

STATEGEOCADASTRE

DIGITALIZATION ▪ DEREGULATION ▪ DE-SHADOWIZATION

Land valuation in terms of land market development in Ukraine

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Key topics

-  **Agricultural land market of Ukraine**
-  **State Land Cadastre : filling with normative monetary valuation**
-  **Land valuation development**
-  **Extracts on normative land valuation**
-  **Current situation with the land taxation**
-  **Pilot project on mass land valuation**
-  **Conducting of the mass land evaluation**

March 2020 – Law on Agricultural land market adopted after 30 years of moratorium

July 2021 – the Agricultural land market officially was launched and moratorium lifted

State Land Cadastre & State Property Registry – the two crucial systems for the proper land market operation



Current situation of the land market operation:



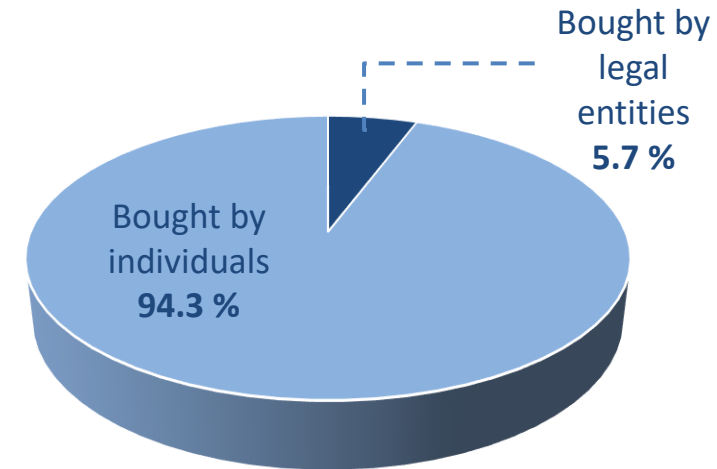
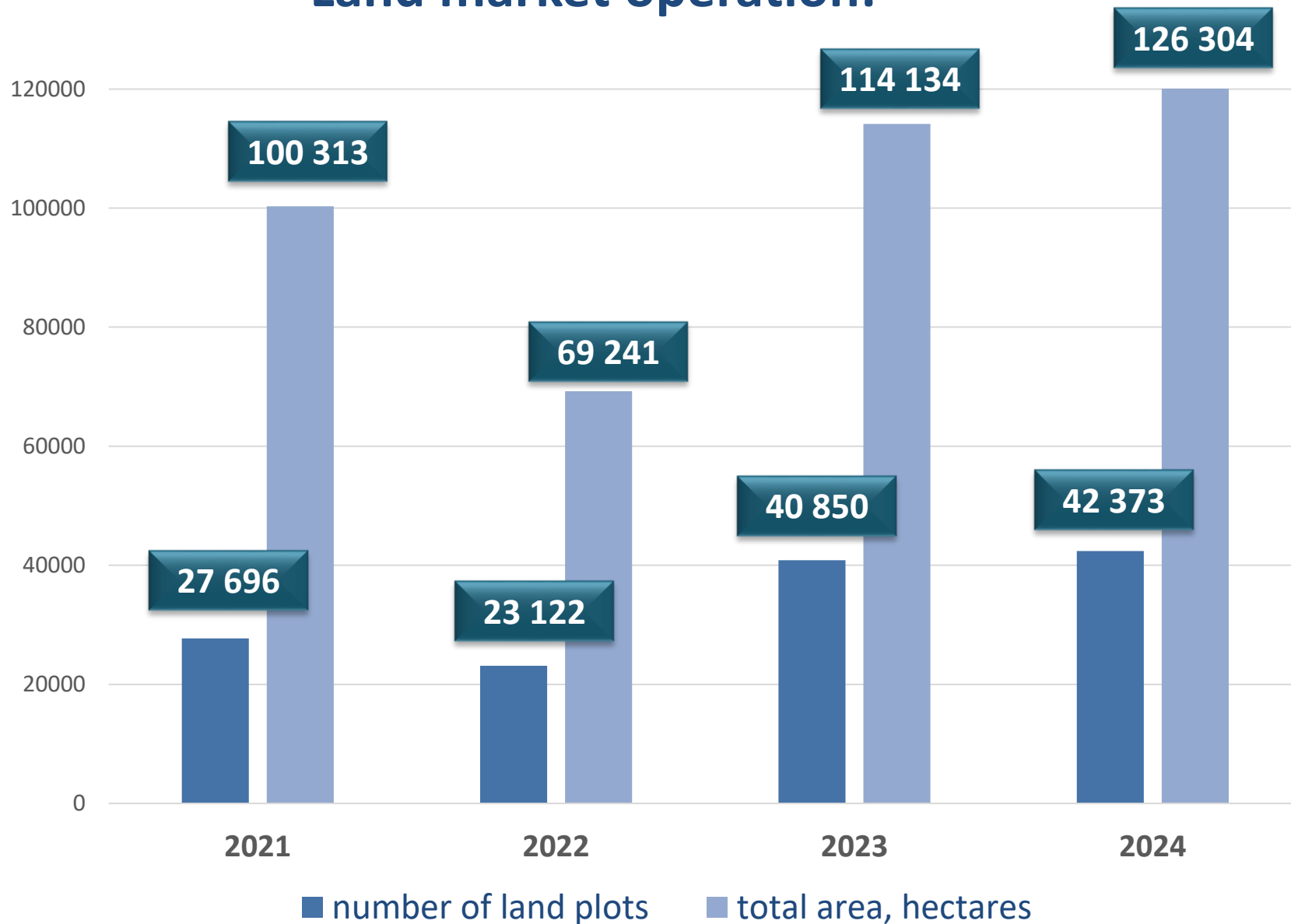
134 041 land parcels were sold



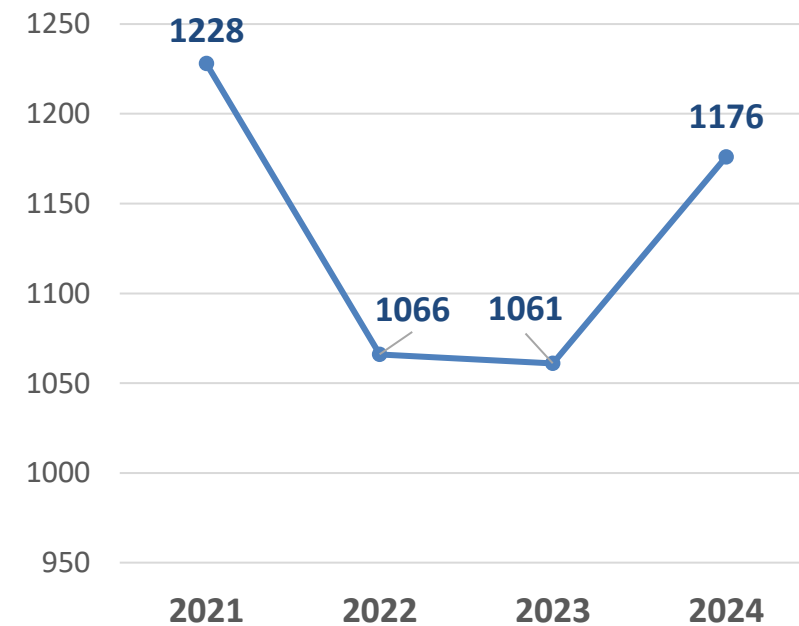
total area \approx **410** thousand hectares

Agricultural land market of Ukraine

Land market operation:



Average cost per hectare, USD:





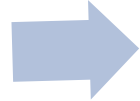
100% of agricultural land (outside settlements)



Land normative monetary valuation for **12 919** settlements
(out of **13 111** from those settlements where land monetary valuation has
been developed and can be entered into the SLC)

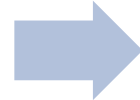
2021

- Updating the Methodology of NMV of land
- Development of the first draft of the concept of mass land valuation



2022

- Digitalization of services for the provision of information on the NMV of land for settlements and non-agricultural purposes



2023

- Preparation for a pilot project on mass land valuation

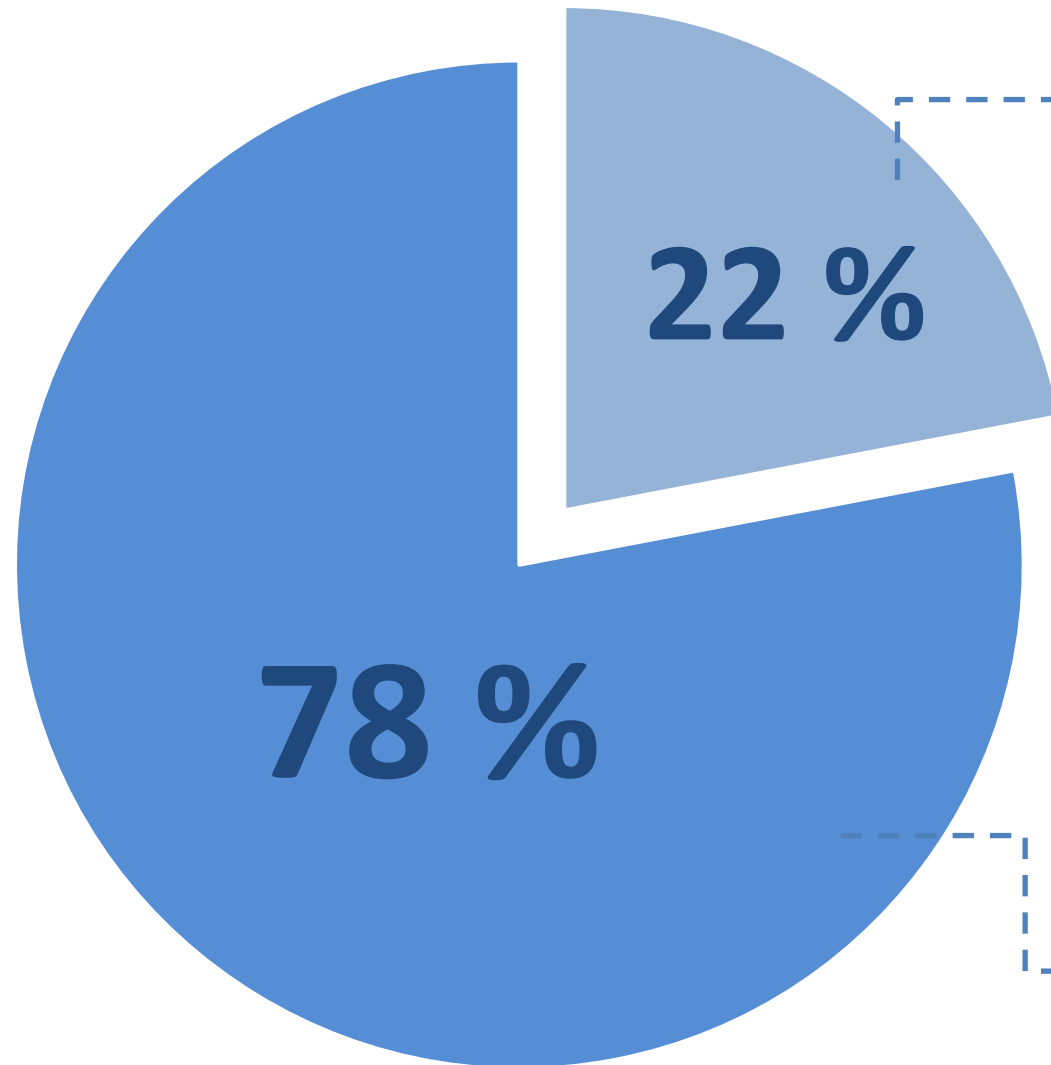


2024

- Start and realization of the pilot project on mass land evaluation



Extracts on normative land valuation



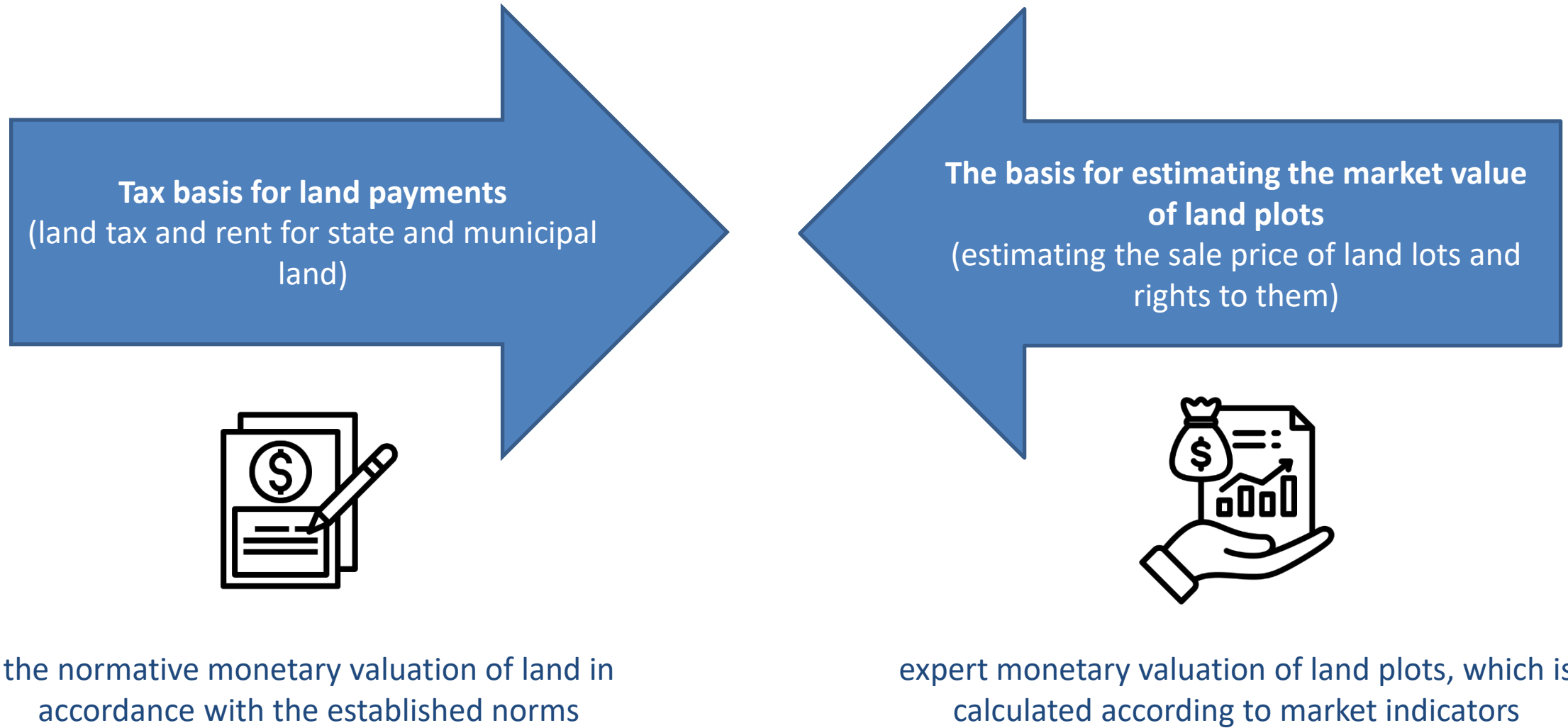
Extracts on normative land valuation
of agricultural lands outside the
settlements

From Oct 2022
extracts on normative land valuation

100 % online

Normative land valuation extracts
within the settlement

Current land taxation situation



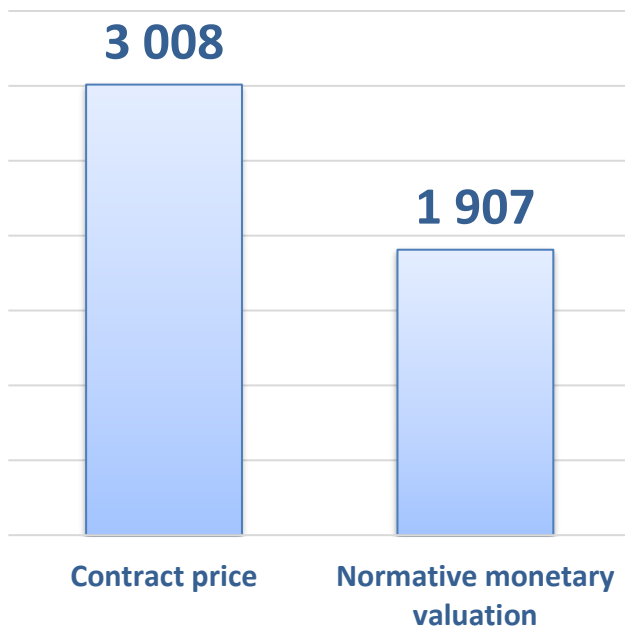


Current land taxation situation

The usage of different bases for calculating the amount of taxes and fees and estimating the market value of land plots leads to an economic distortion in the general concept on the value of a territory (land plot)

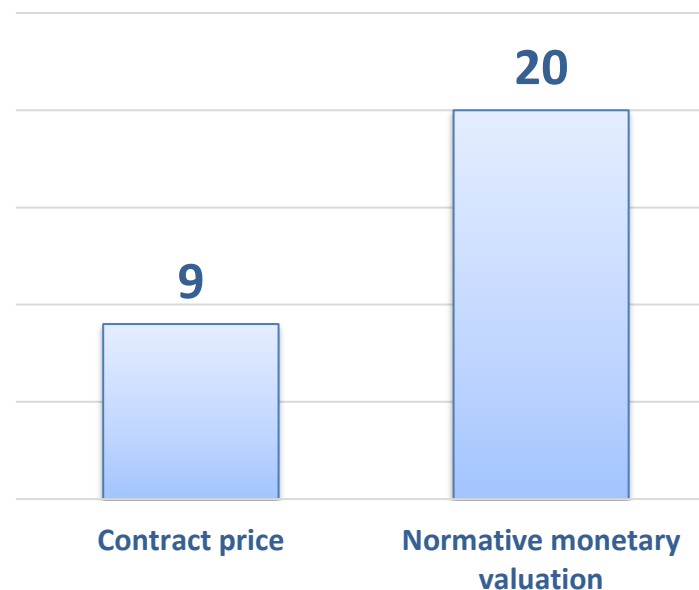
Comparison of the average sale price of land plots and their normative monetary valuation (in the period from 01.07.2021 to 01.05.2024)

Commercial agricultural land, USD per plot



According to the State Register of Property Rights in the period from 01.07.2021 to 01.05.2024

Built-up public land (purchase), USD per sq. m.



According to monitoring of land sales (StateGeoCadastrе) in the period from 01.07.2021 to 01.05.2024

Illustrative examples of existing situations

The difference between the sale price and the normative monetary valuation:

Cadastral number: 7110136700:05:022:0022

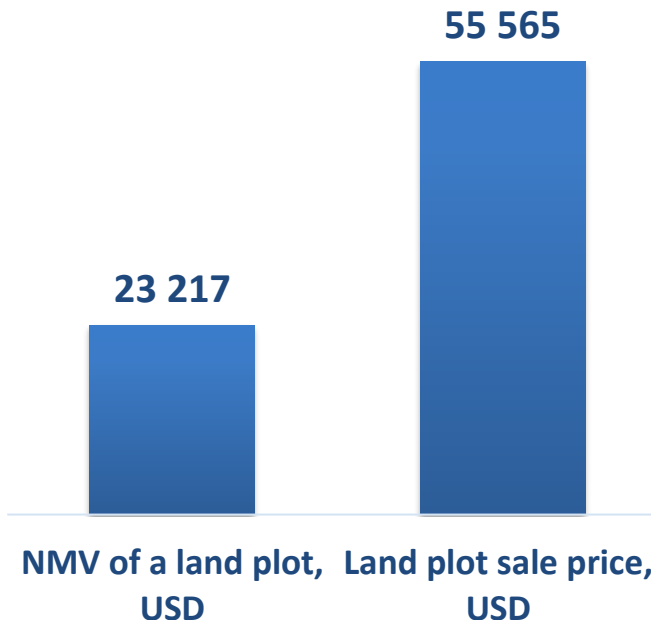
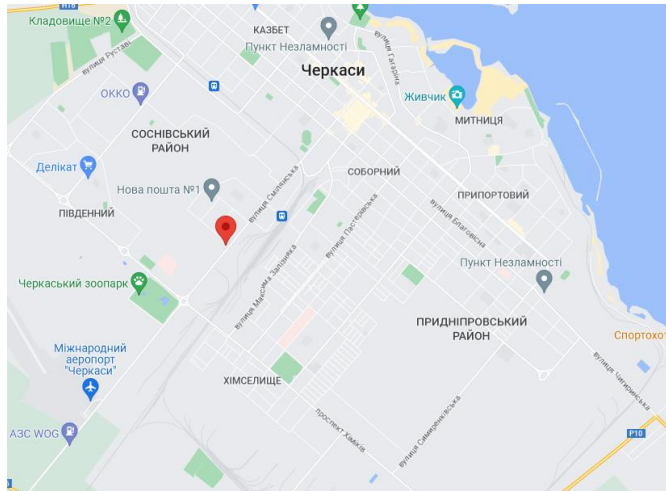
Address of the land plot: Cherkasy region, Cherkasy city, Smilianska str., 122/1

Land category: Residential and public buildings land

Type of usage: For a research and production center

Intended purpose: 03.15 For the construction and maintenance of other public buildings

Area: 0.2278 hectares



Cadastral number: 7110136700:06:050:0084

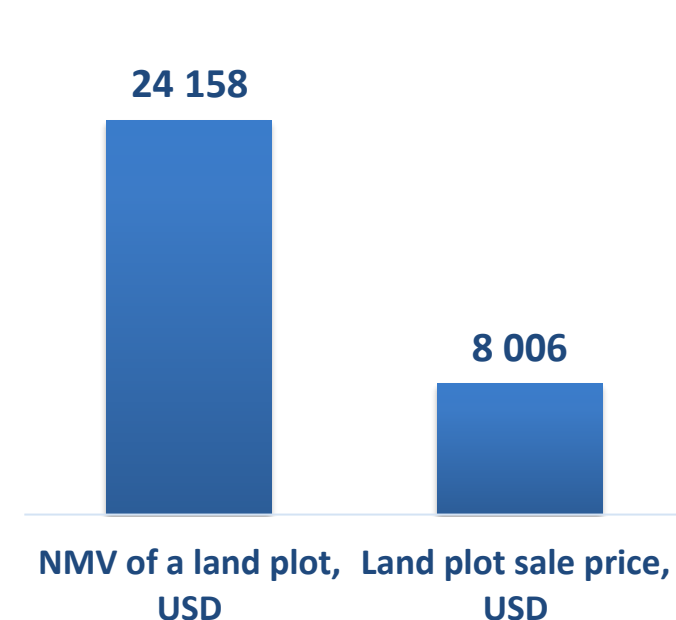
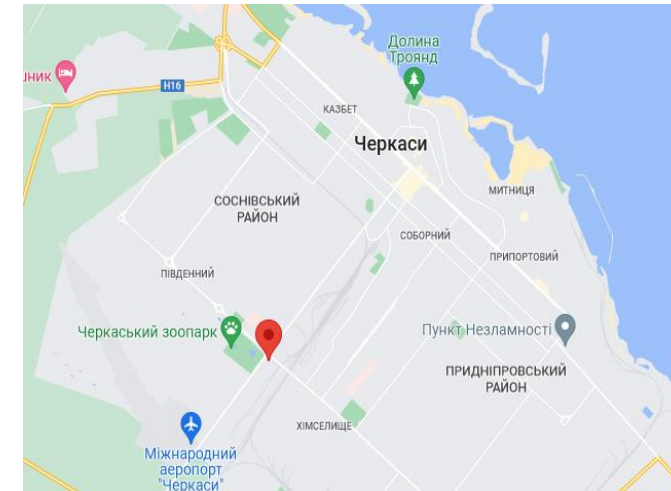
Address of the land plot: Cherkasy region, Cherkasy city, Smilianska str., 141

Land category: Residential and public buildings land

Type of usage: For the construction and maintenance of commercial buildings

Intended purpose: 03.07 For the construction and maintenance of commercial buildings

Area: 0.0529 hectares



Pilot project on mass land evaluation

Realization of a pilot project to estimate the amount of land tax based on the indicators of mass land valuation, taking into account international standards of property valuation for tax purposes



Amendments to the Tax Code of Ukraine and the Law of Ukraine «On Land Valuation» regarding the usage of mass land valuation for tax purposes and the setting of land tax and rent rates for state and municipal land plots



Tax system improvement: mass land valuation will allow for more transparent estimation of tax rates and the amount of taxation of land plots, ensuring more efficient collection of taxes and fees.



Reducing of corruption: mass land valuation can reduce corruption risks, as the valuation procedure will be more transparent and fair.



Investment climate improvement: transparent mass land valuation will boost the investment climate in Ukraine and increase the confidence of investor.



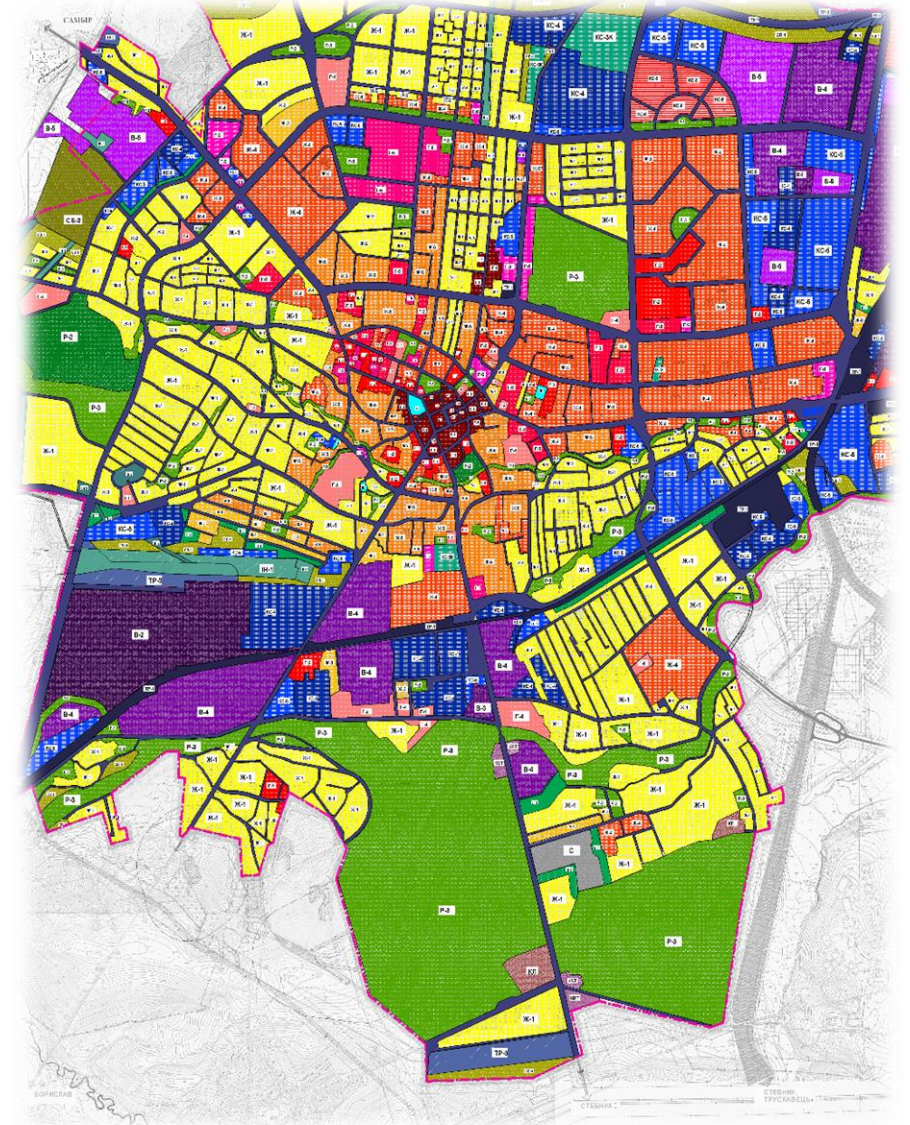
Harmonization with international standards: the implementation of mass land valuation will be in line with international standards and recommendations, in particular the European Convention on the Valuation of Real Estate.

1. Zoning of the territory

Zoning of the territory based on the parameters that affect the market value of land plots ensures that market prices depend, in particular, on the degree of exploration and engineering development of the territory.

Zoning can be performed based on the following parameters:

- location and geographical characteristics (distance to a settlement, location within an administrative unit, proximity to water objects, geological condition, etc.);
- natural conditions (soil quality, topography, climate condition, etc.);
- infrastructure and accessibility (availability of roads, railways, communications, energy supply, social and cultural infrastructure, etc.)



Conducting of the mass land valuation

2. Collecting and processing of statistical information on land market contracts

Challenges:



Incomplete data of the State Register of Property Rights



Necessity to engage analysts and programmers



Demand for technical support

Region	Number of contracts	Number of contracts with transaction price	% of contracts with the specified transaction price
Vinnnytsia	80475	16906	21
Volyn	62202	11114	18
Dnipropetrovsk	45810	13217	29
Donetsk	9899	1715	17
Zhytomyr	57734	11885	21
Zakarpattia	19714	4962	25
Zaporizhzhia	11535	3300	29
Ivano-Frankivsk	56891	6430	11
Kyiv	78041	21022	27
Kirovohrad	38305	11138	29
Luhansk	4921	407	8
Lviv	79815	10540	13
Mykolaiv	30154	7227	24
Odesa	30747	9973	32
Poltava	66717	20535	31
Rivne	46203	6800	15
Sumy	69652	17731	25
Ternopil	66930	7195	11
Kharkiv	48329	12562	26
Kherson	13392	2290	17
Khmelnyskyi	73320	19573	27
Cherkasy	41184	10132	25
Chernivtsi	32600	6232	19
Chernihiv	61055	11172	18
In total	1125625	244058	22

According to the State Register of Property Rights in the period from 01.07.2021 to 07.06.2024

3. Creation of a mathematical model for calculating indicators of mass land valuation

As an option, a multiple regression model that allows to set the relationship between land prices and various characteristics of the land and its environment, such as location, size, soil quality, landscape features, accessibility to roads, settlements.



4. Combining the results of the mathematical model with cartographic material (GIS)

Creation of a integral and unified geo-information system for mass land valuation



5. Integration into the State Land Cadastre

Putting into trial and further into industrial operation a geo-information system for mass land valuation as part of the State Land Cadastre software



Conclusion



The results of the pilot project on mass land valuation in Ukraine will provide an understanding of the possibility of introducing mass land valuation throughout Ukraine for tax purposes.

The success of this process depends on the sustainable development of the land market in Ukraine.

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THANK YOU FOR YOUR ATTENTION!

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