

## 20 YEARS OF OPERATION OF THE AGRICULTURAL LAND MARKET IN THE REPUBLIC OF MOLDOVA: ACHIEVEMENTS AND PERSPECTIVES

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**Abstract:** *Being at the stage of 20 years of operation, the agricultural land market in the Republic of Moldova collided with several socio-economic problems, which limited (partially) the dynamic development of this market. Although in the process of identifying the market prices of agricultural land in the Republic of Moldova, different evaluation methods are widely used, the method, based on comparable prices, is the preferable one, the most often used. At the same time, this method is the most dependent on the stability of the purchasing power of the national currency - the Moldovan lei.*

*The sudden increase in the level of inflation in the last two years has disorientated the participants of the land market and negatively influenced both the number of transactions for the sale and purchase of agricultural land, as well as the area of land included in the market circuit. The deeper analysis of the current state, as well as the elaboration of reasoned recommendations, regarding overcoming the crisis situation on the agricultural land market in the Republic of Moldova, is the main purpose of this publication.*

**Keywords:** *agricultural land market, transaction, market prices, regions, intra-urban land*

### 1. Introduction

The initial stage, often called - the revitalization stage of the functioning of the agricultural land market in the Republic of Moldova, according to the unanimous opinion of domestic land analysts, was launched (successfully) with the completion of the well-known National Program - "Land" (mid-summer 2000).

Although some fragments of trading of agricultural areas, using the mechanisms and tools of the free market, took place even before this date, the year 2000 is still considered the year of launching the massive market circuit of these areas.

Of particular importance for the national economy is the revitalization and successful functioning of this specific component of the general market economy mechanism, because only through the free market circuit agricultural land can be (with time) concentrated in the hands of the most skilled (the most devoted) farmers. It is to remind, that the applied scenario of agricultural land privatization in the Republic of Moldova was based not on the principle of economic efficiency, but on the principle of social equality. According to this principle, each person, included in the list of participants in the privatization process, received an equal area of the privatized agricultural land. More than half of the new owners, as the analysis shows, for various reasons (lack of money for investments, advanced age, poor health, etc.) did not start their own businesses in the agricultural business, leaving the recently privatized lands to the tenants .

According to the Decision of the Government of the Republic of Moldova no. 391 of June 15 2022 from the total area of land of private ownership (equal to 1707.9 thousand ha), on January 1 2022 under various forms of lease 1074.6 thousand ha or 62.9 percent were exploited [1].

With only approximately 1/3 of the agricultural land (as their private property), the tenants practice an excessively simplified agriculture, considering the structure of the sowings, with absolutely insufficient investments for the dynamic development of this sector, with the smaller and smaller number of jobs in rural areas, etc. As solid proof of these critical assessments, we can bring the fact that, if towards the end of the privatization period all the debts of agricultural enterprises were practically fully canceled, on 01.01.2021 they again increased up to 21.177 billion lei MD, which is more than 12399.2 lei MD in calculation per hectare of agricultural land in the private sector [2].

It is obvious that these areas form the main operating basis of the agricultural land market in the rural area of the Republic of Moldova.

## 2. Materials and Methods

Although the relatively stable and efficient operation of the agricultural land market in the Republic of Moldova has passed the two-decade mark, that it has already demonstrated sufficient capabilities to successfully solve this main task, which was previously discussed, however, there is still much to be done for the further improvement of this important fragment of the general activity mechanism of the market economy.

There are several "pro" arguments, the main ones being:

1. Lack of transparency regarding the updated results of the functioning of the domestic agricultural land market;
2. Excessive differentiation of the sale-purchase prices of agricultural land, both territorially and during the analyzed period of operation (in dynamics);
3. The simplified content of materials and/or local methods of analysis, evaluation, forecasting, etc. of the development of the agricultural land market in the Republic of Moldova.

Being designed against the backdrop of the general instability of the national economy, caused by the deep pandemic crisis of 2020-2021 with the subsequent devaluation of the national currency of the Republic of Moldova (at the level of -13.94% in 2021 and at a much higher level for the year 2022), all the above-mentioned shortcomings, even if they did not completely block (for now) the functioning of the agricultural land market in the Republic of Moldova, however, they strongly reduced the main results of this activity.

## 3. Results and Discussion

It is true that if in the first ten years of operation the average annual area of sales-purchase transactions (only) constituted 22027.8 ha, then in 2021 this area decreased to 4190.41 ha, constituting less than a fifth (19.0%) compared to the norm got used [3]. Being under the pressure of the aforementioned level of devaluation of money, the market price of agricultural land in 2021 increased (at first sight) to 50078.86 lei MD/ha. Being compared to the average of the first ten years of operation of this market, equal to 6221.85 lei MD/ha, this increase is 8.05 times.

The more detailed results, regarding the functioning of the agricultural land market in 2021, are reflected in tab.1.

Table 1

**The regional aspect of the functioning of the agricultural land market  
in the Republic of Moldova (year 2021)**

Area, district	Area of land sold-bought, ha	Total amount of transactions, MD lei	Market price for 1 ha, MD lei
<b>NORTH AREA</b>			
mun. Bălți	3.55	408992.00	115186.30
Briceni	211.90	4627040.00	21836.09
Dondușeni	176.29	5294805.74	30034.26
Drochia	259.77	4906157.26	18886.46
Edineț	312.16	8591898.40	27524.07
Fălești	75.59	2544431.00	33659.26
Florești	23.78	503152.01	21154.53
Glodeni	209.94	7344759.75	34984.46
Ocnița	135.01	7543736.14	55875.14
Rîșcani	520.66	14202477.81	27277.94
Sîngerei	181.51	6630494.00	36529.67
Soroca	49.84	12062020.96	242031.86
<b>TOTAL NORTH AREA</b>	<b>2160.01</b>	<b>74659965.07</b>	<b>34564.66</b>
<b>CENTER AREA</b>			
mun. Chișinău	9.36	4674654.00	499386.16
mun. Chișinăul	35.64	68959767.58	1934903.51
Anenii Noi	174.55	4434119.66	25403.83
Călărași	47.99	917251.20	19112.98
Criuleni	32.45	1589643.00	48994.10
Dubăsari	69.07	2409561.53	34885.59
Hîncești	90.66	1941645.00	21416.45
Ialoveni	41.55	8534392.97	205424.78
Nisporeni	112.17	2110889.92	18818.72
Orhei	97.78	2738675.17	28008.31
Rezina	119.27	1816514.10	15230.09
Strășeni	47.62	2097449.36	44041.17
Șoldănești	211.27	4179743.00	19783.47
Telenești	113.65	1858733.70	16354.74
Ungheni	22.06	1036553.40	46995.80
<b>TOTAL CENTER AREA</b>	<b>1225.09</b>	<b>109299593.59</b>	<b>89217.74</b>
<b>SOUTH AREA</b>			
Basarabeasca	1.52	183654.00	120825.00
Cahul	24.83	11694218.00	470889.78
Cantemir	138.75	1874968.14	13513.38
Căușeni	135.91	2162229.01	15909.72

Cainari	12.55	185094.53	14748.57
Cimișlia	48.60	881369.47	18136.56
Leova	36.04	749402.80	20793.29
Ștefan-Vodă	74.05	1381405.84	18654.19
Taraclia	146.28	2781495.52	19015.13
Ceadr Lunga	15.77	370955.00	23528.35
Comrat	116.06	2105091.00	18137.92
Vulcanesti	54.96	1521670.00	27685.96
<b>TOTAL SOUTH AREA</b>	<b>805.32</b>	<b>25891553.31</b>	<b>32150.80</b>
<b>TOTAL REPUBLIC OF MOLDOVA</b>	<b>4190.41</b>	<b>209851111.97</b>	<b>50078.86</b>

Analyzing the data of tab. 1, we draw attention to the excessive differentiation of both market prices, recorded during 2021, and the size of agricultural areas, drawn into their market circuit in the form of sales-purchase transactions. First of all, it should be noted that within the area of the Cadastre Offices in the municipality of Chishinev, for example, in 2021, 45.0 ha of agricultural land were sold-bought at an average price of 1636320.5 lei MD/ha, which is 121.1 times more compared to the average price of land with analog destination, for example, in Cantemir district (South Zone).

It should be noted that in addition to the municipality of Chishinev, excessively high prices of agricultural land were also manifested in other municipalities of the country (e.g., Cahul, Bălți) and/or in the suburbs of some of these municipalities (e.g., Ialoveni district). Taking into account the fact of such a strong differentiation between the above-mentioned prices of one and the same type of commodity (agricultural land), observed during a relatively short period of time (just over a year), we can draw the conclusion that the classification criteria of the information base regarding the totalization of valuation results were and are not very well argued.

In our opinion, the initial characteristics regarding the grouping of the analyzed regions should be based not so much on their geographical affiliation, but (first of all) on the true destination of the lots of agricultural land sold-bought. It has to be taken into account that a good part of the agricultural lands, included in their market circuit, either within the radius of the municipalities or within the radius of their suburbs, in the near future will (in one way or another) be taken out of agriculture and transformed into the so-called intra-urban land, the total area of which today (according to source no. 1), on January 1, 2022, is 316,069.8 ha or 14.0 percent of the total area of agricultural land.

As the final result of the regrouping of agricultural land placement regions, sold-bought in 2021, we have information on the market price of the respective land, placed within the range of municipalities and/or their suburbs (tab. 2) and information on market prices of land, intended (exclusively) for agricultural activity (tab. 3).

Table 2

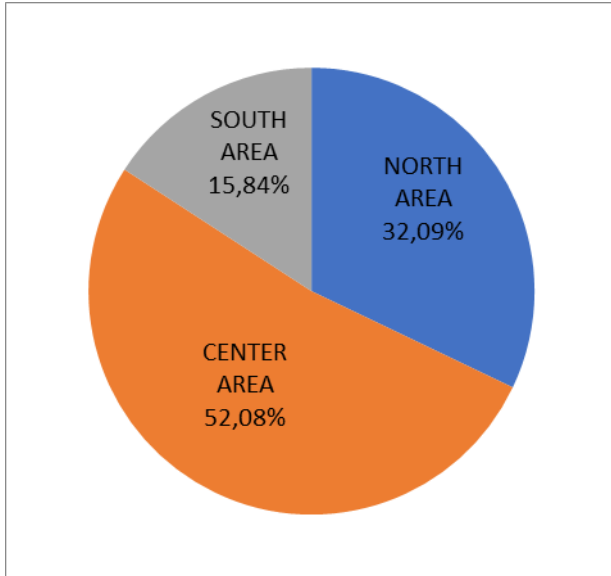
**Area and market prices of sold-purchased agricultural land, expected to be transformed for capital construction in the near future (year 2021)**

Area, municipalities, cities	Area of land sold-bought, ha	Market price, lei MD/ha	The total amount of sales-purchase transactions, MD lei
<b>NORTH AREA</b>			
1. mun. Bălți	3.55	115186.30	408992.00
2. mun. Soroca	49.84	242031.86	12062020.96
<b>TOTAL NORTH AREA</b>	<b>53.39</b>	<b>233583.31</b>	<b>12471012.96</b>
<b>CENTER AREA</b>			
3. mun. Chișinău	9.36	499386.16	4674654.00
4. mun. Chișinău1	35.64	1934903.51	68959767.58
5. or. Ialoveni	41.55	205424.78	8534392.97
<b>TOTAL CENTER AREA</b>	<b>86.55</b>	<b>949379.72</b>	<b>82168814.55</b>
<b>SOUTH AREA</b>			
6. mun. Cahul	24.83	470889.78	11694218.00
7. or. Basarabeasca	1.52	120825.00	183654.00
<b>TOTAL SOUTH AREA</b>	<b>26.35</b>	<b>450773.13</b>	<b>11877872.00</b>
<b>GRAND TOTAL</b>	<b>166.29</b>	<b>640553.85</b>	<b>106517699.51</b>

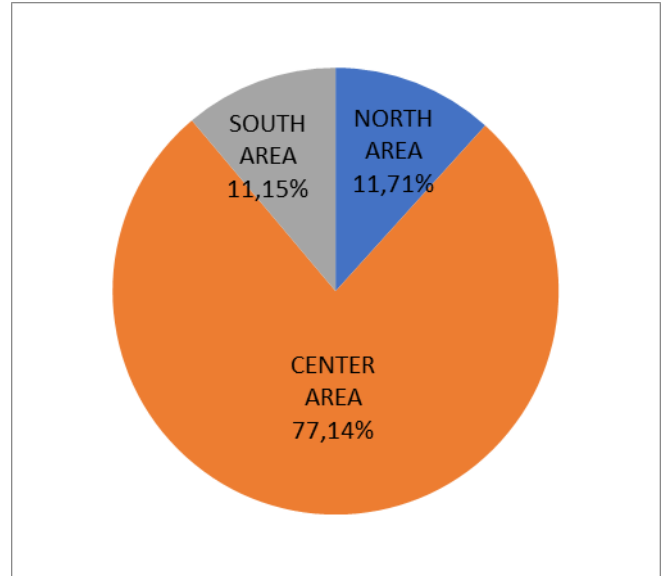
Based on the regrouping of the final results regarding the sale-purchase transactions of agricultural land in 2021 with their real potential to be transformed into land under capital construction (priority – residential space), we can state:

- the relatively and absolutely non-essential share of these areas - 166.29 ha or 3.96% of the total sales-purchase area;
- the market price 12.8 times higher than the average price of all sales-purchase transactions;
- for the procurement of these surfaces (3.96% as a share) the buyers spent more than 106.5 mln. MD lei or more than half (actually – 50.8%) of the total amount of money of the respective transactions in 2021.

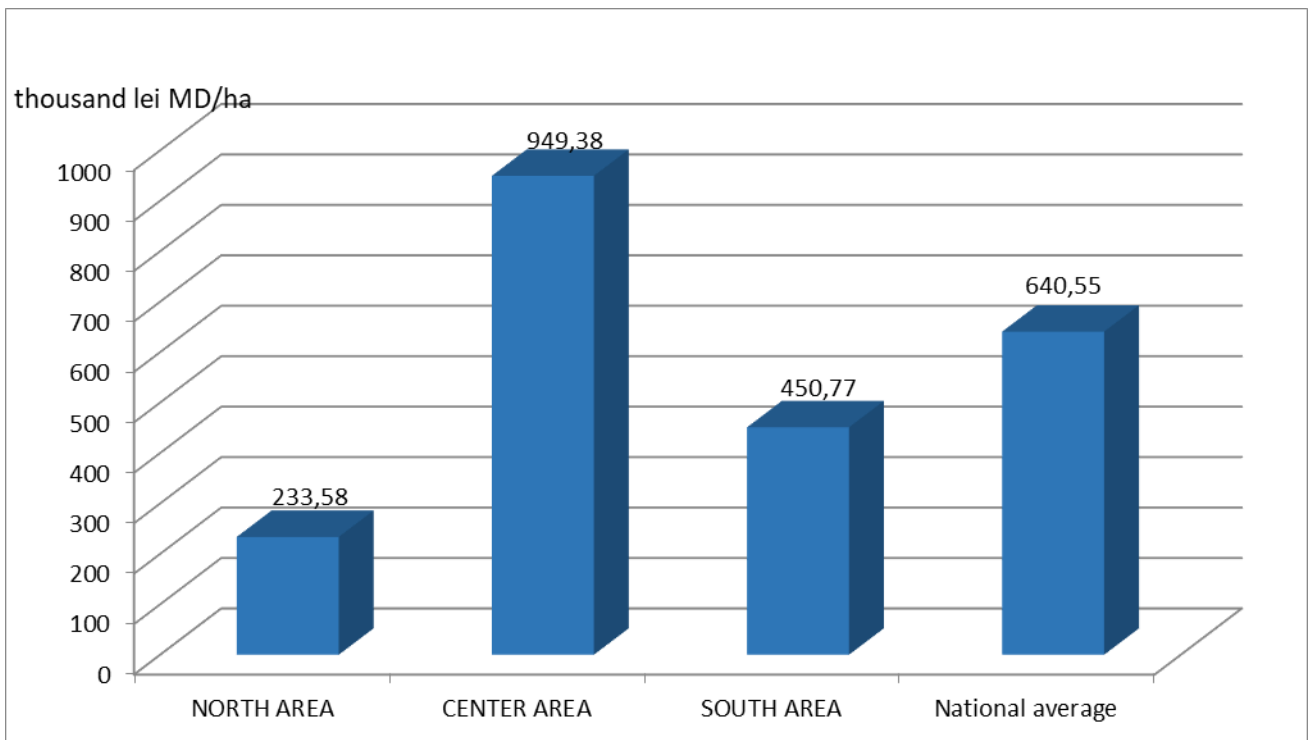
The graphic interpretation of the indicators of table 2 is presented on fig. 1 – 3.



**Fig. 1. Share of sold-purchased areas in zonal plan (2021)**



**Fig. 2. Share of the total sums of sale and purchase of agricultural land, forecasted for future capital constructions (2021)**



**Fig. 3. The market price of agricultural land, oriented for capital construction in the near future (2021)**

Table 3

## Area and market prices of agricultural land, sold-bought in 2021

Area, district	The area of land sold-bought, ha	The total amount of transactions, MD lei	The market price for 1 ha, MD lei
<b>NORTH AREA</b>			
Briceni	211.90	4627040.00	21836.09
Dondușeni	176.29	5294805.74	30034.26
Drochia	259.77	4906157.26	18886.46
Edineț	312.16	8591898.40	27524.07
Fălești	75.59	2544431.00	33659.26
Florești	23.78	503152.01	21154.53
Glodeni	209.94	7344759.75	34984.46
Ocnița	135.01	7543736.14	55875.14
Rîșcani	520.66	14202477.81	27277.94
Sîngerei	181.51	6630494.00	36529.67
<b>TOTAL NORTH AREA</b>	<b>2106.61</b>	<b>62188952.11</b>	<b>29520.87</b>
<b>CENTER AREA</b>			
Anenii Noi	174.55	4434119.66	25403.83
Călărași	47.99	917251.20	19112.98
Criuleni	32.45	1589643.00	48994.10
Dubăsari	69.07	2409561.53	34885.59
Hîncești	90.66	1941645.00	21416.45
Nisporeni	112.17	2110889.92	18818.72
Orhei	97.78	2738675.17	28008.31
Rezina	119.27	1816514.10	15230.09
Strășeni	47.62	2097449.36	44041.17
Șoldănești	211.27	4179743.00	19783.47
Telenești	113.65	1858733.70	16354.74
Ungheni	22.06	1036553.40	46995.80
<b>TOTAL CENTER AREA</b>	<b>1138.54</b>	<b>27130779.04</b>	<b>23829,45</b>
<b>SOUTH AREA</b>			
Cantemir	138.75	1874968.14	13513.38
Căușeni	135.91	2162229.01	15909.72
Cainari	12.55	185094.53	14748.57
Cimișlia	48.60	881369.47	18136.56
Leova	36.04	749402.80	20793.29
Ștefan-Vodă	74.05	1381405.84	18654.19
Taraclia	146.28	2781495.52	19015.13
Ceadr Lunga	15.77	370955.00	23528.35
Comrat	116.06	2105091.00	18137.92
Vulcanești	54.96	1521670.00	27685.96

<b>TOTAL SOUTH AREA</b>	<b>778.97</b>	<b>14013681.31</b>	<b>17990,01</b>
<b>TOTAL REPUBLIC OF MOLDOVA</b>	<b>4024.12</b>	<b>103333412.5</b>	<b>25678.51</b>

Being divided into two relatively autonomous groups (tab. 2 and tab. 3), the basic information on updated market prices of truly agricultural land, as the data in table 3 informs us, radically changes its size. In terms of area, these prices are:

- North Zone – 29520.87 lei MD/ha;
- Center Zone – 23829.45 lei MD/ha;
- South Zone – 17990.01 lei MD/ha.

At the national level, according to the methodological approaches highlighted above, the weighted average market price of agricultural land (without prospects of transformation into the category of urban space or various other destinations), elaborated on the basis of factual data from the year 2021, is - 25678.51 lei MD /ha.

#### 4. Conclusions

The Republic of Moldova, like many other countries on the European continent, is currently going through a difficult period of crisis, initially caused by the COVID-19 pandemic and subsequently exacerbated by the state of war in Ukraine, the pedological drought of the fall of 2021 and the climate drought of the current year, specific for the countries of the Black Sea basin.

It becomes clear that all these risk phenomena (either natural, social, economic, etc.) have caused a strong destabilization of both the economic system in general and the financial system (in particular). As a consequence, the real estate market of the Republic of Moldova became distorted as well, primarily the agricultural land market. Both, the number of transactions of the sale - purchase of agricultural land and the surface of these lands decreased sharply. On the other hand, the differentiation of purchase and sale prices has essentially increased, which, in turn, has caused the blocking or at least the postponement of the overwhelming majority of potentially existing transactions for the sale and purchase of agricultural land.

Having noted these circumstances and the current operating conditions of the local land market, it becomes important to actualise permanently develop and improve the truthful informational base for both - sellers and potential buyers of agricultural land in the Republic of Moldova.

#### 5. Acknowledgments

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#### 6. References

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