

Land Insights

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Texas Rural Land Market Developments

Tighter financial conditions and uncertainty about future economic and financial conditions continued to subdue activity in Texas rural land markets through first quarter 2024. Other contributing factors seemly include constrained liquidity, declining personal net savings, and potentially, geopolitical risks.

Nonetheless, regional differences across the state have become more pronounced, with mixed directions in price changes among the seven Texas regions. Two of the regions with the best price growth (Northeast and South) saw continued declines in quarter sales volumes. The two regions with the most negative price changes (West and Gulf Coast & Brazos Bottom) saw stabilization in sales volumes (at lower levels) over the past three quarters.

Year in Review – Large Land Sales

Annual sales volume slipped 34.7 percent year-over-year through 1Q2024 (Table 1). The volume is like that reported last quarter, though the year-over-year decline is not as

drastic. Looking at quarter-only totals, the drop is also not as severe. Sales in 1Q2024 were down 13.4 percent from 1Q2023, and the 1Q2024 number is likely to be revised slightly higher in upcoming quarters. Nonetheless, the continued cooldown in sales is obvious. Annualized sales volume has declined ten consecutive quarters to levels not seen since 2013.

Even while sales volumes continued to decline, albeit in smaller increments, prices rose at a pace slightly lower than

Table 1. Annual Change in Statewide Land Metrics, 1Q2024

Statewide	Annual Change (Percent)
Price Per Acre	3.7
Total Dollar Volume	-40.9
Sales Volume	-34.7
Average Acreage Size	-24.8
Total Acres Sold	-43

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



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last quarter and, for context, on par with the annual rates of increase in 2016 and 2017. Based on current data, statewide price rose 3.7 percent to \$4,688 through first quarter 2024. The real (deflated) price per acre rose a mere 1.1 percent.

The typical parcel size shrank from the same quarter a year ago, down by 24.8 percent to 1,186 acres. This was down from last quarter’s typical size of 1,301. Region 1 (Far West Texas), where size was down 28.3 percent, has a large impact on this number; though it accounts for a tiny proportion of the sales, it covers a large proportion of the state’s land mass. Nonetheless, size was down in every region except Region 1 (Panhandle and South Plains).

Total acres sold statewide was down 43 percent year-over-year. Every region saw a decline in total acres sold. Region 7 declined the least at 37.4 percent while Region 6 saw the steepest decline at 59.6 percent to the lowest level TRERC has on record dating back to 1966. Total dollar volume statewide declined by 40.9 percent over the prior annualized total to levels last observed in 2Q2020 and 2Q2017.

While the statewide rate of price increase slowed to below 4 percent, price was flat compared to 4Q2023. However, price change results were widely mixed across the regions, with prices down from a quarter percent to nearly 5 percent in four of the seven regions and up by more than 10 percent in two of the others (Table 2). Region 6, despite the massive decline in acres sold noted above, saw a hefty 10.8 percent increase

in median price. Overall, these results show market activity has fallen below normal levels while price growth is weakening and appears to be turning negative.

Outlook

Texas rural land markets appear to be in a holding pattern of moderating declines in activity and declining rates of price appreciation and a higher number of land market areas with negative annualized price changes (16 of 33). Widespread capitulation is still not evident, but reductions in listed prices are becoming more common.

Uncertainty in capital markets—specifically interest rate changes and available capital—and inflation are hovering over investment activity. TRERC’s latest forecast model indicates statewide price per acre is likely to decline in the next quarter or two and continue to gradually decline through 2025. The indicated 2024 year-end price is predicted to be 2 to 3 percent below the current level and potentially down 7 to 8 percent by the end of 2025. However, that same forecast is predicting total acres sold should reach a floor this quarter or next, then begin to gradually rise through 2025 and beyond. Specifically, the model predicts total acres sold to rise by 5 percent by the end of 2025. 🇺🇸

Table 2. Annual Price Change by Region, 1Q2024

Panhandle & South Plains	-0.3%
Far West Texas	54.8%
West Texas	-2.9%
Northeast Texas	10.2%
Gulf Coast & Brazos Bottom	-4.8%
South Texas	10.8%
Austin-Waco-Hill Country	-0.2%

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

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For more information, see the Texas Real Estate Research Center’s rural land data page.

