

Land Insights (3Q2024)

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Texas Rural Land Market Overview

The last three years have been a wild ride for rural land market participants, but that cycle may be over. The Texas rural land market appears to be in flux and in search of a new direction. Annualized statewide price change continued to moderate, up 2.4 percent year-over-year through third quarter 2024 (Table 1).

While this rate of change may appear to indicate stabilization, some issues are worthy of discussion. First, market activity is still depressed (well below 2019 levels), and annualized total sales continued to decline, down 5 percent YOY.

Secondly, YOY price growth varied widely by region and was heavily influenced by recent sales price strength in Regions 1, 2, and 4, but it is worth noting that Regions 1 and 4 had substantial drops in total acres sold (Table 2). This is indicative of a market in which quality tracts are selling at higher prices while less attractive tracts are sitting on the market longer.

Table 1. Annual Change in Statewide Land Metrics, 3Q2024

Statewide	Annual Change (Percent)
Price Per Acre	2.4
Total Dollar Volume	11.1
Sales Volume	-5.0
Average Acreage Size	36.6
Total Acres Sold	8.5

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

Market Metrics

Though the number of sales was down in the third quarter, total acres sold was up 8.5 percent as the typical tract size jumped 36.6 percent. The typical size was pushed up by large tracts in region 1, 2 and 4. Statewide total

dollar volume rose 11.1 percent over the prior annualized total.

Statewide median price rose to \$4,737, which, as previously noted, was up 2.4 percent YOY. The real (deflated) price increased only 0.15 percent. The five-year compound annual growth rate (CAGR) is still strong at 9.92 percent, down from a peak of 10.85 percent at the end of 2023.

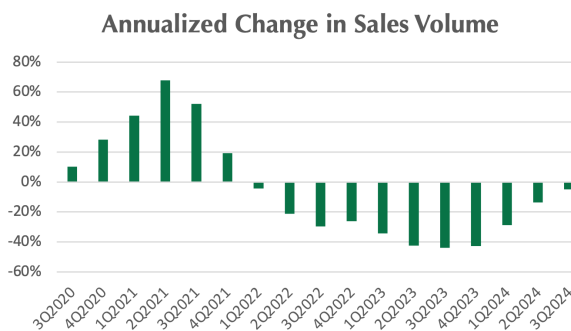


Table 2. Annual Change by Region, 3Q2024

Region	Price	Acres
Panhandle & South Plains	17.2%	-22.3%
Far West Texas	14.1%	32.7%
West Texas	-3.3%	55.3%
Northeast Texas	9.4%	-21.6%
Gulf Coast & Brazos Bottom	0.6%	1.0%
South Texas	-3.3%	-6.5%
Austin-Waco-Hill Country	0%	13.3%

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

Prices declined 3.3 percent YOY in Regions 3 and 6. These were the only two regions with a YOY price decline. However, Region 7 was flat and Region 5 was up less than 1 percent.

Overview and Outlook

While statewide annualized sales volume through Q3 was the lowest seen since 2Q2013, the rate of decline is the lowest since 1Q2022 when sales activity started to descend from the 2020-21 frenzy (see figure).

Regional price and volume dynamics indicate an unsettled market. Feedback from market participants consistently indicates many sellers are expecting prices that suggest a rate of appreciation that does not currently exist, at least not broadly. In other words, with the low volume of total sales, current market prices appear to be propped up by a relatively small number of well-off buyers securing premium properties.

TRERC’s forecast model predicts small declines in statewide price followed by slightly more total acres sold over the next year. For this to happen, the dynamic described in the previous paragraph will need to change. It is likely that sellers will moderate their asking prices, which will attract new buyers who will likely also be encouraged by lower interest rates. Additionally, many would-be buyers, fearful of the election and its potential aftermath, held off purchases. With the election done, those buyers may now be prepared to act. 📍

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