

BNP Paribas Wealth Management - AGRIFRANCE publishes its annual publication on the French rural land market.

The 2022 report by AGRIFRANCE – a specialised department of **BNP Paribas Wealth Management** – provides an overview of the rural land market in France in a context of post-pandemic economic recovery and inflationary pressures in the markets.

“The last quarter of 2021, in a context of the global economic recovery, the markets were tested considerably. In early 2022, the war in Ukraine complicated things further, hurting most economic sectors, including agricultural commodities that did not escape this surge in prices.” said Benoît Léchenault, Head of AGRIFRANCE. “Despite the uncertain and complex environment, rural land delivers a good performance. Investors continue to favour this defensive asset for its diversification role. Moreover, in a context of inflation, rural land should continue to appreciate.”

Farmland:

- 2021 was a historic year for cereals: the **global harvest was the largest in history** with over 2,287 million tonnes produced.
- **Yet, cereal prices rose sharply in 2021 and continue to rise in 2022.** China accounts for almost 50% of available agricultural commodity stocks. Ukraine and Russia contribute to a significant slice of world exports (78% of sunflower, 33% of wheat). The conflict, coupled with strong demand on the back of the global economic recovery, should continue to push up prices.
- Over the past 10 years, the price of farmland in France has appreciated by 4% per year on average, but it still remains among the cheapest in Europe. So there is **real upside potential** in France.

Vineyards:

- With an estimated 36 million hectolitres produced in 2021, France registered its **smallest grape harvests since 1970**. Compared with 2020, French wine production fell by 23%. Spain and Italy were less impacted as their production fell by 9% and 10% respectively.
- In 2021, with record exports (+28% on 2020), the **French wine market remained very dynamic**, even exceeding pre-pandemic levels. The re-opening of bars and restaurants, as well as the resumption of tourism, drove this momentum, which also concerned the *Grands Crus*. The pandemic shifted consumer tastes towards an improvement in quality and value-added products. Now the trend is to consume less, but better.
- In this context, the value of winegrowing land was slightly down in 2021, but **significant disparities existed between regions**; Burgundy, for example, saw its prices rise by 5% but they fell in Bordeaux, including in its prestigious *appellations* such as Pomerol and Margaux.



Forests:

- The global economic recovery, logistics problems, and the closure of forestry companies in China for the next 100 years, fuelled **strong pressure on the timber market**.
- Softwoods thus posted a 37% increase in price per m³ in 2021. Prices for hardwoods also soared, with a record rise of more than 20%.
- In the forest market of more than 100 hectares, in which AGRIFRANCE operated, there **was limited supply and very strong demand** which drove prices higher. Prospects for rising carbon offset prices are sparking a new interest among investors.

Find the full annual publication on the BNP Paribas Wealth Management website

About AGRIFRANCE

Within BNP Paribas Wealth Management, AGRIFRANCE is the department specialising in the rural land market: vineyards, prestigious country estates, farmland and forests. With more than 45 years of experience in this field, AGRIFRANCE supports its clients in their patrimonial approach. Through a network of recognised professionals, AGRIFRANCE is able to provide complementary services, such as property appraisals and estate management. For almost 20 years, AGRIFRANCE has published an annual report that provides insight into rural land investment. AGRIFRANCE is part of BNP Paribas Wealth Management's "Private and Alternative Investments" offering in the same way as Private Equity and Real Estate.

About BNP Paribas Wealth Management

BNP Paribas Wealth Management is a leading global private bank and the largest private bank in the Eurozone with more than €420 billion worth of assets under management as at March 2022. Present in three hubs in Europe, Asia and the United States, it employs over 6,800 professionals who support High-Net-Worth and Ultra-High-Net-Worth individuals in protecting, growing and passing on their assets. The bank aims at building a sustainable future by combining its deep expertise and reach with its clients' influence and desire for impact. The bank was recently named Best Private Bank in Europe, in North Asia, in the US West and in the Middle East.

<https://wealthmanagement.bnpparibas/en.html>

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