

AGRICULTURAL VALUATION IN A  
CHANGING WORLD

# European Farmland Markets

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# Jonny Griffiths

Experience with Spearhead International and Nuveen

Carried out research and appraisal projects on new countries, almonds and avocados in Iberia, vegetables in Poland

Built origination network across the world – professionals and locals

Co-ordinated due diligence for transactions across eastern and southern Europe

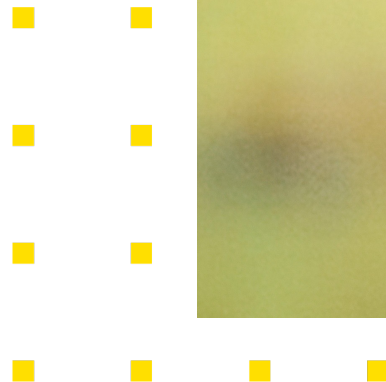
Implemented post-closing management on \$150 million worth of arable farms in Poland

## JONNY GRIFFITHS

Director  
Head of International Land

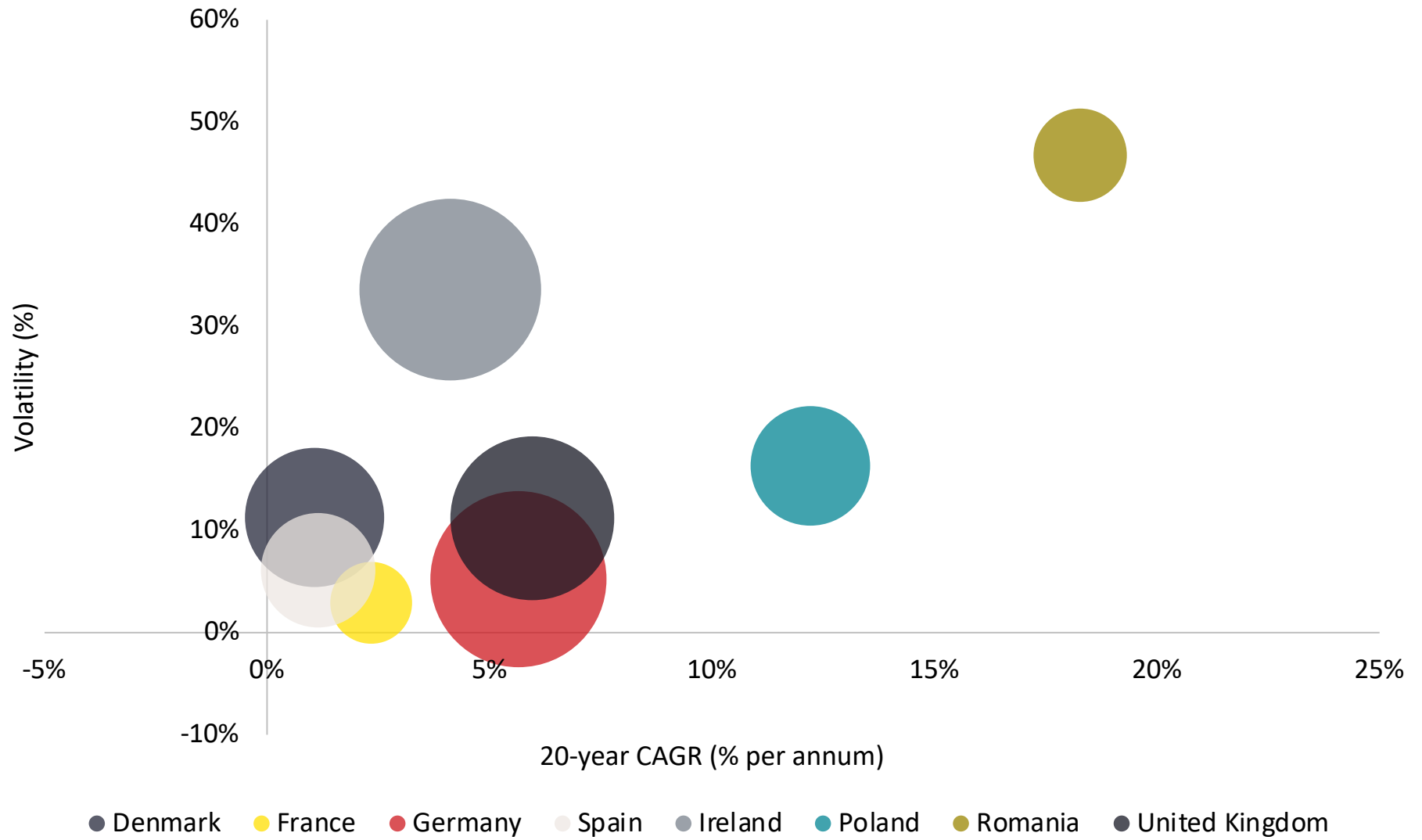
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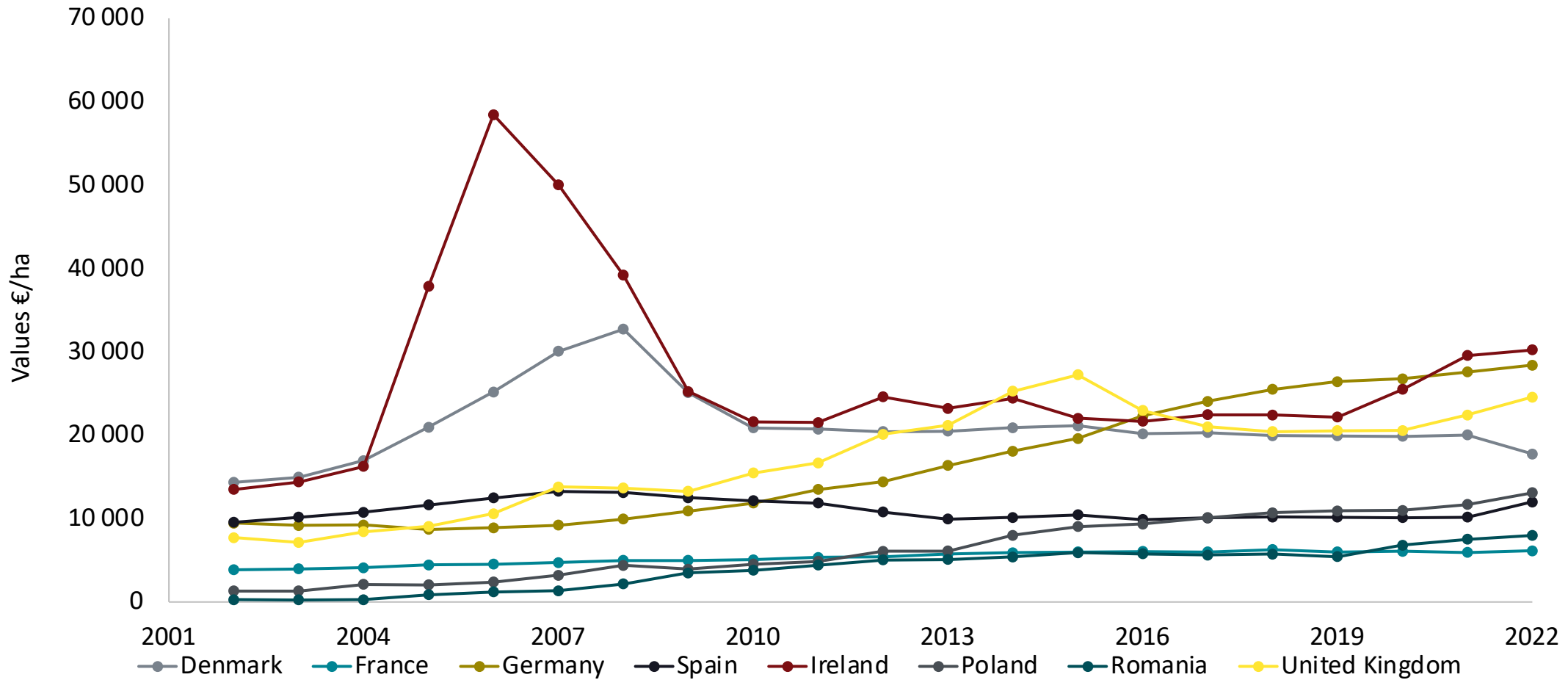
# Summary

- Most expensive land – north western Europe
- Central and eastern Europe – still at a discount, room for growth still
- Southern Europe – low growth, low volatility



Source: Savills Global Farmland Index

# Price behaviour



Source: Savills Global Farmland Index

# Key drivers - theory

## Ricardo (1814)

- price is correlated immediately with farmer margin

## Von Thunen (1826)

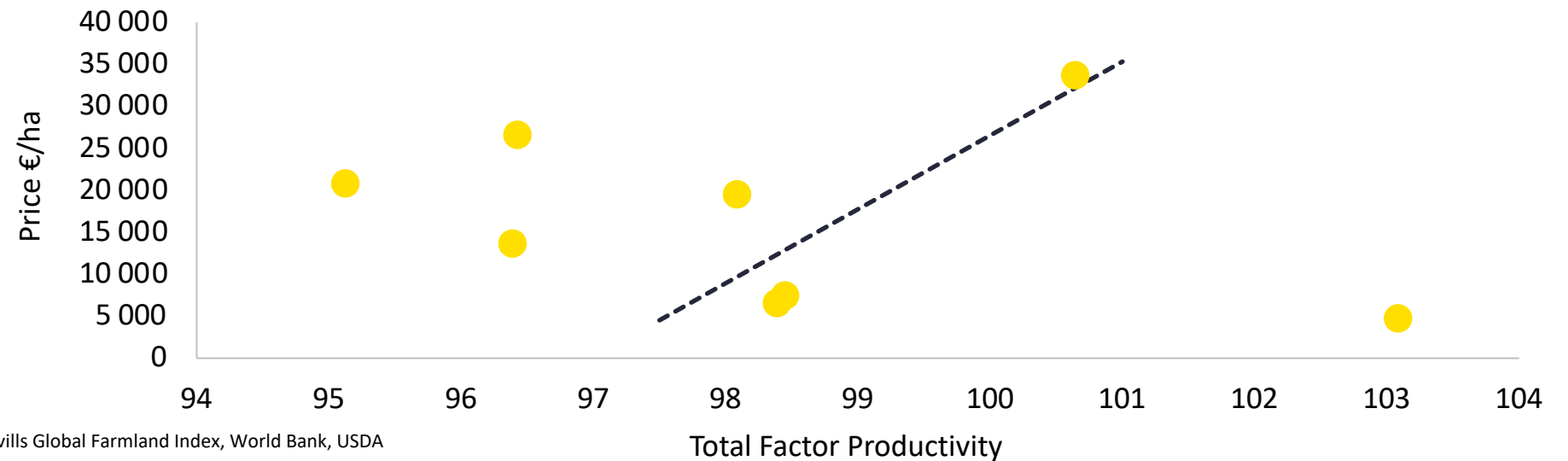
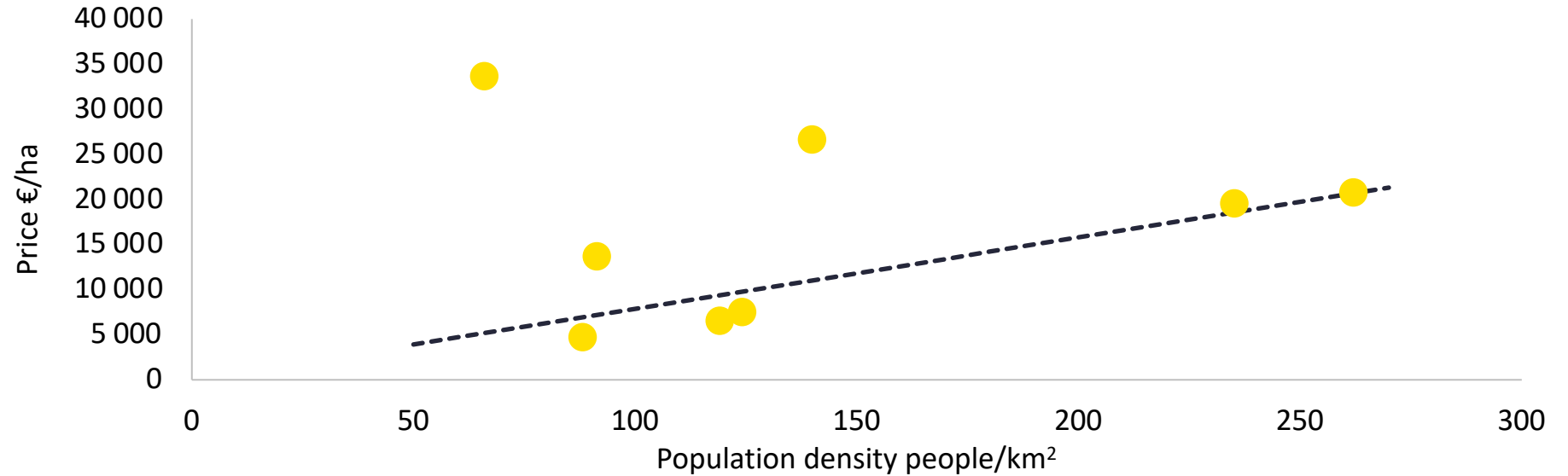
- Ricardo's theory applies – distance from population also applies

## Asset pricing model

- income
- cost of capital

# Key drivers

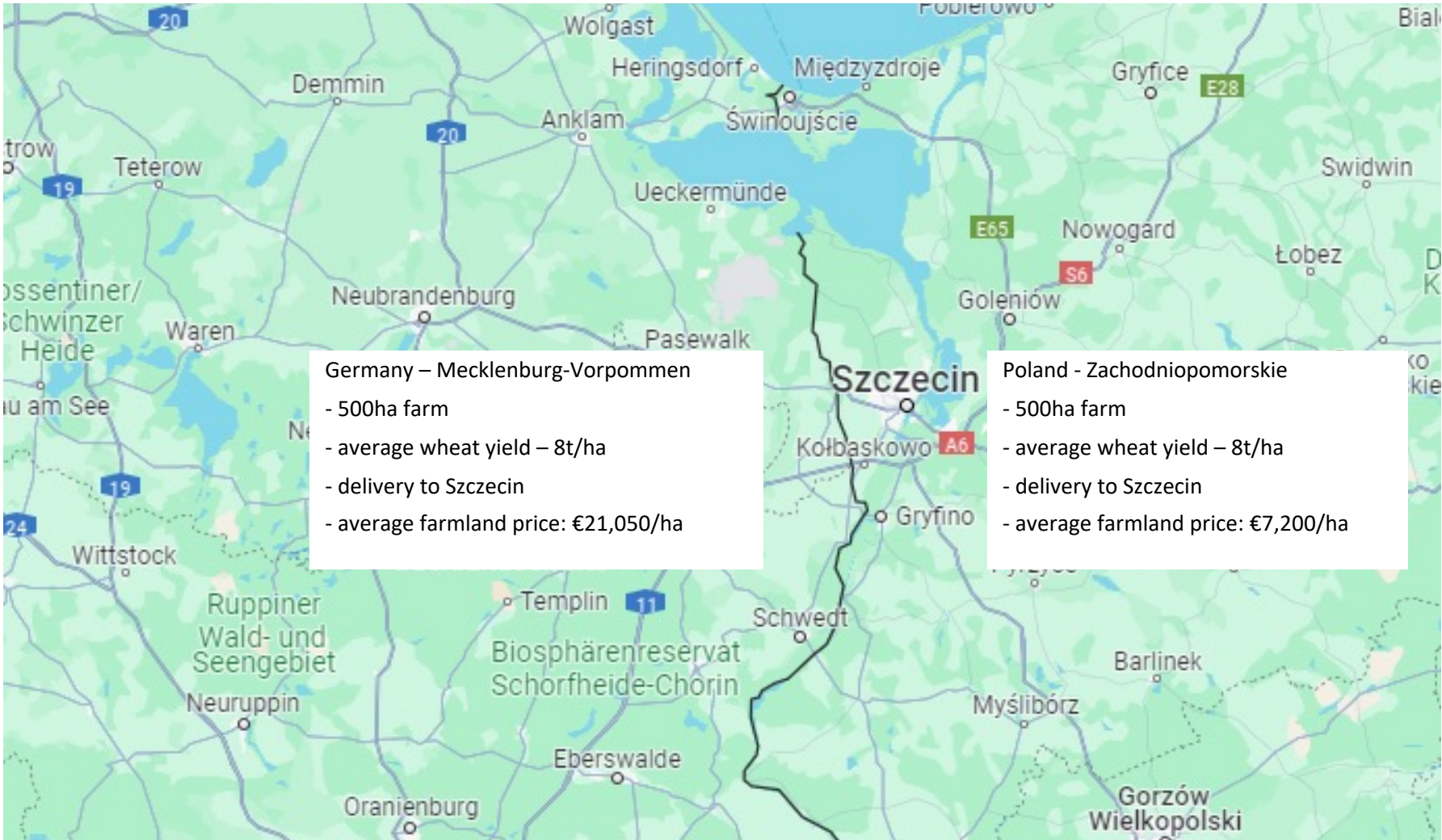
- Agricultural productivity
- Population density
- Business environment
- Money supply
- Government policy



Source: Savills Global Farmland Index, World Bank, USDA

# Case study - Poland

- North and west Poland - former state farms
- 500ha+, well consolidated
- Disparity with north-east Germany
- Same climate markets – but different value!

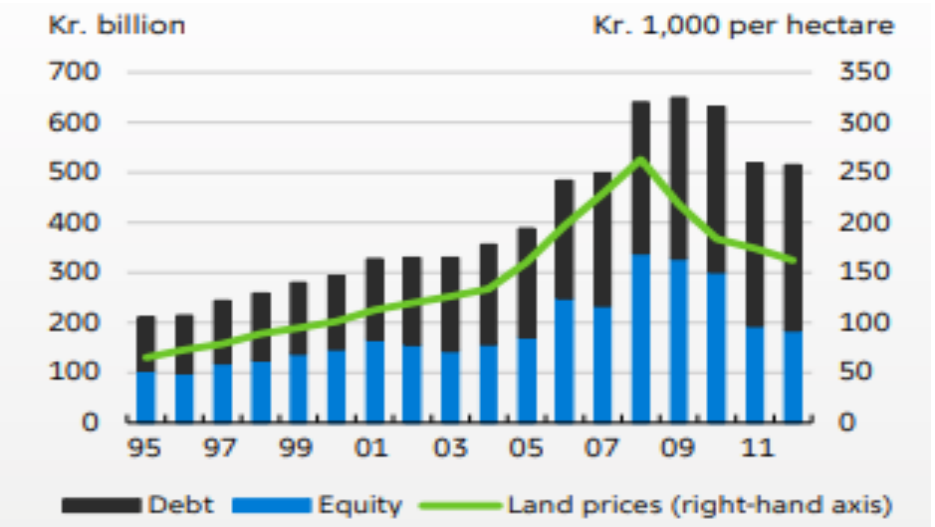
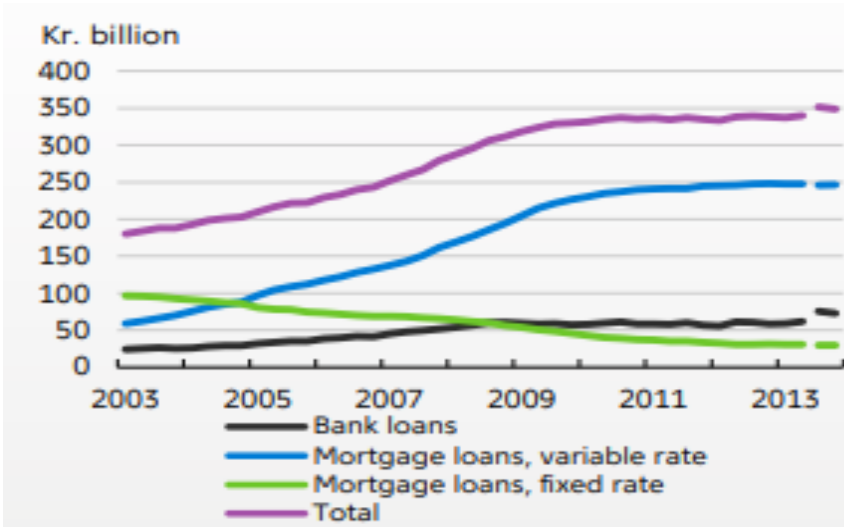
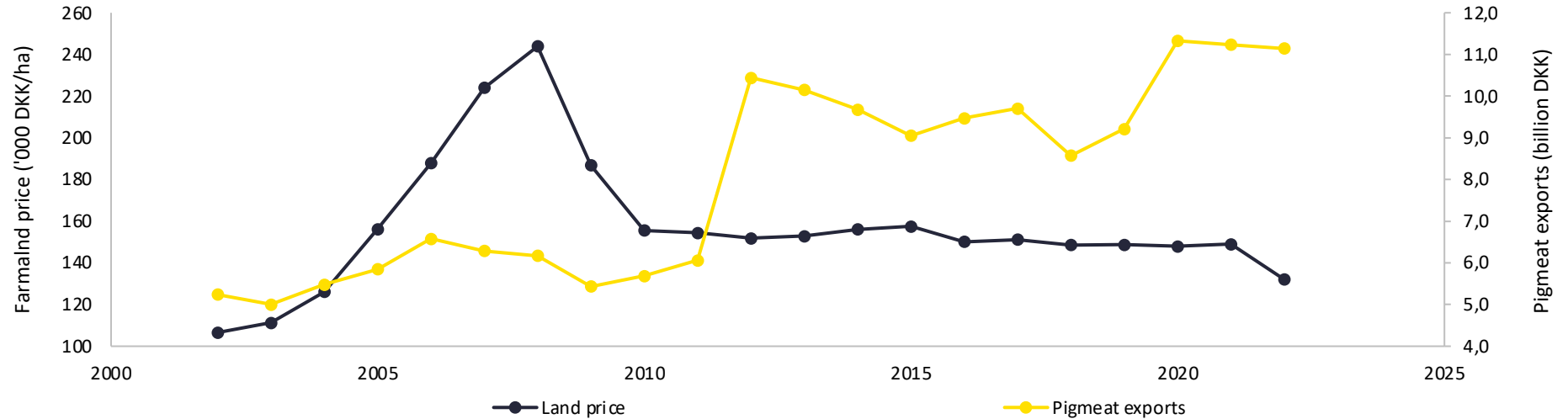


Source: GUS, Statistisches Bundesamt

# Case study - Denmark

- Good sector fundamentals
- Major food exporter – farms are profitable
- Farmers encouraged to borrow
- GFC – loans called in
- Fire sales

Danish agriculture has performed well - land prices have not!

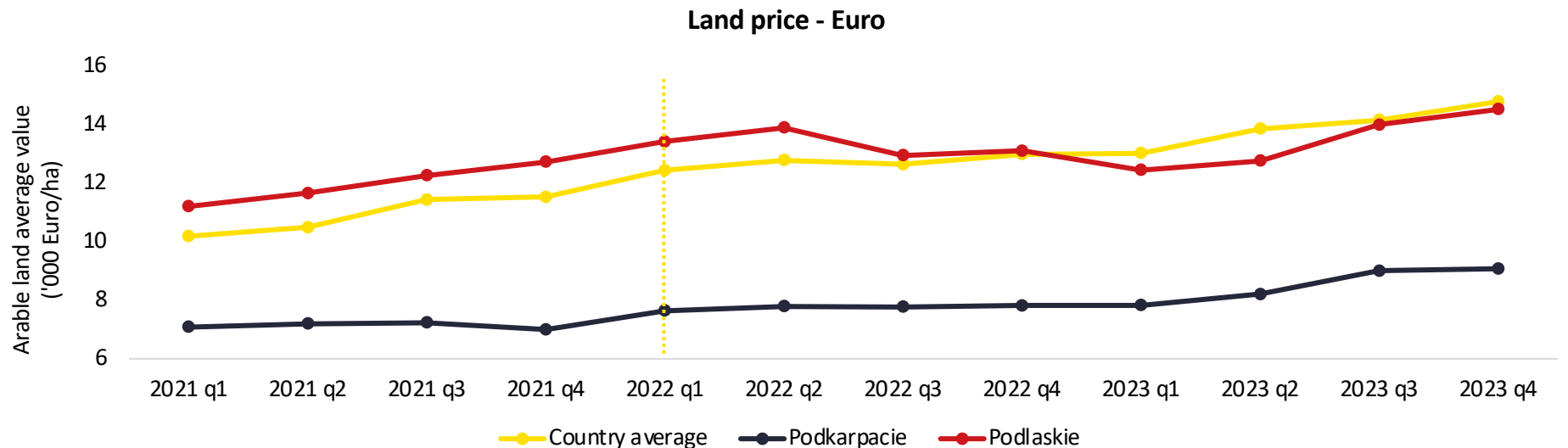
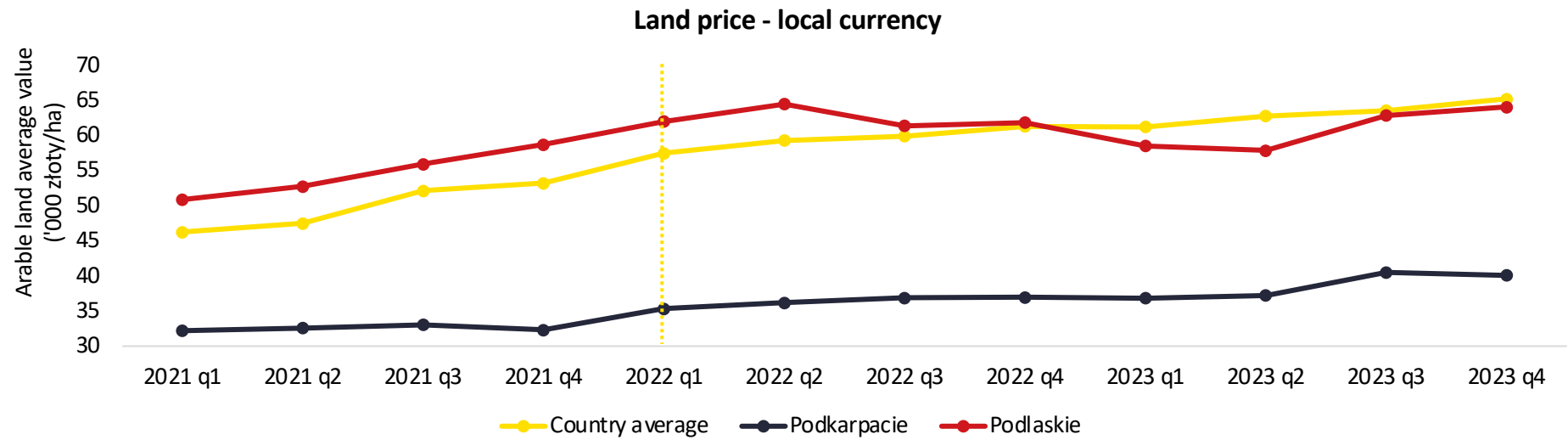


Source: Savills Global Farmland Index, FAOStat, Danmarks Nationalbank



# Current drivers – geopolitical risk

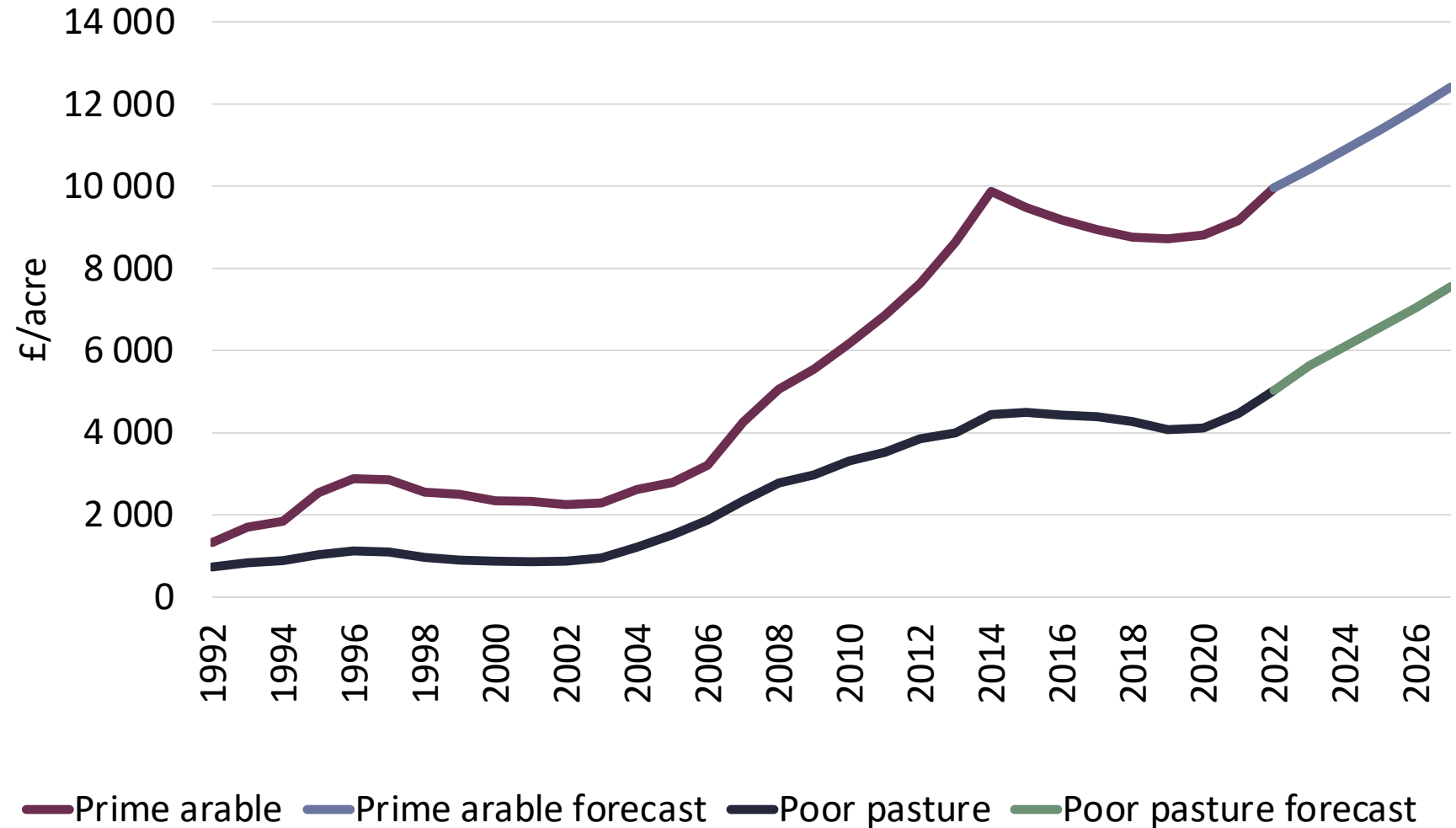
- Ukraine war – is Poland still safe?
- Country average says yes
- Risk perception
- Pre-war: Putin can invade Ukraine, Poland and Germany in a week
- Two years and still mainly in Donbas



Source: Savills Global Farmland Index, GUS

# Current drivers – natural capital

- Remove atmospheric carbon dioxide
- Tree planting, peatland restoration, rewilding
- Benefits prices of poorer land
- Other localised policies drive demand



Source: Savills Rural Research

# Current drivers – water resilience - Portugal

- Portugal is increasing its irrigation resilience
- Alqueva lake opened in 2002
- Huge investment driver
- Land pre-2002 was dry - <€10k/ha
- Pioneers bought land before infrastructure in
- Steady growth - €20k/ha in 2017, up to around €30k/ha today



# Outlook

- EU – world's largest ag producer
- Global food demand will grow
- No more land being produced
- Natural capital will lift less productive land

2100 population

**9.2**  
BILLION

7.8 billion currently

2080 meat consumption

**55.4kg**  
PER CAPITA

34.1kg currently

2080 food consumption

**3,200**  
CALORIES PER CAPITA

2,772 currently

Arable land per capita in 2080

**165**  
HECTARES

242 hectares currently