REAL ESTATE CENTER

TEXAS LAND MARKET DEVELOPMENTS
SECOND QUARTER – 2003

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Texas Land Market Developments Second Quarter–2003

Prices paid for Texas rural land rose strongly in the first and second quarters of 2003 compared with price levels in 2002. The strong performance relied on a combination of recreational buyers and investors. Low interest rates and meager returns on alternative investments prompted the latter group to view rural land as a viable alternative.

Recreational buyers, consisting mostly of those seeking hunting properties, have fanned out into areas of the Panhandle and West Texas. Buyers are finding it more difficult to locate suitable properties at affordable prices in traditionally popular spots, such as the Hill Country and South Texas. As a result, buyers have migrated to an area from Abilene to Amarillo and have begun to ferret out suitable properties in prairie areas passed over by hunters in the past. These forces have combined to produce the sizable increases shown in the following tables.

Statewide

- Prices rose 13 percent from $974 per acre in 2002 to $1,111 per acre in 2003.
- Nearly all areas with significant price changes had sizable increases.
- The sizes of properties sold dropped in most areas.
- Investment demand surfaced as a motive for a growing segment of the market.
- Recreational demand continues to drive rural land markets across Texas.
- Recreational demand is on the increase in more remote markets. Buyers appear to be resisting high-priced land in traditionally hot markets. They are willing to travel farther for lower-priced land.
- Agents report a shortage of good land for sale in most areas.
- Low interest rates continue to attract buyers.
- The following land market areas (LMAs) registered especially strong trends compared with markets in first half 2002.

LMA 1

- The 2003 median price per acre dropped below the 2002 price. However, prices had increased dramatically between 2001 and 2002, and this apparent drop represents an adjustment from that large jump. This region's dynamics reflect the same forces that are influencing the remainder of the Panhandle (LMAs 2 through 6).

LMAs 2 through 6

- Recreational demand for land has reached the Panhandle, with buyers flocking to the region searching for hunting properties.
- Many recreational buyers have abandoned hunting leases in other regions and are seeking more control of their hunting venues.
- Brokers continued to face a rising volume of inquiries from quail and deer hunters living in metropolitan areas of Texas.
- Sparked by low returns on alternative investments, some buyers are parking capital in land, adding to the total demand in this region.
- The 2002 Farm Bill eased possible negative pressure on farmland prices.

LMA 7

- Demand for property is coming from buyers in the Dallas–Fort Worth Metroplex, Austin and Houston who want the land for bird and white-tailed deer hunting.
- Property is being bought in large tracts (2,000 to 3,000 acres) and then divided into smaller tracts and resold. This activity is occurring most frequently in Taylor and Coleman Counties.
- Demand is substantial enough that there is not enough land for everyone who wants it.

LMA 18 and 19

- Prices in the Hill Country have spiraled to such high levels that buyers are shifting their focus to overlooked alternatives. Areas where local buyers traditionally populated markets now have competition from outsiders seeking out hunting properties. Karnes, Live Oak and Bee Counties are seeing prices rise to new highs.
- Anticipation of development resulting from the Toyota plant has had a significant impact on land prices south of San Antonio.
- Bird hunting has emerged as an important influence in this region.

LMA 23

- Outmigration from the Metroplex has led to increased demand for rural land.

LMA 26

- Activity has slowed in Travis and Hayes Counties, but sales in Bastrop, Lee, Caldwell, Milam and eastern Williamson Counties have increased.
- Sales in these counties continue to put upward pressure on the median price per acre.

LMA 27

- Demand for recreational land is on the rise in all parts of this area.
- Counties in the southern and eastern part of the region — Madison, Grimes and Brazos — have posted increased sales volume and higher prices. This trend stems from an influx of demand from both the Bryan–College Station and Houston areas.
- New owners are transforming the land into high-fence hunting properties and weekend retreats.

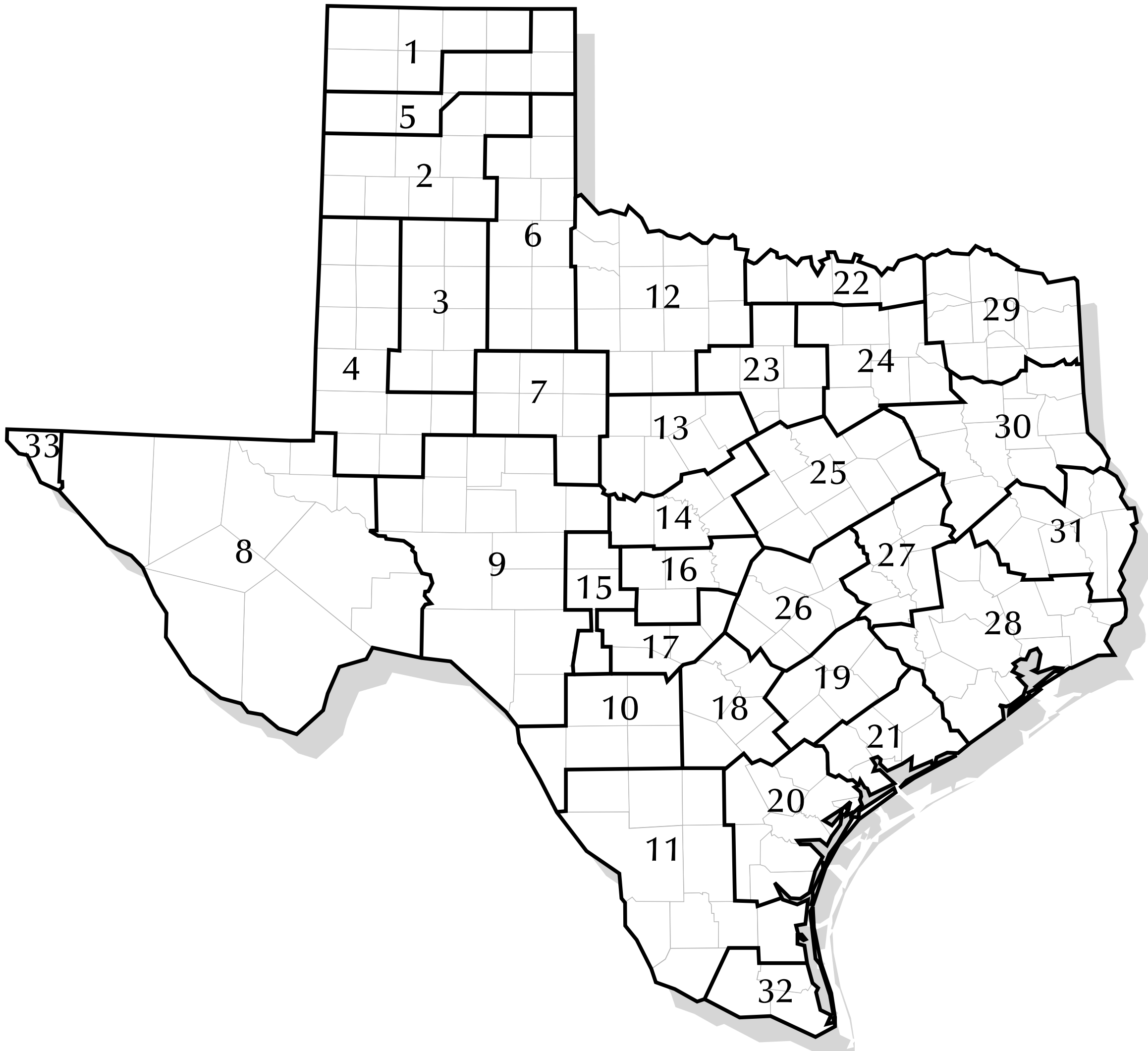
LMA 28

- The pressures of urban living in the Houston area have sent buyers flocking to the countryside, leading to a substantial rise in land prices.

LMA 29

- The price increase reflects a continuing migration out of Tyler. People leaving Tyler are seeking smaller, more rural communities and school districts.

Texas Land Market Areas



1	Panhandle–North	12	North Central Plains	23	Fort Worth Prairie
2	Panhandle–Central	13	Crosstimbers	24	Dallas Prairie
3	South Plains	14	Hill Country–North	25	Blacklands–North
4	Permian–West	15	Hill Country–West	26	Blacklands–South
5	Canadian Breaks	16	Highland Lakes	27	Brazos
6	Rolling Plains–North	17	Hill Country–South	28	Houston
7	Rolling Plains–Central	18	San Antonio	29	Northeast
8	Trans-Pecos	19	Coastal Prairie–North	30	Piney Woods–North
9	Edwards Plateau–West	20	Coastal Prairie–South	31	Piney Woods–South
10	Edwards Plateau–South	21	Coastal Prairie–Middle	32	Lower Rio Grande Valley
11	Rio Grande Plains	22	Texoma	33	El Paso

Source: Real Estate Center at Texas A&M University

Trends in Texas Rural Land Markets 2002–2003
Prices Year-to-Date through 2nd Quarter 2003

Land Market Area	Median Price ($/Acre)		Trend Analysis: Change from 2002–2003			Distribution of Sales Analysis ($/acre): 2003 Price Quartiles		Distribution of Sales Analysis ($/acre): 2003 Price Extremes	
	2002	2003	($/acre)	(%)	Test	Lower	Upper	Minimum	Maximum
1 Panhandle–North	589	325	(264)	(45)	**	285	587	108	1,365
2 Panhandle–Central	395	468	73	18	*	335	811	222	1,350
3 South Plains	455	519	64	14	*	400	800	77	9,986
4 Permian–West	412	548	136	33	**	350	850	116	3,401
5 Canadian Breaks	270	251	(19)	(7)		218	344	116	2,000
6 Rolling Plains–North	338	400	62	18	*	305	475	225	656
7 Rolling Plains–Central	400	490	90	23	**	428	661	238	9,186
8 Trans-Pecos	100	437	337	337		145	2,500	100	2,500
9 Edwards Plateau–West	592	600	8	1		493	780	80	4,564
10 Edwards Plateau–South	1,333	1,550	217	16		1,000	2,536	425	9,190
11 Rio Grande Plains	795	831	36	5		725	950	260	2,428
12 North Central Plains	600	535	(65)	(11)		349	750	200	3,478
13 Crosstimbers	924	1,000	76	8		771	1,300	386	6,799
14 Hill Country–North	1,200	1,150	(50)	(4)		875	1,545	448	8,020
15 Hill Country–West	975	1,125	150	15		900	1,647	637	12,378
16 Highland Lakes	2,600	2,658	58	2		1,750	3,563	452	16,915
17 Hill Country–South	3,721	3,655	(66)	(2)		2,279	5,607	1,147	18,880
18 San Antonio	1,333	1,941	608	46	**	1,214	3,450	550	18,750
19 Coastal Prairie–North	1,547	2,100	553	36	**	1,497	3,142	813	7,724
20 Coastal Prairie–South	1,051	1,025	(26)	(2)		850	1,500	672	6,567
21 Coastal Prairie–Middle	885	900	15	2		800	1,692	250	5,000
22 Texoma	1,683	1,796	113	7		1,162	2,853	647	8,900
23 Fort Worth Prairie	2,476	3,176	700	28	*	2,000	4,500	737	9,208
24 Dallas Prairie	2,164	2,435	271	13		1,425	3,864	481	17,165
25 Blacklands–North	1,234	1,271	37	3		830	2,000	480	16,591
26 Blacklands–South	2,658	3,571	913	34	**	1,900	5,800	495	21,558
27 Brazos	1,619	2,033	414	26	**	1,250	3,500	484	15,132
28 Houston	2,697	3,197	500	19	*	2,350	5,405	125	24,286
29 North East	899	969	70	8	*	758	1,700	325	5,284
30 Piney Woods–North	1,266	1,250	(16)	(1)		900	2,227	187	15,593
31 Piney Woods–South	1,357	1,334	(23)	(2)		782	1,559	605	2,075
32 Lower Rio Grande Valley	2,750	3,151	401	15		1,297	5,456	414	17,266
33 El Paso	NA	8,500	NA	NA		8,500	8,500	8,500	8,500
State	1,060	1,111	140	13	**	700	2,499	77	24,286

Notes: Test shows the result of a Mann-Whitney test of the indicated changes; (**) indicates significance at the 99 percent level; (*) indicates significance at the 95 percent level; all others showed no statistically verifiable trend.
Lower quartile is 25th percentile; Upper quartile is 75th percentile.

Source: Real Estate Center at Texas A&M University

Trends in Texas Rural Land Markets 2002–2003
Sizes Year-to-Date through 2nd Quarter 2003

Land Market Area	Median Size (Acres/Sale)		Trend Analysis			Distribution of Tract Size Analysis (acre)			
			Size Change			2002 Size Quartiles		2002 Size Extremes	
	2002	2003	(Acre/Sale)	(Percentage)	Test	Lower	Upper	Minimum	Maximum
1 Panhandle–North	640	481	(159)	(25)	*	315	699	100	37,256
2 Panhandle–Central	320	323	3	1		280	661	80	3,882
3 South Plains	196	210	14	7		155	320	66	3,520
4 Permian–West	240	244	4	2		160	469	17	2,558
5 Canadian Breaks	480	390	(90)	(19)		222	649	40	4,838
6 Rolling Plains–North	188	262	74	39	*	160	645	50	33,648
7 Rolling Plains–Central	172	159	(13)	(8)	*	80	255	17	3,816
8 Trans-Pecos	7,549	185	(7,364)	(98)		55	1,201	32	3,976
9 Edwards Plateau–West	184	204	20	11		108	591	18	17,103
10 Edwards Plateau–South	102	73	(29)	(28)		30	400	12	1,704
11 Rio Grande Plains	596	587	(9)	(2)		220	1,501	29	6,785
12 North Central Plains	160	152	(8)	(5)		80	245	16	3,381
13 Crosstimbers	136	118	(18)	(13)		70	205	14	1,520
14 Hill Country–North	180	170	(10)	(6)		99	307	11	2,462
15 Hill Country–West	157	215	58	37		66	311	23	725
16 Highland Lakes	84	99	15	18		46	174	12	1,065
17 Hill Country–South	80	99	19	24		50	182	11	2,137
18 San Antonio	86	66	(20)	(23)	*	25	136	10	2,398
19 Coastal Prairie–North	66	49	(17)	(26)	*	21	115	10	617
20 Coastal Prairie–South	135	132	(3)	(2)		54	378	10	3,063
21 Coastal Prairie–Middle	117	140	23	20		30	200	10	1,723
22 Texoma	83	76	(7)	(8)		42	174	18	823
23 Fort Worth Prairie	63	36	(27)	(43)	**	18	114	10	497
24 Dallas Prairie	51	50	(1)	(2)		27	100	10	751
25 Blacklands–North	80	101	21	26	**	47	197	10	1,907
26 Blacklands–South	46	38	(8)	(17)	*	20	96	10	2,140
27 Brazos	47	45	(2)	(4)	*	24	104	10	1,019
28 Houston	42	35	(7)	(17)		20	74	10	2,008
29 North East	80	58	(22)	(28)		40	107	16	1,376
30 Piney Woods–North	46	49	3	7		30	95	10	743
31 Piney Woods–South	81	122	41	51		38	190	19	202
32 Lower Rio Grande Valley	40	23	(17)	(43)		16	100	11	1,092
33 El Paso	NA	85	NA	NA		85	85	85	85
State	115	104	(11)	(10)	**	41	242	10	37,256

Notes: Test shows the result of a Mann-Whitney test of the indicated changes; (**) indicates significance at the 99 percent level; (*) indicates significance at the 95 percent level; all others showed no statistically verifiable trend.
Lower quartile is 25th percentile; Upper quartile is 75th percentile.

Source: Real Estate Center at Texas A&M University

Trends in Texas Rural Land Markets 2002–2003
Volume of Sales Year-to-Date through 2nd Quarter 2003

Land Market Area	Number of Sales		Trend Analysis Change 2002–2003	
	2002	2003	(#)	(%)
1 Panhandle–North	54	40	(14)	(26)
2 Panhandle–Central	181	86	(95)	(52)
3 South Plains	143	101	(42)	(29)
4 Permian–West	201	195	(6)	(3)
5 Canadian Breaks	25	26	1	4
6 Rolling Plains–North	116	42	(74)	(64)
7 Rolling Plains–Central	46	84	38	83
8 Trans-Pecos	6	7	1	17
9 Edwards Plateau–West	132	108	(24)	(18)
10 Edwards Plateau–South	94	71	(23)	(24)
11 Rio Grande Plains	57	45	(12)	(21)
12 North Central Plains	147	125	(22)	(15)
13 Crosstimbers	160	143	(17)	(11)
14 Hill Country–North	140	123	(17)	(12)
15 Hill Country–West	30	25	(5)	(17)
16 Highland Lakes	87	52	(35)	(40)
17 Hill Country–South	68	53	(15)	(22)
18 San Antonio	185	150	(35)	(19)
19 Coastal Prairie–North	197	83	(114)	(58)
20 Coastal Prairie–South	100	80	(20)	(20)
21 Coastal Prairie–Middle	73	39	(34)	(47)
22 Texoma	95	80	(15)	(16)
23 Fort Worth Prairie	68	74	6	9
24 Dallas Prairie	140	91	(49)	(35)
25 Blacklands–North	310	275	(35)	(11)
26 Blacklands–South	196	167	(29)	(15)
27 Brazos	137	229	92	67
28 Houston	134	139	5	4
29 North East	75	70	(5)	(7)
30 Piney Woods–North	90	90	0	0
31 Piney Woods–South	47	10	(37)	(79)
32 Lower Rio Grande Valley	83	40	(43)	(52)
33 El Paso	NA	1	NA	NA
State	3,617	2,944	(673)	(19)

Source: Real Estate Center at Texas A&M University

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