

## Topic: Land

- Land is defined as anything provided **by nature** that helps in the production of output, including goods, services and wealth. e.g., land, sea, sun, minerals, forest
  - A return/payment for land is **rent**
- Demand for land is **derived demand**. Land is demanded not for its own sake, but for the contribution to the production process. e.g., land is demanded for the crops it can grow or the houses it can build, not for its own sake.

### Economic characteristics of land

Characteristic	Explanation
Land is in fixed supply	<ul style="list-style-type: none"> <li>Even if people are willing to pay more for land, the supply cannot increase. Nature has only provided a limited amount.</li> </ul>
Non-specific Factor of Production	<ul style="list-style-type: none"> <li>Land is not limited to one specific use but has many different uses.</li> <li>e.g., it can be used to grow crops or for residential housing or business zoned</li> </ul>
Lack of mobility	<ul style="list-style-type: none"> <li>Land cannot be moved from one place to another. Its geographical mobility is zero.</li> </ul>

### Why is land unique?

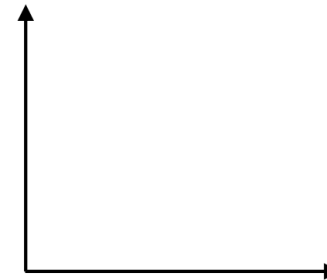
- No cost of production – land is a gift from nature. The cost of putting land in its place is zero.
- It is in fixed supply – the price of land does not affect the quantity available.

### What are the factors that influence the price paid of land

Demand for houses	Business demand	Government intervention	Development of roads / rail	Speculation	Interest rates
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## Exam Paper 2022

- (b) (i) Explain, with the use of a fully labelled diagram how the equilibrium price of land is determined.



Explanation:


- (iii) Explain how the concept of **derived demand** relates to the factor of production **land**.


**2022 Deferred**

(c) The demand for **land** is referred to as a **derived demand**.

(i) Explain the term derived demand with reference to the factor of production land.

Derived demand:

(ii) Explain two unique characteristics of land as a factor of production.

1.
2.

(iii) Explain, with the use of a fully labelled diagram, the demand and supply curve for land.


Explanation:
