (which in some countries also covers forest land). A number of member states build their national land legislation to avoid foreign land acquisition and ignore full compliance with the internal market. European Union is seen as relatively tolerant of such national policies (as, for example, with Latvia) (Godžirov, 2020).

Legislation, aimed at creating limited access to land, affects the distribution of rent connected with land ownership. Firstly, this restriction applies to social benefits, such as place and status in the social hierarchy at the local level. Legal regulations may enshrine the right to inherit land. Such a national position would strengthen family farming. Secondly, it concerns farmers who are provided with subsidies. Rent is economically advantageous only to those who have the right to land, and therefore bring benefits only to a small circle of people. The application of such a legal framework in the management of the land market is ineffective. An example is France, a country where there is a great influence of the state on the functioning of the land market. Therefore, France has one of the lowest land prices among European Union (Table 5) (Ciaian et al., 2016).

Rising prices in agricultural land markets over the past decade have sparked a debate about the investment attractiveness of land. An indicator of investment attractiveness is the ratio of rent and market price of land, as it is the main indicator of return on investment in land. The recent rise in prices for agricultural land in Europe has not been unprecedented, forasmuch as rents are relatively low at a ratio of the price in the land market. Consequently, the profit from the land market is rather negative, which makes investments in the agro-industrial complex unprofitable for financial investors. Therefore, unstable investment in the land market is one of the main factors of instability of land prices.

The practical significance of the present investigation lies in the fact that the analysis of the impact of the land market on the economic stability of European countries suggests ways to improve the land market, namely: creating favorable

conditions for the development of national farming (tax benefits, grants, subsidies, low-interest loans, public funding), attracting investors (balancing land prices and rents), improving infrastructure, providing farmers with modern land cultivation technologies, preserving the environment, fighting corruption, removing the shadow business, informatization of the land market. It is also important to take into account the traditions and mentality of the people.

Conclusion

In the context of investigating the economic and legal aspects of the practice of the land market in European countries, it has been established that the basis of legal regulation of the land market are the historical preconditions, which are radically different in European countries.

It has been established that the countries of European Union belong to three types of land market, namely: open to foreigners (Greece, Denmark, Finland, France, Romania, Slovakia, Hungary, Switzerland, Bulgaria, Latvia, Lithuania, Poland, Sweden); fully open (Austria, Belgium, the Netherlands, Germany, Portugal, Estonia, Spain, Italy, the Czech Republic); closed to foreigners (Croatia). Countries that have recently joined European Union impose restrictions on the exercise of the right to land, and countries that were formerly part of the Soviet Union belong to the type of countries with a closed land market for foreigners. Ukraine, as an exception among the democratic countries of Europe, has a temporarily closed market of agricultural land, features of which lie in the presence of land ownership of citizens of Ukraine and the simultaneous prohibition of purchase and sale of land.

It has been studied that the price of land is high in countries with a fully open land market; however, the share of profits of the agro-industrial complex in the country's GDP is low. Countries with a land market closed to foreigners are agrarian ones; they have a high share of agro-industrial profits in the country's GDP and low land prices. Along with this, the land market in European countries is being reformed and is becoming more open to foreigners. The formation of the land market is influenced by the following factors, namely: historical (transformation of the state monopoly on land and appropriation of property in the countries of the former Soviet Union; establishment of restrictions on the land market in the member states of European Union), mentality and established traditions of the people (conducting a certain type of agricultural production, which gave the main income from generation to generation), economic



development of the country, the share of the agricultural complex in the structure of the state economy, the functional purpose of the land.

It has been proven that taking into account all the factors, affecting the development of the land market, will contribute to the formation of an optimal model of its functioning in domestic and foreign markets.

At the same time, the dynamic changes of the world and national economies, the European integration prospects of the agro-industrial sector and the need to adapt it to modern global challenges require further research in this direction.

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