Texas land prices vary widely across the state, reflecting the type of land (farm, timber, grazing) as well as population density. In virtually all regions of Texas (Figure 1), small properties command higher per-acre prices than larger properties. And the differences between prices in the smallest market segments and larger property prices are increasing (Figure 2). Figures 3 through 8 illustrate price trends for transactions in different market segments in Texas. The highest price per acre occurs in the small property end of the market. Examining trends in these size-segmented price categories hints at conditions developing in local markets. For example, the trend in small and large property prices in the Gulf Coast–Brazos
Bottom region (Figure 3) registered no price change for either the small property market segment or the combined large market segments in 2014. Some who monitor these developments might interpret them as a pullback from the 2013 market exuberance that drove prices sharply higher. However, information from professionals in that region suggests an alternative explanation. Buyers in 2013 flocked to a market with an abundance of top-quality properties commanding premium prices, while 2014 buyers found fewer top-quality options. Thus, the apparent price weakness actually results from buyers settling for lesser quality land. This phenomenon was largely confined to the two smallest market segments (Figure 3) with the two largest market segments posting price increases.

Price trends traced out in the Gulf Coast–Brazos Bottom region (Figure 3) reveal that small property prices were flat, and there was a sizable drop in prices in the 43- to 66-acre market segment. Prices increased in the other three larger market segments. These dynamics appear to confirm that overall flat price performance results from changes in market composition rather than a general cooling of demand.

Another interesting dynamic has emerged in the Panhandle and South Plains market segments (Figure 4). That region reveals a curious phenomenon in the trends for the largest
THE TAKEAWAY

Land prices vary across the state, but small tracts generally have higher per-acre prices than large properties.

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About the Real Estate Center

The Real Estate Center at Texas A&M University is the nation’s largest publicly funded organization devoted to real estate research. The Center was created by the Texas Legislature in 1971 to conduct research on real estate topics to meet the needs of the real estate industry, instructors and the public.

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