

# RURAL LAND MARKET OUTLOOK 2023 MINI-EXPO Seguin, TX January 24, 2023

Charles E. Gilliland PhD  
Research Economist



# Rural Land Markets 2020-2022

- Pandemic
- Inflation



# Sam Middleton Speaks in *Texas Monthly*

- Waggoner Estate
- Matador
- 6666
- Boone Pickens



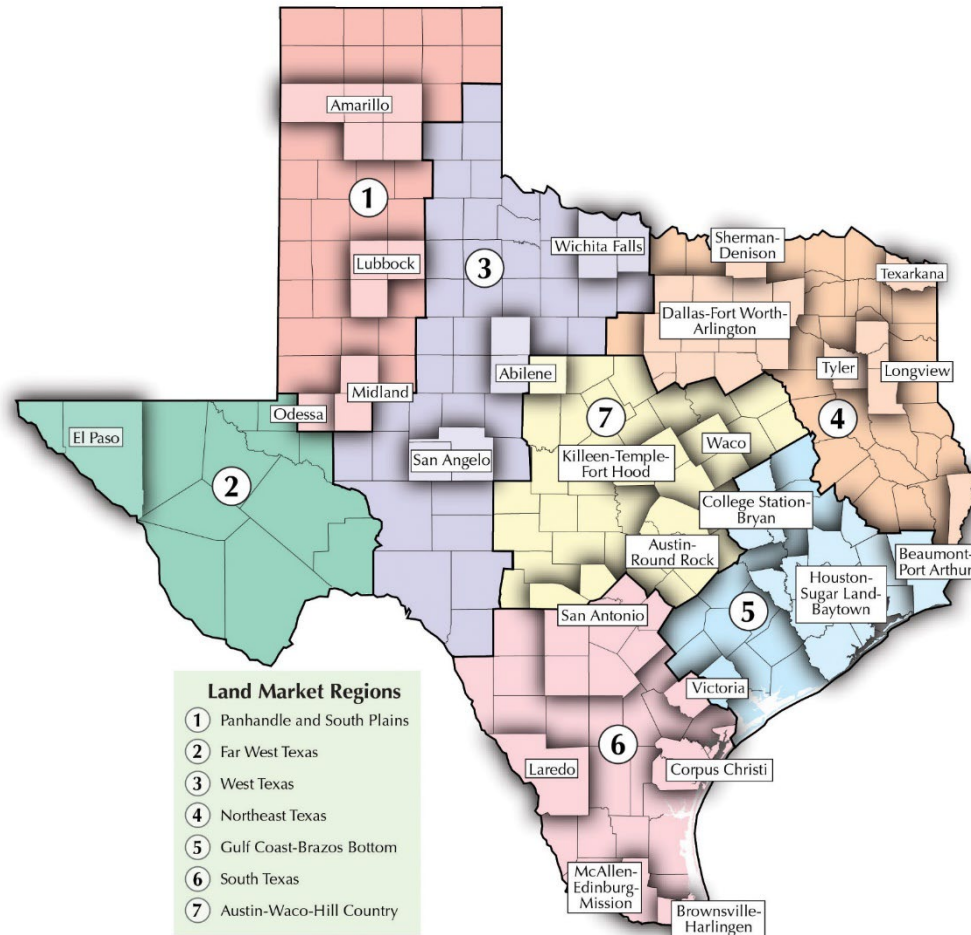
# Sam Middleton Speaks

- 50 Years ago, Everything was focused on **livestock**. There was no recreation market. All of our ranch sales for my first ten to fifteen years were focused on **agriculture, livestock, and farming**.
- ...Back in the early days. We'd be on somebody's ranch, and they'd say, "Sam, if you ever want to come out and shoot some quail or something like that, you're **welcome**."
- ...We **never get an invitation** like that anymore.
- ...beginning in the late nineteen-eighties, people started realizing that **there was value in recreation**, and **now that drives the market**.



# Texas Land Markets

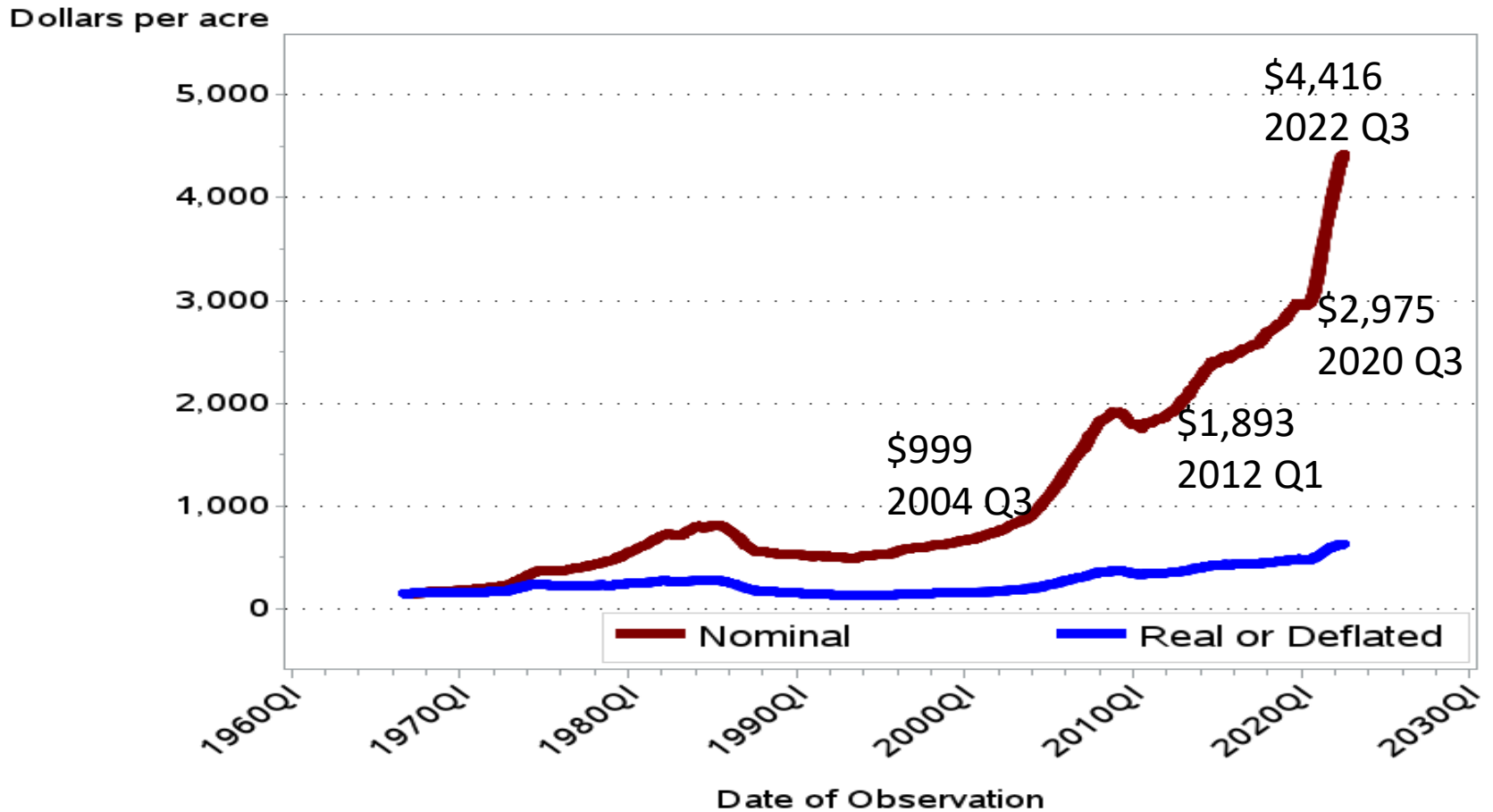
Land Market Regions with MSA's



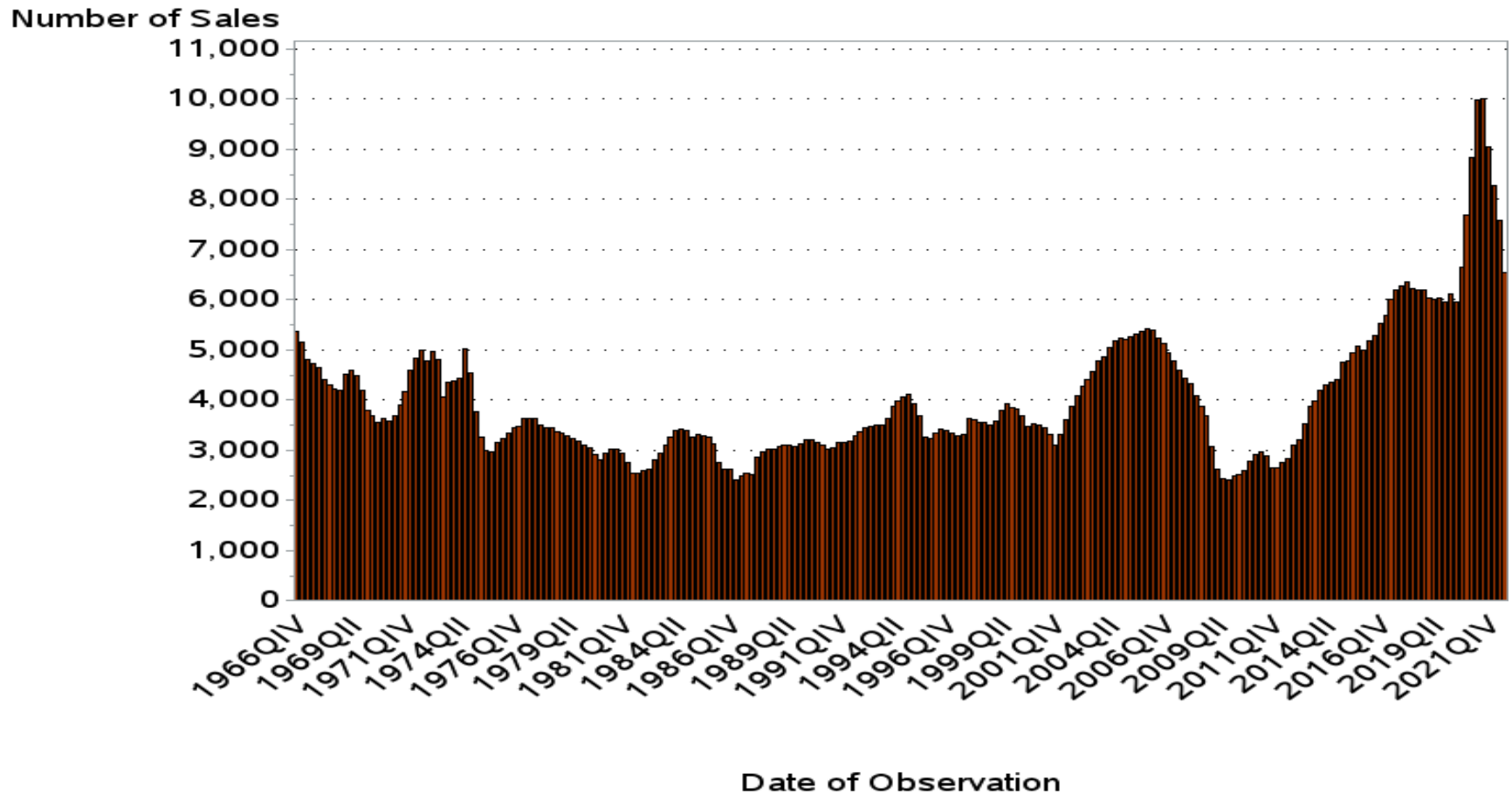
- Land Market Regions**
- ① Panhandle and South Plains
  - ② Far West Texas
  - ③ West Texas
  - ④ Northeast Texas
  - ⑤ Gulf Coast-Brazos Bottom
  - ⑥ South Texas
  - ⑦ Austin-Waco-Hill Country

Source: Real Estate Center at Texas A&M University

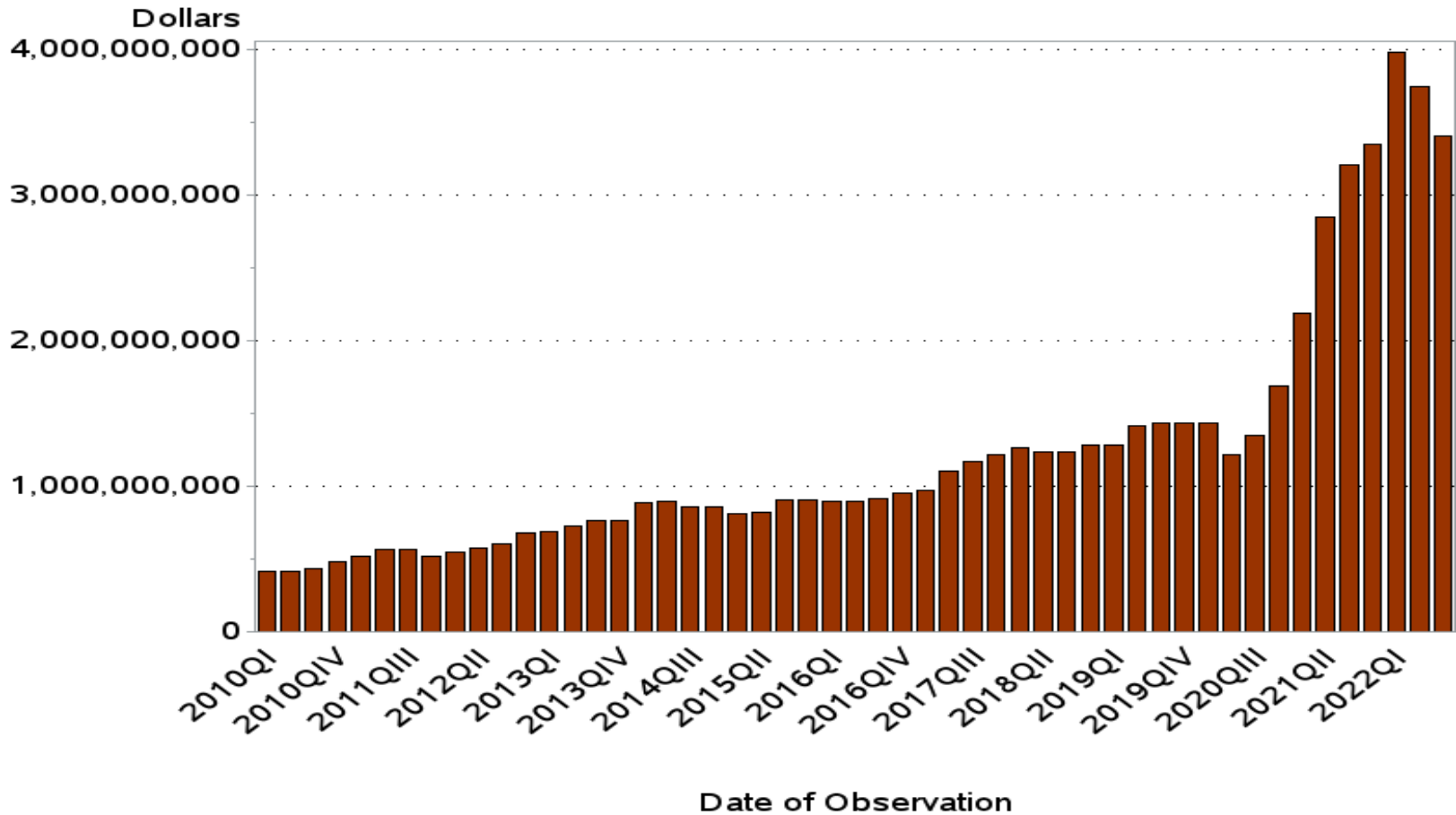
# Texas Rural Land Prices -- 2022



# Number of Sales Texas Rural Land Statewide -- 2022



# Total Dollar Volume Texas Rural Land Statewide -- 2022





# Texas Land Markets 2022 Q3

Price	<b>+18.84%</b>
Sales Volume	<b>-32.25%</b>
Avg. Acreage	<b>+1.48%</b>
Total Acres	<b>-8.38%</b>
Total Dollar Volume	<b>+9.12%</b>

**\*\*\* Slowing \*\*\***



# Texas Land Markets 2022 Q3

## Total Dollar Volume

2021 Q1	<b>\$2.188 billion</b>
2021 Q2	<b>\$2.847 billion</b>
2021 Q3	<b>\$3.204 billion</b>
2021 Q4	<b>\$3.346 billion</b>
2022 Q1	<b>\$4.018 billion</b>
2022 Q2	<b>\$3.824 billion</b>
2022 Q3	<b>\$3.473 billion</b>
2022 Q4	<b>\$3.??? billion</b>



# Austin - Waco - Hill Country 2022 Q3

Price	<b>+26.72%</b>
Sales Volume	<b>-38.11%</b>
Avg. Acreage	<b>-2.37%</b>
Total Acres	<b>-33.27%</b>
Total Dollar Volume	<b>+15.44%</b>

***Price \$6,668 Per Acre***

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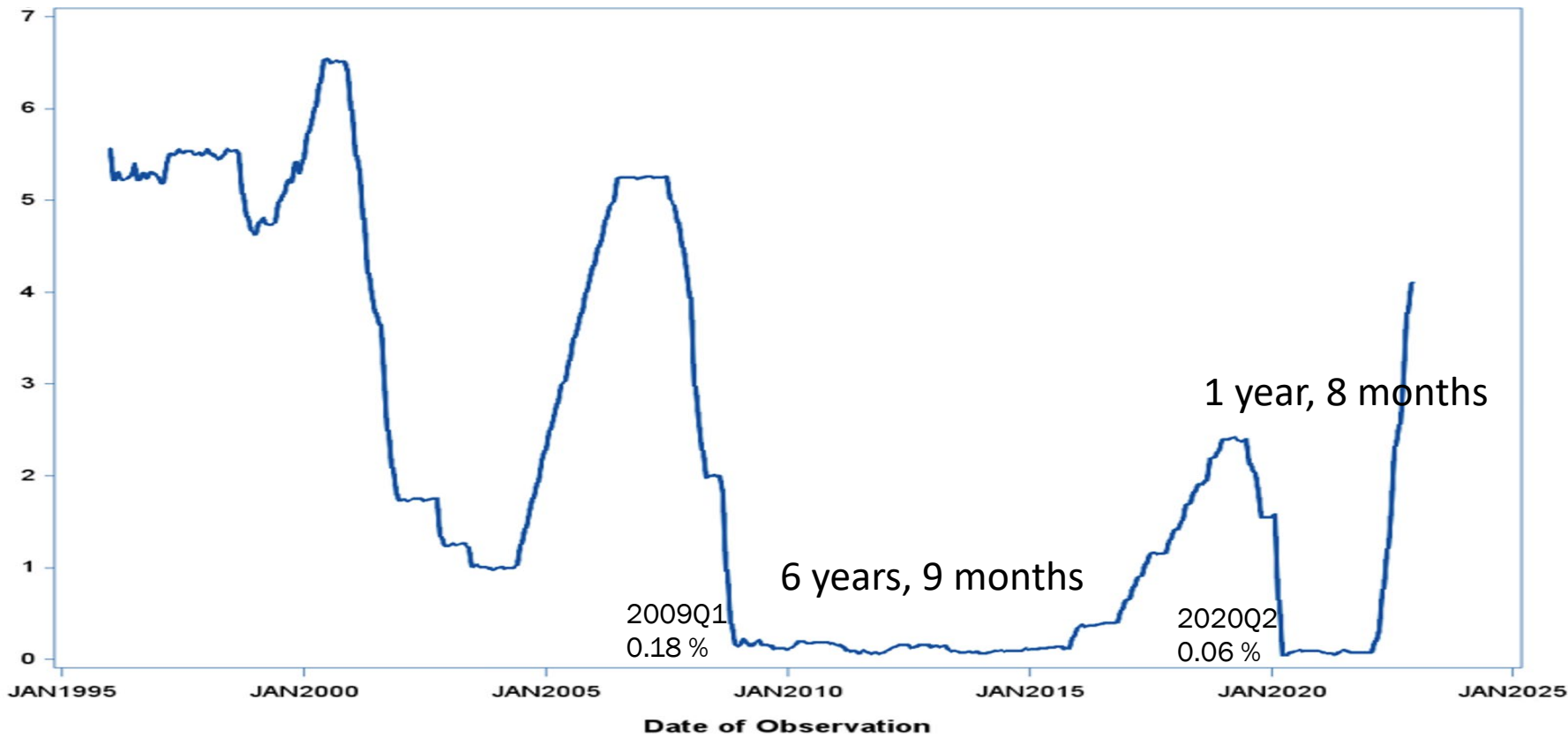
# John Law Lessons for Central Bankers

- Money = trust
- Reduce interest rate
- Increase the money supply
- Voila – Nirvana
  - Increased economic activity
  - Rising asset values
- Total charlatan
- Total genius



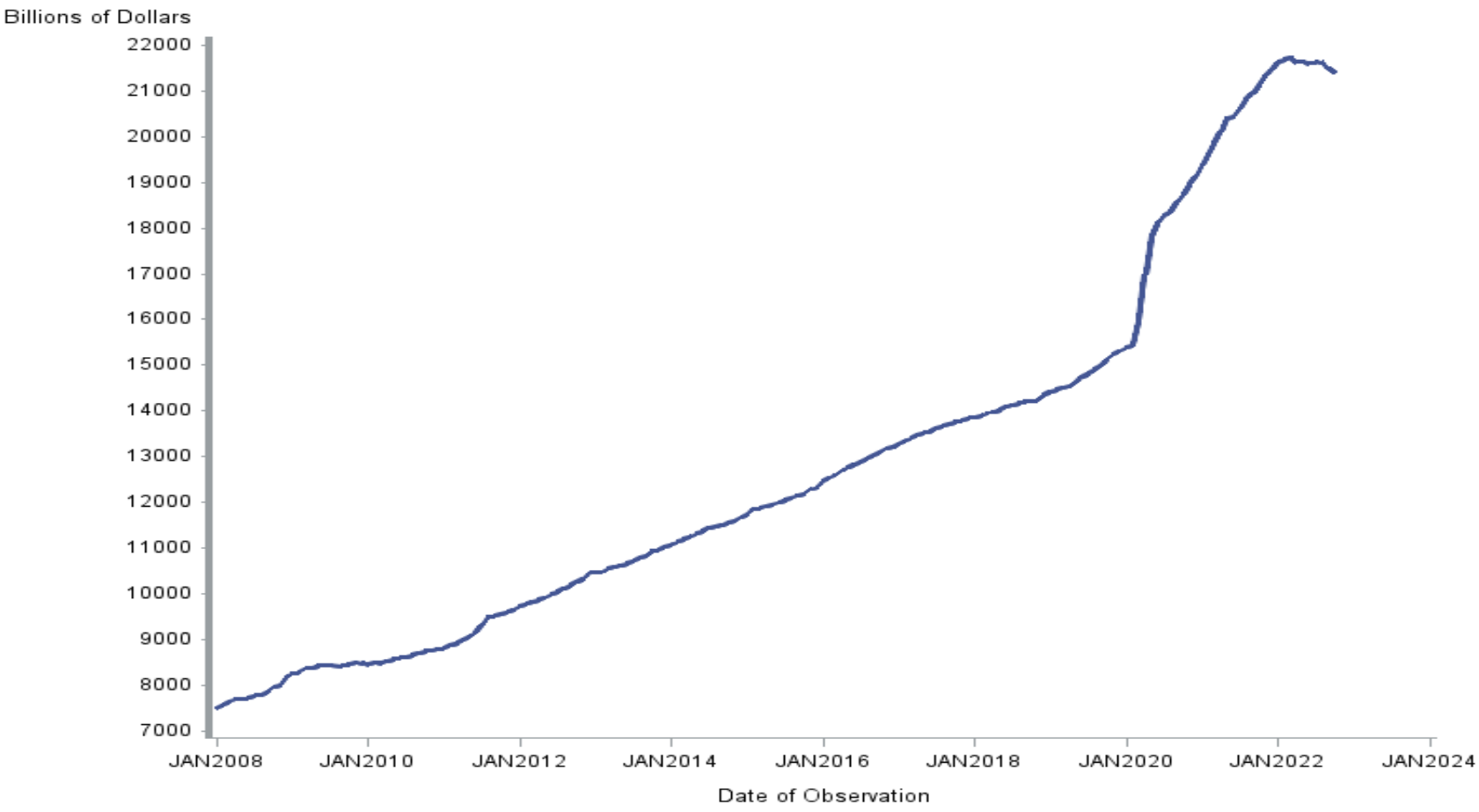
# FED Funds Rate

Federal Funds [effective] Rate (% p.a.)



Source: Haver Analytics

# M2 Money Supply



# John Bull Cannot Stand 2 Percent!

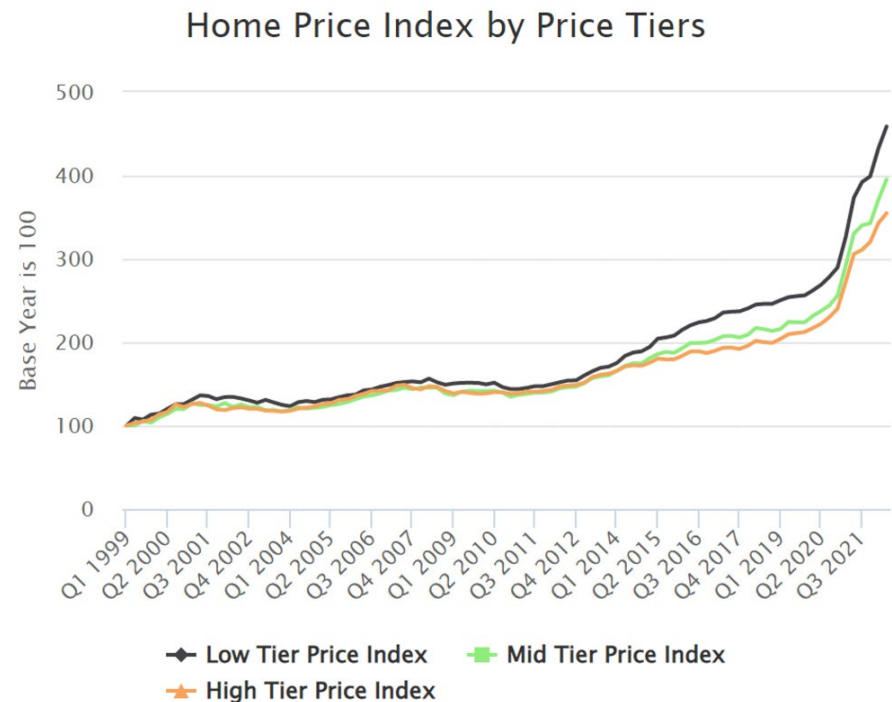
*Walter Bagehot, 1848*

- Search for yield
- Creative destruction stops
- Zombie companies remain
- Unicorn businesses blossom
- Long-term projects get funded



# Consequences of zero percent

- \$300,000 mortgage @ 7 percent for 30 years
  - Payment -- \$1,995.91 / month
- \$1,995.91 / month @ 3 percent for 30 years
  - \$473,408 mortgage
  - 58 percent increase in purchasing power
- @ 2 percent -- 80 percent increase



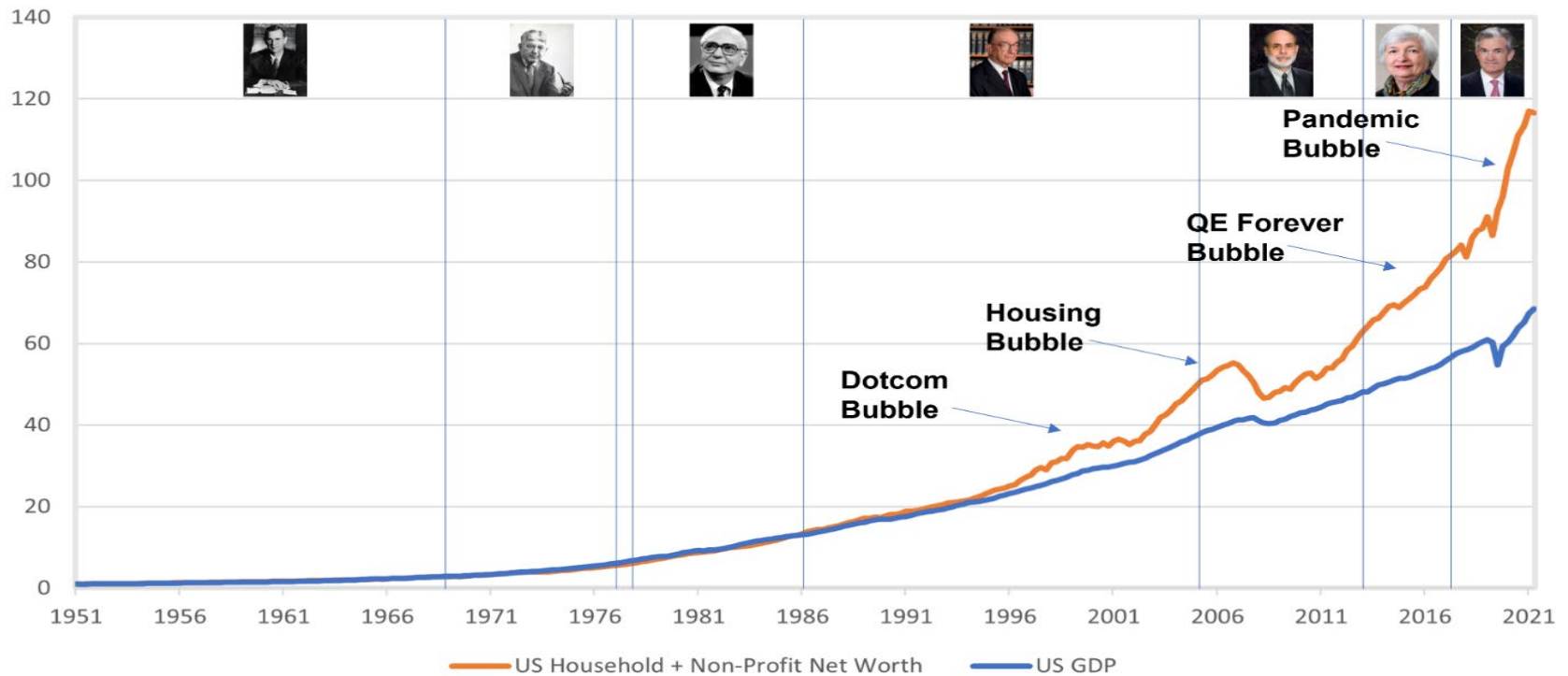


# Bubble Anyone?

## US Wealth Growth vs. US GDP Growth

Oct. 1951 - Jan. 2022

Nominal USD, Oct. 1951 = 1

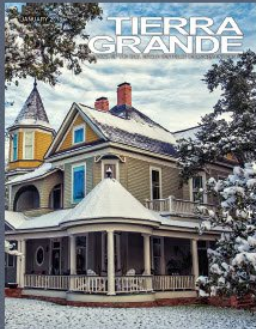


Source: Ben Hunt – Epsilon Theory

# Conclusion

- Rural land 2023
  - Prices to increase
  - Volume of sales to contract





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## RECON



December 5, 2017  
**Rent spread keeps Class B, C Austin apartment demand healthy**

**ALUSTEN** (Marcus & Millican Real Estate Investment Services) - With local job growth slowing and the labor market tightening, Marcus & Millican says the apartment market is showing signs of softening.

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