



# Texas Small Rural Land

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TEXAS A&M UNIVERSITY  
Texas Real Estate Research Center

TECHNICAL REPORT
2391
SEPTEMBER 2023

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September 2023

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## Introduction

Since 1966, the Texas Real Estate Research Center has collected a large sample of rural land sales data from across Texas. The reported transactions include a mixture of land uses including but not limited to farming, ranching, wildlife management, recreation, and mineral extraction. Most of the Center's reporting has intentionally excluded the smallest group by size to focus on large land sales.

This report starts with a look at the combined data set (all rural land sales of at least ten acres and less than \$30,000 per acre in sales price). It then looks at the differences between the small tracts (bottom 20 percent) and the large tracts (upper 80 percent) by median size and price per acre. This shows that the markets for small tracts and large tracts are quite different, particularly when it comes to price per acre. The remainder and bulk of this report delves into the small rural land sales characteristics statewide and by region.



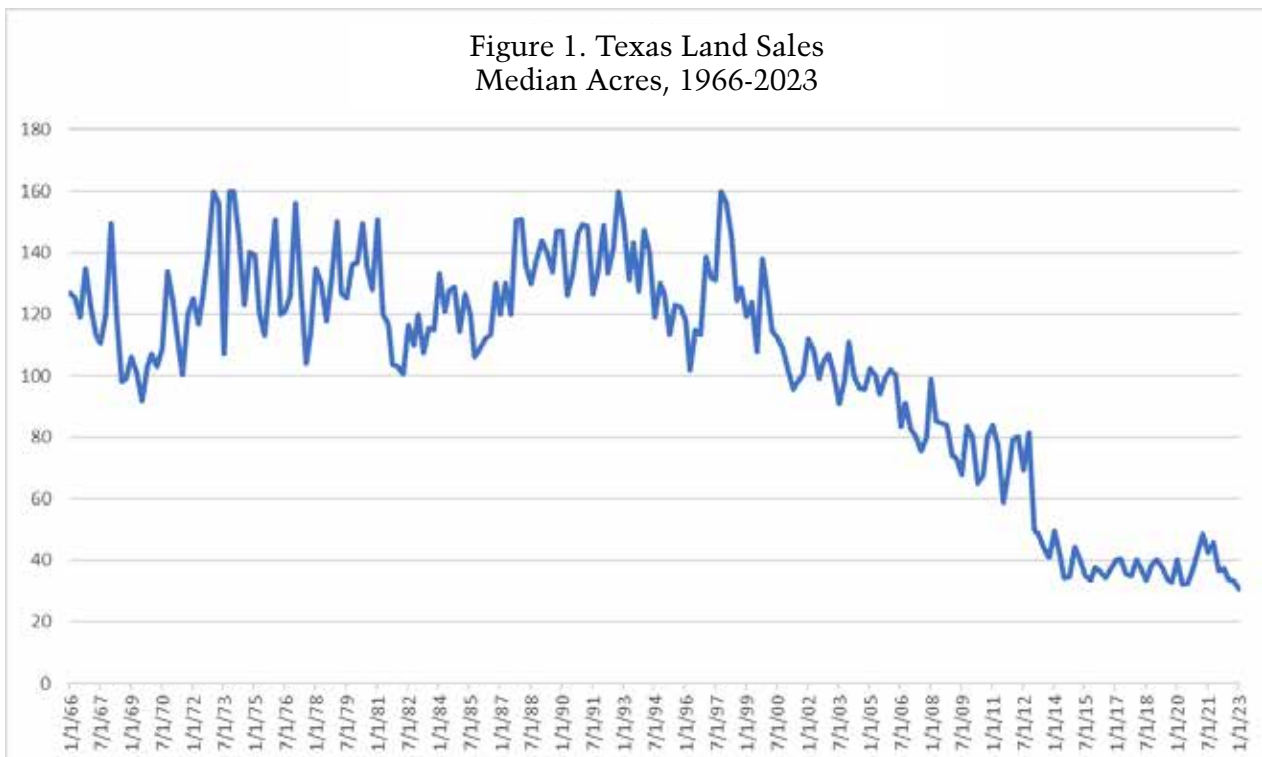
## Combined Data Set

Beginning around the year 2000, the median size of rural land sales decreased. While a downward trend began at that time, a seismic drop occurred in 2013 when the median fell below 50 acres for the first time. Figure 1 illustrates the quarterly, statewide median size of rural land tracts of at least ten acres sold from 1966 to 2023. Enhanced reporting from 2012 on may have contributed to some of the apparent decline that is evident in the figure. This report will focus on “small land sales” reported from 2012 to the present. The median size of rural land sales has declined as sellers subdivide or sell portions of their total holdings and as an increasing number of buyers seek recreational property in the countryside.

The size of the property affects the breadth of the demand, because few buyers possess the resources required to purchase extremely

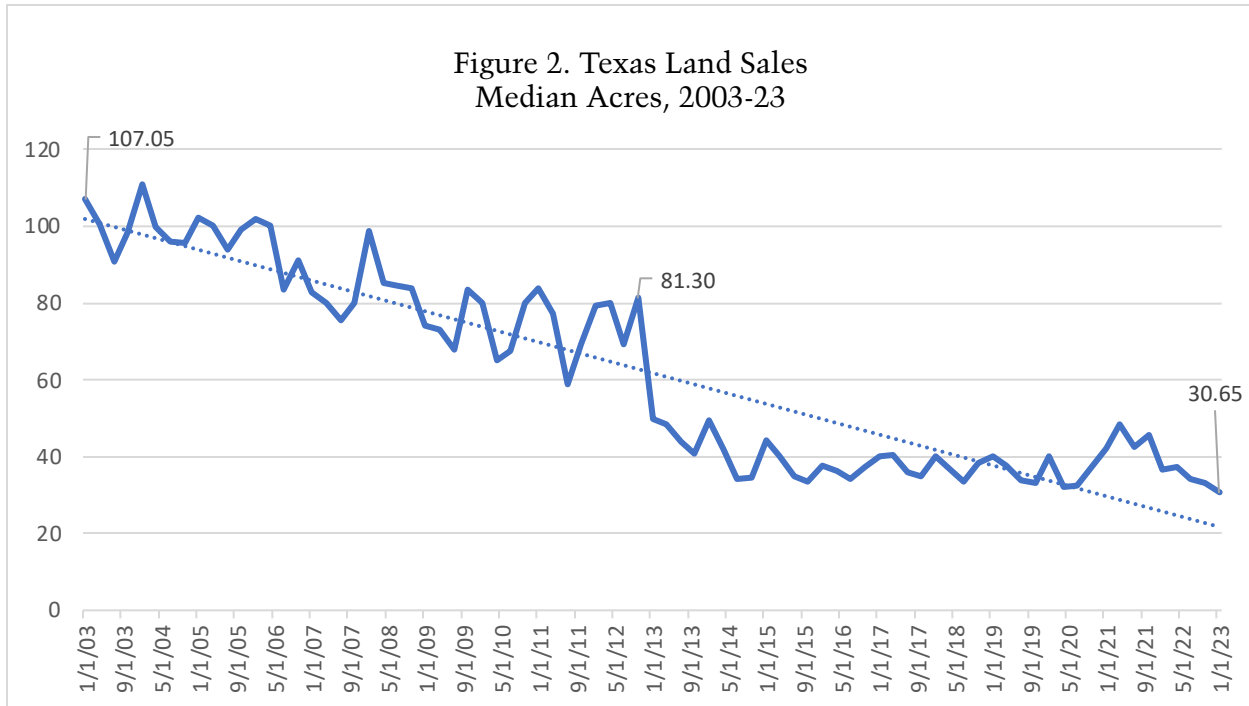
large tracts. Conversely, many more buyers can muster the capital needed to buy smaller properties. These demand conditions often result in small properties exchanging for higher per acre prices than their larger neighboring tracts of comparable quality. (*Characteristics of Texas Land Markets: A Regional Analysis*, TRERC Technical Report 1937, July 2010)

Figure 2 uses the same data as Figure 1 but zooms in on the most recent 20 years. The median hovered around 100 acres from the early 2000s through mid-2006, when it resumed a downward trend. As mentioned earlier, the median fell below 50 for the first time in 2013. Naturally, the number of sales of less than 50 acres has increased over time. The median size landed at 30.65 acres in first quarter 2023.



Source: Texas Real Estate Research Center at Texas A&M University

Figure 2. Texas Land Sales  
Median Acres, 2003-23



Source: Texas Real Estate Research Center at Texas A&M University

The Texas rural land database includes reported sales of ten acres or more with prices at or below \$30,000 per acre. These criteria, along with location and current use, identify the sales as rural in character and, thus, exclude transitional or development tracts. The Center assumes tracts sold for more than \$30,000 per acre, though they may be in open-space use (such as agriculture or wildlife), are generally on the urban fringe or are purchased for near-term development.

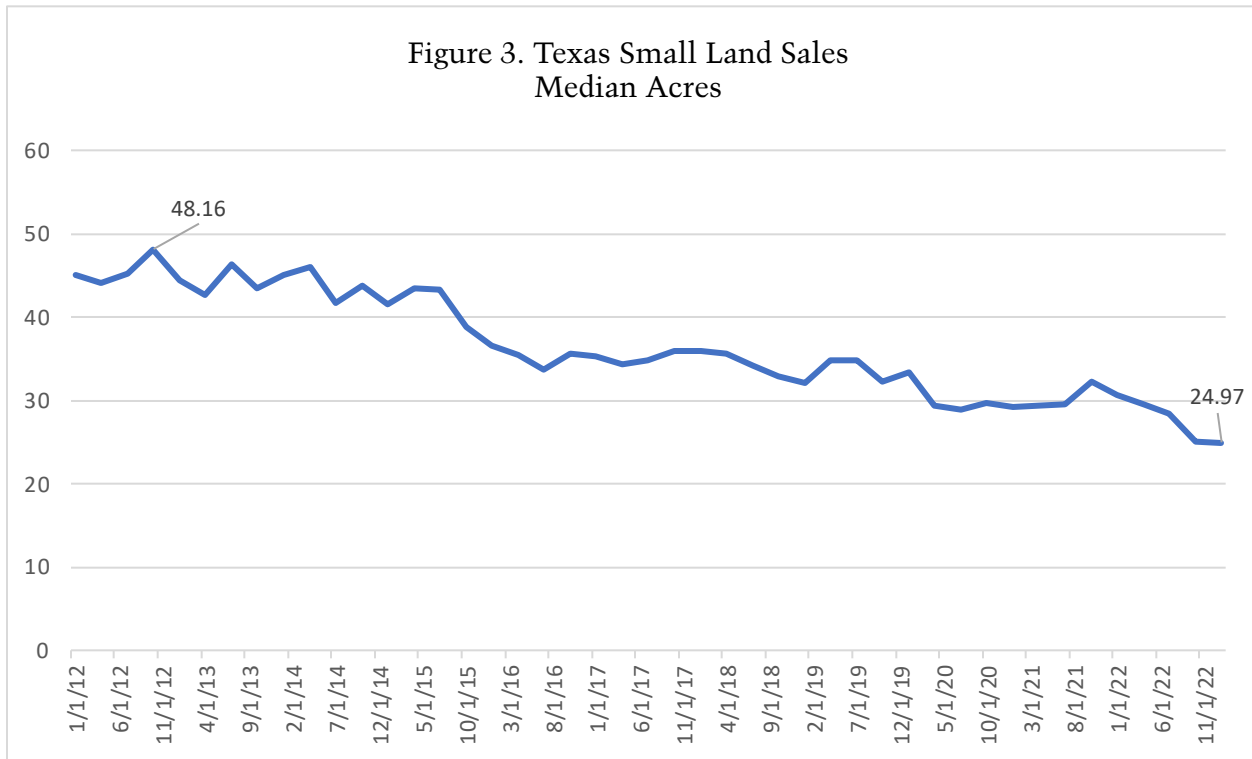
Frequently observed uses of rural land consist of recreation, farming, ranching, natural resource extraction, and timber production. Statistics in the datasets reflect overall market conditions without regard to a specific land use. Most Texas land markets are not primarily driven by agricultural influences. Rather, many Texas rural land sales are driven largely by investment factors such as federal funds rates, total personal

income, and oil prices. Certainly, some Texas markets, namely Region 1 (Panhandle) are heavily influenced by agricultural production.

While most small land sales in Texas are driven largely by non-agricultural factors (primarily recreational features), the specific influences vary indicating that, in addition to regional differences, large and small land sales are separate markets. Historically, as mentioned in the introduction, the Center has excluded what it considers small land sales from the rural land data it reports on its website. The smallest quintile of tracts sold (bottom 20 percent by size, but at least ten acres) are identified as small rural land sales. Conversely, the top 80 percent of sales by size (collectively) are referred to as large land sales. The one exception to this rule is for Region 2 (Far West Texas), where sales of tracts under 500 acres are considered small.

The remainder of this report will focus on small rural land sales, by the same definitions, from 2012 forward. Like overall median, the median size of small land sales statewide (bottom quintile) declined steadily from 2012 to 2022 (Figure 3). During this

period, the median small land sale peaked at 48.16 acres in fourth quarter 2012 (when the overall median was 81.30) and declined to just 24.29 acres in first quarter 2023 (compared to the overall median of 30.65 acres).



Source: Texas Real Estate Research Center at Texas A&M University

## Statewide Price Trends

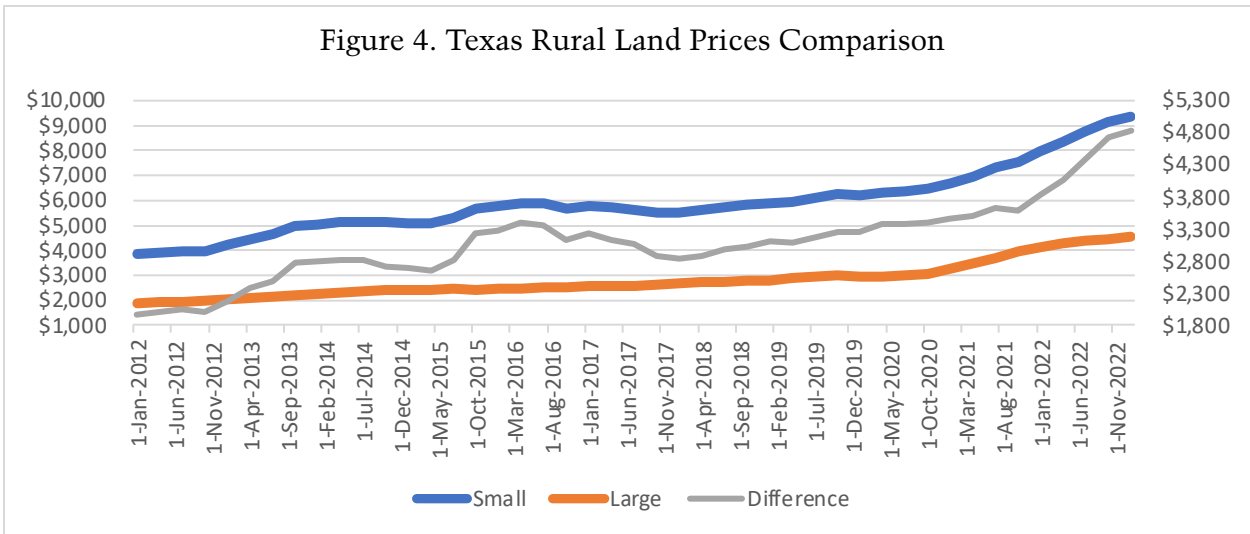
Compared with large acreage transactions, small rural land properties tend to sell at a higher price per acre. That follows from the larger number of potential buyers competing for the available supply of properties for sale and the amount of fixed cost items (tanks, roads, houses, barns, etc.) allocated across a smaller area. Naturally, these conditions result in higher prices per acre for smaller and otherwise similar lands.

As reported in the Center’s article, “Small, Medium, Large” (Publication 1923),

“tract size affects land prices.” As stated therein:

When it comes to rural land, small properties sell for more per acre than comparable large tracts. Because of this, studies of trends in land prices based on sales should include an analysis of size trends over time. Specifically, median price per acre may increase from one year to the next, but if that rise is coupled with a sharp drop in the typical tract

Figure 4. Texas Rural Land Prices Comparison



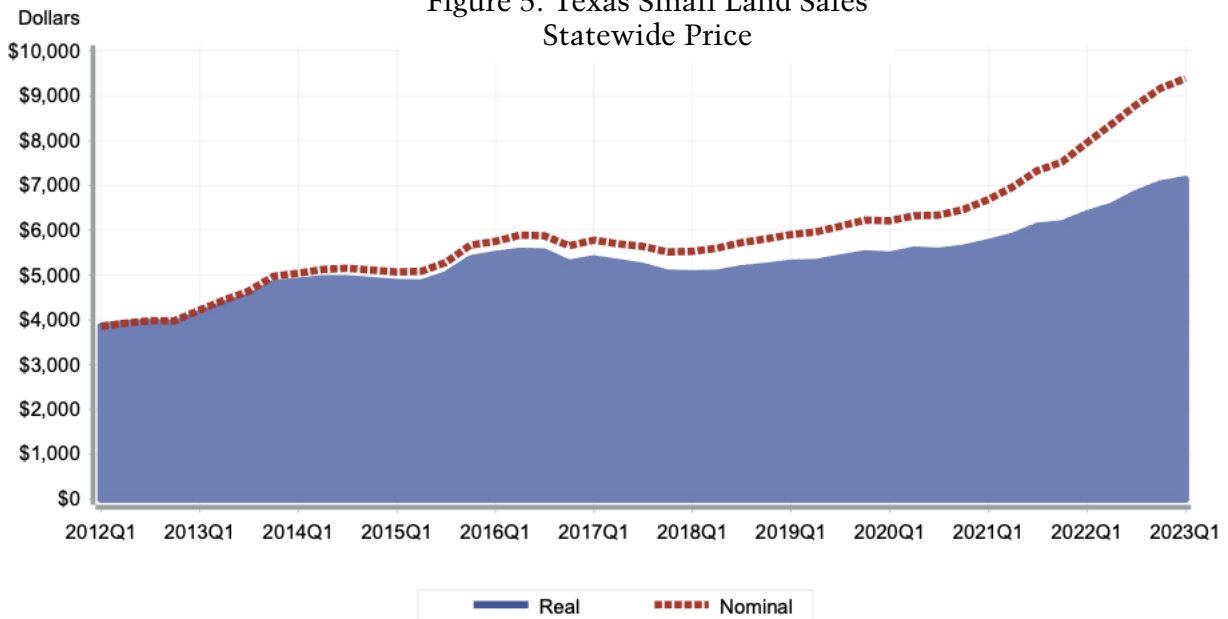
Source: Texas Real Estate Research Center at Texas A&M University

size, the indicated trend is probably an exaggeration. It may even mask a decline in prices when markets weaken.

Figure 4 shows the contrast between sales of small and large tracts of Texas rural land from 2012 through first quarter 2023. The blue line (using the left axis) presents the overall price for small rural tracts. The orange line (also using the left axis) presents the trend in large property prices, while the gray line (using the right axis) represents

the difference or spread between the two. In 2012, at \$3,853 per acre, small property prices were more than double (203.5 percent) the large property price at \$1,893 per acre. The gap expanded and contracted from time to time prior to 2018, peaking in second quarter 2016 at \$3,403 per acre, then falling back to below \$3,000 per acre through the first half of 2018. Since third quarter 2018, the gap has gradually widened, and starting in 2021 even exploded upward to \$4,826 per acre as of the most recent quarter. The small

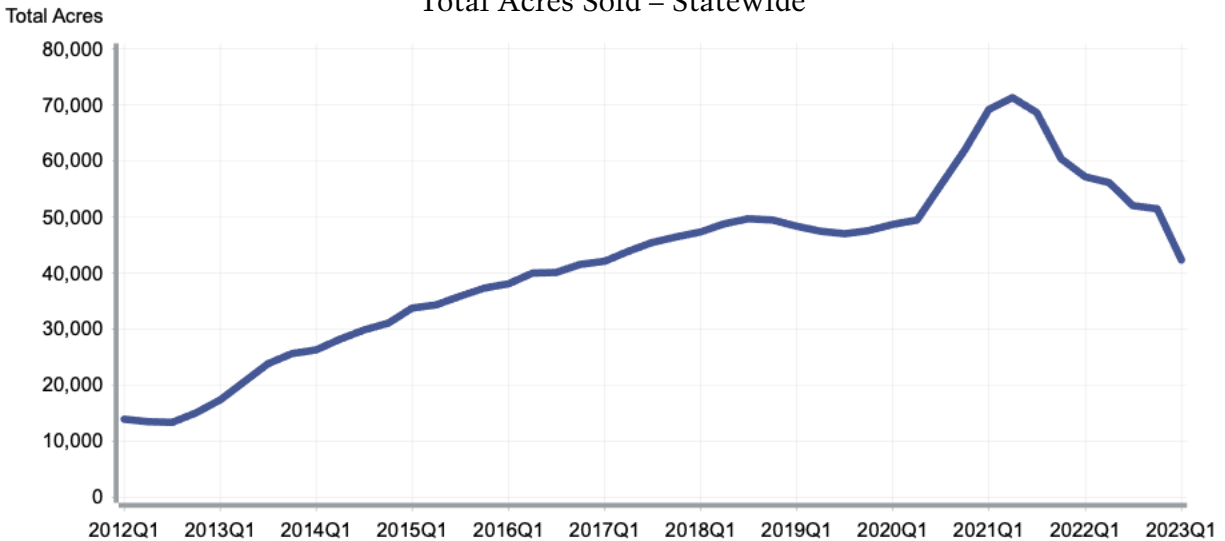
Figure 5. Texas Small Land Sales Statewide Price



Source: Texas Real Estate Research Center at Texas A&M University



Figure 6. Texas Small Rural Land Sales  
Total Acres Sold – Statewide



Source: Texas Real Estate Research Center at Texas A&M University

property price now sits at 206.1 percent of the corresponding large property price. So while the difference in price per acre shot up in dollar terms, it is roughly the same difference in percentage terms as it was in 2012 (slightly more than 200 percent).

The prices provided in the forgoing analysis are in nominal terms. Figure 5 shows both real (deflated to 2012 dollars) and nominal price fluctuations of small rural land sales across the same period. As stated previously, the statewide price of this set was \$3,853 per acre in 2012. Since that time, the nominal price has more than doubled in nominal terms to \$9,373 per acre in the most recent quarter. In real terms, using 2012 dollars, the price has risen to \$7,128 per acre.

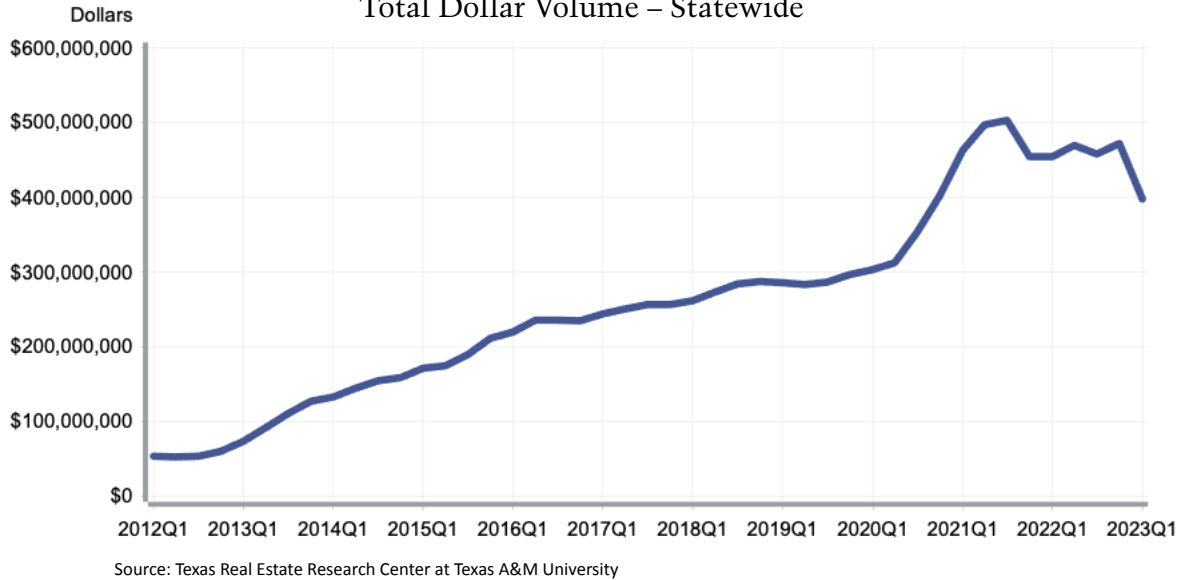
Likewise, transaction volumes were steadily increasing from 2012 through 2018 when they leveled off and slightly declined in 2019. However, they spiked up in the latter half of 2020 due to elevated demand. That run-up reached its pinnacle in first quarter 2021. More specifically, the period from 2012 to 2020 saw an average 18 percent

growth annually for the number of acres bought and sold. That percentage saw a large spike of 42 percent in 2020 and the beginning of 2021, reaching 71,387 acres transacted during first quarter 2021 (Figure 6). Since then, the statewide sales volume has been in decline, falling to 42,382 acres in first quarter 2023.

Figure 7 (total dollar volume) illustrates some similarities to Figure 6 (total acres sold). However, while total dollar volume has declined recently, rising prices helped keep this number above 2020 levels. Total dollar volume peaked at \$503.3 million in third quarter 2021, two quarters after acreage peaked. While the total dollar volume has dropped off over the last two years, it is still well above pre-pandemic levels.

Center researchers believe the demand surge in 2020 and 2021 was largely caused by the pandemic (flight from urban areas) and favorable investment factors such as low interest rates. Like total dollar volume and total acres, statewide sales count peaked in 2021. Specifically, reported sales reached an annualized total of 11,806 in second

Figure 7. Texas Small Rural Land Sales  
Total Dollar Volume – Statewide

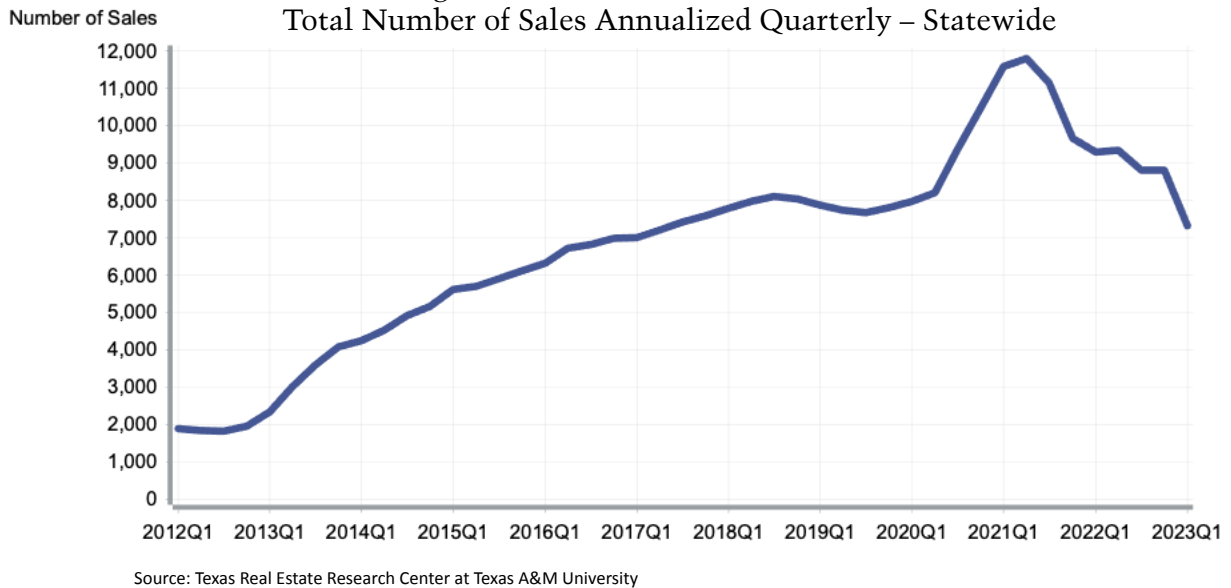


quarter 2021 (Figure 8). Sales count has returned sharply to pre-pandemic levels, down to 7,320 in first quarter 2023.

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Figure 8. Texas Small Rural Land Sales  
Total Number of Sales Annualized Quarterly – Statewide

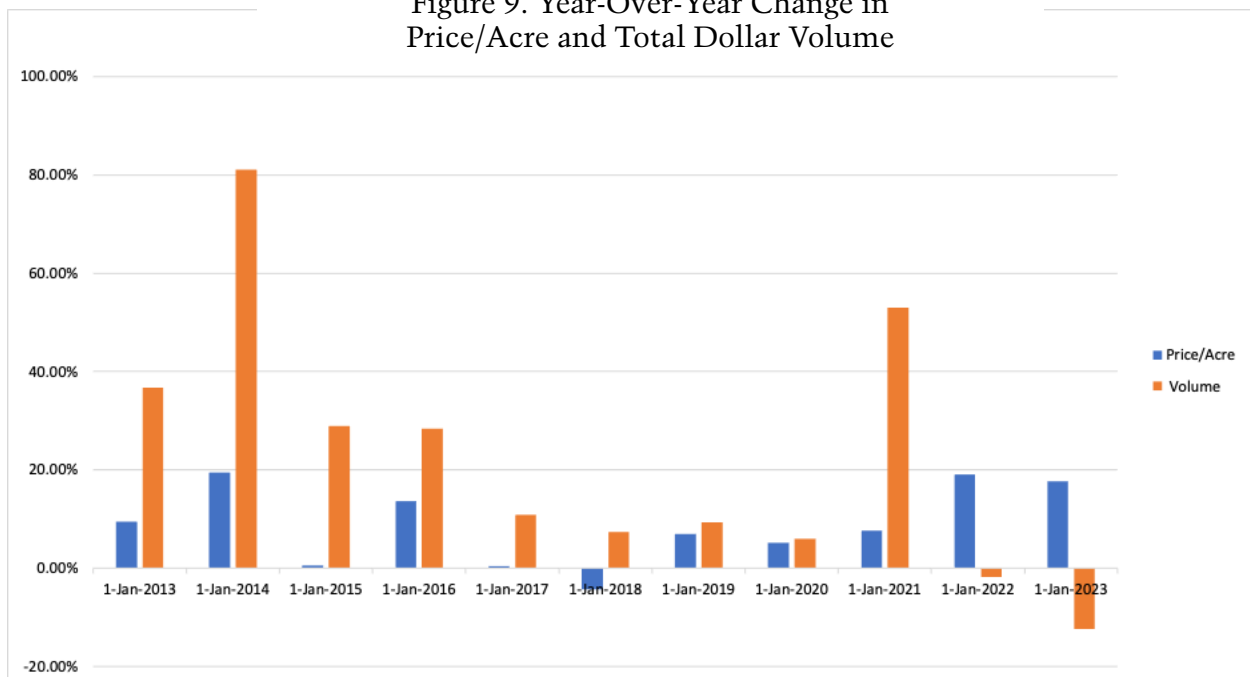


So far, the price surge has held up well, though that may be in part due to lower sales volume. Additionally, there is anecdotal evidence of increased transactional discrimination, that high-quality tracts are still garnering strong buyer interest and less desirable tracts are simply not selling as quickly.

See Figure 9 for the annual change in price per acre versus the total dollar volume transacted since 2012. Even though price per

acre rose more than 19 percent from 2013 to 2014, total dollar volume rose 81 percent in the same period. On the other hand, though price gained 17.68 percent from 2022 to 2023, total dollar volume declined 12.4 percent in the same period. This illustrates how price per acre and total dollar volume are separate market indicators. The same can be said of total acres sold and number of sales; they do not necessarily move in the same direction or to the same degree.

Figure 9. Year-Over-Year Change in Price/Acre and Total Dollar Volume



Source: Texas Real Estate Research Center at Texas A&M University

## Regional Differences

Over the last ten years, each region of Texas, except the Far West Texas region, has seen an increase in pricing per acre. The pandemic period of 2020-21 and into 2022 saw what was in most regions an unprecedented rise in prices. Since 2012, statewide, prices never increased more than 20 percent in a year; however, some regions experienced more dramatic annual changes.

Regions 4 through 7 are the most expensive of the seven regions (see table). Of those four, the Gulf Coast region had a much higher price in 2012, but since then the other three have caught up, relatively. In first quarter 2023, the average price per acre of these top four most expensive regions ranged from \$13,130 per acre to \$15,701 per acre.

Median Prices per Acre, 1Q2012 and 1Q2023					
Region	Name	Min. Acres	Max Acres	2012	2023
1	Panhandle and South Plains	10	160	\$1,456	\$5,925
2	Far West Texas	10	499	\$3,888	\$1,262
3	West Texas	10	95	\$1,952	\$6,152
4	Northeast Texas	10	34	\$4,587	\$13,130
5	Gulf Coast, Brazos Bottom	10	43	\$7,471	\$15,701
6	South Texas	10	45	\$5,154	\$13,647
7	Austin, Waco, Hill Country	10	50	\$5,226	\$13,171

Source: Texas Real Estate Research Center at Texas A&M University

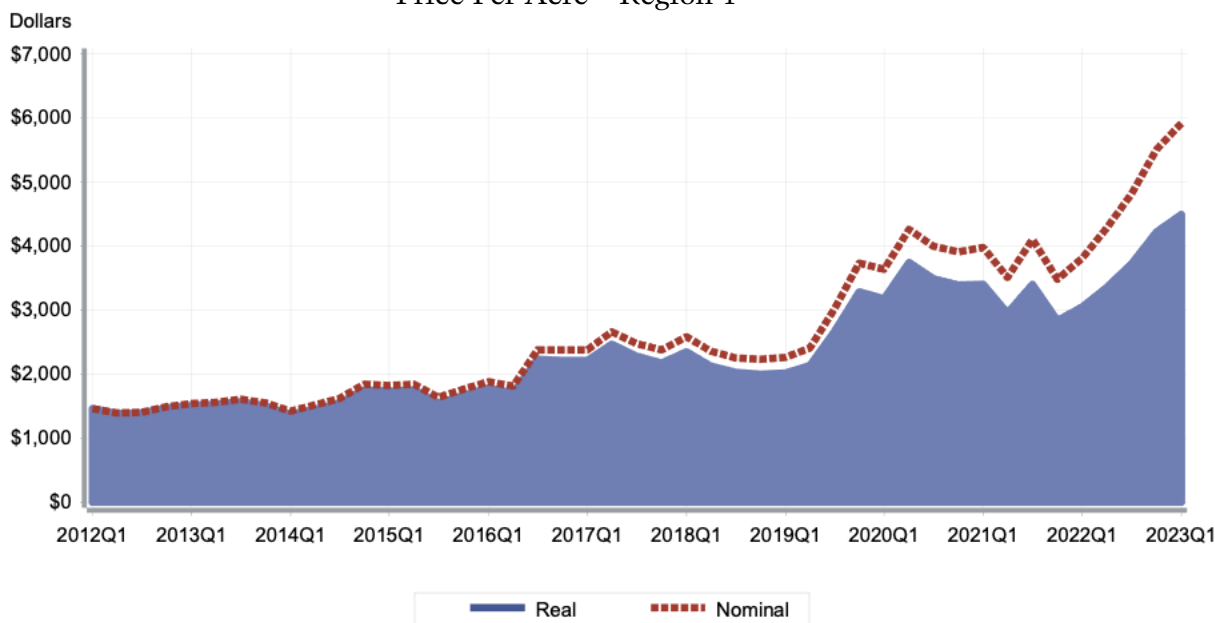
The following is a detailed review of price and sales activity for each of the seven Texas regions. For more information on the characteristics of Texas land markets by region, see the Center's July 2010 report, *Characteristics of Texas Land Markets: A Regional Analysis* (Technical Report 1937).

### Region 1 – Panhandle and South Plains

In the Panhandle and South Plains region, prices were approximately \$1,500 per acre in 2012 and reached \$2,583 per acre in 2018 before a sharp increase in 2019, up 31 percent to \$3,732 per acre (Figure 10). The 2019 price jump was even more dramatic in real terms, up 58.2 percent. The latest data for first quarter 2023 show the average nominal price in the Panhandle and South Plains at \$5,925 per acre with the real price at \$4,498

per acre. Agriculture plays an out-sized role in this region as “small” tracts here can be up to 160 acres. This is the one region in which, from time to time, the largest tracts command the highest price per acre, presumably due to economies of scale for large agricultural operations. Some of the most recent volume here has been fueled by government payments to farmers during the pandemic.

Figure 10. Texas Small Rural Land Sales  
Price Per Acre – Region 1

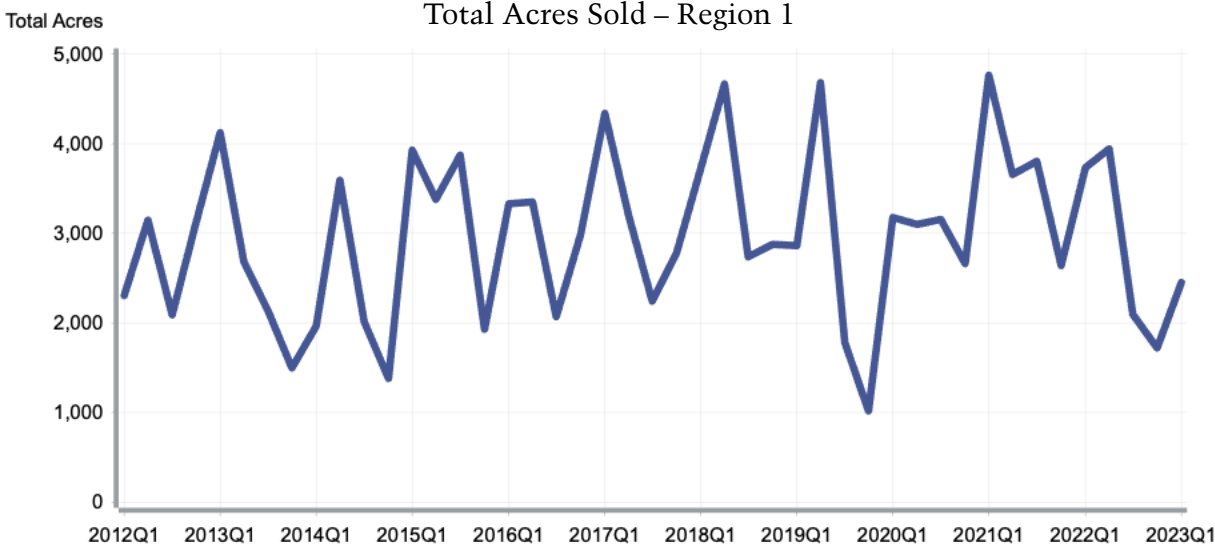


Source: Texas Real Estate Research Center at Texas A&M University

There is a great deal of variation from quarter to quarter in total acres sold (Figure 11). While the long-term trend is slightly positive, the first quarter 2023 volume of 2,450 acres was similar to the first quarter of this time series (2012), which was 2,305

acres. Total dollar volume for Region 1 has grown slightly more than 4.5 times from 2012 to 2022 (Figure 12). The level reached a record peak in fourth quarter 2022 at \$15.8 million and dipped to \$15.1 million in the most recent quarter. Total dollar volume

Figure 11. Texas Small Rural Land Sales  
Total Acres Sold – Region 1



Source: Texas Real Estate Research Center at Texas A&M University

first rose above \$10 million in third quarter 2020, as the pandemic was in full swing.

The total number of sales reported, annualized, has climbed from just 97 in 2012 to 211 in the most recent quarter (Figure 13). The most recent trough was 149 in second

quarter 2020, followed by a large spike over the subsequent 2-3 quarters. The peak of 248 was reached in second quarter 2022. The typical “small” tract size sold in this region is 27.15 acres, down from 75.35 acres in 2012.

Figure 12. Texas Small Rural Land Sales Total Dollar Volume – Region 1

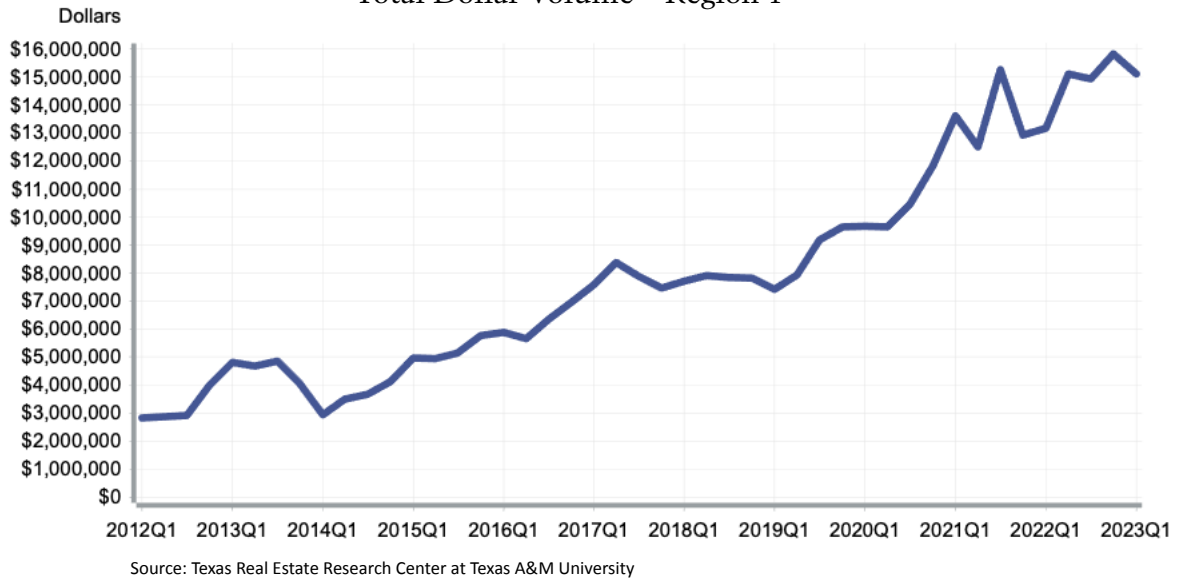
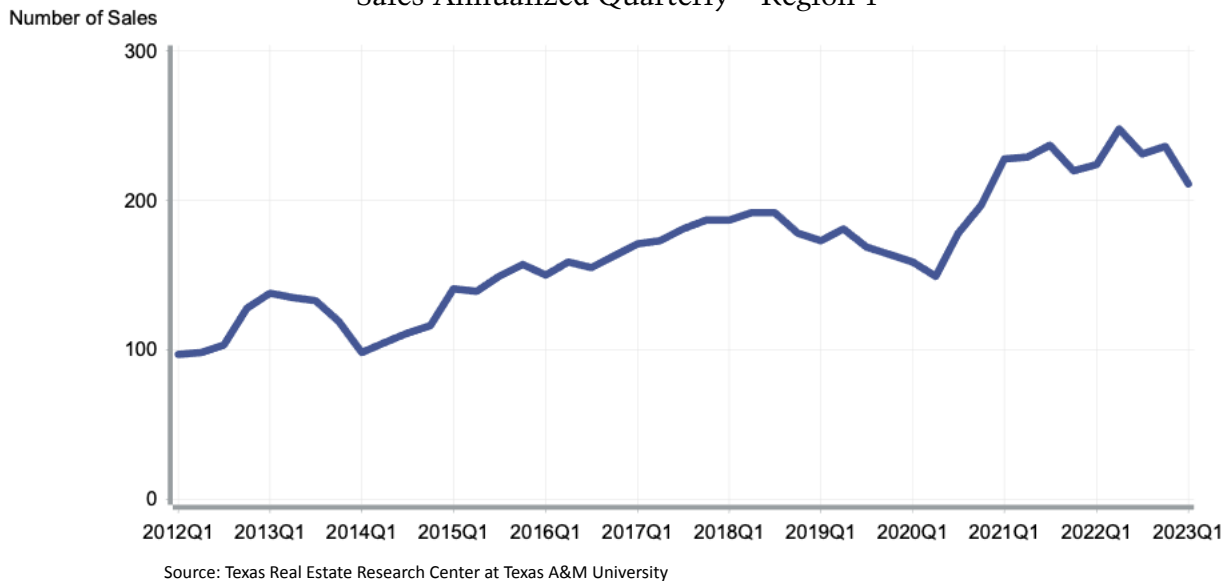


Figure 13. Texas Small Rural Land Sales Total Number of Sales Annualized Quarterly – Region 1

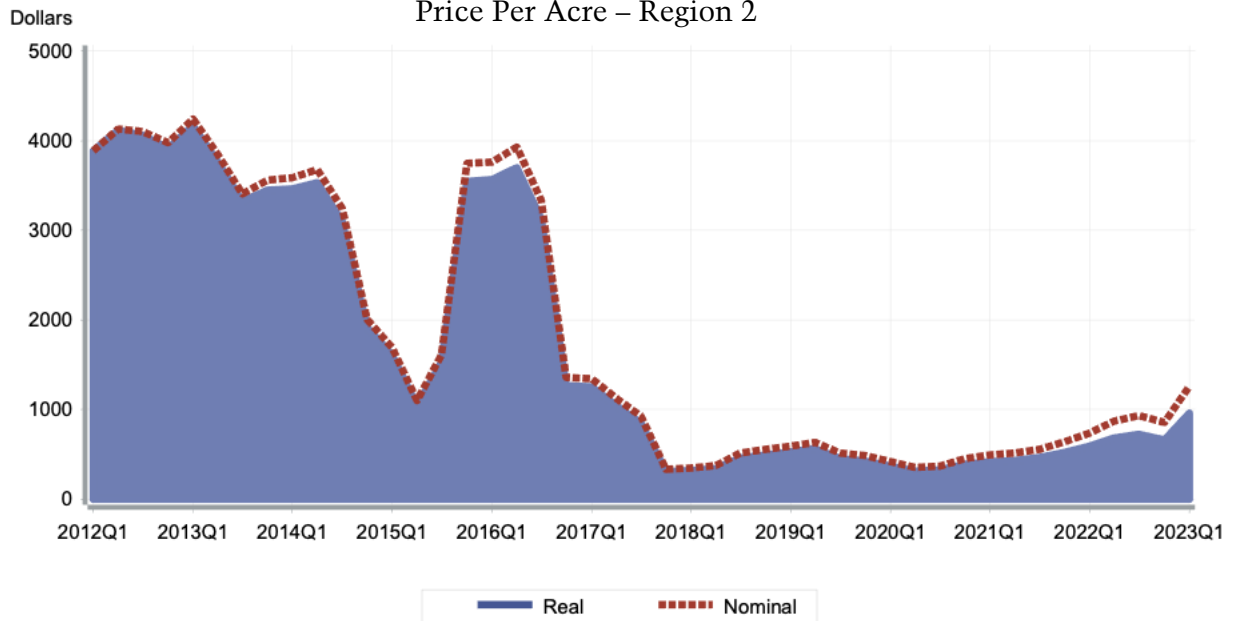


## Region 2 – Far West Texas

From 2013 to 2015, the price for Far West Texas dropped by \$3,141 per acre, from \$4,241 per acre to \$1,101 per acre, a 74 percent decline (Figure 14). In 2016, there was a sharp, but temporary increase back up to \$3,931 per acre before plummeting to \$1,128

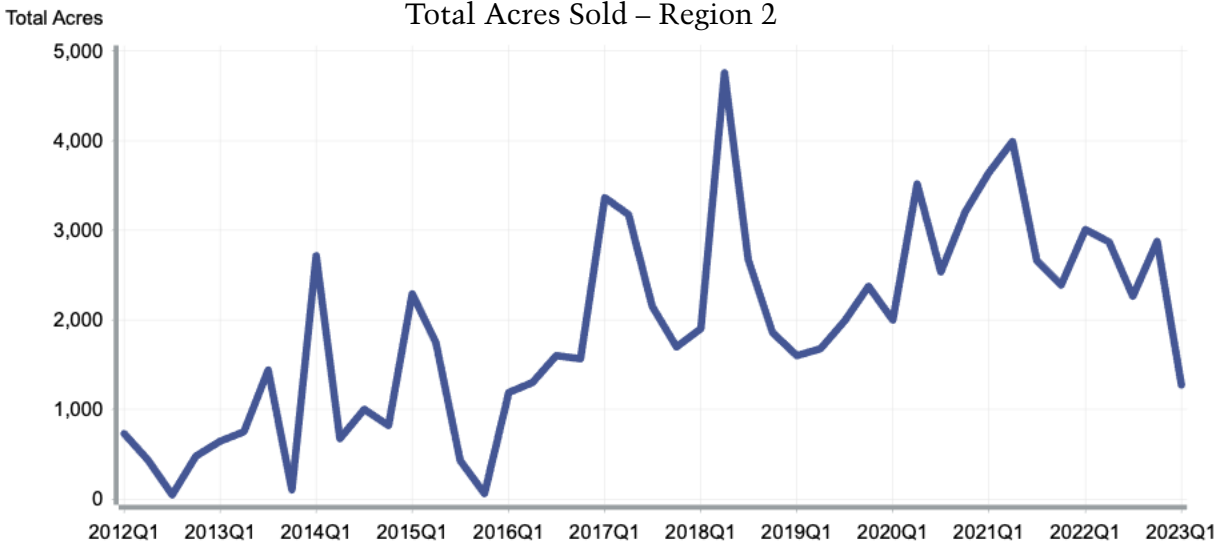
per acre in 2Q2017. The large swings in prices result from a compositional shift in the mix of properties in the market. High prices reflect the prevalence of the Davis Mountains and industrial sales, while the lower prices result from larger numbers of desert land

Figure 14. Texas Small Rural Land Sales  
Price Per Acre – Region 2



Source: Texas Real Estate Research Center at Texas A&M University

Figure 15. Texas Small Rural Land Sales  
Total Acres Sold – Region 2



Source: Texas Real Estate Research Center at Texas A&M University

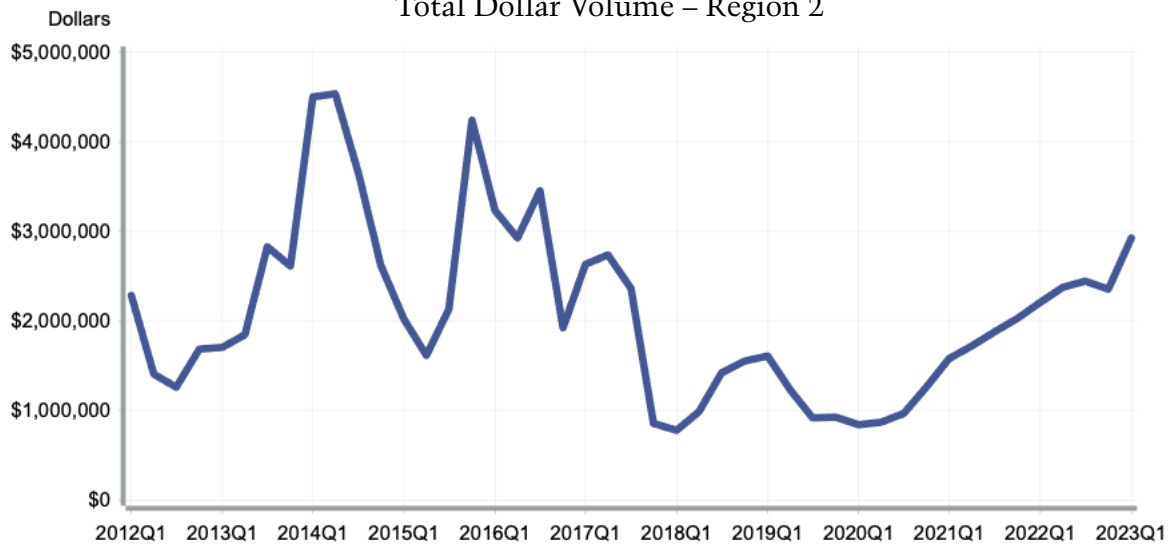
sales. There has been small variance since then, with a 1Q2023 price of \$1,262 per acre and a real price of \$958 per acre.

As prices reached a decades' low in 2017-18, total acres sold peaked at 4,758 in second quarter 2018 (Figure 15). Though total acres

climbed back to nearly 4,000 (3,992) in 2021, the number dropped to 1,272 in first quarter 2023.

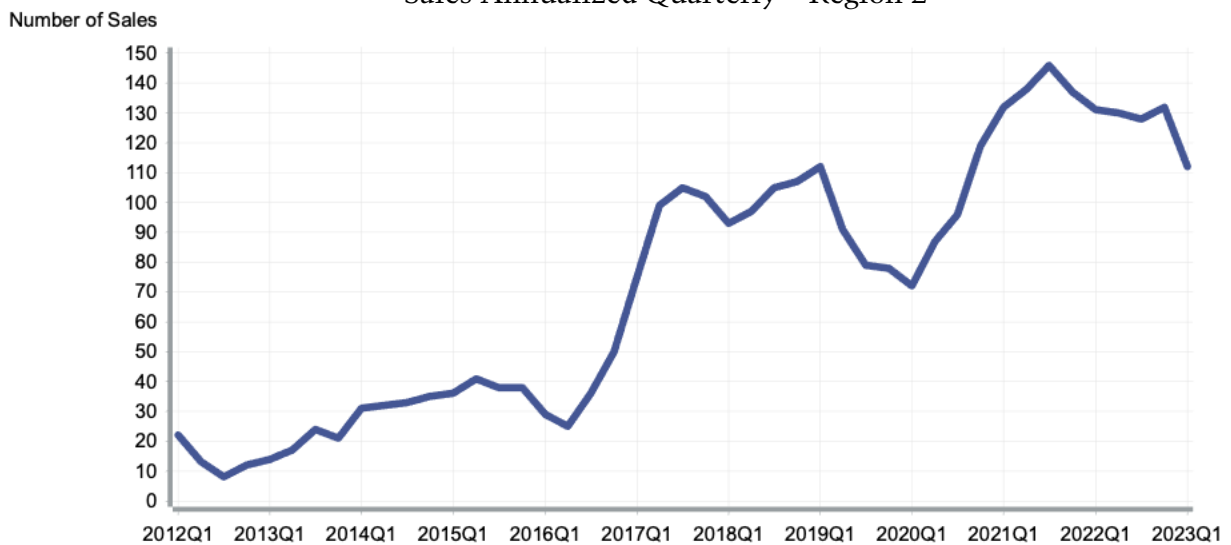
Total dollar volume for this region reached a pinnacle in 2014 at \$4.5 million and dipped below \$1 million in 4Q2017

Figure 16. Texas Small Rural Land Sales Total Dollar Volume – Region 2



Source: Texas Real Estate Research Center at Texas A&M University

Figure 17. Texas Small Rural Land Sales Total Number of Sales Annualized Quarterly – Region 2



Source: Texas Real Estate Research Center at Texas A&M University



through 2Q 2018 and again in 3Q2019 through 3Q 2020 (Figure 16). Total dollar volume nearly reached \$3 million again (\$2.9 million) in first quarter 2023.

The total number of sales reported in this region has increased, with a few notable exceptions in 2016 and 2019 and again in late

2022 and early 2023 (Figure 17). Peak sales volume was reached in third quarter 2021 at 146, declining to 112 in the most recent quarter. This was identical to the number reported in first quarter 2019. The typical “small” tract size sold in this region is 46.94 acres, down from 87.53 acres in 2012.

### Region 3 – West Texas

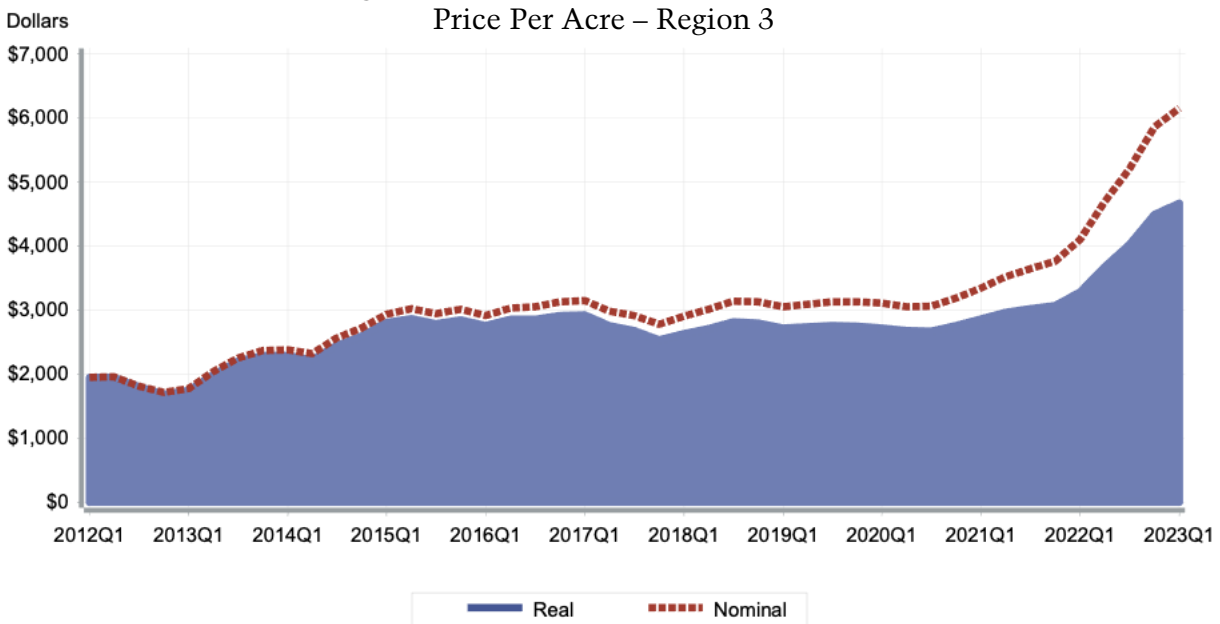
The West Texas region tells a different story than the Far West region. In nominal terms, the first quarter 2012 price was \$1,952 per acre (Figure 18). There has been steady growth since 2012, but with rising inflation being an issue in 2021-23, the nominal price shot up to \$6,152 per acre as of first quarter 2023. Deflating that price back to 2012 using the implicit price deflator results in a real price of \$4,671 per acre (in 2012 dollars).

Total acres sold in Region 3 started to rise steadily in late 2016 after a dip in the middle of 2016 (2,295) (Figure 19). By 1Q2021,

total acres reached a zenith of 12,996. Total acres swung violently downward to 5,794 in fourth quarter 2021, then back up to 11,223 in first quarter 2022 and most recently back down to 4,479, a first-quarter level not seen since 2017.

With only occasional minor setbacks, dollar volume in Region 3 has grown fairly steadily since 2012 (Figure 20). Dollar volume here peaked at \$49 million in fourth quarter 2022 and dipped slightly in first quarter 2023 because of a steep decline in sales (count and acres) in that quarter.

Figure 18. Texas Small Rural Land Sales Price Per Acre – Region 3



Source: Texas Real Estate Research Center at Texas A&M University

The number of sales reported for Region 3 has seen healthy growth from 161 in first quarter 2012 to 378 in second quarter 2016 to 1,061 in third quarter 2021 (Figure 21).

The number fell to 711 in first quarter 2023, a level reminiscent of 2019. The typical small tract size sold in this region is 30.94 acres, down from 55.09 acres in 2012.

Figure 19. Texas Small Rural Land Sales  
Total Acres Sold – Region 3

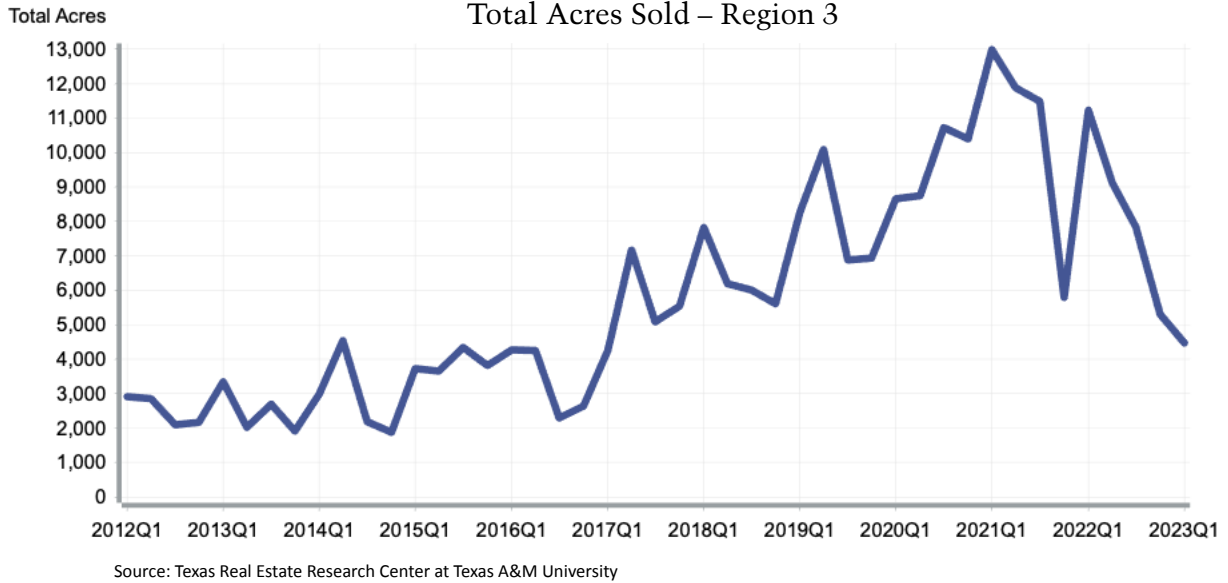


Figure 20. Texas Small Rural Land Sales  
Total Dollar Volume – Region 3

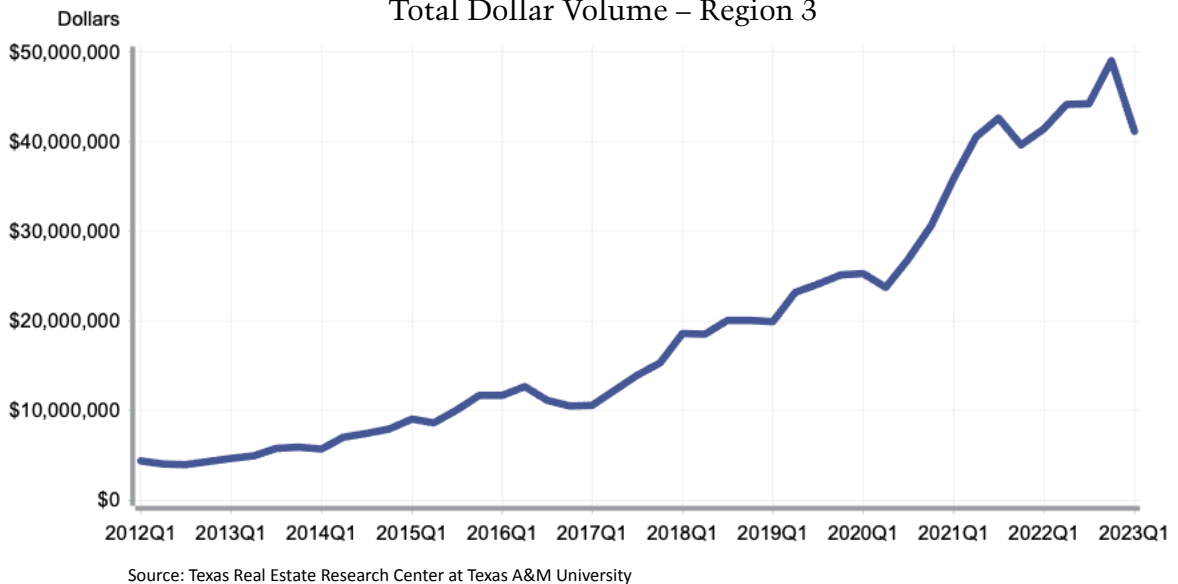
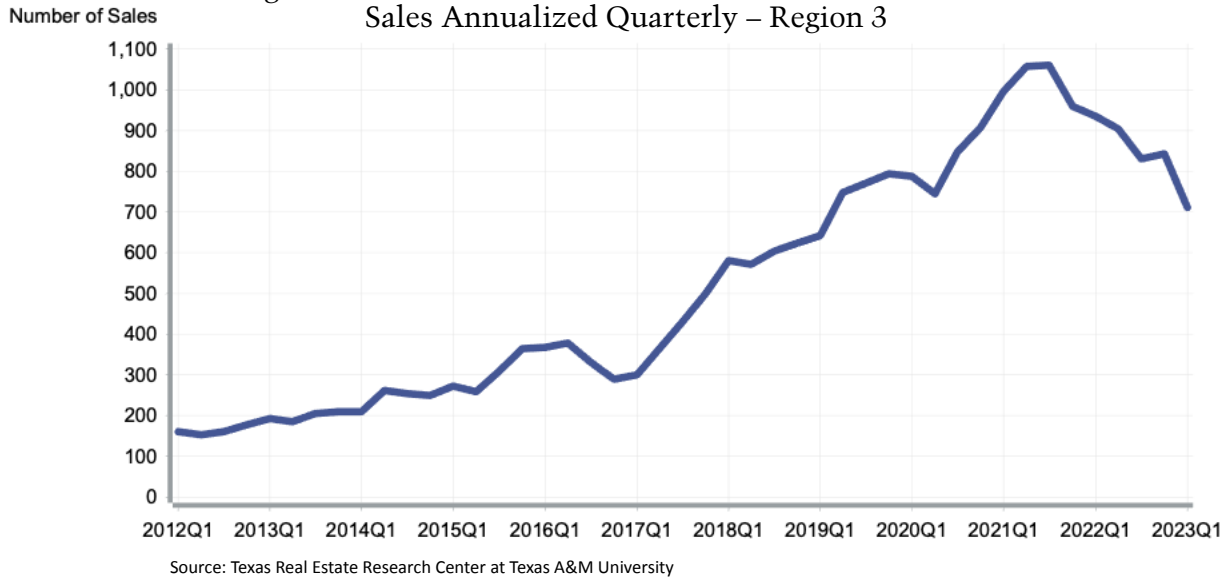


Figure 21. Texas Small Rural Land Sales Total Number of Sales Annualized Quarterly – Region 3



### Region 4 – Northeast Texas

Prices in Region 4 have risen steadily since the end of 2012. This region has exhibited the most consistent price growth of any region in Texas. In fact, looking at the first quarter nominal price of each year, the price per acre has been higher each year since

2012 (Figure 22). The price in first quarter 2012 was \$4,587 per acre, and, though it dipped through the third quarter of that year, the price as of first quarter 2013 was \$5,073 per acre. The biggest annual increase occurred from first quarter 2013 to first

Figure 22. Texas Small Rural Land Sales Price Per Acre – Region 4

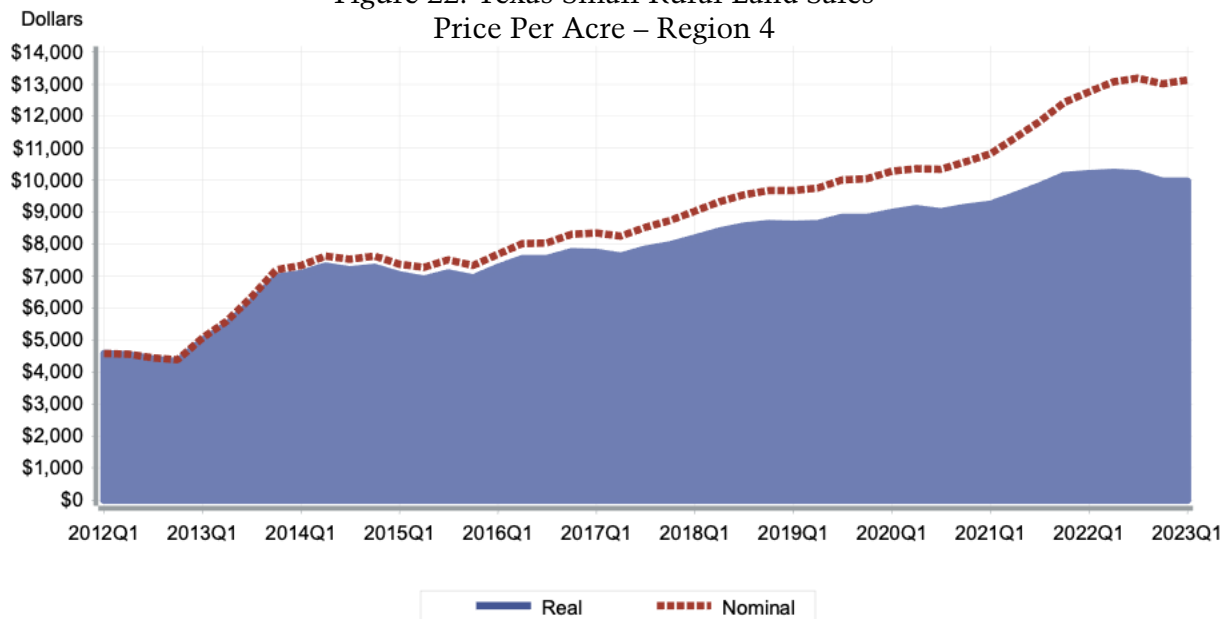
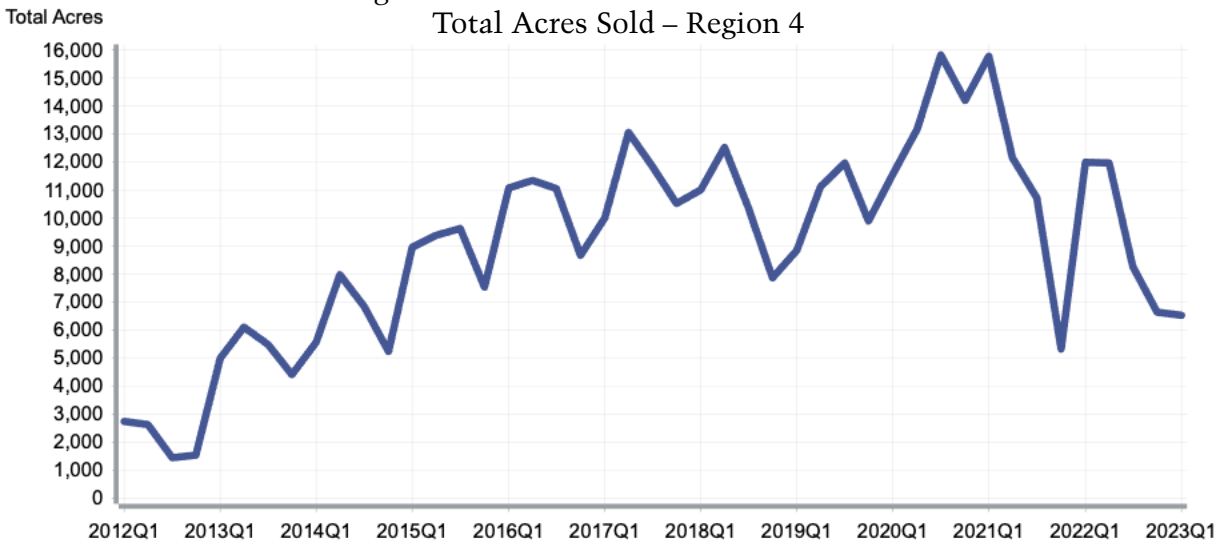
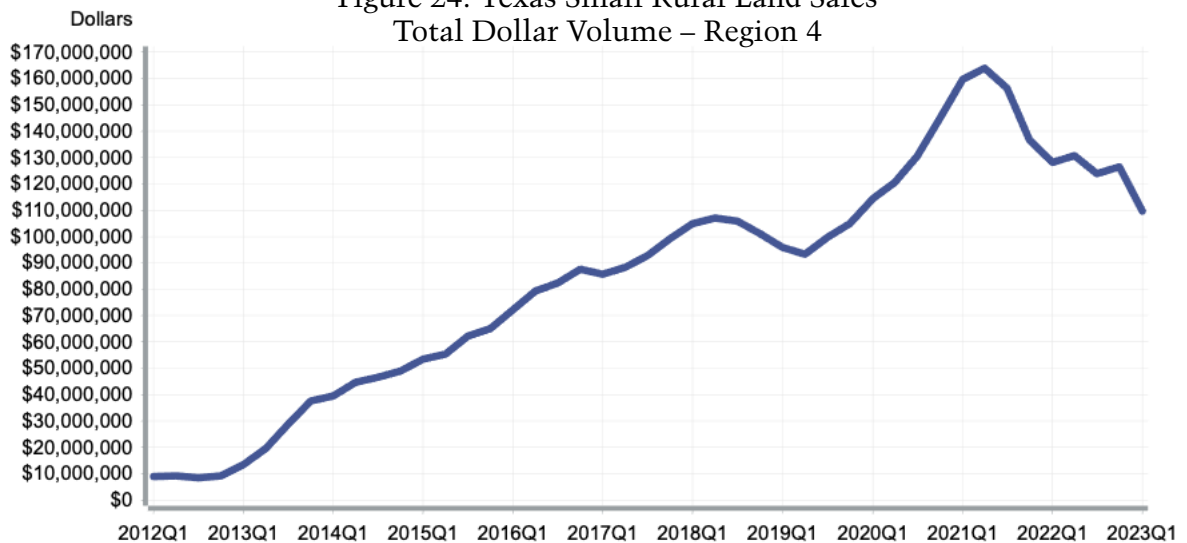


Figure 23. Texas Small Rural Land Sales  
Total Acres Sold – Region 4



Source: Texas Real Estate Research Center at Texas A&M University

Figure 24. Texas Small Rural Land Sales  
Total Dollar Volume – Region 4



Source: Texas Real Estate Research Center at Texas A&M University

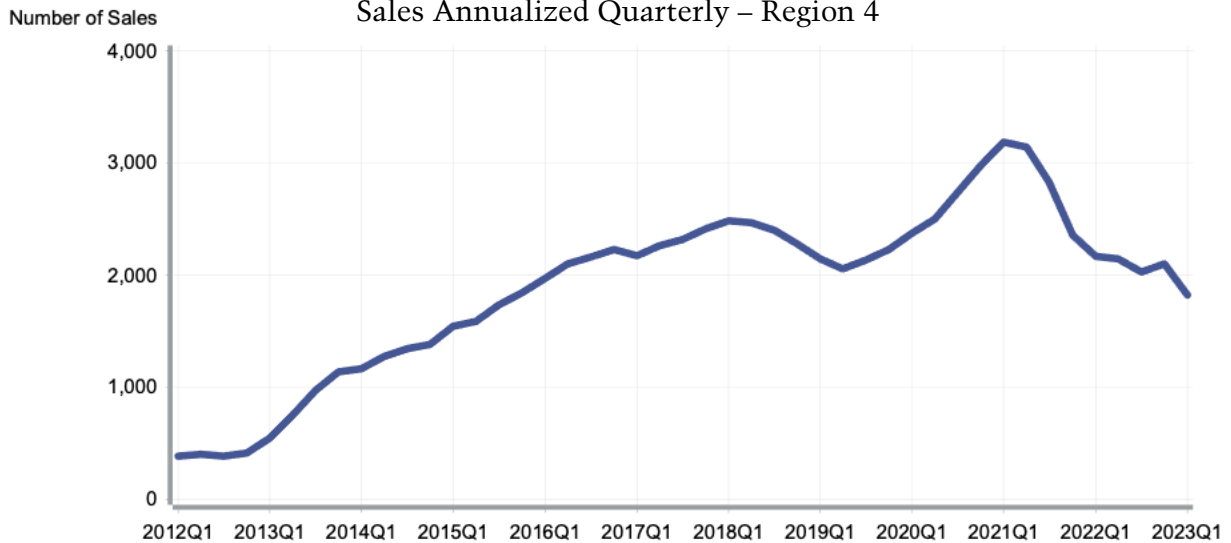
quarter 2014, when prices jumped a whopping 42.1 percent year over year. This was the largest annual jump of any year in any region except for the more volatile Regions 1 and 2, which also had large negative price swings. As of the first quarter of this year, the median price reached a Region 4 record of \$13,130 per acre, with the real price at \$9,970 per acre.

The number of acres sold in Region 4 illustrate a classic seasonal pattern of ups and downs with a long-term upward trend from 2012 to 2021 (Figure 23). Total acres reached 15,842 in third quarter 2020 and 15,780 in first quarter 2021, but it dropped to 5,326 in fourth quarter 2021 and 6,525 in the most recent quarter.

Dollar volume in Region 4 steadily climbed from 2012 to 2018, dipped slightly in 2019, then climbed again to a sharp peak of nearly \$164 million in second quarter 2021 (Figure 24). Over the last several quarters, total dollar volume has declined to levels last seen in 2019 and early 2020. Total dollar volume settled at \$109.7 million through first quarter 2023.

The total number of sales reported rose from 2012 to 2018, reaching 2,485 in first quarter 2018 (Figure 25). After a brief reprieve, sales rose to an all-time high of 3,190 in first quarter 2021, but then retreated to 1,821 in the most recent quarter. The typical tract size sold in this region is 16.77 acres, down from 20.13 in 2012.

Figure 25. Texas Small Rural Land Sales Total Number of Sales Annualized Quarterly – Region 4



Source: Texas Real Estate Research Center at Texas A&M University

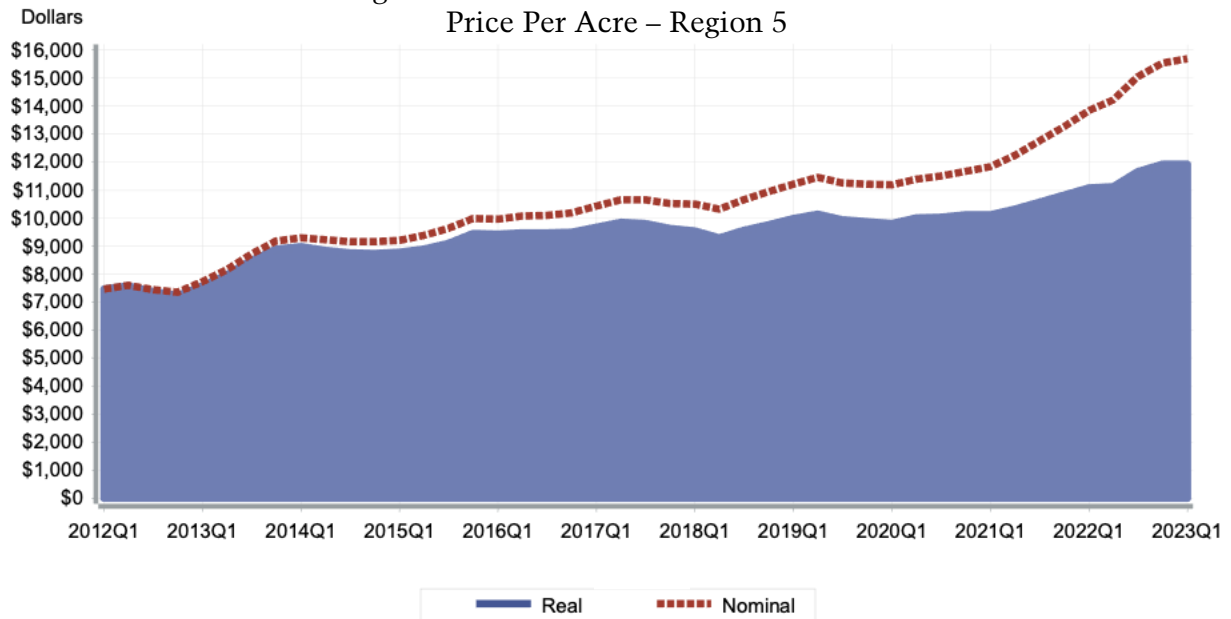
### Region 5 – Gulf Coast, Brazos Bottom

Like Region 4, Region 5 has experienced a fairly steady growth in prices since 2012, though there have been some minor dips along the way (Figure 26). As of first quarter 2012, the price here was \$7,471 per acre. The region had strong gains in 2013, rising to \$9,302 per acre by first quarter 2014, then mostly steady gains continued through 2020 when prices began to rise at an extraordinary pace through 2022. The nominal price came in at \$15,701 per acre and the real price at \$11,922 per acre in the most recent quarter.

Total acres sold in this region trended upward from late 2012 (1,685 acres sold) through third quarter 2019 (7,948 acres sold) (Figure 27). Fourth quarter 2019 saw a retreat to 5,667 in the number of acres sold, bouncing off of that low in first quarter 2020 before spiking upward in second and third quarter 2020. Acres sold hit their highest peak in first quarter 2021 at 11,264.

The more consistent price trend (compared with acres sold) has helped create a more consistent total dollar volume trend.

Figure 26. Texas Small Rural Land Sales  
Price Per Acre – Region 5



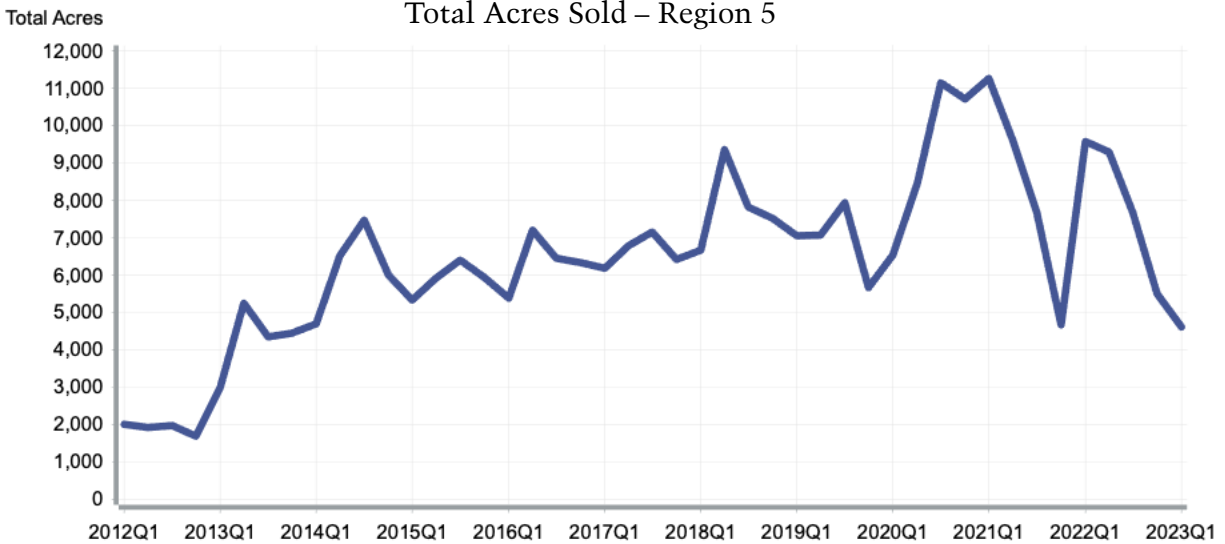
Source: Texas Real Estate Research Center at Texas A&M University

This statistic started 2012 at \$7.5 million and dipped slightly to \$7.2 million before steady growth took it to \$10.6 million in third quarter 2019 (Figure 28). After a slight reprieve, it resumed its march to just shy of \$12 million in second quarter 2021. While it has retreated somewhat, it remains well

above 2019 levels, resting at \$10.6 million in the first quarter of this year.

The total number of sales reported in this region came in at 425 in first quarter 2012 (Figure 29). It dipped to 344 in fourth quarter 2012 and shot past 1,000 in 2014. First quarter 2015 saw 1,265 total sales reported.

Figure 27. Texas Small Rural Land Sales  
Total Acres Sold – Region 5

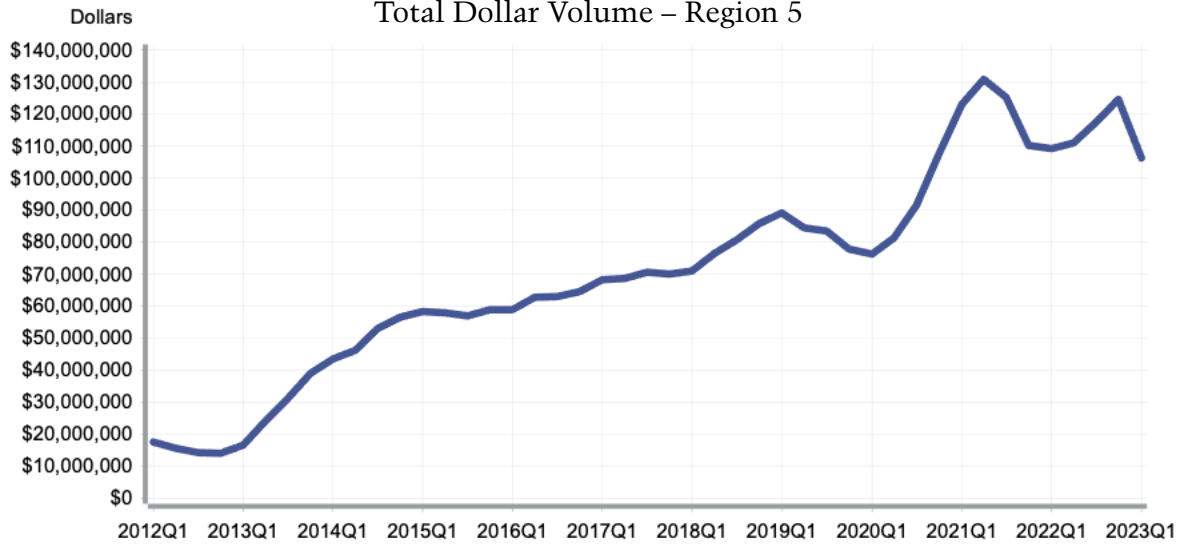


Source: Texas Real Estate Research Center at Texas A&M University

The number steadily grew to 1,550 in first quarter 2019, slowed to 1,318 in first quarter 2020, then raced to 2,029 by second quarter 2021. The number of sales has retreated to 1,373 in the most recent quarter, similar to

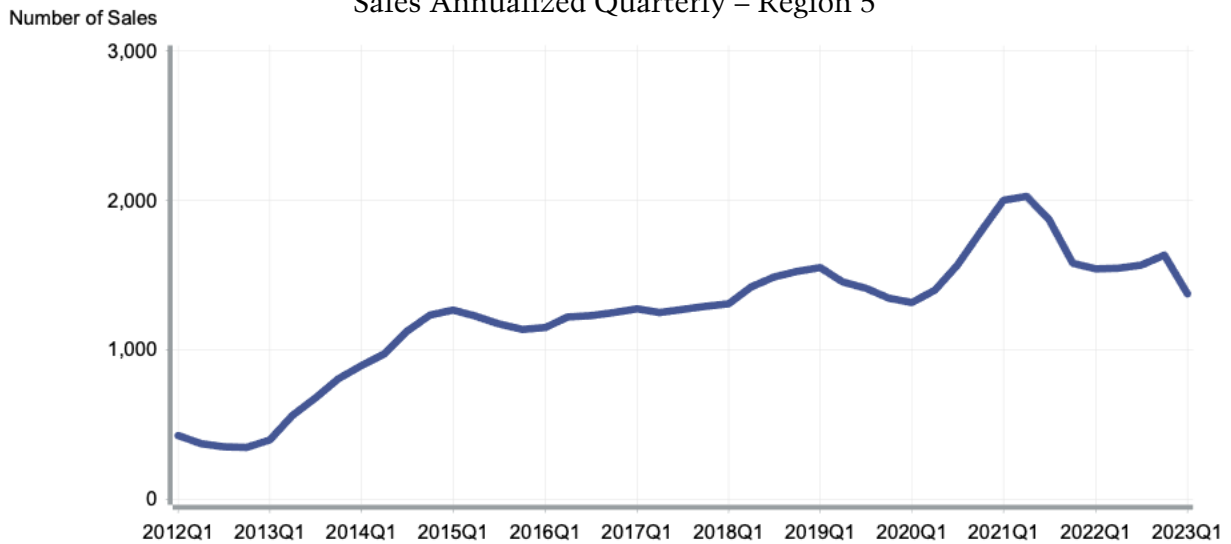
2019 levels but still trending downward. The typical tract size sold in this region is 17.36 acres, down from 20.33 in 2012. Both numbers are similar to Region 4.

Figure 28. Texas Small Rural Land Sales Total Dollar Volume – Region 5



Source: Texas Real Estate Research Center at Texas A&M University

Figure 29. Texas Small Rural Land Sales Total Number of Sales Annualized Quarterly – Region 5



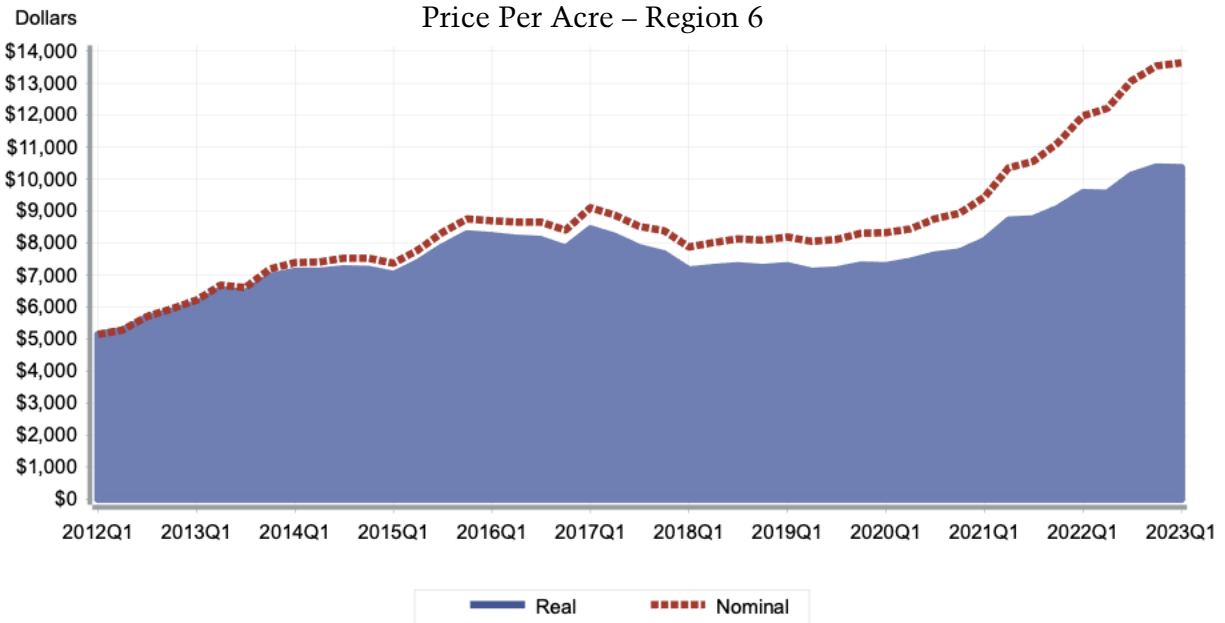
Source: Texas Real Estate Research Center at Texas A&M University

## Region 6 – South Texas

Region 6 saw tremendous price growth from early 2012 through 2015, rising from \$5,154 to \$8,752 in fourth quarter 2015 (Figure 30). The price then saw slight gains through 2017 and dipped to \$7,885 in first quarter 2018. From there it remained mostly flat

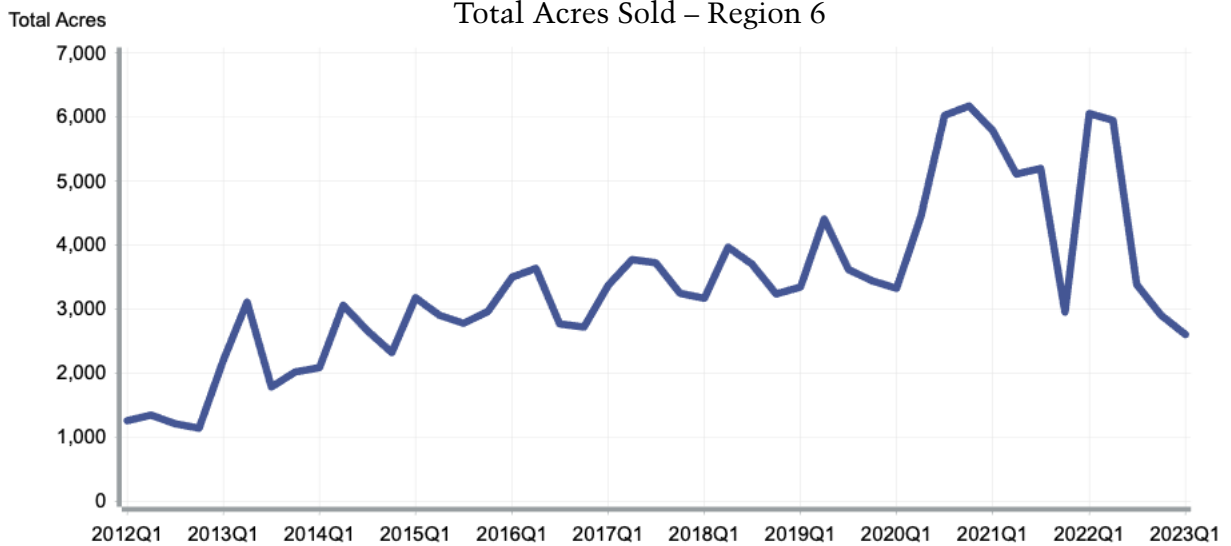
through 2019, finally reaching a new high in nominal terms in first quarter 2021 at \$9,441 and in real terms at \$8,075 in second quarter 2021. Prices rose rapidly from there to \$13,647 (\$10,362 in real terms) in the most recent quarter.

Figure 30. Texas Small Rural Land Sales Price Per Acre – Region 6



Source: Texas Real Estate Research Center at Texas A&M University

Figure 31. Texas Small Rural Land Sales Total Acres Sold – Region 6



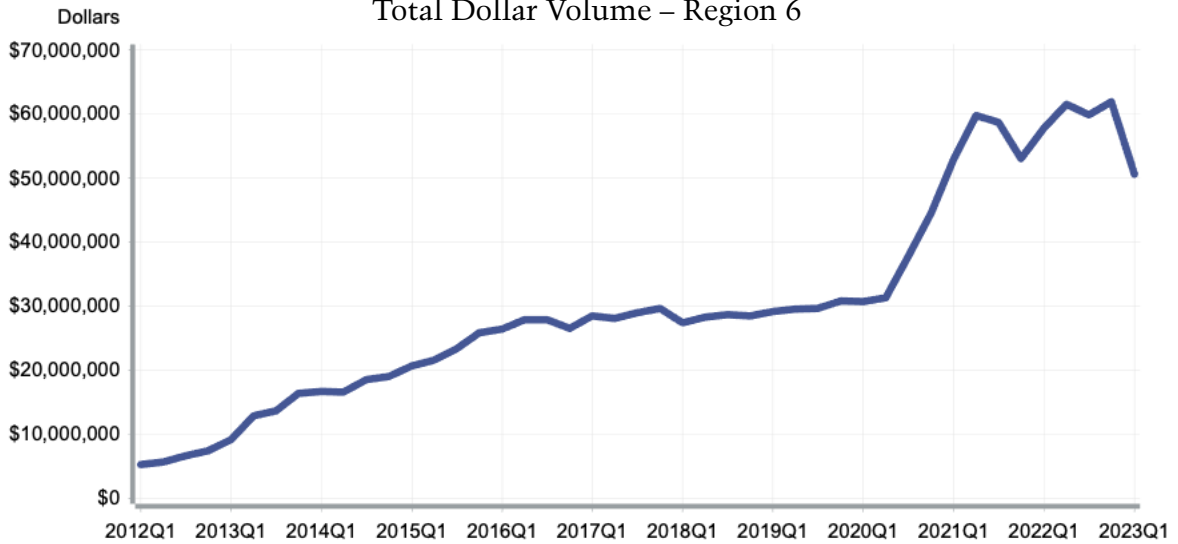
Source: Texas Real Estate Research Center at Texas A&M University



Like with the other regions, total acres sold is the most volatile statistic. Though it exhibits many ups and downs, it trended upward from 2012 (1,253 acres sold) to 4,405 in second quarter 2019 (Figure 31). The second half of 2019 and first quarter of 2020 saw cooling, while the total acres sold shot

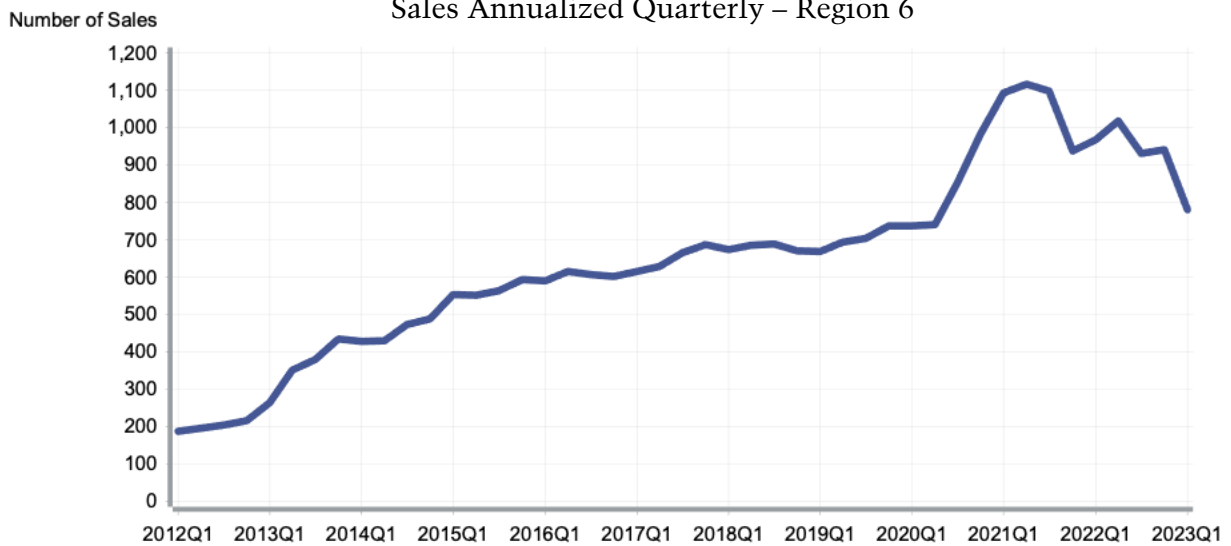
up in the remaining three quarters of 2020, where it rested at 6,171. The bottom fell out in fourth quarter 2021 when total acres sold descended to 2,956. This was followed by a spike in first quarter 2022 to 6,055 acres and the most recent decline to 2,607, well below 2019 levels.

Figure 32. Texas Small Rural Land Sales Total Dollar Volume – Region 6



Source: Texas Real Estate Research Center at Texas A&M University

Figure 33. Texas Small Rural Land Sales Total Number of Sales Annualized Quarterly – Region 6



Source: Texas Real Estate Research Center at Texas A&M University

Total dollar volume in Region 6 shot up to a peak in second quarter 2021 at \$59.8 million, started a decline like that seen in other parts of the state, then reached a new peak in second quarter 2022 at \$61.5 million (Figure 32). In the most recent quarter, it dipped below the 2021 trough to \$50.6 million.

The total number of sales reported for Region 6 climbed from 187 in first quarter

2012 to 741 in second quarter 2020 (Figure 33). From there it shot up to 1,117 in second quarter 2021. In the most recent quarter, the number of sales reported declined to 780, mid-2020 levels and just above 2019 levels but trending down. The typical tract size sold is 15.56 acres in this region (smaller than Regions 4 and 5), down from 20.23 in 2012, which was similar to Regions 4 and 5.

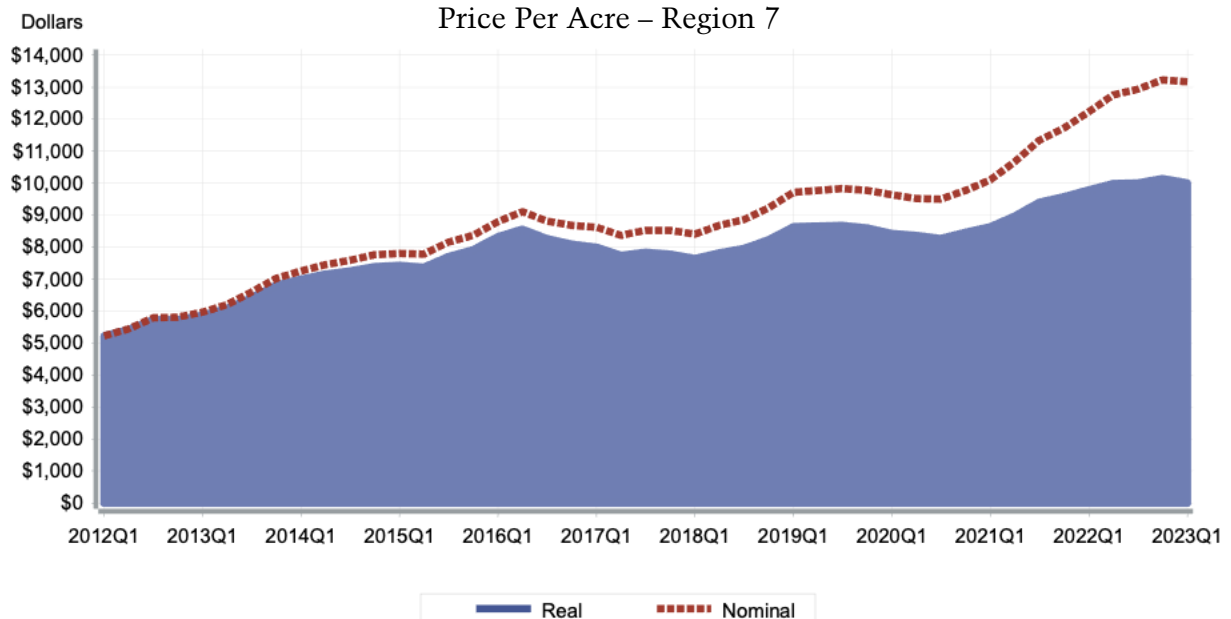
### Region 7 – Austin-Waco-Hill Country

Region 7 saw strong price gains from early 2012 well into 2016, rising from \$5,226 per acre to a peak of \$9,109 per acre in second quarter 2016 (Figure 34). The price retreated slightly beginning in the second half of 2016 through 2018 in nominal and real terms. The price finally reached a new high in third quarter 2019 at \$9,840 per acre in nominal terms and \$8,683 per acre in real terms. It was flat to slightly negative in real terms through the middle of 2020, began a steady climb in the back half of 2020, then shot up in 2021. It rose to \$13,171 per acre nominally

in the most recent quarter and rests precisely at \$10,000 per acre in real terms.

Total acres sold in this region began 2012 at 4,512, dipped to 3,766 in the final quarter of 2012, then shot up to nearly 10,000 in second quarter 2013 (Figure 35). While experiencing mild ups and downs, the total acres trended up to nearly 17,000 in second quarter 2019. It reached an all-time high of 23,583 in first quarter 2021, then retreated all the way down to 6,724 in the most recent quarter, a level not seen since 2013.

Figure 34. Texas Small Rural Land Sales Price Per Acre – Region 7



Source: Texas Real Estate Research Center at Texas A&M University

Region 7's dollar volume trends look similar to those of Region 4: climbed annually from 2012 to 2018, was flat in 2019, then climbed again to a sharp peak of nearly

\$240.9 million in third quarter 2021 (Figure 36). Again, as with Region 4, volume has declined since then. The most recent quarter saw a volume of about \$157.9 million.

Figure 35. Texas Small Rural Land Sales  
Total Acres Sold – Region 7

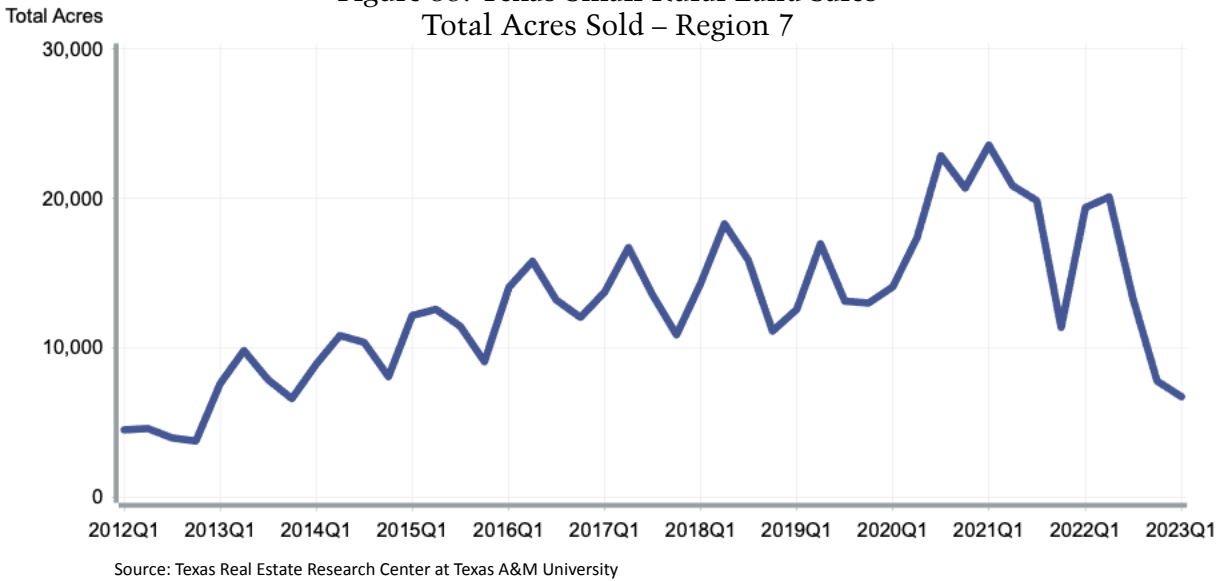
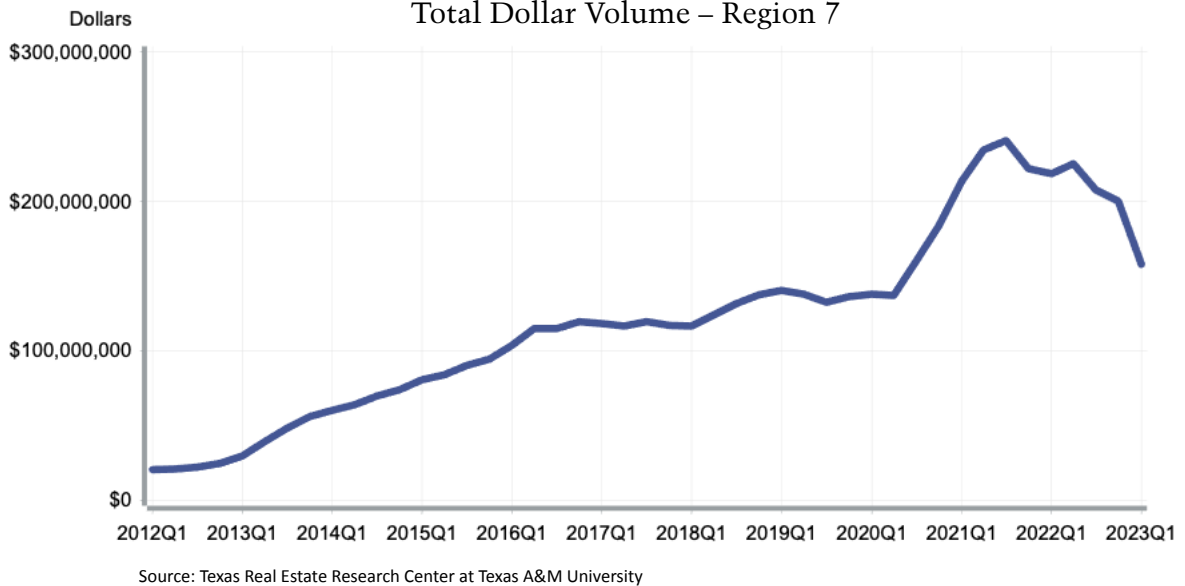


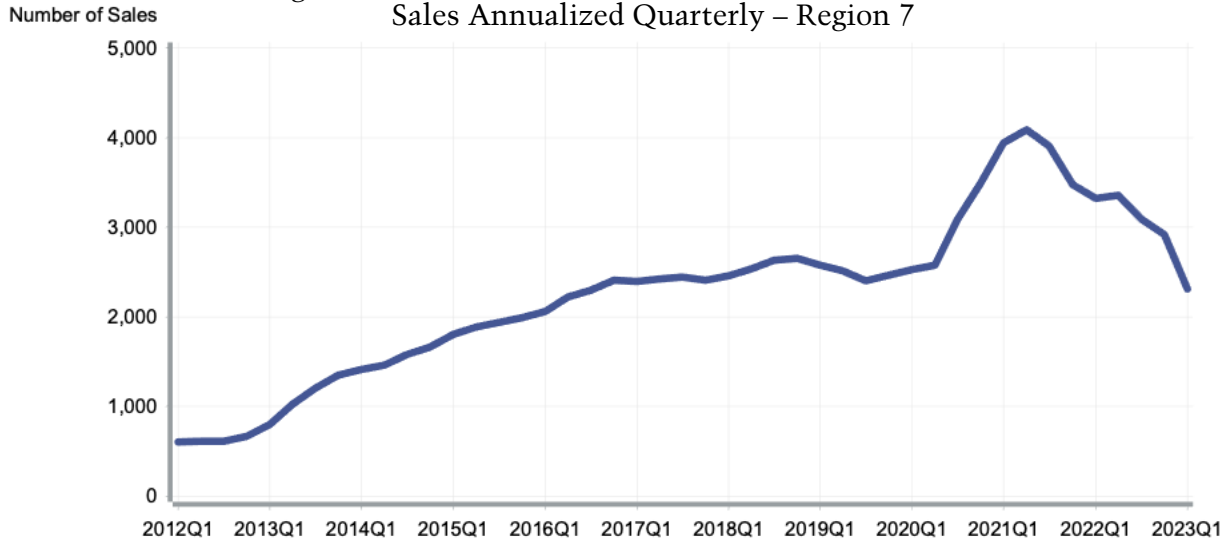
Figure 36. Texas Small Rural Land Sales  
Total Dollar Volume – Region 7



The total number of sales reported for Region 7 in first quarter 2012 was 605 (Figure 37). This steadily rose to 2,656 in fourth quarter 2018. The climb resumed in 2020, reaching 4,091 in second quarter 2021. Since

then it has been in decline, falling to 2,312 in the most recent quarter. In 2012 the typical sale was 23.91 acres; most recently the typical sale was 17.59 acres.

Figure 37. Texas Small Rural Land Sales Total Number of Sales Annualized Quarterly – Region 7



Source: Texas Real Estate Research Center at Texas A&M University

## Summary and Conclusion

Small rural land sales are becoming more and more common. Said another way, typical land sales are getting smaller and smaller. What used to comprise 20 percent of sales by size now encompasses nearly half of all reported land sale transactions in Texas. Not all sales are smaller. There are buyers who are accumulating larger tracts of land through multiple purchases and then selling the larger tract, but this is not common.

Price appreciation has been robust over the last 20 years, while it was phenomenal over the last three years. Price growth is slowing; however, annualized gains through 1Q2023 are still above the long-term trend. This has occurred through tremendous sales volume growth (2020-21) and more recent significantly slowing volumes (2022-23). While brokers have reported some reductions in asking prices, there are few signs of capitulation among sellers.

Looking ahead at the remainder of 2023 through 2025, our forecasting models predict

prices will continue to rise through the end of this year, with a slight decline next year. Total acreage will likely continue to decline through the middle of next year, then recover sharply in 2025 and beyond. Total dollar volume should continue to decline through all of next year, then rapidly accelerate again in 2025.

Though the market for small rural land experiences some volatility, over the long term it continues to be an excellent investment. Furthermore, investment returns in this asset class are generally accompanied by personal usage and recreational enjoyment.

The Center will continue to report on small rural land sales as a separate market. Beginning next year, the Center's website will have a tab specifically for rural land data and research. A section for small land sales will be included under that tab. This will be in addition to the larger land sales data that have been posted for years and that the Center will continue to provide.

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<sup>1</sup> *Dynamics of Texas' Rural Land Markets*. Technical Report 2335, February 2022.



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