

AGRICULTURAL VALUATION IN A CHANGING WORLD: *Climate, Geopolitics, Technology, Markets*

THE SPECIFICITIES OF REAL ESTATE VALUATION IN THE AGRICULTURAL SECTOR

An Italian overview



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TEGOVA - ASAVAL - CAAV

UNITÀ NELLA DIVERSITÀ

Ενωμένοι στη διαφορετικότητα

UNI DANS LA DIVERSITÉ

UNIDADE NA DIVERSIDADE

VERENIGD IN DIVERSITEIT

UNUIGITAJ EN DIVERSECO

Обединени в многообразието

ZJEDNOCZONA W RÓŻNORODNOŚCI

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UNITÀ NELLA DIVERSITÀ

Ενωμένοι στη διαφορετικότητα

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UNIDOS EN LA DIVERSIDAD



VEREINT IN UNTERSCHIEDLICHKEIT

VERENIGD IN DIVERSITEIT

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European agriculture

More than

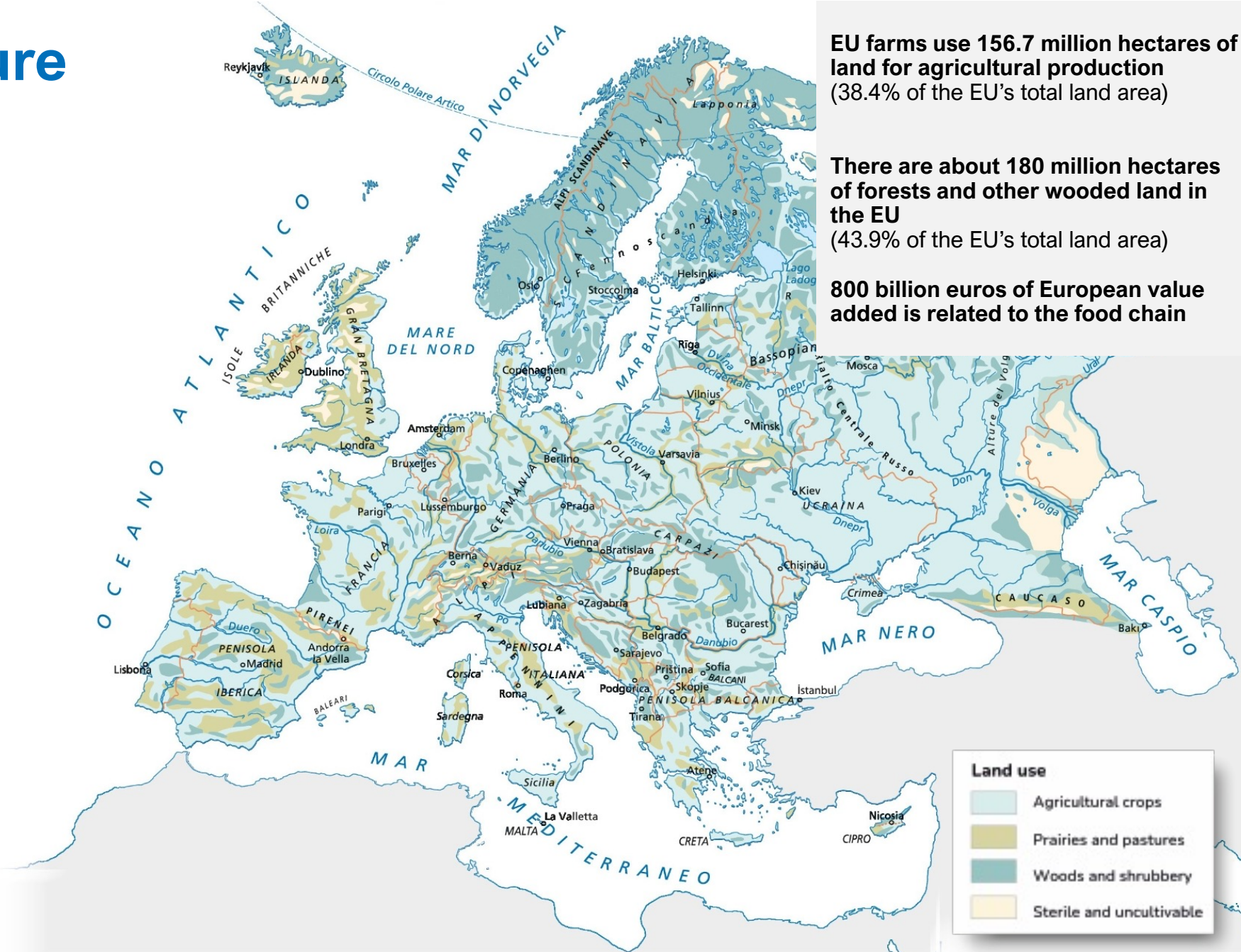
82%

of Europe's land area
is agricultural or forestry

EU farms use 156.7 million hectares of land for agricultural production
(38.4% of the EU's total land area)

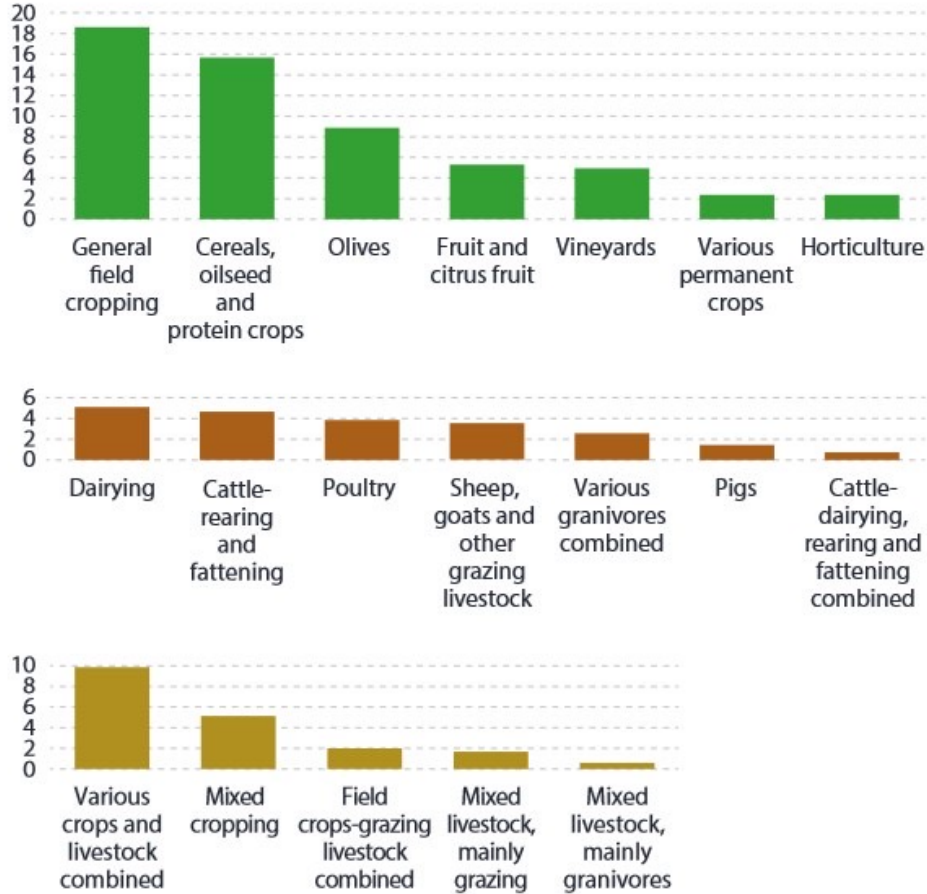
There are about 180 million hectares of forests and other wooded land in the EU
(43.9% of the EU's total land area)

800 billion euros of European value added is related to the food chain



European agriculture

The multiform agriculture behind the European food chain



Note: 0.8 % of farms could not be classified as specialist holdings.

Source: Eurostat (online data code: [ef_m_farmleg](#))

Interest in the Italian Agrifood sector grows

The reasons for investors' growing interest, including private equity funds

1. GROWING DEMAND OF FOOD

- the **food production** will need to grow by **60/70%** to feed the **global population** by **2050**

3. OPPORTUNITY TO INVEST IN LAND

- Opportunity to **invest directly** into **agricultural green-fields**
- **Full integration** of the **value chain** and **production processes**
- Land provides a **downside protection** to the **exit valuation** and a **natural hedge** to **economic cycle**

2. STRONG ECONOMICS

- The agricultural sector is characterized by
 - ✓ **Strong and consistent returns**
 - ✓ **Recurrent and stable cash flows**
 - ✓ **Strong resilience** to **economic cycles** and **natural hedge** to **inflation**

4. CONSISTENT WITH ESG TRENDS

- More than **€40 Trn** of assets in **search** for **ESG investments**
- Strong attention to **sustainable practices** through the **implementation of innovative cultivation techniques**
- Shift towards **organic** and **biodynamic cultivation techniques**

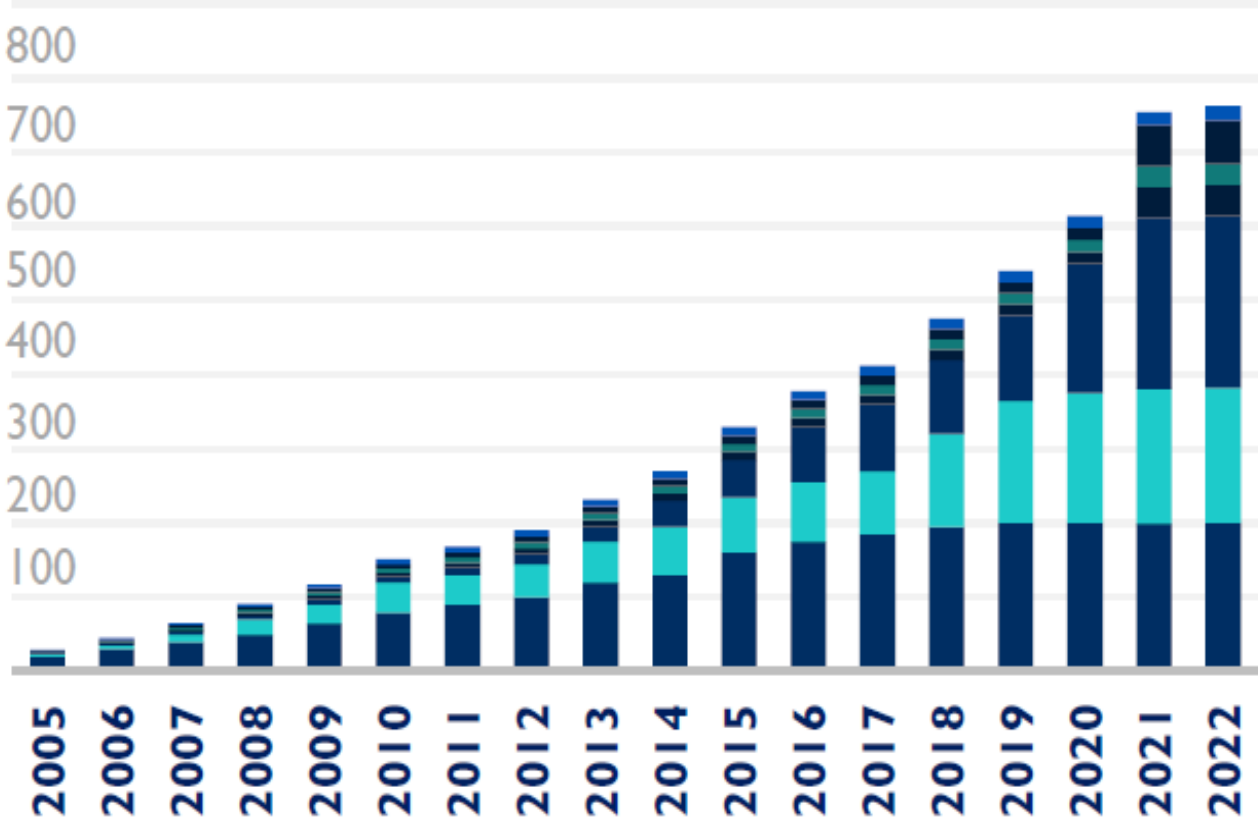
Interest in the Italian Agrifood sector grows

The **number of funds** investing in the Agrifood sector has grown by **15x** in the last 15 years

700

Funds in the Agrifood

- Farmlands
- Venture Capital
- Commodities
- Land & water restoration
- Private Equity
- Listed Equities
- Private Debt



Interest in the Italian Agrifood sector grows

An interesting research on **sustainable finance** and **ESG investments** in Italy

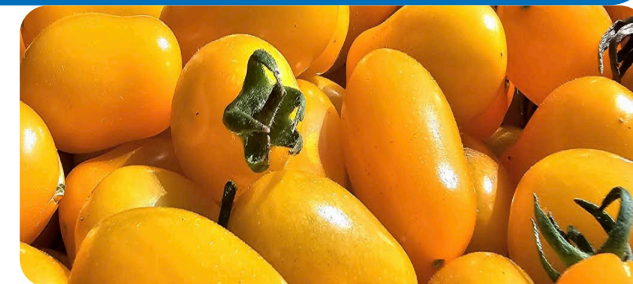


78%

Of Italians choose sustainable investments

65%

Are willing to invest in agribusiness



Agrifood sector most attractive wine (**43%**) fruit and vegetables (**33%**)

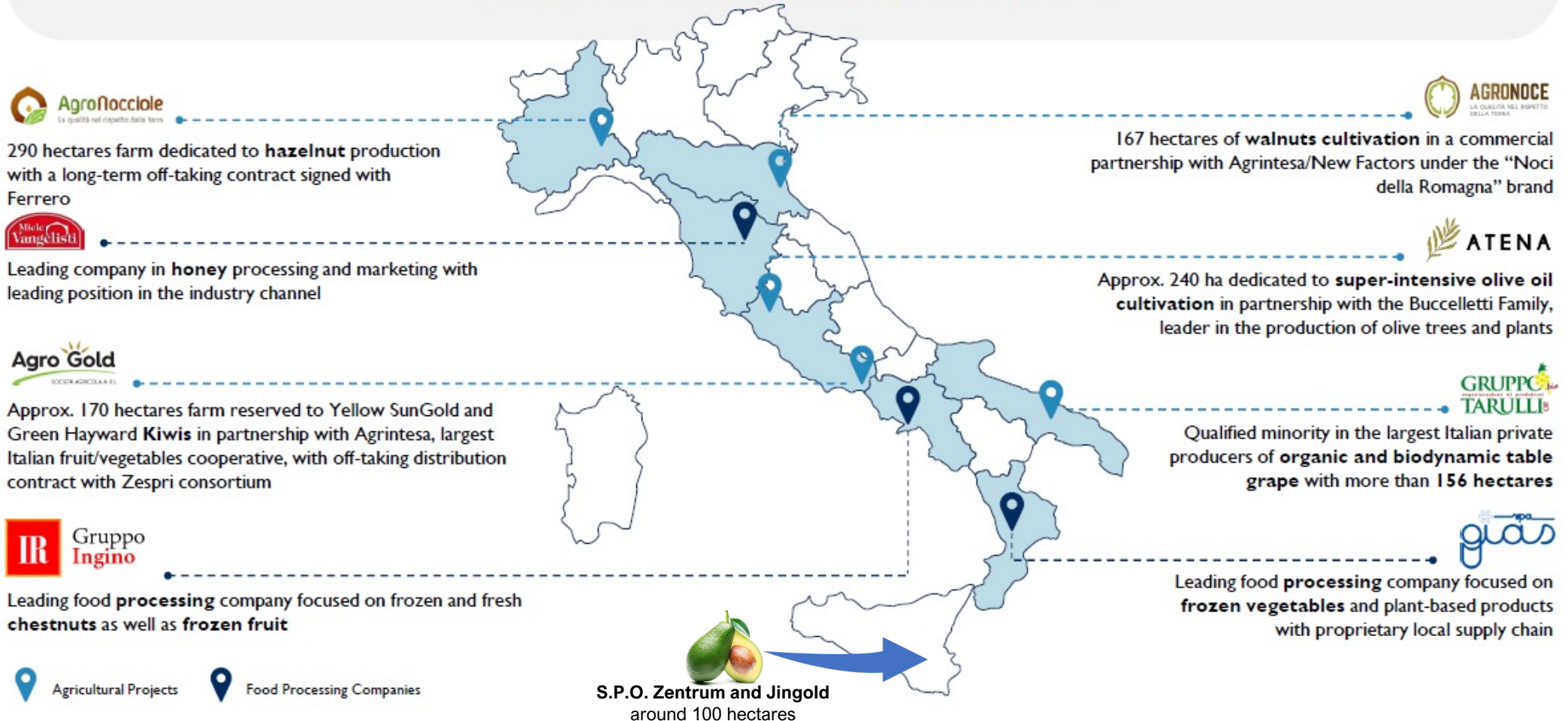
Survey 2023 by the Forum for Sustainable Finance, in collaboration with BVA Doxa

An Italian example in the Agrifood sector

Over 100 million euros invested in the last 4 years by the IDeA Agro Fund



More than 1,000 hectares of land at work across Italy



Italian agriculture | KEY POINTS

Italy is a leader in quality agri-food production – **DOP Economy**



DOP

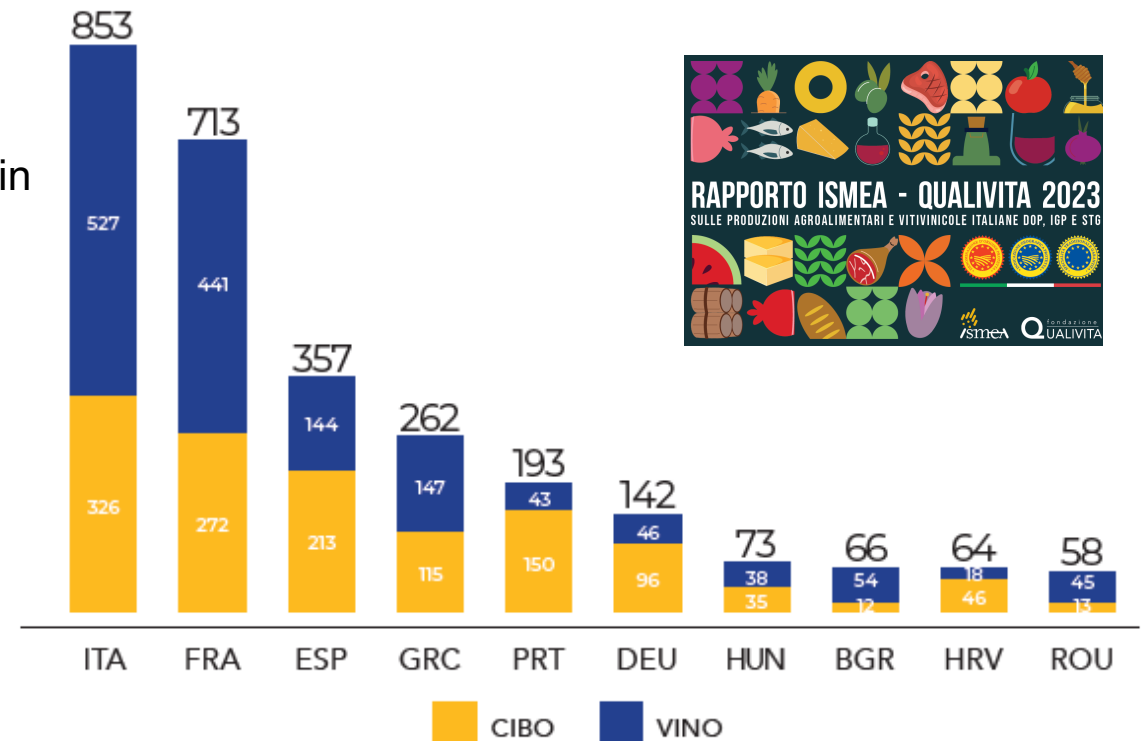
Protected Designations of Origin

853

registered products in Italy
compared to a total of **3.151**
registered in all Europe



Prodotti DOP IGP STG per Paese UE



Italian agriculture | KEY POINTS

Challenges of Italian agribusiness

- ✓ Italian sounding and unfair business conduct
- ✓ Climate change
- ✓ Ageing population
- ✓ War and inflation are changing the consumer spending
- ✓ Difficulty in accessing bank credit
- ✓ Fragmentation of the agricultural sector and the food industry

 Council of the European Union

Brussels, 21 November 2023
(OR. en)

14942/23

Interinstitutional File:
2022/0089(COD)

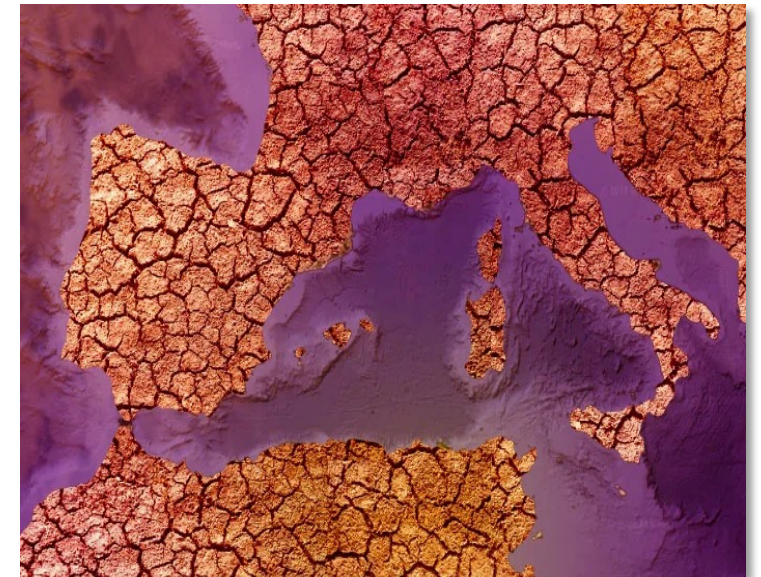
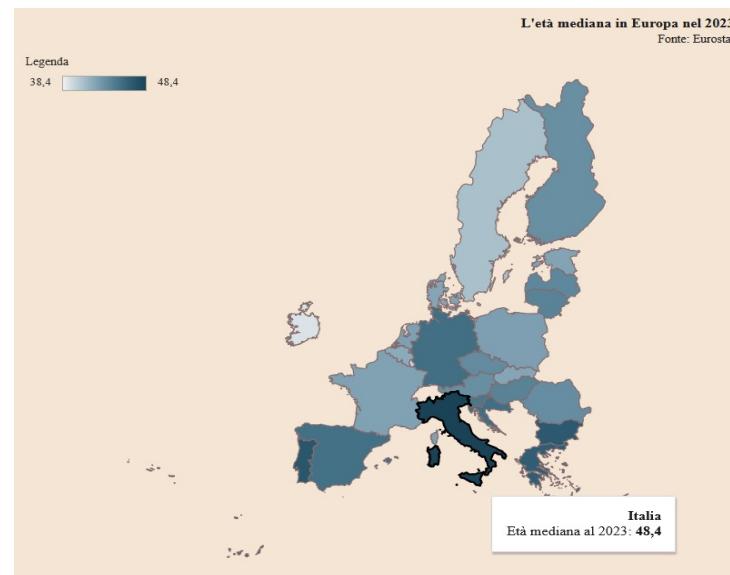
AGRI 671
AGRISTR 56
AGRIORG 129
AGRILEG 270
CODEC 2025
IA 283

NOTE

From: General Secretariat of the Council

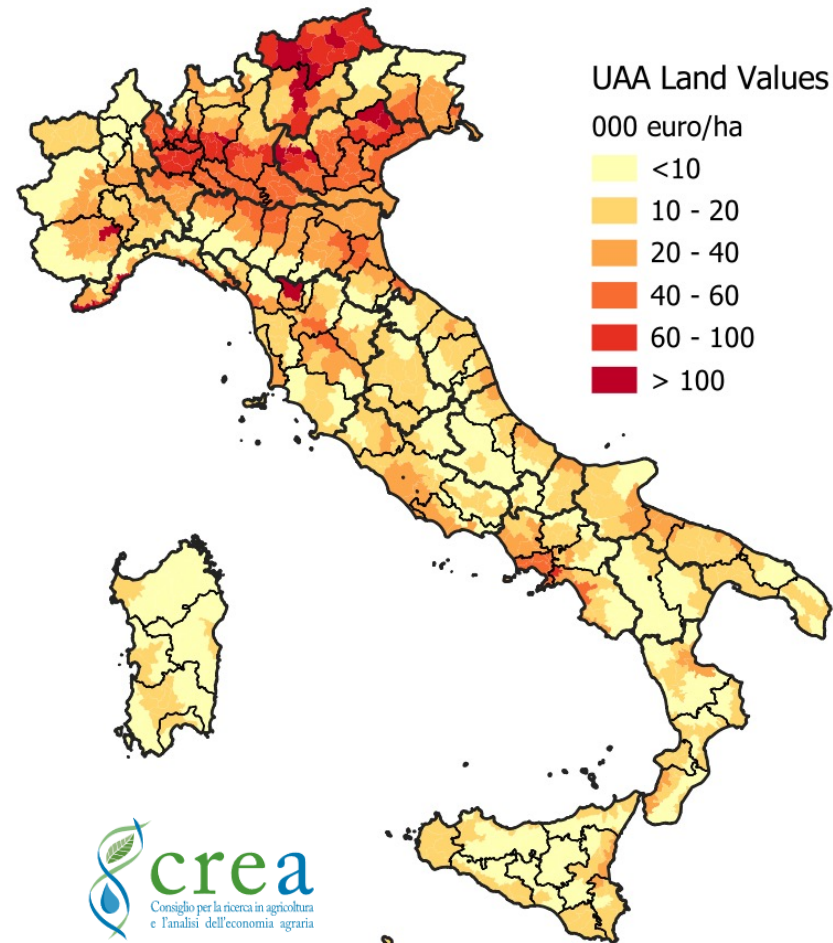
To: Delegations

Subject: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on European Union geographical indications for wine, spirit drinks and agricultural products, as well as traditional specialities guaranteed and optional quality terms for agricultural products, amending Regulations (EU) No 1308/2013, (EU) 2019/787 and (EU) 2019/1753 and repealing Regulation (EU) No 1151/2012



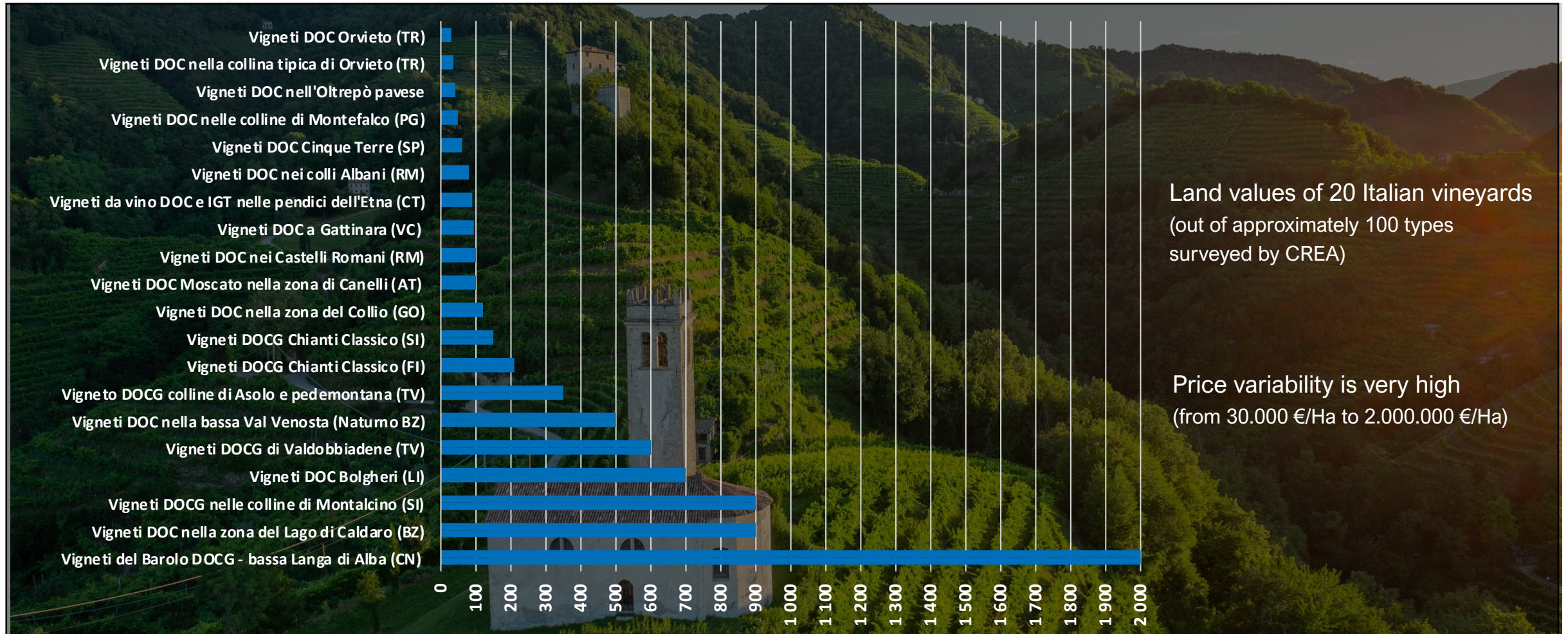
The Italian land market is highly fragmented

A complex system with many **actors**, many **factors** and...many **markets**



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The main aspects of valuation in agriculture

Analysis of the rural property cycle
+ internal and external characteristics of the property



Property characteristics

- ✓ surface
- ✓ location
- ✓ positional
- ✓ typological
- ✓ contractual



Real Estate Value

EXPANSION OVERSUPPLY RECOVERY RECESSION

HIGH

LOW

Source: www.investmentpropertytips.com



ESTIMO – method and experience

How do we approach agricultural valuation in Italy?

A GOOD DISH



Expert chef

Good ingredients

Recipe

Restaurant order



A GOOD VALUATION



Qualified valuer

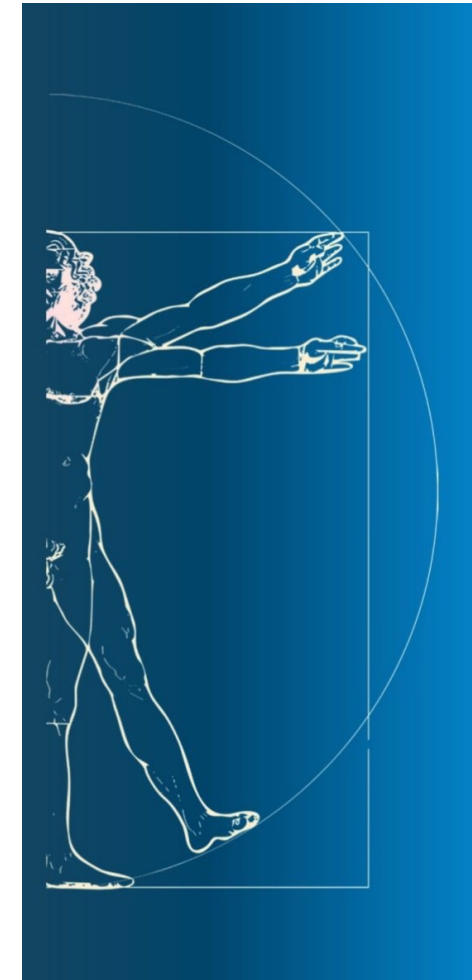
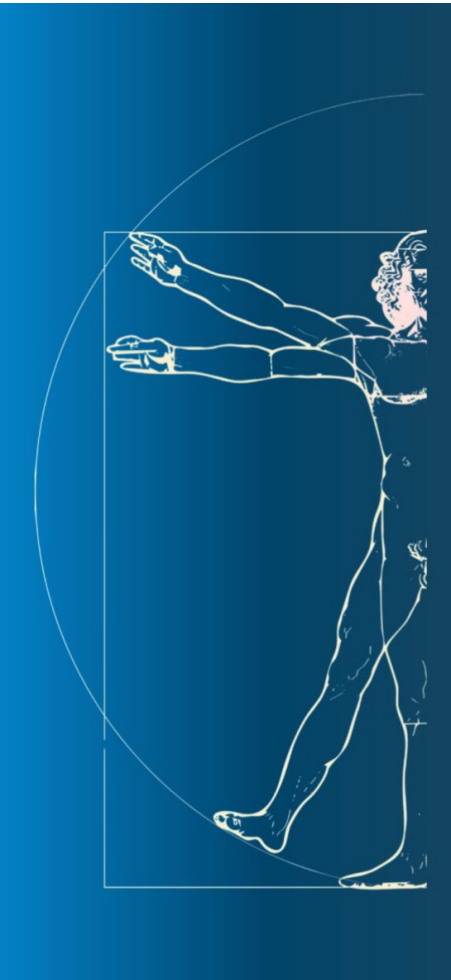
Mandate

Estimo and operating standards

Good real estate data

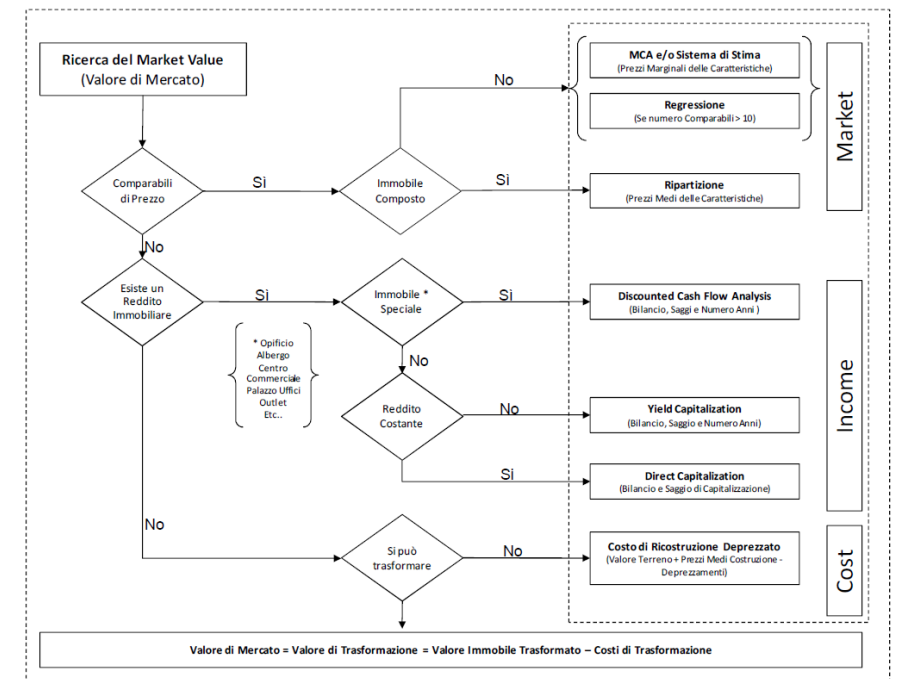
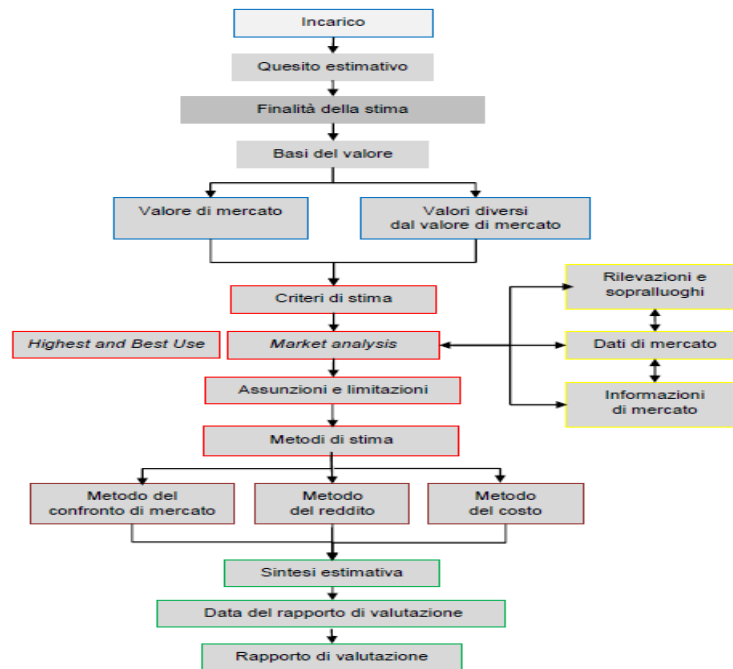
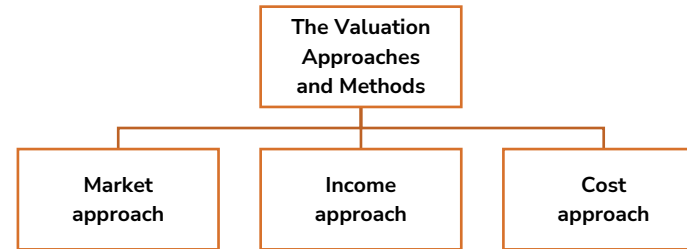
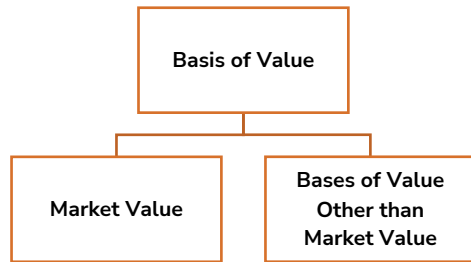
ESTIMO – method and experience

Theory and practice come together to carry out a correct valuation



ESTIMO – method and experience

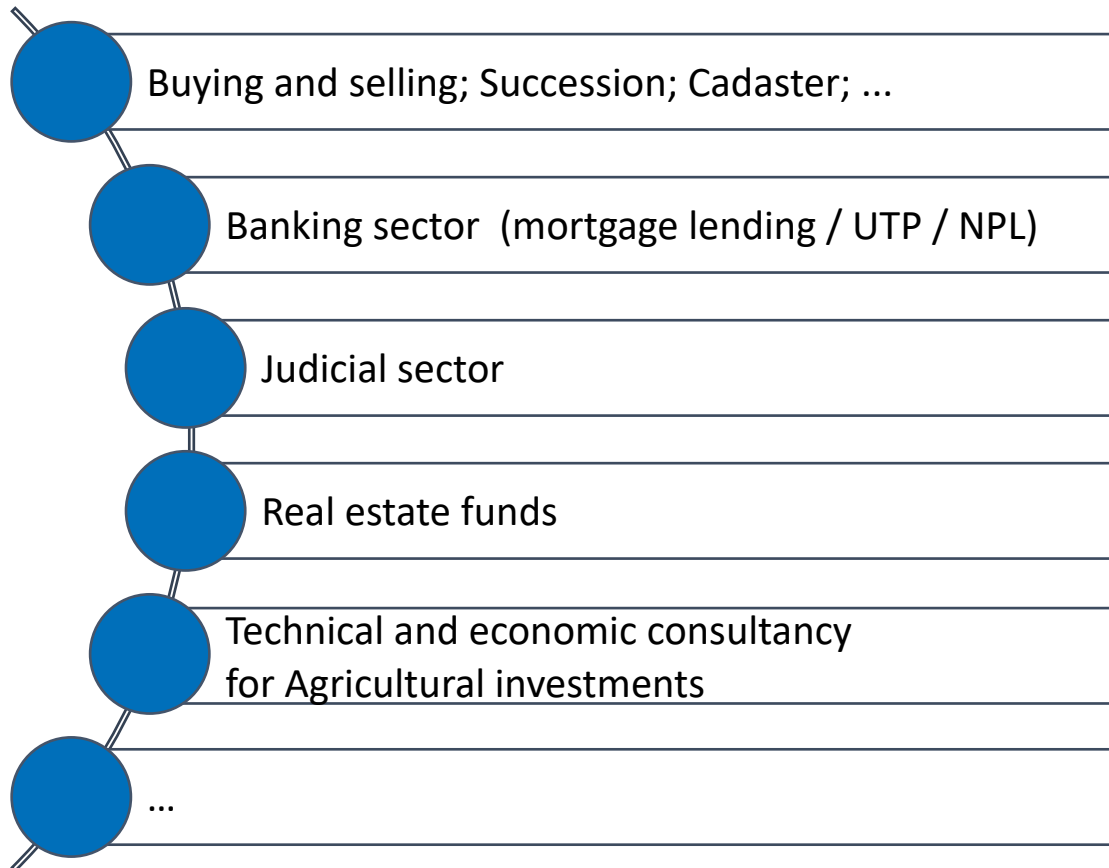
Theory and practice come together to carry out a correct valuation



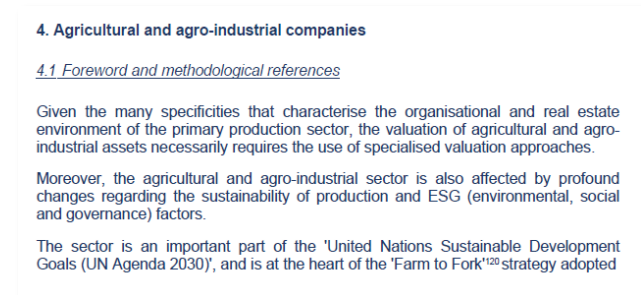
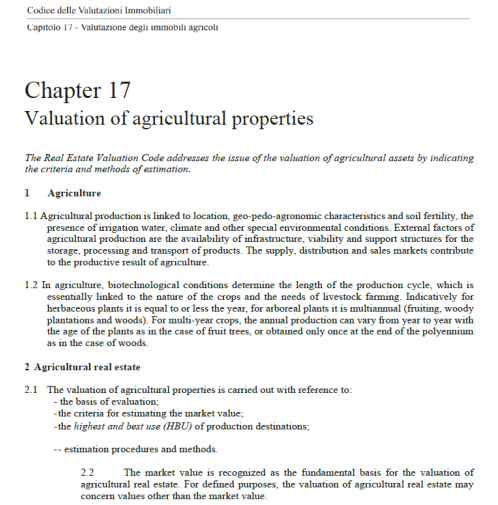
We need a common valuation language

Agricultural valuations are required in various sectors...2 examples of Italian standards

Sectors of interest in Agricultural valuations



Italian examples of valuation standards in Agriculture



In Italian valuation standards ... E-Valuations is there

IEV promotes the professional growth in the real estate valuation for urban and rural sector

www.e-valuations.org



Politecnico di Bari



Next steps

A common European language for Agricultural valuations

EUROPEAN VALUATION STANDARDS

10TH EDITION – 2025



EVS 2025

Guidance note on agricultural valuation



THE NEW CHALLENGES

Agricultural Valuation in a Changing World
Climate, Geopolitics, Technology, Markets

For all these challenges
a **common language** is essential



THANKS FOR YOUR ATTENTION

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