

Developments in 2017 Land Markets



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Rebounding activity in the oil patch reinvigorated the state-wide land market. Posting a surprisingly strong year end result at \$2,644 per acre, a 4.46 percent expansion from 2016 prices and the strongest growth since 2014. The 6,272 reported sales topped 2016 totals by 577 sales.

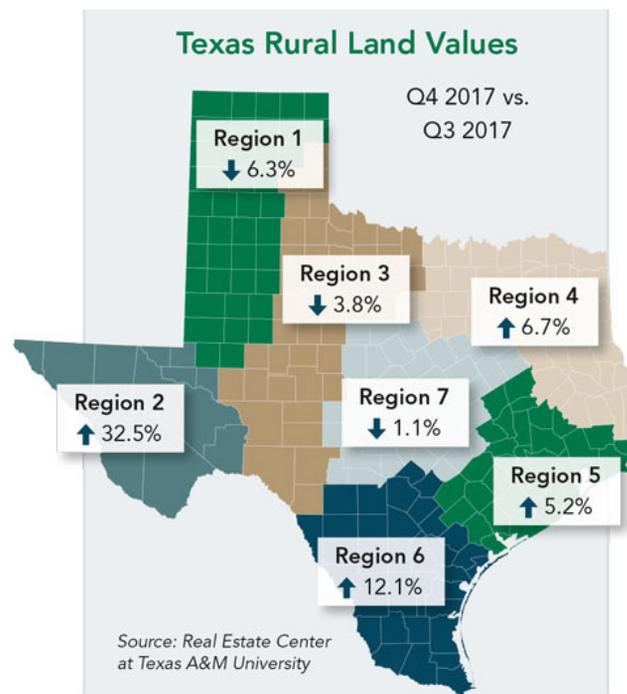
Driven in part by remarkable developments in energy-dominated areas, overall Texas statewide results continued to post price increases. However, market conditions in some regions varied where weak results pointed to market adjustments in three areas: the Panhandle and South Plains, West Texas, and Austin-Waco-Hill Country where prices ebbed for various reasons.

FAR WEST TEXAS

Fueled by unexpected strong demand for sand mining operations in this area, prices in this region soared to unheard of levels. Ranch purchases at extremely high prices to establish 23 operations to supply frac sand for the Permian Basin drilling boom pushed the regional price to a record high of \$791 per acre, an enormous 32.5 percent increase. Very high bonus payments for mineral leases and purchases of land to secure water rights for municipalities added to the pressure on prices.

SOUTH TEXAS

Battered by the remarkable drop in oil prices, this region, home to the most lucrative Eagle Ford shale play, saw prices ebb for several years. However, markets appear to have turned the corner by posting a strong 12.1 percent price rise in 2017. New energy activity in the Eagle Ford may be responsible for this strong result producing a price of \$3,824 per acre with an expansion of activity to 581 sales.



NORTHEAST TEXAS

In Northeast Texas, prices grew 6.72 percent in 2017, reaching an all-time high of \$3,969 per acre. Strong fundamental in the D/FW economy supported robust demand for land throughout the area. The 2,234 sales marked a 22 percent increase over 2016 volume.

GULF COAST – BRAZOS BOTTOM

The optimism energizing the oil patch boosted prices in this area a substantial 5.22 percent despite the

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aftermath of hurricane Harvey. However, the \$5,727 price per acre still failed to match levels of 2015 markets. Sales volume of 646 trailed 2016 totals.

PANHANDLE AND SOUTH PLAINS

A second quarter increase halted the retreat in prices logged for the first quarter. However, the third quarter faltered slightly only to melt into a substantial retreat in the fourth when price plummeted 6.02 percent in year-to-year comparisons. At \$1,089 per acre, the fourth quarter fell below both the first and the third quarter prices. Volume expanded to 394 sales, up substantially from 314 in 2016. The lack of a consistent trend in this area reflects the fact that experiences differed with type of land. For example, good quality irrigated land with strong water still sees strong demand; nearby dryland acreage not so much.

WEST TEXAS

Markets in 2017 registered price declines dropping 3.80 percent below 2016. While prices declined, the sales volume increased to 688 sales. This market gave up all of its 2017 gains, settling below the 2016-second quarter levels. The decline produced a price of \$1,416 per acre.

AUSTIN—WACO – HILL COUNTRY

The three-quarter long central Texas market retreat continued but at a reduced rate at the end of 2017. The 1.08 percent drop indicated a nearly flat market overall and likely resulted from an increased focus on land at the furthest distances from Austin and San Antonio. The \$3,466 per acre represents the lowest regional price since the end of 2015. Sales volume expanded 6 percent to 1,692 sales. ■

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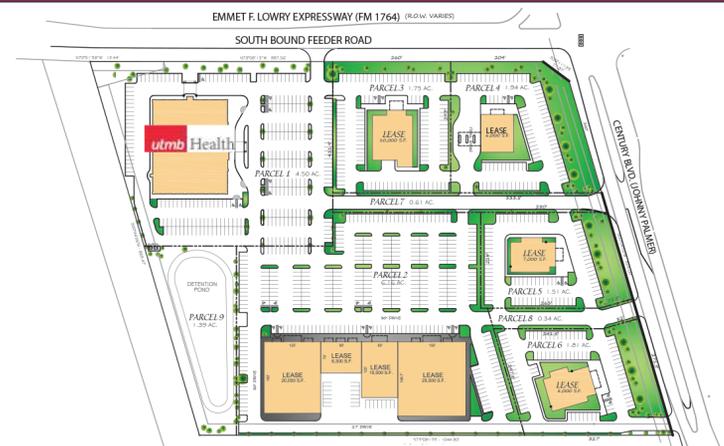


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