

**Title:**

**Market mechanism and farmland prices in East Germany**

**Background & Objective:**

The BVVG Bodenverwertungs- und -verwaltungs GmbH is a major player on the supply side of the market for farmland in East Germany. For land transactions two different mechanisms are thereby used: on the one hand, auctions allow multiple players from the demand side to bid for land. On the other hand, direct awarding with virtually no competition is used for sales, e.g., to former tenants. It is, however, unclear, whether these different mechanisms lead to different outcomes.

Aim of this research topic is (1) to identify the differences between the different market mechanisms, (2) to quantify the differences in terms of market outcomes, i.e., sales prices, (3) to analyze the potential implications of such differences.

The empirical analysis may use standard regression approaches or causal effects estimators for observational data, such as matching. Due to strict data privacy, the empirical analysis can be only carried out on computers of the Chair of Production Economics.

**Approach:**

Literature analysis, Descriptive data analysis, Regression

**Contact and supervision:**

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**Background Literature:**

Bulow, J., & Klemperer, P. (1996). Auctions Versus Negotiations. *The American Economic Review*, 86(1), 180-194.

BVVG (2018) Grundsätze für die weitere Privatisierung der landwirtschaftlichen Flächen der BVVG. [www.bvvg.de](http://www.bvvg.de).

Hüttel, S., Odening, M., Kataria, K. and Balmann, A. (2013). Price Formation on Land Market Auctions in East Germany – An Empirical Analysis. *German Journal of Agricultural Economics* 62(2): 99–115.

Stuart, E. A. (2010). Matching methods for causal inference: A review and a look forward. *Statistical Science : A Review Journal of the Institute of Mathematical Statistics*, 25(1), 1–21.

Nickerson, C.J., Zhang, W., 2014. Modeling the Determinants of Farmland Values in the United States. In: Duke, J.M., Wu, J. (Eds.), *The Oxford Handbook of Land Economics*, New York, pp. 111–138.