

REPUBLIC RANCHES LLC

Our Legacy is in the Land



TEXAS LAND MARKETS REPORT - 2ND QUARTER, 2021

ELITE FARM, RANCH AND RURAL PROPERTIES BROKERAGE FIRM

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info@republicranches.com | 888-726-2481 | www.republicranches.com



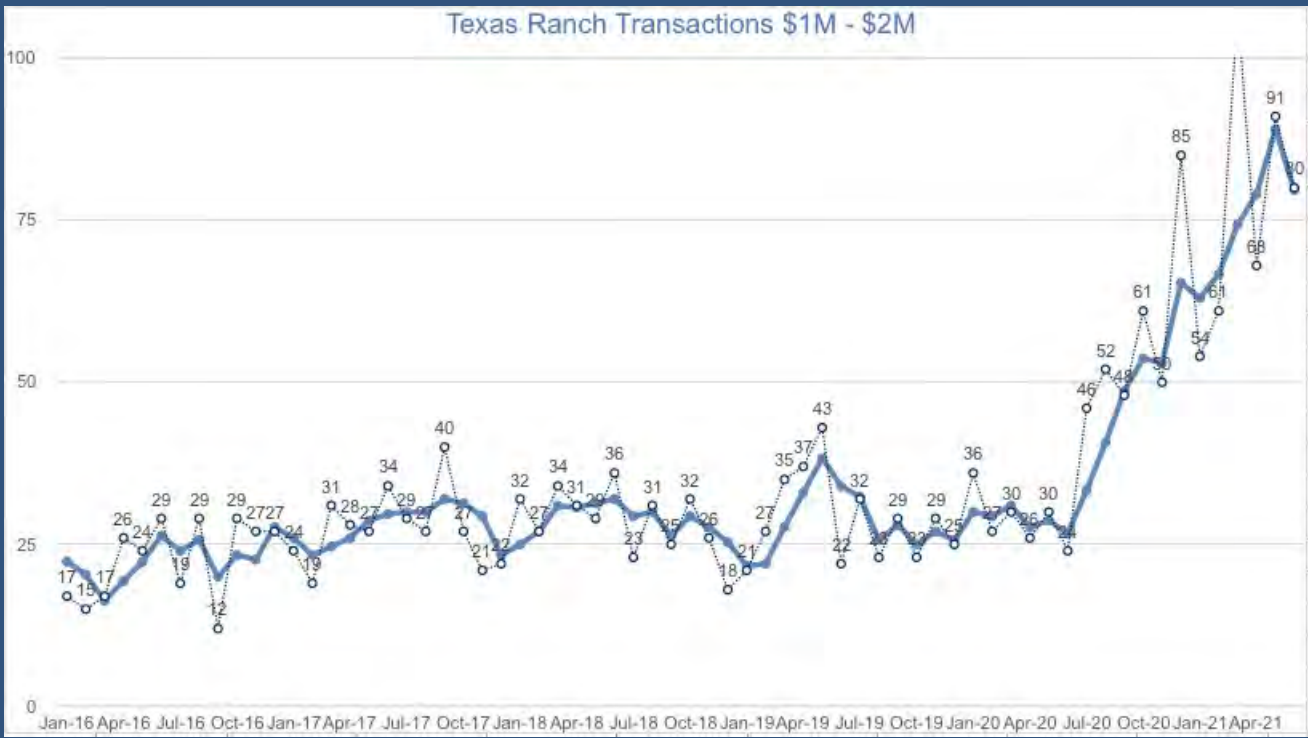
PALOMAS RANCH

14,581 Acres | Brooks County
SOLD APRIL 2021



SUMMARY

The second quarter of 2021 saw a continuation of a market on fire. All three of the tiers we track continued to hold at a record-breaking pace during the second quarter. We saw a very slight drawback in the lower tier in June, but with the limits to inventory out there now this was not surprising. Although usually the summertime is the slowest in the rural land sales market, this summer has continued to see robust activity and we continue to show property in the heat and the rain.



Source: LandsofTexas.com Comparable Sales Program

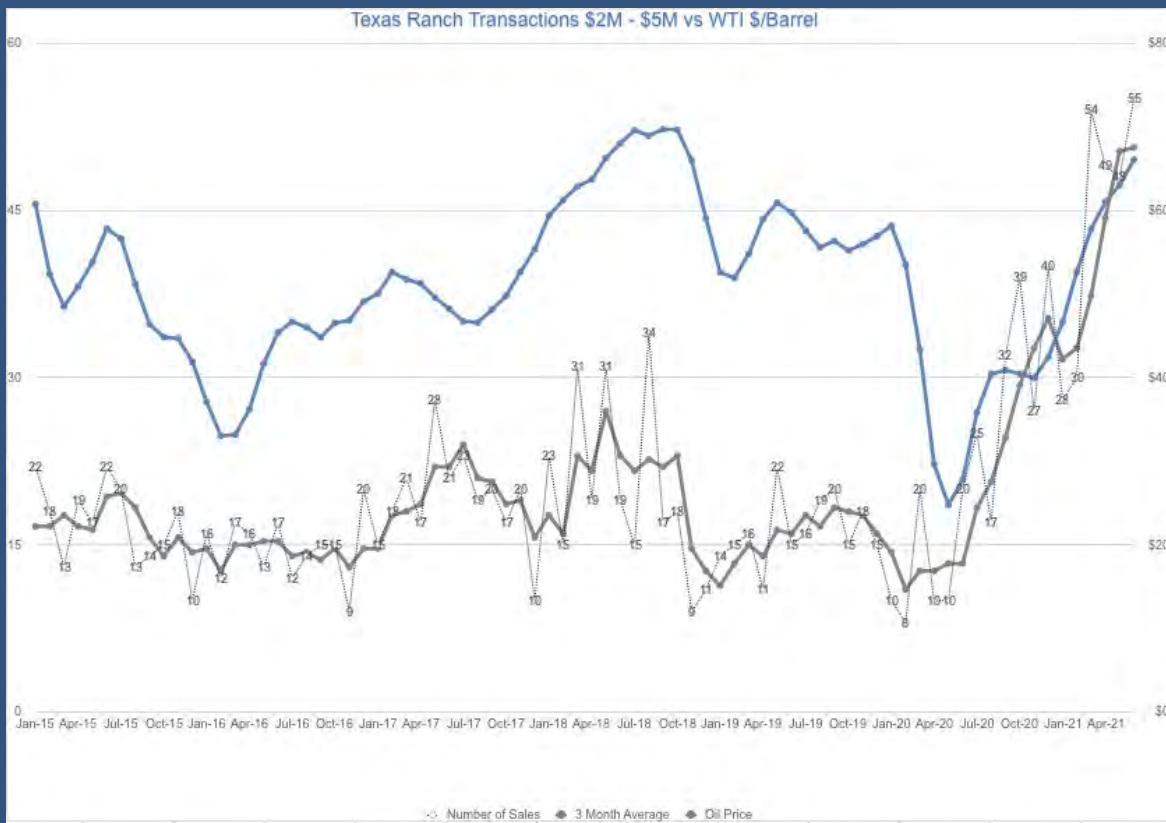
LOWER TIER SALES (\$1M - \$2M)

Farm and ranch sales in the lower tier saw an increase of 7% on the average number of monthly sales since the end of the 1st Quarter. The moving average went from 74 per month in March to an average of 80 sales per month in June. We did see a flattening out of the growth rate going into June; however, we believe this is primarily due to a growing lack of inventory on the market.

BRAZOS LONG BEND RANCH

188 Acres | Young County

SOLD MAY 2021



Source: LandsofTexas.com Comparable Sales Program

MID TIER SALES (\$2M - \$5M)

The mid tier range properties saw a significant increase during the 2nd quarter. Average monthly sales jumped from 37 to 51 during the quarter, an increase of 36%. June was a spectacularly active month, with the most sales on record with 55 sales in this category.

WTI crude prices also saw a significant jump, up almost 15% for the quarter.

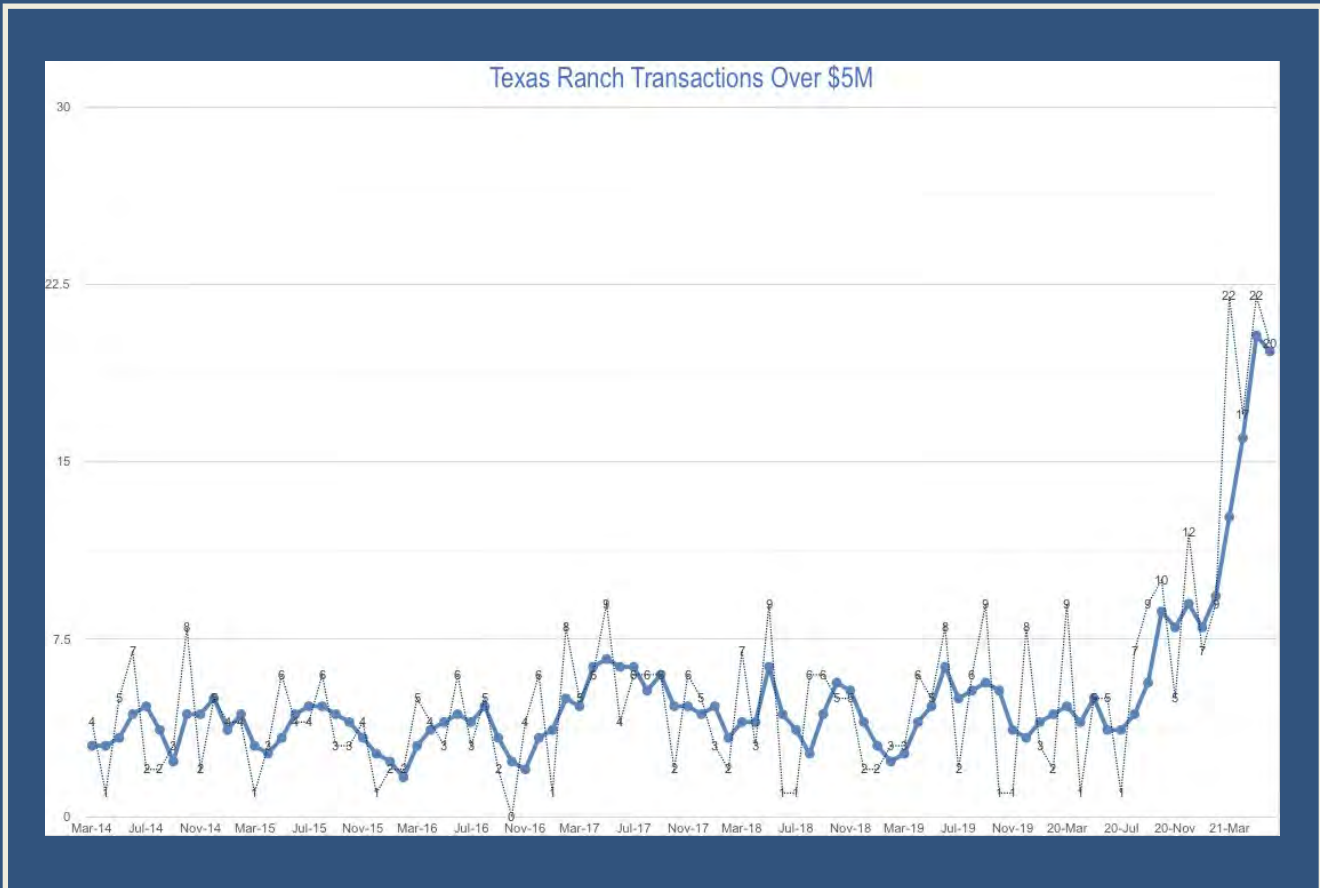


BAR 7Z RANCH
 350 Acres | Gonzales County
 SOLD JUNE 2021

ROCK HOUSE RANCH
 11,632 Acres | Terrell County
 SOLD APRIL 2021



©Siggi Ragnar



Source: LandsofTexas.com Comparable Sales Program

HIGH TIER SALES (\$5M+)

The high end of the market registered the largest percentage gain in the number of sales in the three categories we track. The average monthly sales numbers in this tier jumped from 13 to 20 sales during the quarter, a 55% increase.

SANTA ELENA RANCH
4,944 Acres | Jim Hogg County
SOLD JUNE 2021



OBSERVATIONS OF THE DATA

As noted last quarter, we began to see the larger tier sales “catch up” with the growth we had seen from the lower tiers in the first quarter. This not only continued into the second quarter but grew at an even faster rate. We continue to believe that the larger properties are being seen as investment-grade assets for multiple reasons, as mentioned in the first quarter report. Nothing from our last report as to the reasons for these gains has changed and the following remain as key demand drivers:

- Concerns related to present political climate in U.S.,
- Concerns related to inflation risk,
- Concerns that the stock market is overheated,
- Current and expected population growth in Texas,
- Siting locations for renewable resources.

We also believe some of the current activity is driven by tax rate change fears that are driving both sellers and buyers toward transactions.

While we also expected the pandemic-related demand to taper by this time as travel and other pursuits opened back up, the current uptick in new cases in certain areas and potential for new restrictions may keep this demand component in play for some time to come.

The most recent report for June on the high-end housing markets in Houston (and similar data is coming from the other major metropolitan areas of Texas), saw record sales in the “luxury home” market (those over \$750k) during the month of June with an increase since last year of 137% in the number of transactions. If we combine the number of transactions of ranch properties over \$2M, we have seen an increase in transactions since last June of 200%. At this point in the market, there are two major issues which may slow down the market: lack of inventory and an eventual resistance to increased pricing. Inventory of 1,000 acre ranches on the market is about 35% below historic levels. We are still seeing new places come on the market, driven mostly by the higher prices that encourage sellers to move forward with a sale. Even with higher prices, ranches are still selling faster than new ones are coming on the market, which will eventually slow down the number of transactions. Anecdotally, we are beginning to see some resistance to price increases in areas that have been the most active during the past year such as the Hill Country outside of Austin and Bluebonnet Country between Austin and Houston. At the same time, we are starting to see large price increases in areas that had lagged behind the “hottest” areas such as around College Station, Gonzales/Cuero, the upper Hill Country and elsewhere.

We believe that we are just starting to see the lack of inventory affect sales, as the lower tier sales have seen the slowest growth of properties that we monitor. That class of sales was first to see the major growth in sales now beginning over a year ago, while the higher-priced properties lagged growth in sales by 4 and 7 months, respectively. With over a year of high sales volume, that category is finally seeing a significant enough lack of inventory to begin to see a sales plateau. The higher-end of the market has not had as many months to draw inventory down as much as the lower tier ranches, therefore its sales growth has continued to increase significantly. We will be expecting the higher tier sales to see the same flattening out of sales numbers in the coming months as the inventory becomes constrained as well.

While this report is focused on land markets in Texas (where we have better datasets), we believe that most of the trends herein apply equally to other markets we serve. (In addition to Texas, we are licensed and operate in Colorado, New Mexico, Oklahoma, Arkansas and Louisiana and, through our strategic alliance with Fay Ranches, Inc., service other regions and states across the USA).

An aerial photograph of a large, multi-winged stone mansion with a grey roof and several chimneys. The property features a swimming pool, a manicured garden with circular hedges, and a stone wall surrounding the main building area. The surrounding landscape is a mix of green trees and dry, rocky ground under a blue sky with light clouds.

HOPE COTTAGE
104 Acres | Kerr County
SOLD MAY 2021