



TEXAS ASSOCIATION OF REALTORS®

TEXAS
SMALL LAND
SALES REPORT

2017 Edition

ABOUT THE TEXAS SMALL LAND SALES REPORT

The Texas Small Land Sales Report analyzes small land sales data and trends across seven regions of Texas utilizing survey data aggregated by the Real Estate Center at Texas A&M University. The Texas Association of REALTORS® distributes insights about the Texas housing market each month, including quarterly market statistics, trends among homebuyers and sellers, luxury home sales, international trends, and more.

ABOUT THE TEXAS ASSOCIATION OF REALTORS®

With more than 110,000 members, the Texas Association of REALTORS® is a professional membership organization that represents all aspects of real estate in Texas. We advocate on behalf of Texas REALTORS® and private-property owners to keep homeownership affordable, protect private-property rights, and promote public policies that benefit homeowners. Visit TexasRealEstate.com to learn more.

MEDIA CONTACT

Hunter Dodson
Pierpont Communications
hdodson@piercom.com
512.448.4950

REPORT SUMMARY

The latest edition of the Texas Small Land Sales Report showed strong gains in small land sales volume as well as a slight decline in small land prices statewide in 2016.

Rapid population growth throughout Texas continues to drive a strong demand for land, particularly around major metropolitan areas as increased urban sprawl drives the need for development and housing. As in past years, Texas small land sales also continue to be driven by ongoing farm and ranching activity as well as demand for recreational and retirement properties in various regions throughout the state.

Annual growth of small land sales volume and average price per acre varied across the state's seven regions in 2016. Far West Texas, Northeast Texas and the Austin-Waco-Hill Country regions each experienced annual small land sales gains of more than 20 percent. Conversely, West Texas was the only region to experience a decline in small land sales volume during the same time frame.

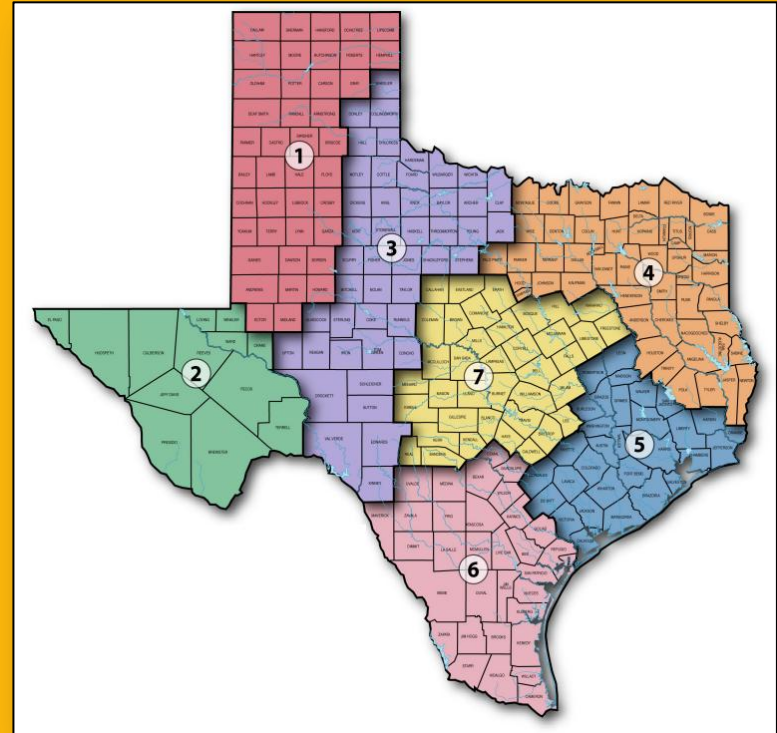
In 2016, the price growth for small land acreage in Texas was slowed by an ongoing normalization across the statewide real estate market, as market activity realigns with long-term historical growth trends after multiple years of aggressive growth. On a regional level, however, land price changes varied widely depending on the availability of prime land and changes in land use costs and industry activity specific to each region. The Panhandle & South Plains, for example, experienced double-digit land price gains due to rising irrigated farmland costs and an uptick in oil industry activity.

Greater demand in Texas also meant smaller land tracts were sold in 2016. The average tract size for Texas small land purchases declined three acres from 2015 to 36 acres. In most regions, the average tract size for small land purchases hovered around 20 acres.

TEXAS LAND REGIONS

REGION LIST

- Region 1: Panhandle & South Plains
- Region 2: Far West Texas
- Region 3: West Texas
- Region 4: Northeast Texas
- Region 5: Gulf Coast – Brazos Bottom
- Region 6: South Texas
- Region 7: Austin – Waco – Hill Country



What Defines a “Small Land Sale”?

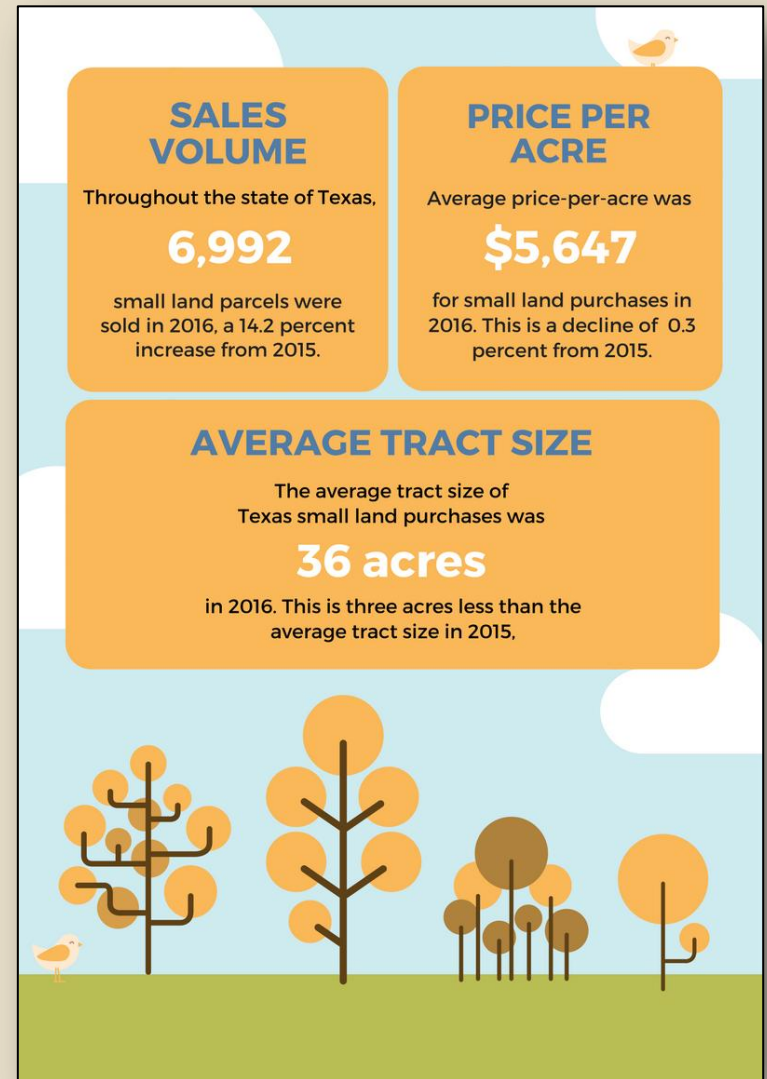
The definition of a small land sale varies from region to region. The Real Estate Center at Texas A&M University (Real Estate Center) generally defines a small land sale as a land purchase of 200 acres or less. The exception is Far West Texas, in which 500 to 8,000 acres qualifies as a small land sale.

STATEWIDE OVERVIEW

Texas small land sales continue to be one of the highest-performing and fastest-growing segments of the Texas real estate market, with small land sales increasing 14.2 percent from 2015 to just under 7,000 small land purchases statewide in 2016.

At the same time, the Texas real estate industry is experiencing a normalization of market trends. In both residential real estate as well as land sales activity, market trends are slowing from the aggressive growth seen from 2013 to 2015 and realigning with long-term, historical growth trends. This normalization of the market led to a slight decrease in the average price per acre in small land sales in 2016. The average price per acre of small land purchases in Texas declined 0.3 percent from 2015 to \$5,647 per acre.

Greater acreage demand in Texas also meant increasingly smaller land tracts were sold in 2016. The average tract size for Texas small land purchases declined three acres from 2015 to 36 acres. In most regions, the average tract size for small land purchases hovered between 18 and 20 acres. The exceptions were the Panhandle and South Plains and Far West Texas, where the agricultural and ranching industries that drive most land purchases require a higher volume of acreage.



STATEWIDE OVERVIEW

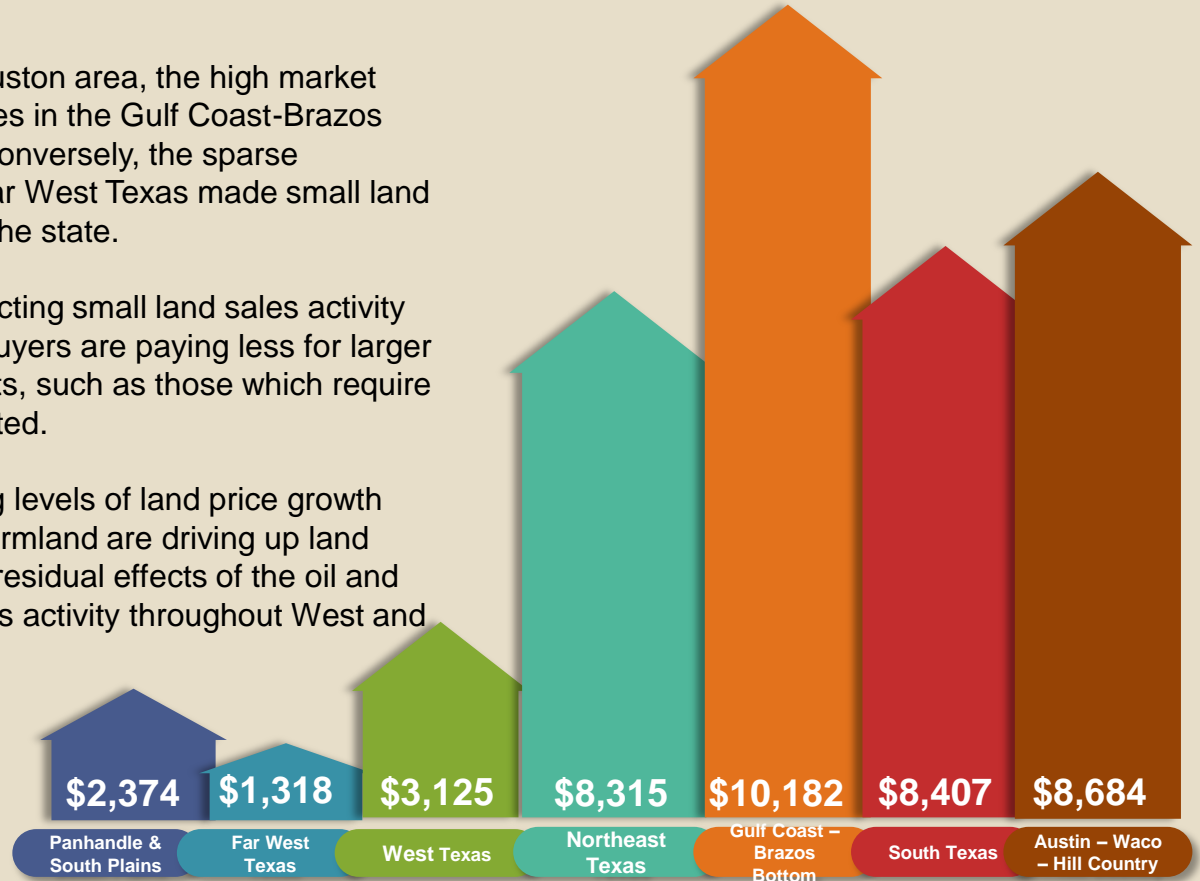
The average price per acre for small land purchases varies widely across the state, with higher per-acre prices occurring in regions containing major metro areas such as Austin, Dallas-Fort Worth and Houston.

Combined with close proximity to the Houston area, the high market value of coastal property made land values in the Gulf Coast-Brazos Bottom among the highest in the state. Conversely, the sparse population and development activity in Far West Texas made small land costs in that region among the lowest in the state.

Growing shortages of prime land are affecting small land sales activity across the state. In some regions, land buyers are paying less for larger acreage tracts of less-desirable land tracts, such as those which require more development or are not ideally located.

Industry developments also led to varying levels of land price growth across Texas. Rising prices of irrigated farmland are driving up land costs in agriculture-heavy regions, while residual effects of the oil and gas downturn are curbing small land sales activity throughout West and South Texas.

Average Price Per Acre for Small Land Purchases in 2016 by Region



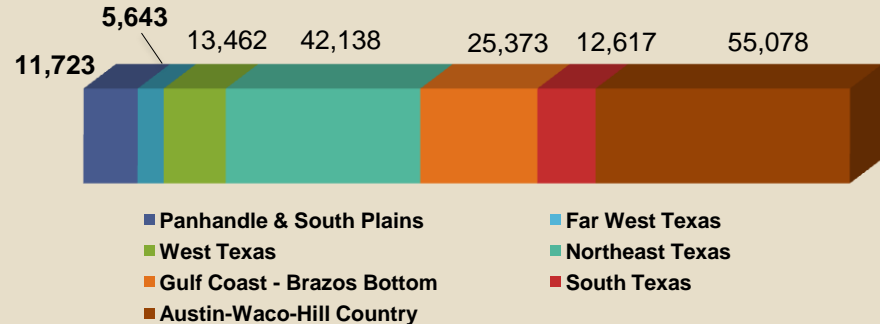
STATEWIDE OVERVIEW

More populous regions such as Gulf Coast-Brazos Bottom, Northeast Texas and Austin-Waco-Hill Country made up nearly 85 percent of small land purchases statewide. The Austin-Waco-Hill Country region comprised 34.5 percent of all Texas small land purchased in 2016.

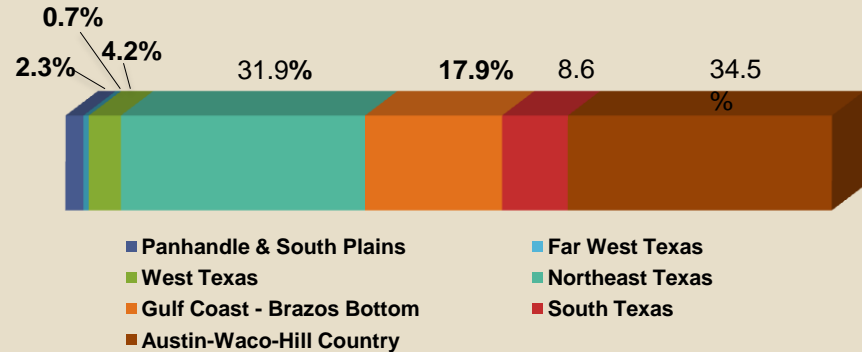
While the reasons for purchasing a small land tract vary widely across the state – from recreational ranchettes in the Texas Hill Country to commercial ranches in Far West Texas – increased urban sprawl due to statewide population growth could begin to impact the viability of certain land uses across the state.

This is particularly evident for agricultural and ranching operations in Texas, as increased urban development is slowly decreasing the volume of working land – privately owned farms, ranches, and forests that produce goods as well as preserve natural resources and wildlife habitats. In its most recent Texas Land Trends Report, the Texas A&M Natural Resources Institute cites a loss of 1.1 million acres in working land statewide since 1997. Such working lands play an integral role in local economies and could threaten statewide industries as Texas continues to grow.

Total Acreage Sold by Region: 2016



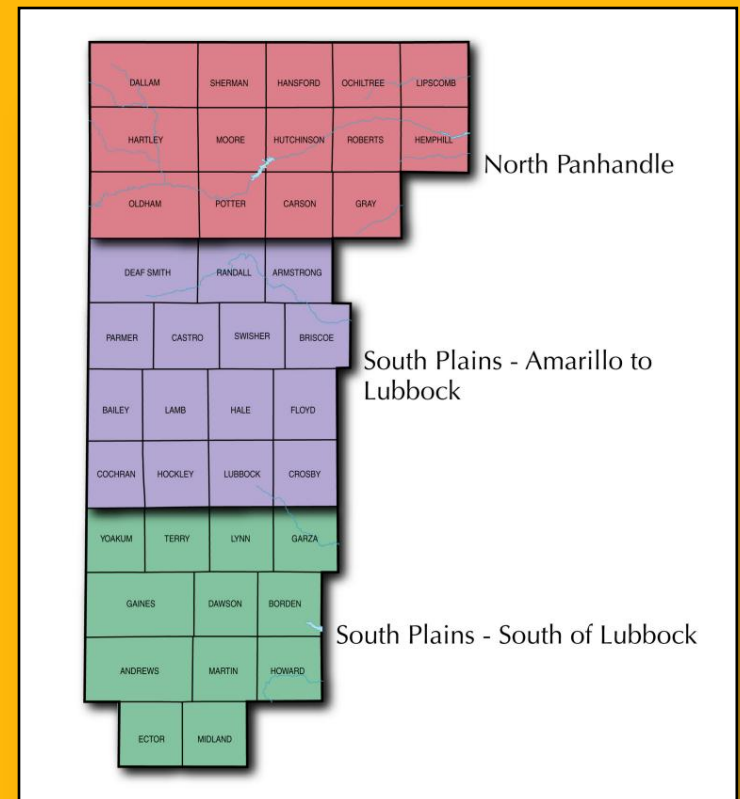
Texas Small Land Sales by Region: 2016



REGION ONE: PANHANDLE & SOUTH PLAINS

CHARACTERISTICS

- Encompasses the northernmost regions in the state as well as the Amarillo, Lubbock, Odessa and Midland Metropolitan Statistical Areas (MSAs).
- Small land sales consist of land parcels of 159 acres or less.
- Includes the following Texas counties: Andrews, Armstrong, Bailey, Borden, Briscoe, Carson, Castro, Cochran, Crosby, Dallam, Dawson, Deaf Smith, Ector, Floyd, Gaines, Garza, Gray, Hale, Hansford, Hartley, Hemphill, Hockley, Howard, Hutchinson, Lamb, Lipscomb, Lubbock, Lynn, Martin, Midland, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Terry, and Yoakum.



Region One: Panhandle and South Plains

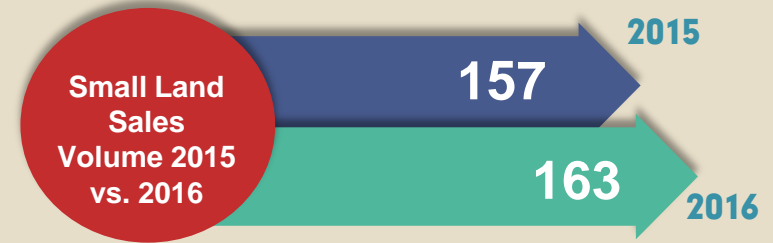
Small land sales in the Texas Panhandle and South Plains region are heavily influenced by agricultural trends. The Real Estate Center states that nearly 50 percent of land use in this region is for dry or irrigated crop production.

In 2016, rising demand for irrigated farmland led to moderate gains in small land sales activity and strong gains in acreage prices throughout the region.

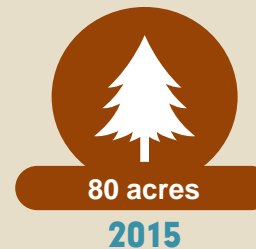
Small land sales increased 3.8 percent year-over-year to 163 sales in 2016, while the average price per acre for small land tracts surged 34.8 percent to \$2,374 per acre during the same time frame. This was the highest annual price gain of any Texas region in 2016.

The average land tract size in Region One was 63 acres, or 17 fewer acres than the year prior. Region One had the largest average tract size of any Texas region in 2016, but also the highest decline in average tract size from 2015.

Small Land Sales Volume



Average Tract Size



Average Price Per Acre



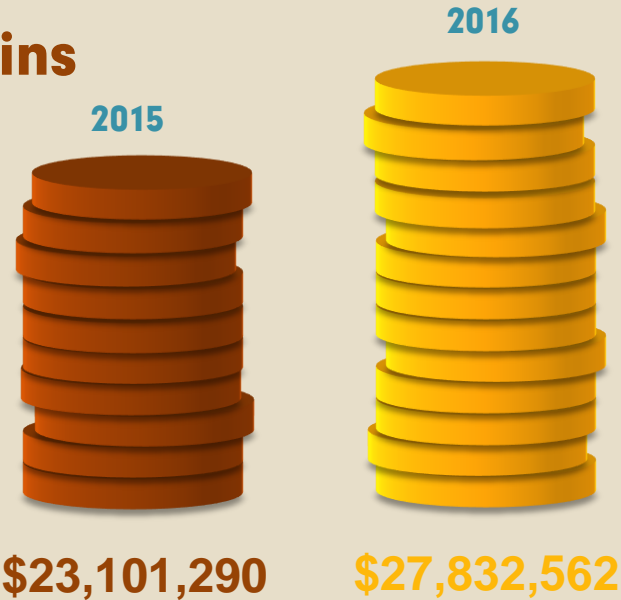
Region One: Panhandle and South Plains

The total acreage of small land parcels sold declined 10.6 percent from 2015 to 11,723 total acres sold.

The total sales dollar volume of small land sales in Region One was \$27,832,562, a 20.48 percent increase from 2015.

Region One still comprises a relatively small portion of all small land sales statewide. In 2016, 2.3 percent of Texas small land sales were sold in the Panhandle and South Plains.

While low commodity prices continue to impact the profitability of farming operations, the Real Estate Center states that small land sales and pricing in Region One is being driven by buying activity among farmers, particularly in the dairy sector. Dairies are purchasing cropland to grow their own feed and eliminate future feed cost risk.



Total Sales Dollar Volume

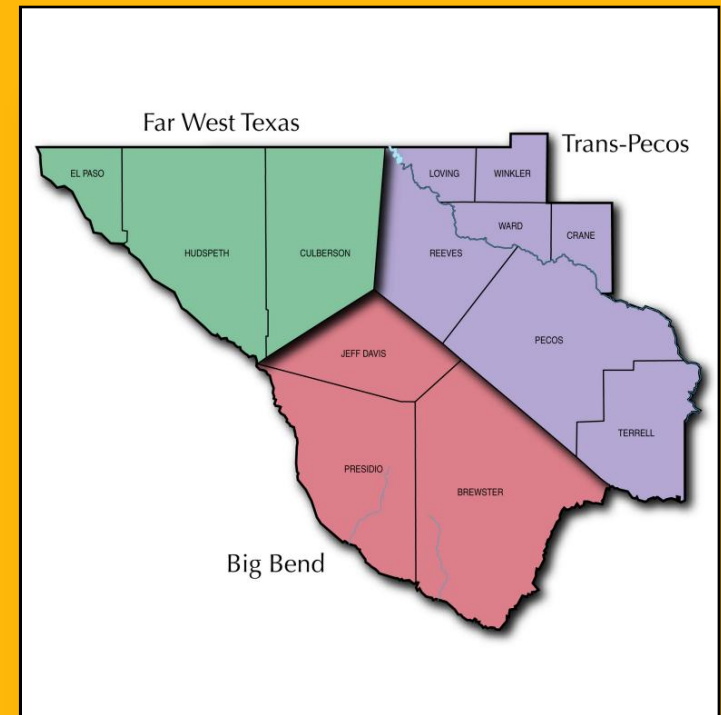


Total Acres Sold

REGION TWO: FAR WEST TEXAS

CHARACTERISTICS

- Encompasses the westernmost regions in the state as well as the El Paso MSA.
- Small land sales typically consist of land parcels of 500 to 8,000 acres, although small land sales of less than 500 acres are included within report data as well.
- Includes the following Texas counties: Brewster, Crane, Culberson, El Paso, Hudspeth, Jeff Davis, Loving, Pecos, Presidio, Reeves, Terrell, Ward and Winkler.



Region Two: Far West Texas

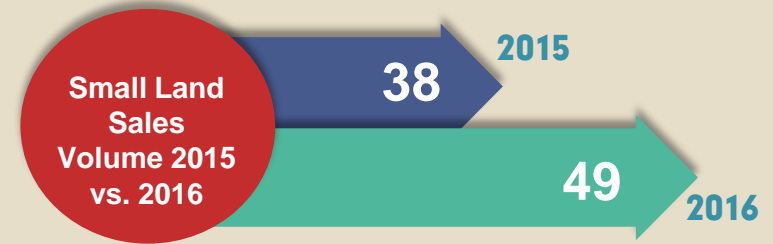
Far West Texas was one of only two regions to experience annual declines in average price per acre in 2016, falling 64.9 percent to \$1,318 per acre. This was the largest annual price drop of any Texas region in 2016.

Conversely, small land sales posted strong gains in 2016, increasing 29 percent year-over-year to 49 sales in 2016. This was the highest annual gain in small land sales volume of any Texas region.

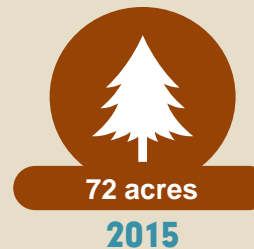
The Real Estate Center attributes the price declines to market volatility generated from oil and gas activity in that region, rather than an indicator of a true market trend.

The average land tract size in Region Two was 58 acres, or 14 fewer acres than the year prior. Although the definition for small land sales in Region Two is by far the highest in the state (between 500-8,000 acres), Region Two had the second-highest average tract size among the seven Texas regions in 2016.

Small Land Sales Volume



Average Tract Size



Average Price Per Acre



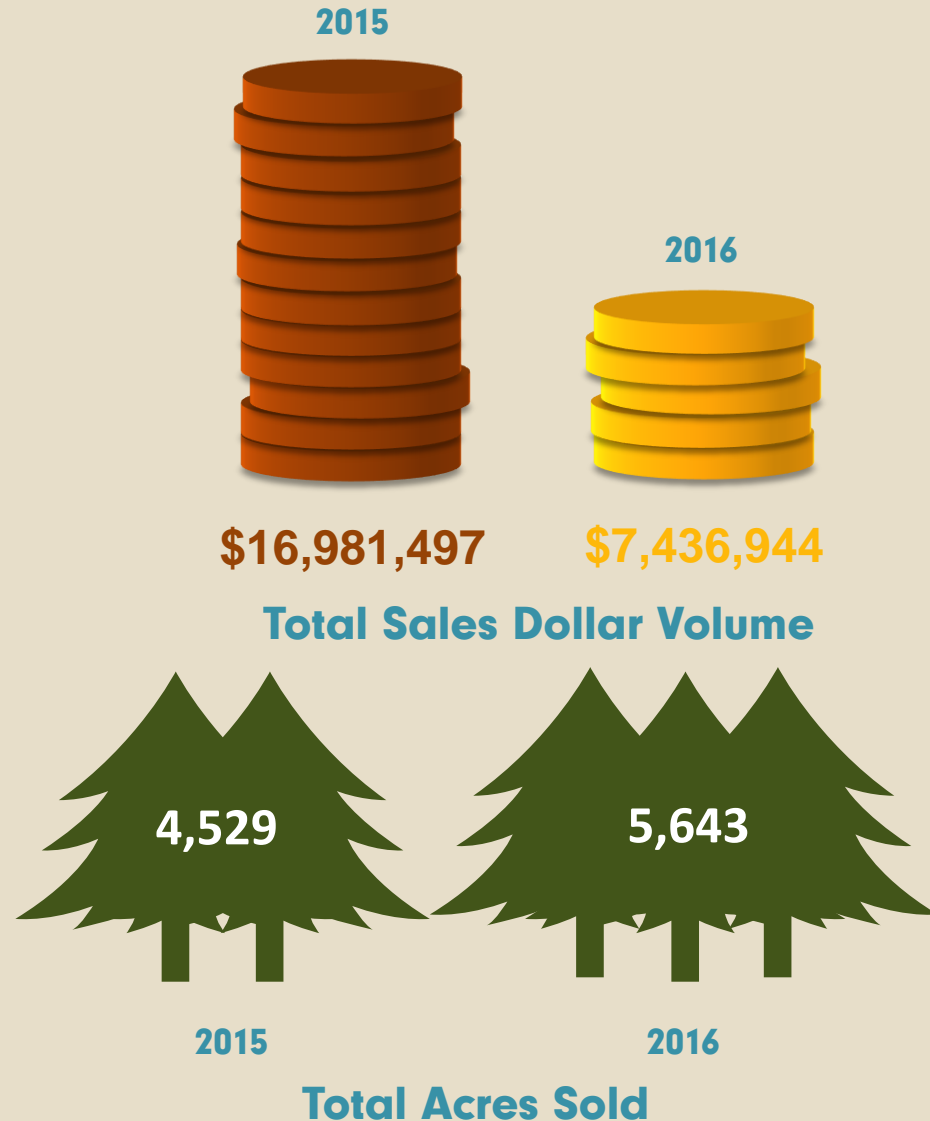
Region Two: Far West Texas

In Far West Texas, the total acreage of small land parcels sold increased 24.6 percent from 2015 to 5,643 total acres sold. This is the highest annual gain in total acreage sold for a region in 2016.

The total sales dollar volume of small land sales in Region Two was \$7,436,944, a 56.21 percent decrease from 2015.

Region Two comprises a fraction of all small land sales statewide. In 2016, less than one percent (0.7 percent) of Texas small land sales were sold in Far West Texas.

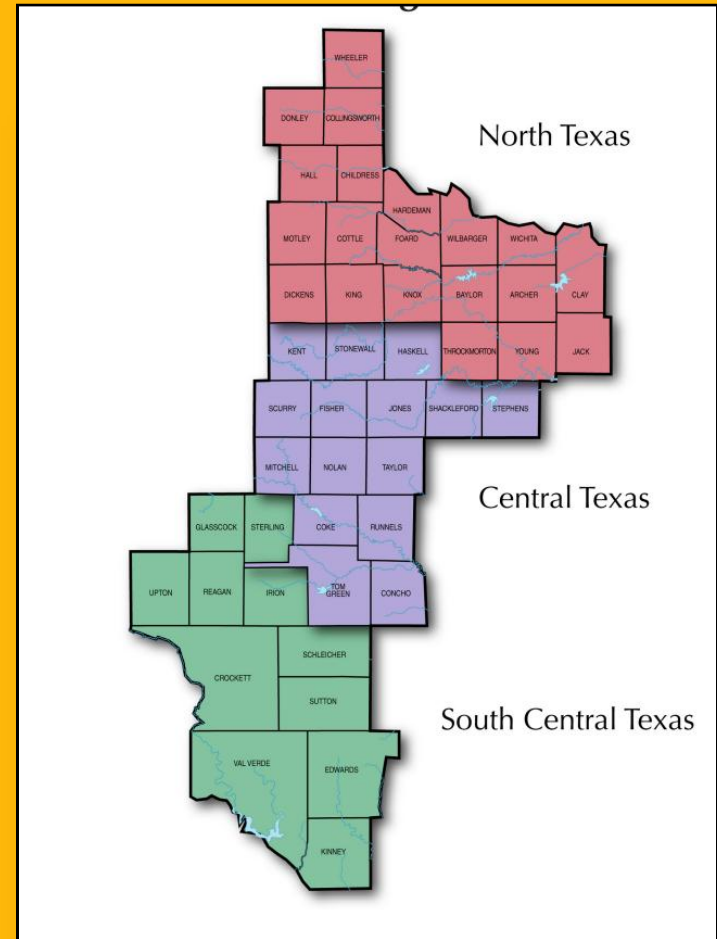
While there is growing demand for urban development surrounding El Paso as well as for recreational properties in the Big Bend area, the overall demand for small land tracts in Far West Texas will continue to be dominated by ranching and mining activity. Region Two's sprawling native rangelands are ideal for cattle grazing as well as oil and gas exploration and development.



REGION THREE: WEST TEXAS

CHARACTERISTICS

- Encompasses cross-sections of North, Central and South Central Texas, stretching from the Oklahoma border all the way down to the Mexican border. Region Three includes the San Angelo and Abilene MSAs.
- Small land sales consist of land parcels of 94 acres or less.
- Includes the following Texas counties: Archer, Baylor, Childress, Clay, Coke, Collingsworth, Concho, Cottle, Crockett, Dickens, Donley, Edwards, Fisher, Foard, Glasscock, Hall, Hardeman, Haskell, Jones, Kent, King, Kinney, Knox, Love, Mitchell, Motley, Nolan, Reagan, Runnels, Schleicher, Scurry, Shackelford, Stephens, Sterling, Stonewall, Sutton, Taylor, Throckmorton, Tom Green, Upton, Val Verde, Wheeler, Wichita, Wilbarger and Young.



Region Three: West Texas

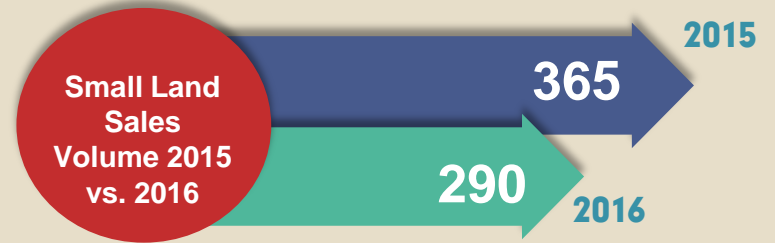
West Texas was the only region to experience annual declines in small land sales volume in 2016, falling 20.6 percent year-over-year to 290 small land sales in 2016.

The average price per acre for small land sales in Region Three increased slightly from 2015, rising 3.8 percent year-over-year to \$3,125 per acre.

The average land tract size in West Texas in 2016 was 43 acres, six additional acres than the year prior. On a regional level, this was the highest annual gain in average tract size among small land sales in 2016.

Modest gains in average price per acre as well as an increasing average tract size year-over-year indicates that small land sales in West Texas are being impacted by the growing shortage of prime land as buyers are forced to consider less-desirable tracts. Such properties may not be ideally located, lack fencing or water, or require additional development.

Small Land Sales Volume



Average Tract Size



Average Price Per Acre



Region Three: West Texas

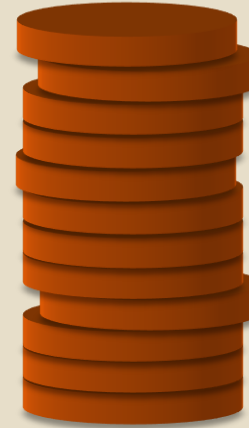
In West Texas, the total acreage of small land parcels sold declined 13.3 percent from 2015 to 13,462 total acres sold. This is the highest year-over-year decline in total acreage sold among Texas regions in 2016.

The total sales dollar volume of small land sales in Region Three was \$42,070,227, a 10.03 percent decline from 2015. West Texas was only one of two Texas regions to experience an annual decline in sales dollar volume in 2016.

Region Three comprises a small portion of all small land sales statewide. In 2016, 4.2 percent of Texas small land sales were sold in West Texas.

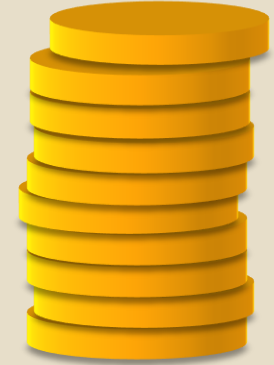
Like many other regions in Texas, small land sales in West Texas are heavily impacted by farming, ranching and oil and gas drilling activity. According to the Real Estate Center, the demand for smaller parcels of West Texas rangeland is notably greater than the demand for large rangeland tracts.

2015



\$46,759,108

2016



\$42,070,227

Total Sales Dollar Volume

15,530



2015

13,462



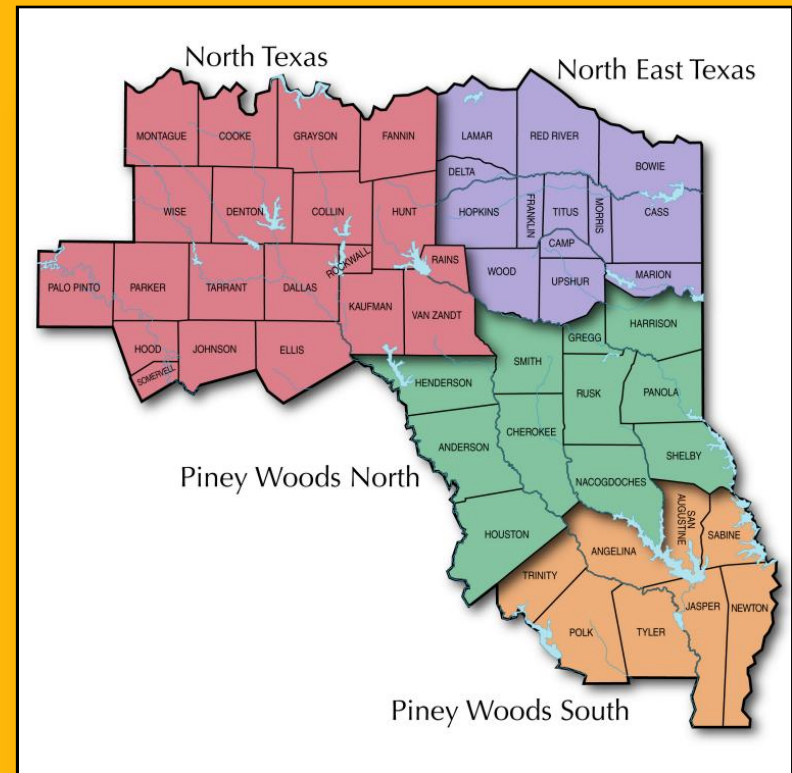
2016

Total Acres Sold

REGION FOUR: NORTHEAST TEXAS

CHARACTERISTICS

- Encompasses the Dallas-Fort Worth-Arlington, Longview, Sherman-Denison, Texarkana, Tyler and Wichita Falls MSAs.
- Small land sales consist of land parcels of 33 acres or fewer.
- Includes the following Texas counties: Anderson, Angelina, Bowie, Camp, Cass, Cherokee, Collin, Cooke, Dallas, Delta, Denton, Ellis, Fannin, Franklin, Grayson, Gregg, Harrison, Henderson, Hood, Hopkins, Houston, Hunt, Jasper, Johnson, Kaufman, Lamar, Marion, Montague, Morris, Nacogdoches, Newton, Palo, Pinto, Panola, Parker, Polk, Rains, Red River, Rockwall, Rusk, Sabine, San Augustine, Shelby, Smith, Somervell, Tarrant, Titus, Trinity, Tyler, Upshur, Van Zandt, Wise and Wood.



Region Four: Northeast Texas

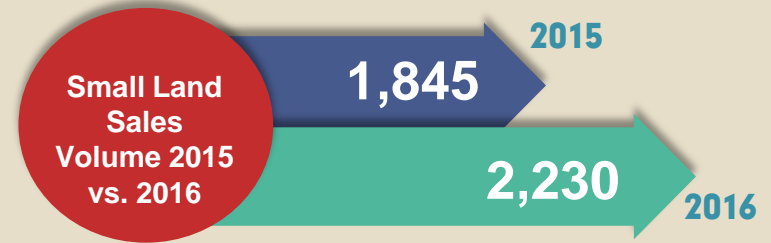
Northeast Texas experienced strong gains in small land sales volume in 2016, jumping 20.9 percent year-over-year to 2,230 small land sales.

The average price per acre for small land sales in Region Four also experienced strong growth in 2016, rising 13.3 percent year-over-year to \$8,315 per acre.

The average land tract size in Northeast Texas in 2016 was 18 acres, one less acre than the year prior. Along with Region Five, Region Four had the smallest average land tract size in 2016.

Northeast Texas has one of the most diverse ranges of land usage in the state. In addition to strong demand for pastureland as well as recreational properties, the region's Piney Woods areas are also in high demand due to strong timber prices.

Small Land Sales Volume



Average Tract Size



Average Price Per Acre



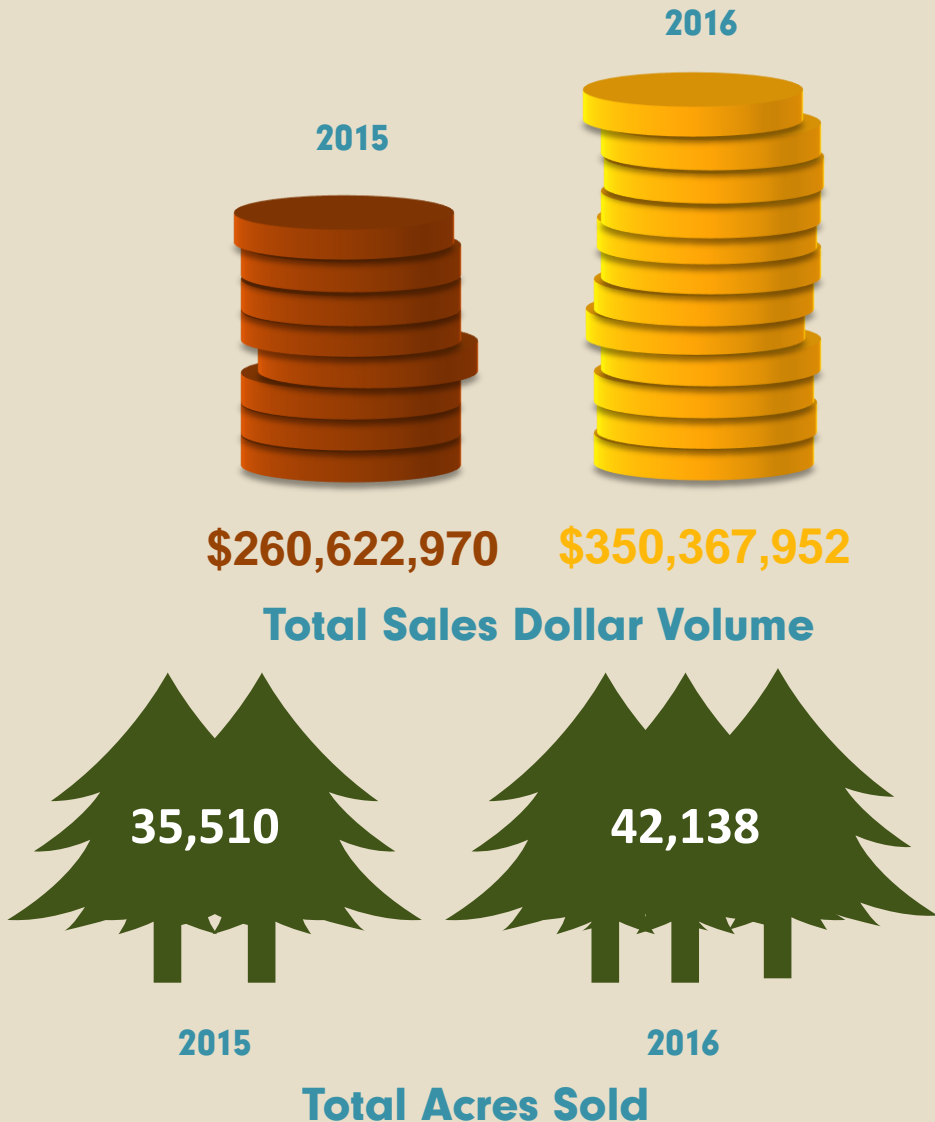
Region Four: Northeast Texas

In Northeast Texas, the total acreage of small land parcels sold jumped 18.7 percent from 2015 to 42,138 total acres sold.

The total sales dollar volume of small land sales in Region Four was \$350,367,952 – a 34.43 percent jump from 2015. This was the highest annual gain in total sales dollar volume among all Texas regions in 2016.

Due to high property demand surrounding the Dallas-Fort Worth metro area, Region Four comprised nearly one-third of all small land sales statewide. In 2016, 31.9 percent of Texas small land sales were sold in Northeast Texas.

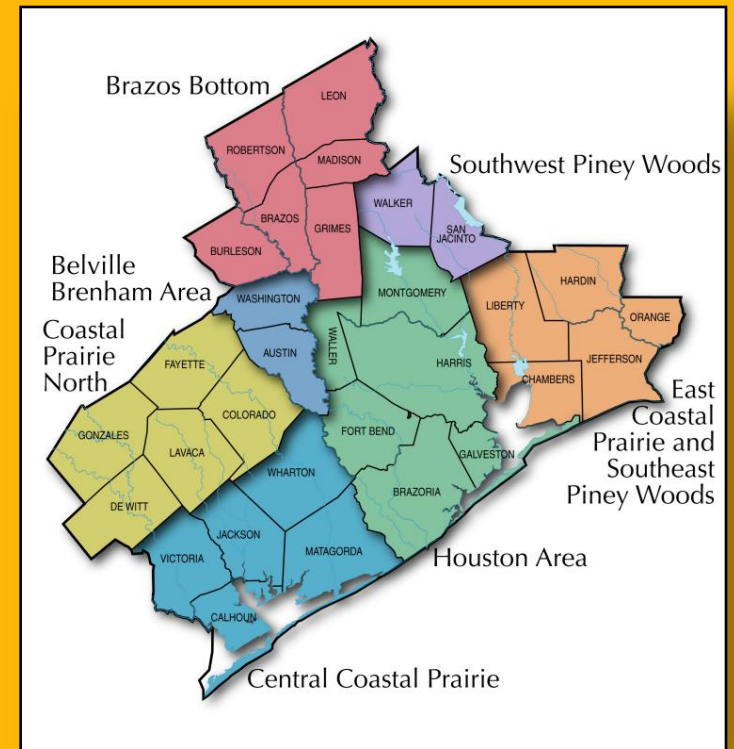
With strong population growth, recreational activity and diverse industry activity, the Northeast Texas region continues to have one of the highest-performing small land markets in the state of Texas.



REGION FIVE: GULF COAST – BRAZOS BOTTOM

CHARACTERISTICS

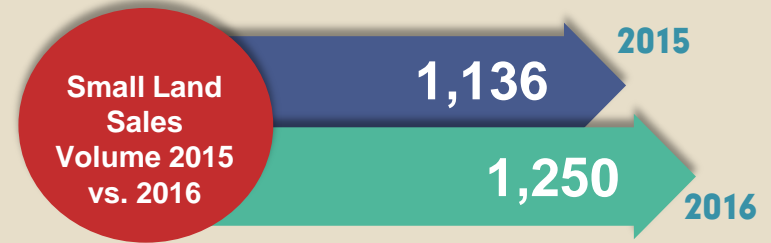
- Encompasses the Beaumont-Port Arthur, Bryan-College Station, Houston-The Woodlands-Sugarland and Victoria MSAs.
- Small land sales consist of land parcels of 42 acres or less.
- Includes the following Texas counties: Austin, Brazoria, Brazos, Burleson, Calhoun, Chambers, Colorado, De Witt, Fayette, Fort Bend, Galveston, Gonzales, Grimes, Hardin, Harris, Jackson, Jefferson, Lavaca, Leon, Liberty, Madison, Matagorda, Montgomery, Orange, Robertson, San Jacinto, Victoria, Walker, Waller, Washington and Wharton.



Region Five: Gulf Coast – Brazos Bottom

Small Land Sales Volume

The Gulf Coast – Brazos Bottom experienced strong gains in small land sales volume in 2016, increasing 10 percent year-over-year to 1,250 small land sales.



The average price per acre for small land sales in Region Five also increased in 2016, rising 1.9 percent year-over-year to \$10,182 per acre. Due to Region Five's inclusion of the Houston metro area as well as high market values for coastal property, the average price per acre in this region is the highest in the state.

Average Tract Size

The average land tract size in the Gulf Coast – Brazos Bottom in 2016 was 18 acres, one less acre than the year prior. Along with Region Four, Region Five had the smallest average land tract size in 2016.



Average Price Per Acre

Second homes and recreational properties make up a large majority of the demand for small land tracts in Region Five. Individuals in and around Houston are purchasing outlying properties and ranches for investment, weekend retreats or hunting. Commercial development also continues to be strong, particularly surrounding Houston and in the Brazos Valley.



Region Five: Gulf Coast – Brazos Bottom

In the Gulf Coast – Brazos Bottom, the total acreage of small land parcels sold rose 7.6 percent from 2015 to 25,373 total acres sold.

The total sales dollar volume of small land sales in Region Five was \$258,360,332, a 9.57 percent increase from 2015.

Due to high property demand surrounding the Houston metro area, Region Five comprised nearly one-fifth of all small land sales statewide. In 2016, 17.9 percent of Texas small land sales were sold in the Gulf Coast – Brazos Bottom.

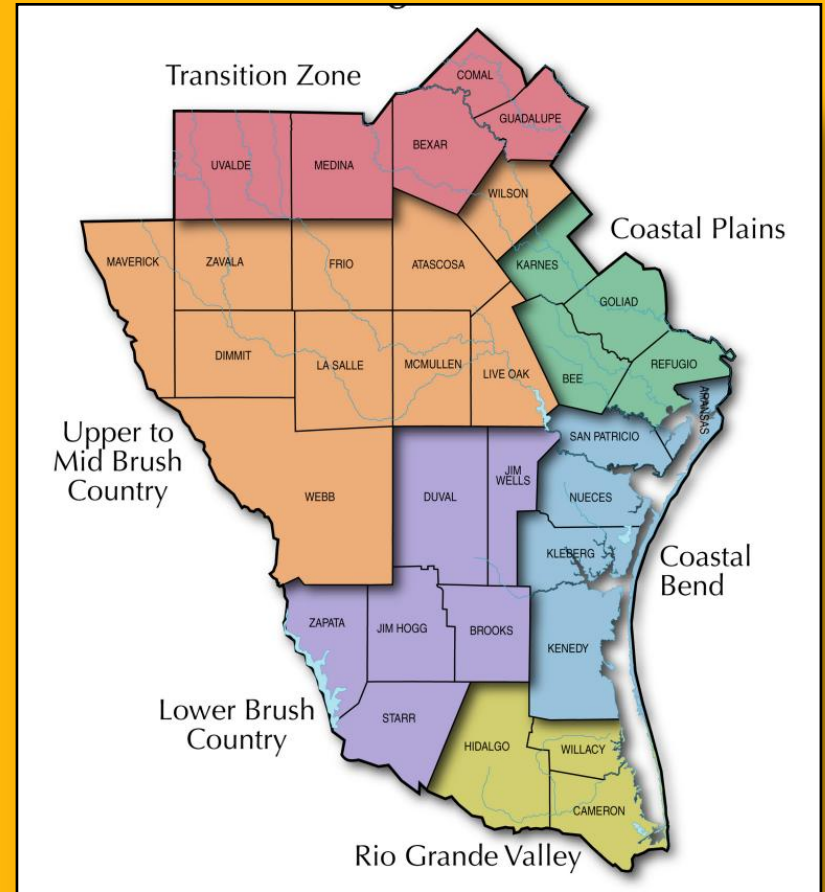
Historically, small land sales activity in Region Five is influenced by the price of oil more than in any other region. Strong population growth in this region as well as recovering oil prices could continue to boost small land sales activity through 2017.



REGION SIX: SOUTH TEXAS

CHARACTERISTICS

- Encompasses the Brownville-Harlingen, Corpus Christi Laredo, McAllen-Edinburg-Mission and San Antonio-New Braunfels MSAs.
- Small land sales consist of land parcels of 44 acres or less.
- Includes the following Texas counties: Aransas, Atascosa, Bee, Bexar, Brooks, Cameron, Comal, Dimmit, Duval, Frio, Goliad, Guadalupe, Hidalgo, Jim Hogg, Jim Wells, Karnes, Kenedy, Kleberg, La Salle, Live Oak, Maverick, McMullen, Medina, Nueces, Refugio, San Patricio, Starr, Uvalde, Webb, Willacy, Wilson and Zavala.



Region Six: South Texas

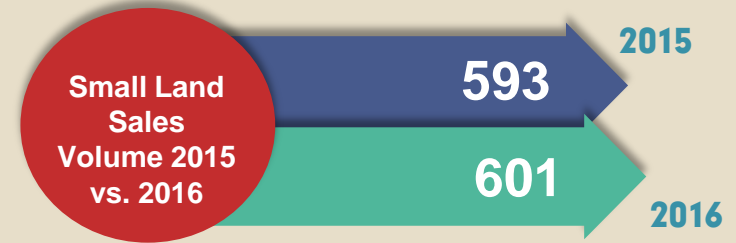
South Texas experienced modest gains in small land sales volume in 2016, increasing 1.4 percent year-over-year to 601 small land sales.

Conversely, the average price per acre for small land sales in Region Six declined slightly in 2016, decreasing 3.9 percent year-over-year to \$8,407 per acre.

The average land tract size in South Texas in 2016 was 19 acres, one acre more than the year prior.

Modest gains in average price per acre as well as an increasing average tract size year-over-year indicates that small land sales in South Texas are being impacted by the growing shortage of prime land as buyers are forced to consider less-desirable tracts. Such properties may not be ideally located, lack fencing or water, or require additional development.

Small Land Sales Volume



Average Tract Size



Average Price Per Acre



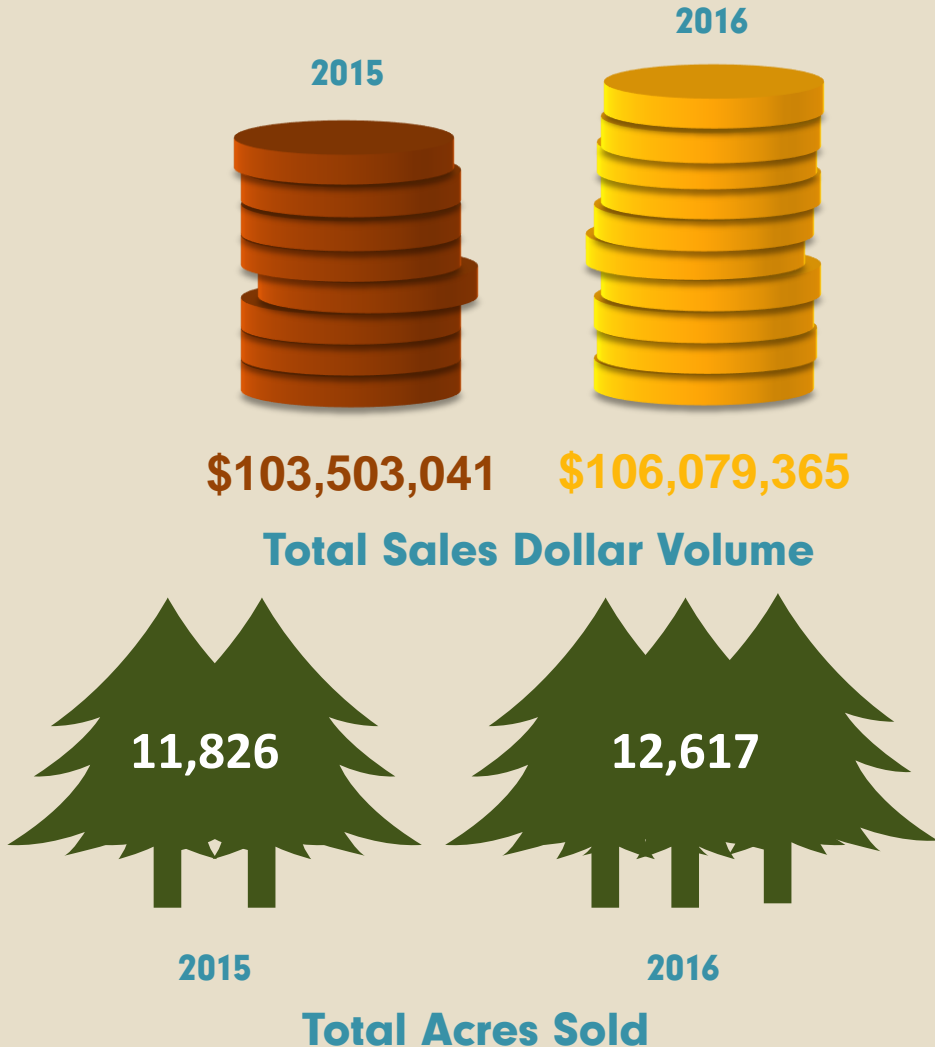
Region Six: South Texas

In South Texas, the total acreage of small land parcels sold rose 6.7 percent from 2015 to 12,617 total acres sold.

The total sales dollar volume of small land sales in Region Six was \$106,079,365, a 2.49 percent increase from 2015.

Despite inclusion of the San Antonio metro area, Region Six comprised a relatively small portion of small land sales statewide. In 2016, 8.6 percent of Texas small land sales were sold in South Texas.

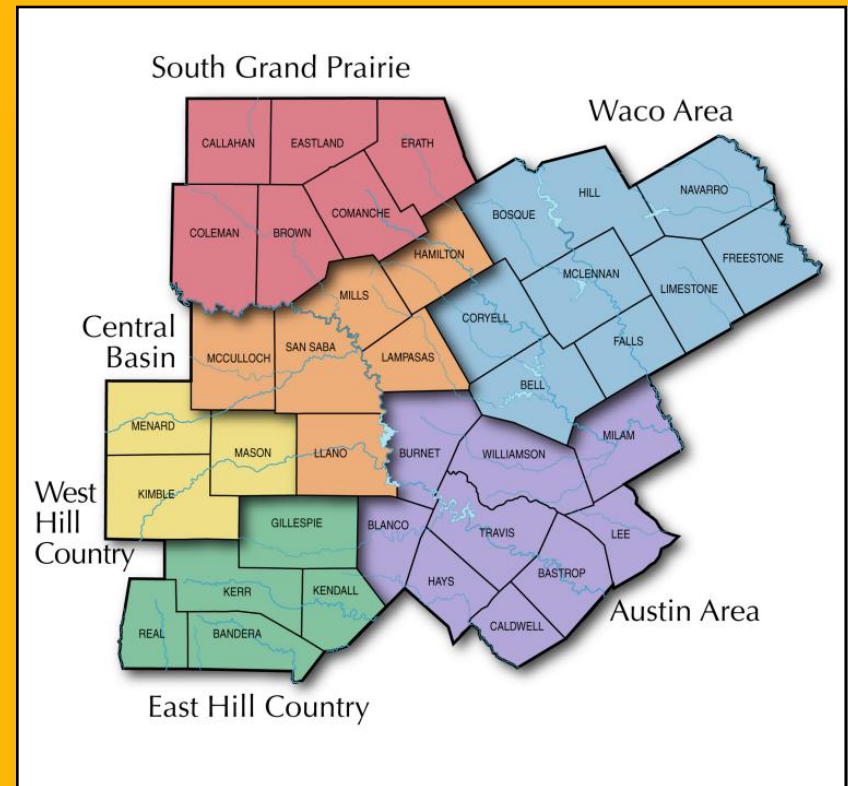
Oil and gas activity in the Eagle Ford Shale continues to impact small land sales activity in South Texas, with uncertainty in the market lingering from the recent downturn in the energy sector. According to the Real Estate Center, discussions at a national level for a proposed border wall and renegotiations of the North American Free Trade Agreement (NAFTA) could impact South Texas land values and thus is also increasing concerns among potential buyers.



REGION SEVEN: AUSTIN – WACO – HILL COUNTRY

CHARACTERISTICS

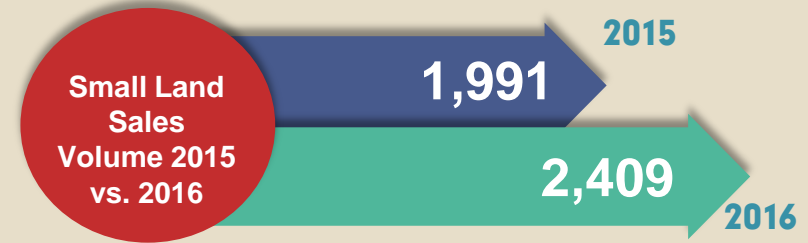
- Encompasses the Austin-Round Rock, Killeen-Temple-Fort Hood and Waco MSAs.
- Small land sales consist of land parcels 49 of acres or less.
- Includes the following Texas counties: Bandera, Bastrop, Bell, Blanco, Bosque, Brown, Burnet, Caldwell, Callahan, Coleman, Comanche, Coryell, Eastland, Erath, Falls, Freestone, Gillespie, Hamilton, Hays, Hill, Kendall, Kerr, Kimble, Lampasas, Lee, Limestone, Llano, Mason, McCulloch, McLennan, Menard, Milam, Mills, Navarro, Real, San Saba, Travis and Williamson.



Region Seven: Austin – Waco – Hill Country

Small Land Sales Volume

The Austin – Waco – Hill Country region experienced strong gains in small land sales volume in 2016, jumping 21 percent year-over-year to 2,409 small land sales. Once again, Region Seven led the state in small land sales volume in 2016.



The average price per acre for small land sales in Region Seven also increased in 2016, rising 3.9 percent year-over-year to \$8,684 per acre. Due to Region Seven's inclusion of the Austin metro area as well as high market values for Hill Country property, the average price per acre in this region is the second-highest in the state.

Average Tract Size



Average Price Per Acre



The average land tract size in the Austin – Waco – Hill Country region in 2016 was 20 acres, which is unchanged from the year prior.

With some of the fastest growing local market areas in the nation, high demand for land within Region Seven continues to be driven by immediate development needs. Recreational properties for Austin residents as well as farmland in the Central Blacklands also continue to be high in demand.

Region Seven: Austin – Waco – Hill Country

In the Austin – Waco – Hill Country region, the total acreage of small land parcels sold jumped 21.8 percent from 2015 to 55,078 total acres sold. This was the highest total acreage sold of any Texas region in 2016.

The total sales dollar volume of small land sales in Region Seven was \$478,290,163, a 26.48 percent jump from 2015. This was also the highest small land sales dollar volume of any Texas region in 2016.

Due to high property demand surrounding the Austin metro area, Region Seven comprised more than one-third of all small land sales statewide. In 2016, 34.5 percent of Texas small land sales were sold in the Austin – Waco – Hill Country region.

Region Seven will likely always have a high demand for small land parcels due to its central location within the state. Small land sales activity within Central Texas is driven by buyers from Austin as well as the Waco-Temple-Killeen, San Antonio-New Braunfels and Dallas-Fort Worth MSAs.

