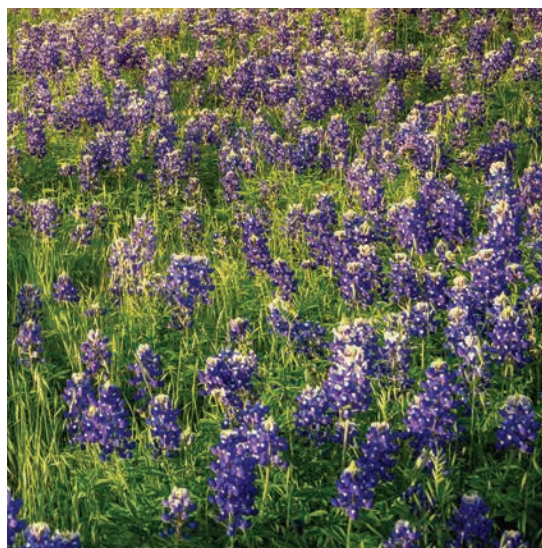
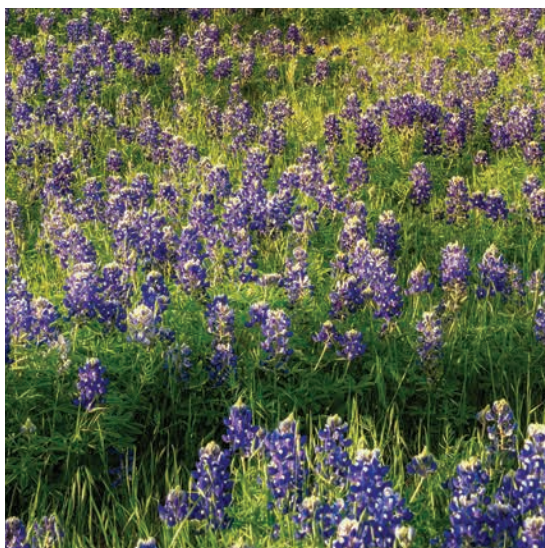


Texas Land Market Latest Developments

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About this Report

The *Texas Land Market Latest Developments* report contains an analysis of Texas land markets. The reported sales consist of a sample of verified transactions through the fourth quarter of 2022. *The report does not include all Texas land sales.* The statistics reflect a mixture of land uses and conditions and represent the market for large rural land tracts (the minimum land size is region-specific due to the varied tract sizes sold in each region). Statistics in the report reflect general trends without regard to land use or type. The analysis reports quarterly, annualized changes using moving averages as they generally minimize noisy, short-term fluctuations and provide a long-term indication of market trends. Median values are also reported, because they are the most stable representation of market conditions at any point.

Users should regard the statistics presented here as indicators of past market conditions providing a general guide to land market trends. The reported data do not represent prices or values of any particular farm or ranch. *Users should not consider the reported statistics as a substitute for an appraisal or market study of current local sales regarding the value of any particular farm or ranch.*

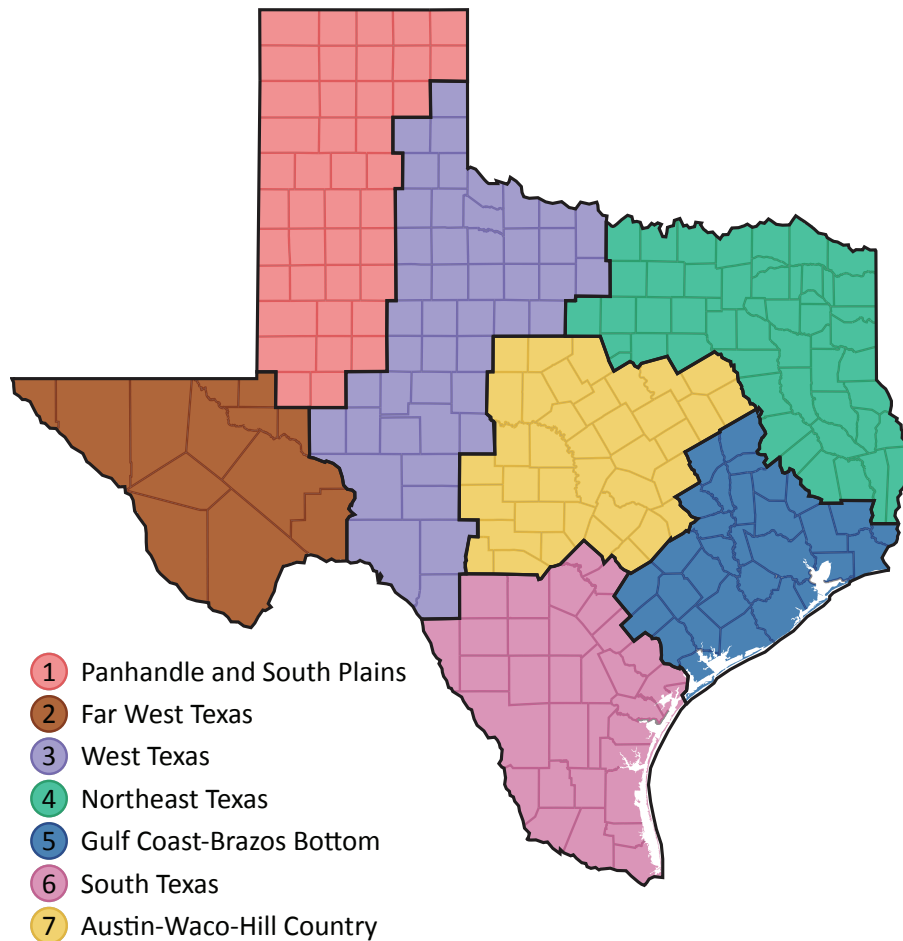
For historical data; data on Texas' Land Market Areas; and data for Louisiana, Mississippi, and Alabama, go to recenter.tamu.edu/data/rural-land. The link will also direct you to Texas Rural Land Value Trends, a regional analysis of Texas markets by the Texas Chapter of the American Society of Farm Managers and Rural Appraisers.

Definition of Terms

Annualized	The four-quarter, moving-average value representing an annual value compared with a quarterly value.
Price per acre	Nominal price per acre is the four-quarter, moving median price per acre segmented by size of property sold in each region. Statewide prices are a weighted average of those regional prices. Weights are determined by the amount of land in each region. The statewide weighted average represents a composite of a "typical" acre of Texas rural land.
Year-over-year (YOY) percent change	A comparison of the current price to the prices in the corresponding quarter of the previous year.
Sales	The sum of reported sales volume over four quarters.
Size	The four-quarter moving average of the median size of properties sold (i.e., median acres per transaction sold). The value represents a typical acreage for properties sold during the four consecutive quarters. The statewide number is weighted by the amount of land in each region.
Acres	The sum of the number of reported acres sold over four quarters.
Forecast	The Center uses a five-equation model to forecast land prices. The forecasts change quarterly as new information develops.
Confidence intervals	Values around the forecast believed to contain, with 95 percent probability, the true value.
Total dollar volume	The four-quarter moving average of the median number of acres sold multiplied by the four-quarter moving average of the median price per acre.



Texas



Annual sales volume slipped 26.3 percent year over year (YOY) to 6,677 in 4Q2022. Quarterly totals dropped from 1,283 in 4Q2021 to 952 in 4Q2022, a 25.8 percent slide. Furthermore, the 4Q2022 volume was 57.4 percent below 4Q2020's volume. This was the lowest fourth quarter volume since 2015 (973). Clearly, activity has slowed.

Fourth quarter activity confirmed the trends seen in the third quarter. Sales volumes slowed significantly while prices continued to rise, although at a more modest pace than last year. Reported demand for land reflected by rural brokers has noticeably cooled from last year's frenzied contest for land. Still, prices increased 12.4 percent to \$4,446 per acre statewide. However, that pace dipped below the remarkable 27.2 percent posted in the first quarter of 2022, 23.9 percent in the second quarter, and 19.1 percent in the third. Total dollar volume of \$3.2 billion declined by 4.4 percent over the 2021 total, down from a 9.1 percent increase in 3Q2022. Market activity is clearly trending down over recent quarters, and it is no longer well above pre-pandemic averages, though prices continue to trend upward.

A total of 719,738 acres sold in 2022, down 15 percent from 2021. These results suggest market activity has fallen to a more normal level at high prices. The typical size expanded 7.7 percent YOY to 1,406 acres.

Regional prices continued to increase by double-digit percentages except in Far West Texas, where prices continued to fall. However, the four eastern regions (4, 5, 6, and 7) saw total acres sold decline by more than 30 percent. All but Far West Texas had double-digit percentage declines in the number of sales. This trend to rising prices and declining activity suggests market demand is declining. If so, brokers may begin to find ebbing enthusiasm among potential buyers.

The separate report *Trends in Large Property Rural Land Markets Through 4th Quarter 2021-2022*, comparing year-to-date sales for each year, indicates price gains statewide with the quarterly median up 25 percent. The report also confirms the decline in volume with 2022 falling 26 percent below 2021. The typical size by acres per sale remained fairly steady at 122 acres, down just 2 percent from 2021.



Texas

Table 1. Texas, 2022

	Annualized Value	YOY Change
Acres	719,738	-14.96% ▼
Size	1,406	+7.73% ▲
Number of Sales	6,677	-26.26% ▼

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

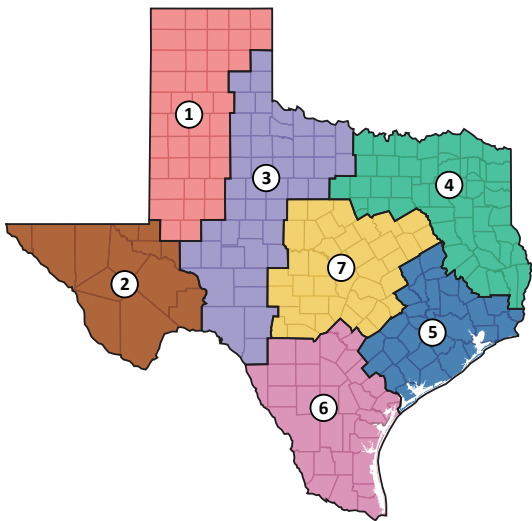


Figure 1. Texas Rural Land Prices

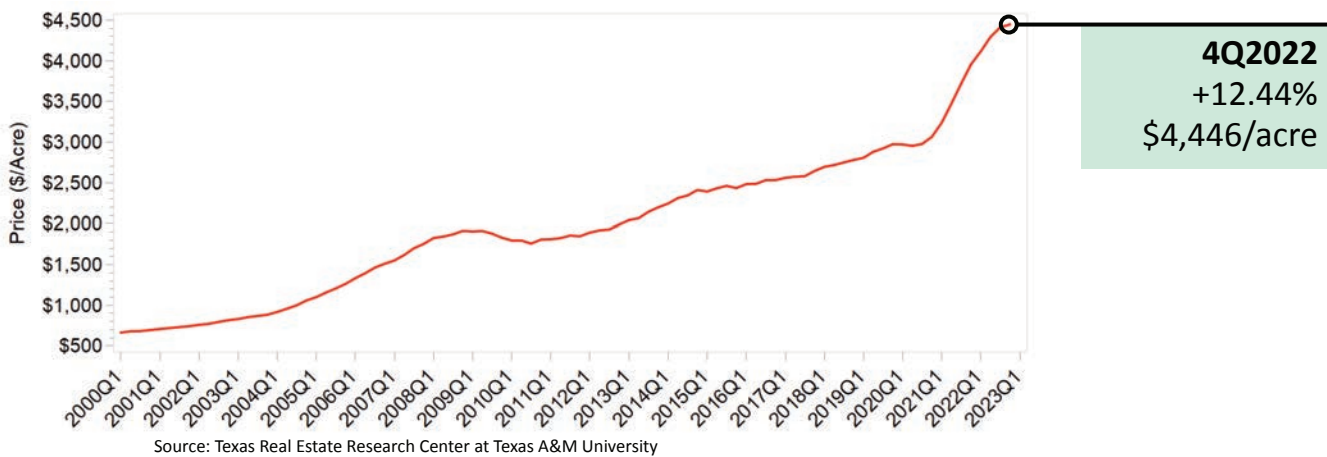
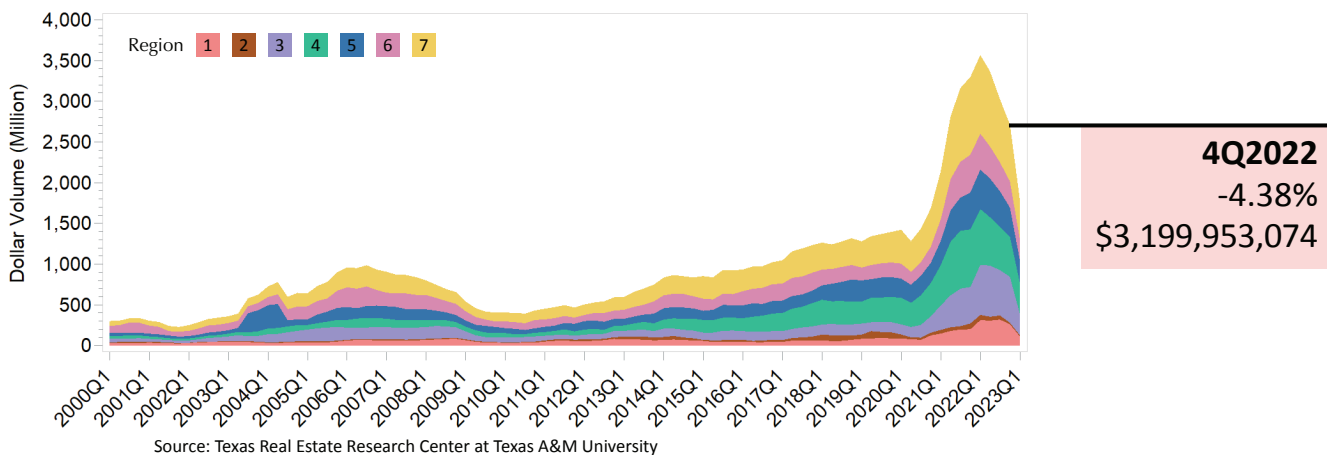


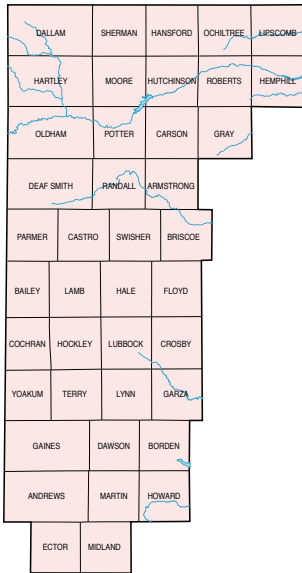
Figure 2. Texas Total Dollar Volume



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Region 1



Number of sales dropped 12.8 percent to 510 transactions, but prices were higher at \$1,527 per acre in this market. Fourth-quarter prices rose 16.4 percent from 4Q2021. A 12.6 percent increase in total acres sold to 171,924 acres accompanied the price surge with a 31.1 percent increase in total dollar volume to \$262.5 million. The decline in sales volume suggests demand may have softened, though prices continued to rise. Size changed slightly, decreasing 3.5 percent to 364 acres.

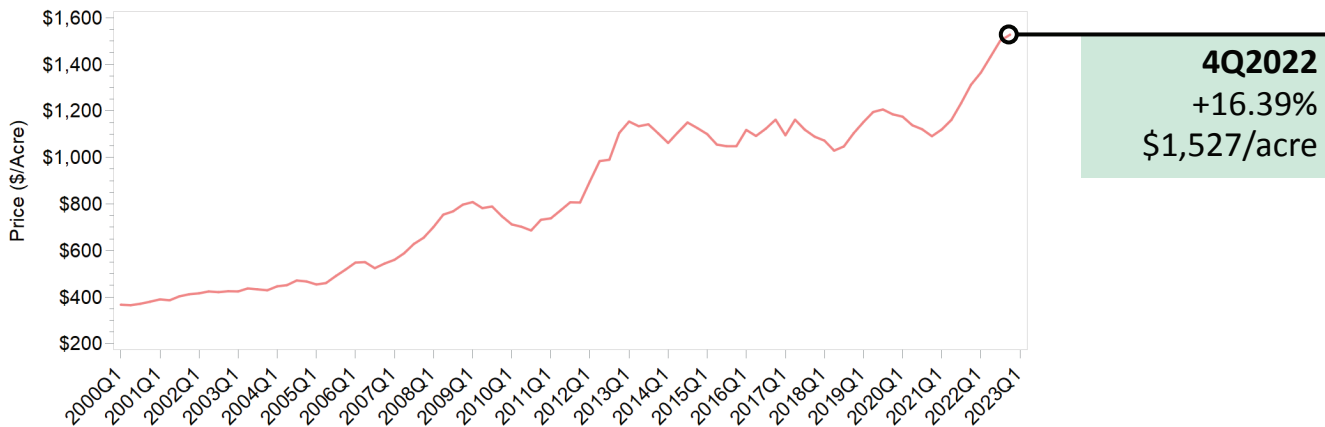
Investors continue to search for cropland purchases but face competition from farmers with funds to invest. Brokers reported a slowdown in phone inquiries, but the level of inquiries is still robust. However, drought took a heavy toll on crops, and many farmers reported having relied on insurance payments. Fourth-quarter-only sales volume fell 23.5 percent short of 4Q2021 totals and 25.2 percent short of 4Q2020, but they're still 55.4 percent more than 4Q2019 totals.

Table 2. Panhandle and South Plains, 2022

	Annualized Value	YOY Change
Acres	171,924	+12.62% ▲
Size	364	-3.51% ▼
Number of Sales	510	-12.82% ▼

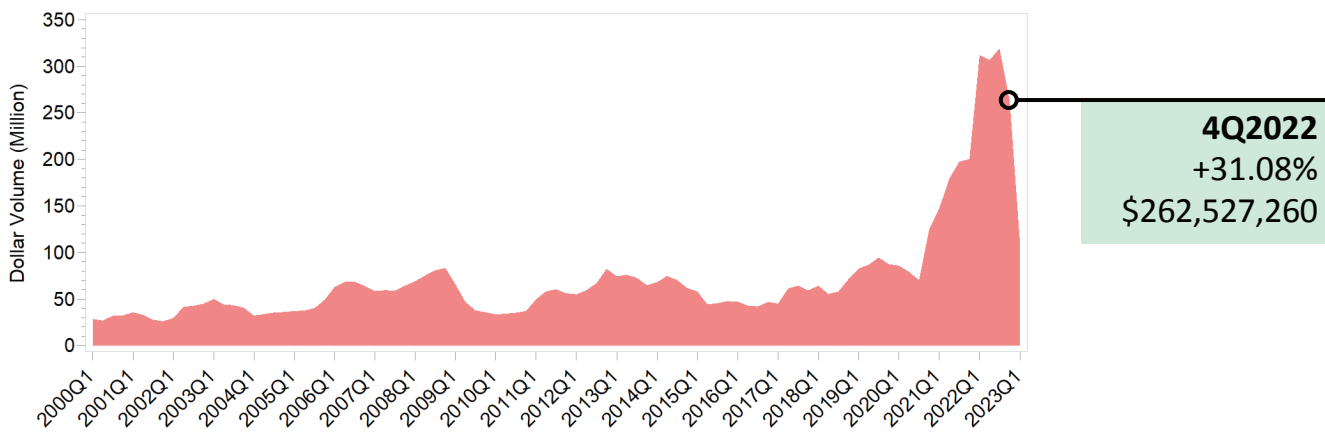
Source: Texas Real Estate Research Center at Texas A&M University

Figure 3. Panhandle and South Plains Rural Land Prices



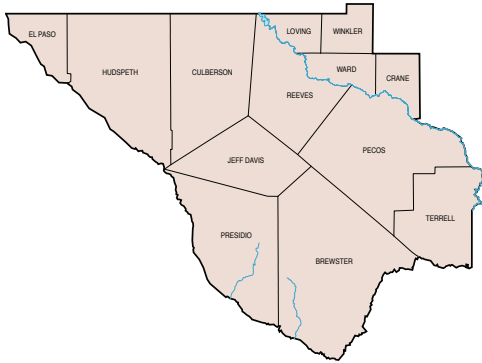
Source: Texas Real Estate Research Center at Texas A&M University

Figure 4. Panhandle and South Plains Total Dollar Volume



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

Region 2



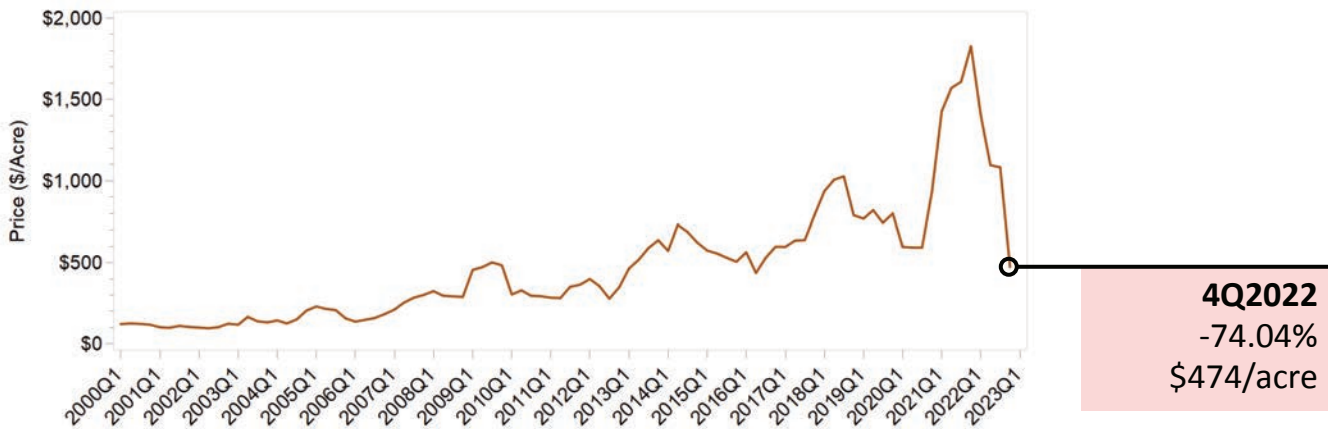
Industrial users and recreational buyers had driven prices in this region to new highs. Lower oil prices and COVID-19 combined to weaken demand for land in 2020. A hostile lending environment has throttled demand by energy-related industries. Though sales volume picked up a little, the regional price dropped by a whopping 74 percent to \$474 per acre. Total dollar volume also declined by 74.6 percent to \$18.12 million. However, unlike all of the other Texas regions, the number of sales increased 8.2 percent with 23 transactions. Size expanded 10.4 percent to 9,883 acres. Total acres declined 2.2 percent to 38,233 acres. Lack of a sufficient volume of transactions makes it difficult to accurately estimate trends in this region.

Table 3. Far West Texas, 2022

	Annualized Value	YOY Change
Acres	38,233	-2.20% ▼
Size	9,883	+10.38% ▲
Number of Sales	23	+8.16% ▲

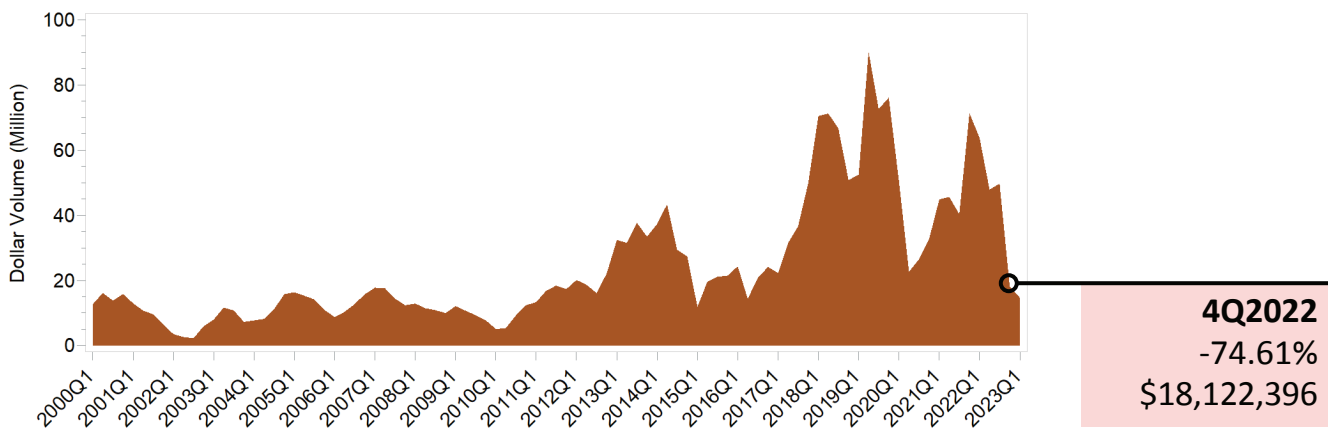
Source: Texas Real Estate Research Center at Texas A&M University

Figure 5. Far West Texas Rural Land Prices



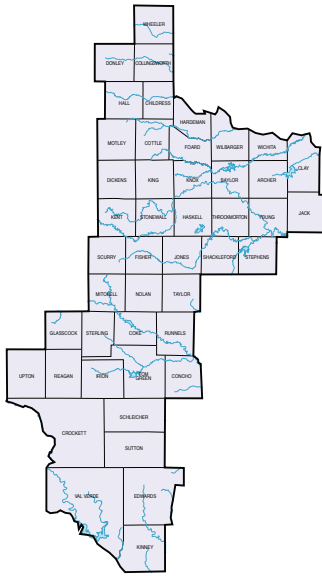
Source: Texas Real Estate Research Center at Texas A&M University

Figure 6. Far West Texas Total Dollar Volume



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

Region 3



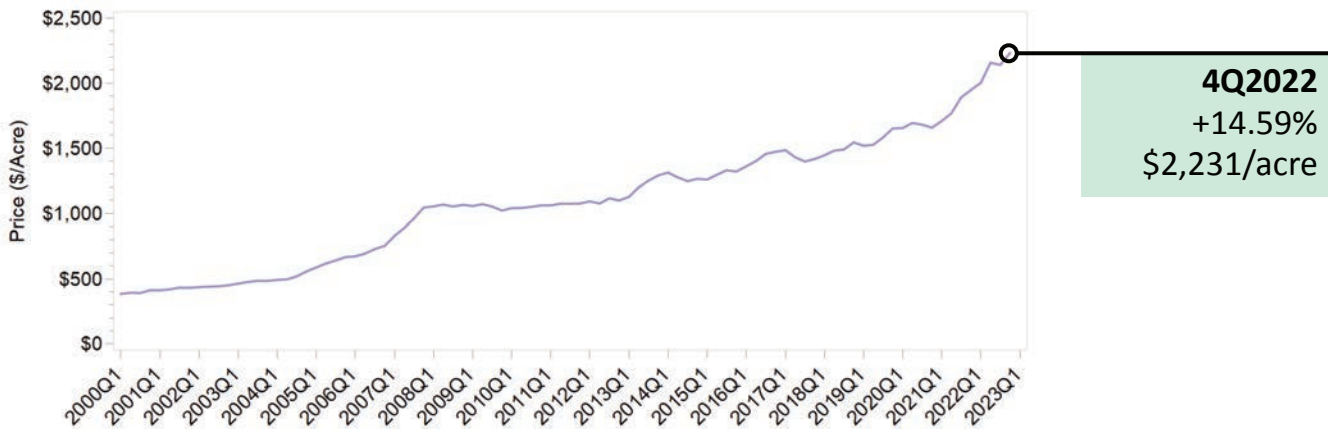
Strong demand drove up prices in the region. At \$2,231 per acre, prices rose 14.6 percent year over year. Annualized sales volume declined 22.4 percent to 879 sales. Typical size remained nearly the same, dropping 0.3 percent to 431 acres. Total dollar volume was \$563.4 million, an increase of 25.7 percent. At 252,510 acres, total acreage rose 9.7 percent. Fourth-quarter-only sales volume fell 9.8 percent short of 4Q2021 totals and 49.1 percent short of 2020, but 14.1 percent above 4Q2019 sales totals.

Table 4. West Texas, 2022

	Annualized Value	YOY Change
Acres	252,510	+9.71% ▲
Size	431	-0.33% ▼
Number of Sales	879	-22.35% ▼

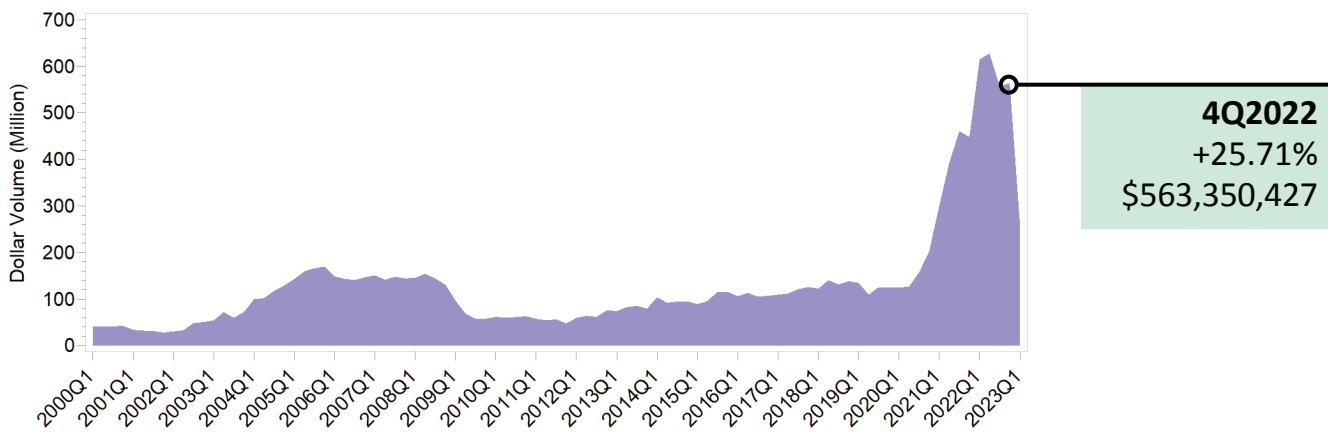
Source: Texas Real Estate Research Center at Texas A&M University

Figure 7. West Texas Rural Land Prices



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

Figure 8. West Texas Total Dollar Volume



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

Region 4



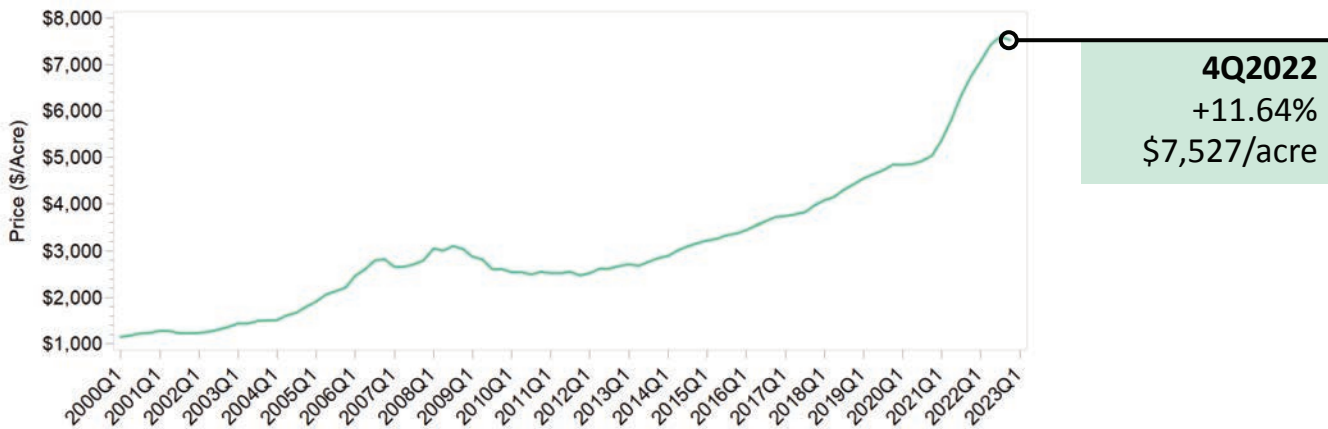
Prices continue to rise in this region, up 11.6 percent to \$7,527 per acre, a less drastic increase than last quarter. The number of sales declined 25.5 percent to 2,019 sales. Total dollar volume dropped 30.2 percent to \$494 million. The size of transaction remained steady at 120 acres, down just 1.1 percent. Total acreage contracted 37.4 percent, falling to 65,627 acres. Quarter-only-sales volume fell 15.8 percent short of the same quarter in 2021 and 54.1 percent in 2020. Fourth-quarter-only sales were below 300 for the first time since 2014.

Table 5. Northeast Texas, 2022

	Annualized Value	YOY Change
Acres	65,627	-37.44% ▼
Size	120	-1.09% ▲
Number of Sales	2,019	-25.47% ▼

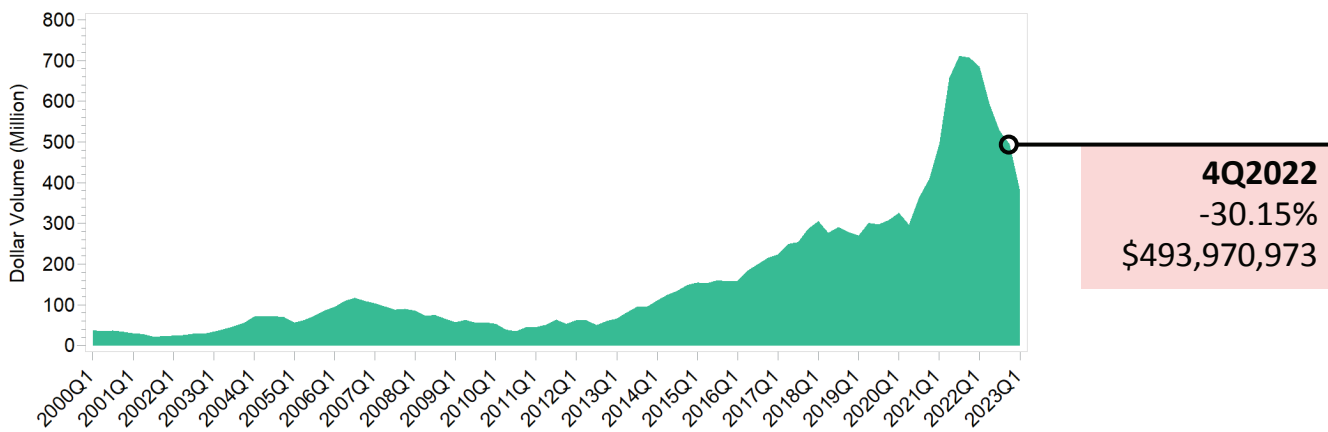
Source: Texas Real Estate Research Center at Texas A&M University

Figure 9. Northeast Texas Rural Land Prices



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

Figure 10. Northeast Texas Total Dollar Volume



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

Region 5



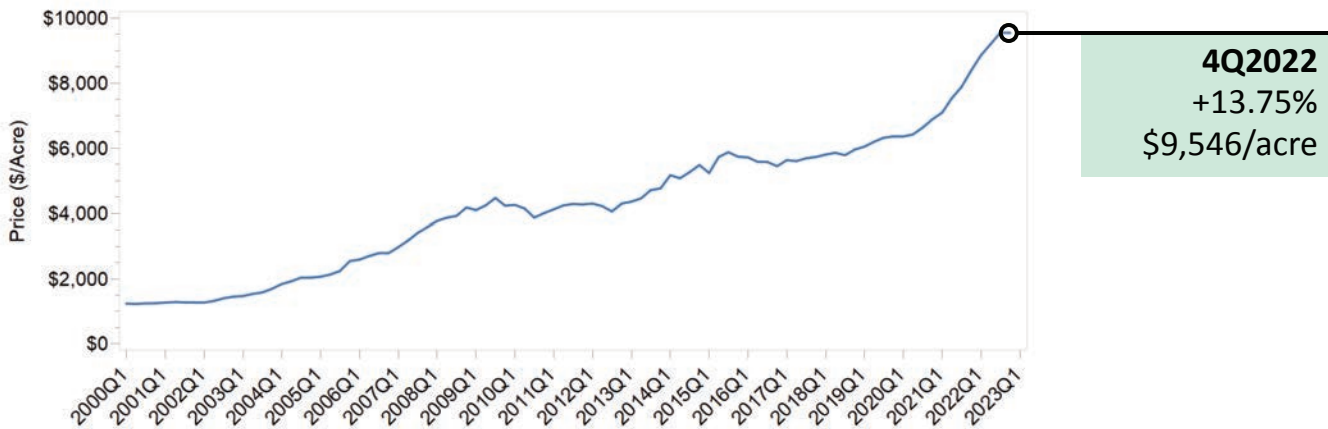
Buyers pushed prices up 13.8 percent to \$9,546 per acre. Total dollar volume decreased 21.2 percent to \$356.3 million while the number of sales dropped 24.2 percent to 879 transactions. The typical size inched up just 1.4 percent to 146 acres. Total acres receded 30.8 percent to 37,326 acres. Listings appear to be increasing with the number of transactions closed falling. Quarter-only-sales volume fell 36.1 percent short of 4Q2021 totals and 65.3 percent compared with 2020s. They were even 25.7 percent below 4Q2019. This was the lowest fourth-quarter sales total since 2012.

Table 6. Gulf Coast-Brazos Bottom, 2022

	Annualized Value	YOY Change
Acres	37,326	-30.76% ▼
Size	146	+1.36% ▲
Number of Sales	879	-24.22% ▼

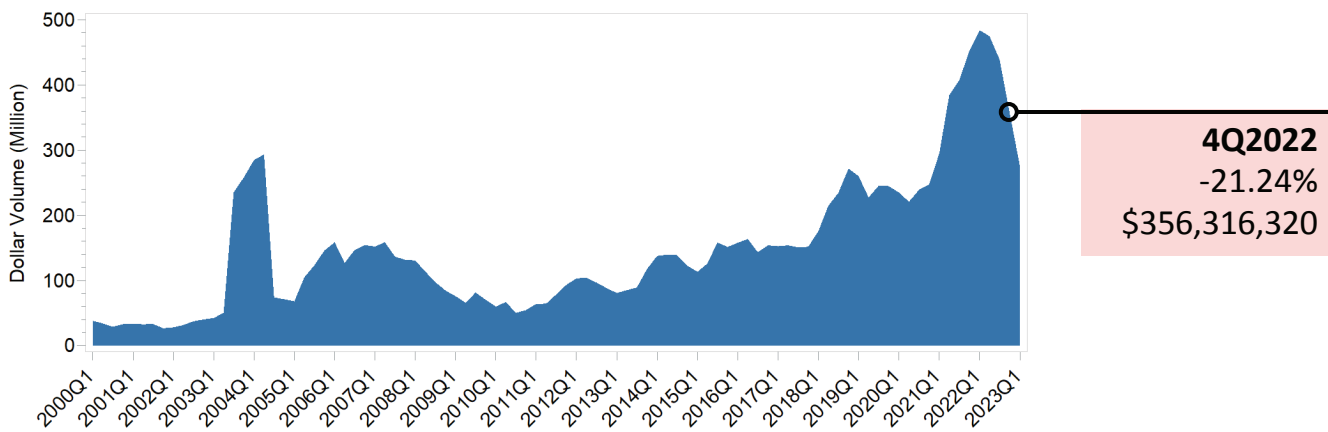
Source: Texas Real Estate Research Center at Texas A&M University

Figure 11. Gulf Coast-Brazos Bottom Rural Land Prices



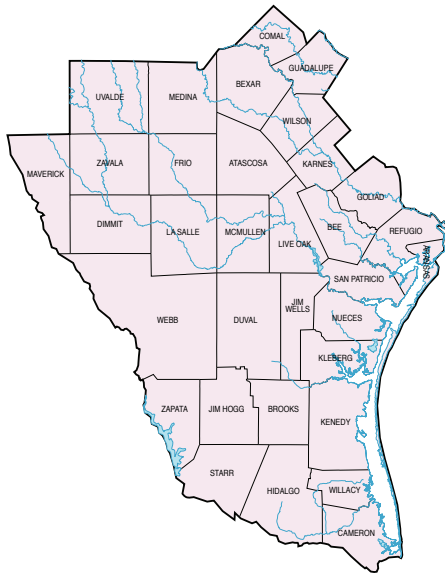
Source: Texas Real Estate Research Center at Texas A&M University

Figure 12. Gulf Coast-Brazos Bottom Total Dollar Volume



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

Region 6



South Texas market prices rose 22.6 percent, settling at \$5,743 per acre, while the number of sales dropped 24.12 percent to 626 sales. Size decreased 9.1 percent to 293 acres. Total dollar volume dropped 30.7 percent to \$321.2 million. Total acres also retreated 43.5 percent to 55,926 acres. Fourth-quarter-only sales volume fell 27.9 percent short of 4Q2021 totals, 51.2 percent below 4Q2020, and 4.9 percent below 4Q2019.

Table 7. South Texas, 2022

	Annualized Value	YOY Change
Acres	55,926	-43.45% ▼
Size	293	-9.11% ▼
Number of Sales	626	-24.12% ▼

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

Figure 13. South Texas Rural Land Prices

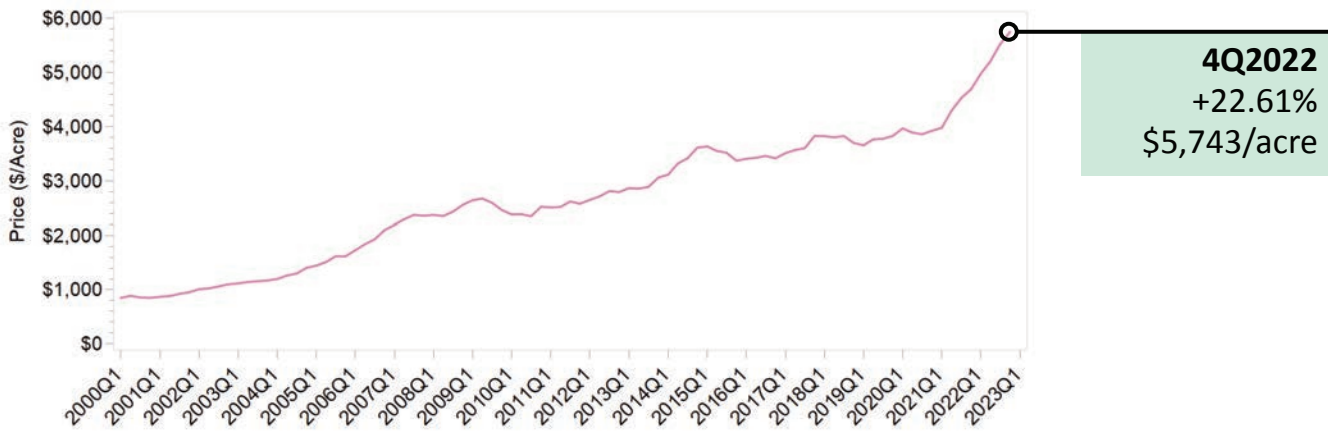
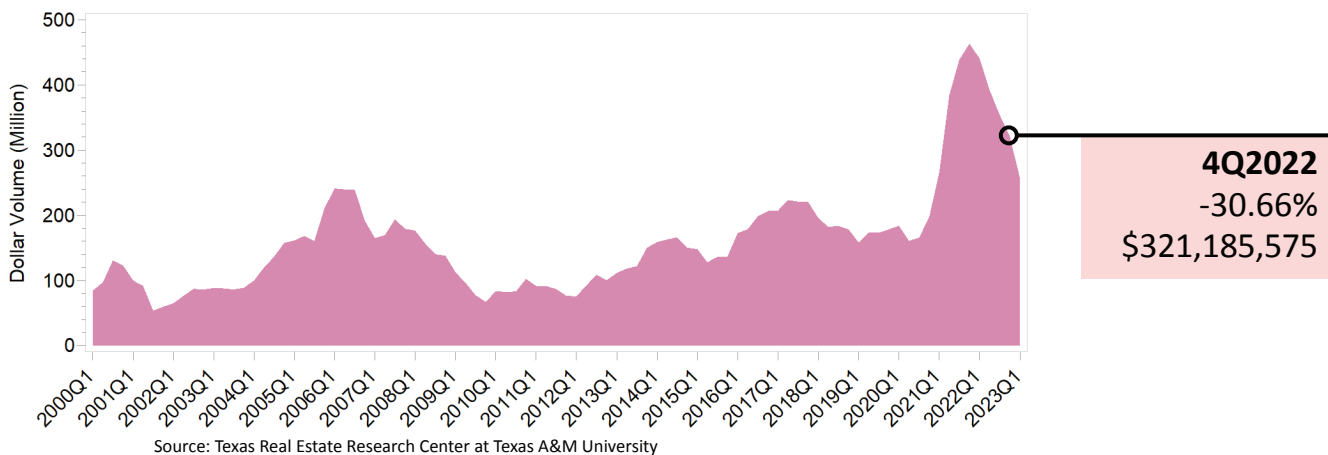


Figure 14. South Texas Total Dollar Volume



Region 7



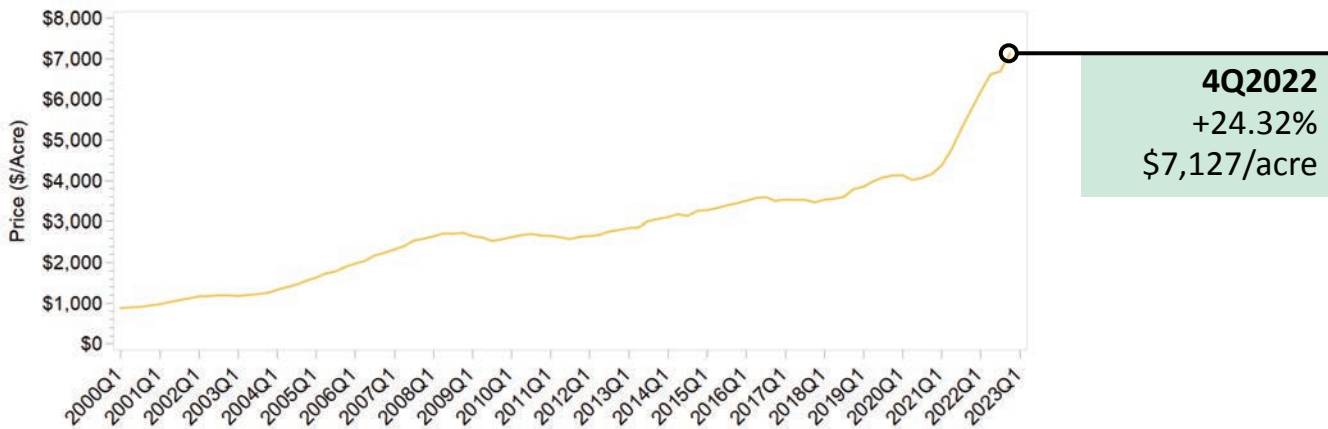
Buyers in this region pushed prices up again, climbing 24.3 percent to \$7,127 per acre. However, the number of transactions in the Austin area dropped while volumes in more remote locations increased. The number of sales declined a whopping 33.6 percent to 1,741 sales. Total dollar volume declined 26.8 percent to \$699.8 million. Size of transaction barely changed, down 2.2 percent to 214 acres. Total acres sold dropped 41.1 percent to 98,192 acres. Fourth-quarter-only sales volume fell 36.6 percent short of 4Q2021 totals, 68 percent below 4Q2020, and 42.3 percent below 4Q2019. It was the lowest fourth-quarter total since 2013.

Table 8. Austin-Waco-Hill Country, 2022

	Annualized Value	YOY Change
Acres	98,192	-41.11% ▼
Size	214	-2.22% ▼
Number of Sales	1,741	-33.63% ▼

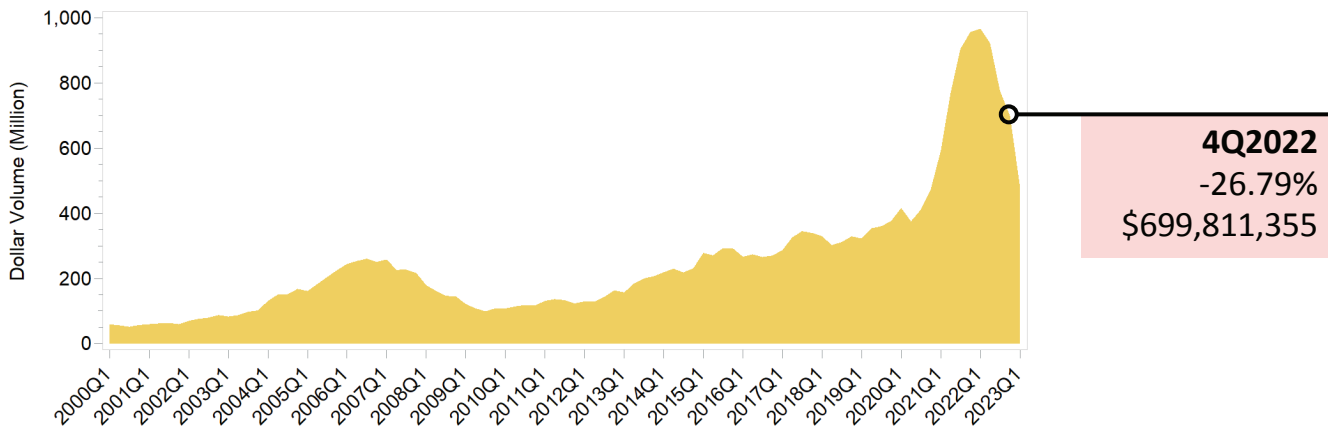
Source: Texas Real Estate Research Center at Texas A&M University

Figure 15. Austin-Waco-Hill Country Rural Land Prices



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

Figure 16. Austin-Waco-Hill Country Total Dollar Volume



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

The Future

Prices continued to rise in every region of Texas, except Far West Texas, through fourth quarter 2022. However, sales volumes slowed across the state. Regions 6 and 7 saw the largest price gains (over 20 percent) in spite of sales volumes declining by as much or more than the other regions, except Region 2. Overall, these trends suggest continued cooling of the insatiable demand that has propelled prices and activity to record levels. Brokers reported a reduction in inventory and activity. In addition, they see a slackening of demand in many areas. These conditions point to continued quick sales of good properties and price reductions or delisting of less desirable properties.

While there have been some signs that inflation is coming down, it continues to plague the economy. The Federal Reserve's continued interest rate hikes have impacted housing markets and will have negative effects on land market prices and volumes. The Ukraine/Russia war drags on continuing to threaten food supplies. Many economists see a recession in the near future. In general, a pall of uncertainty smothers markets for all assets in the fourth quarter. However, such conditions often favor investments in land.





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