



TEXAS LAND MARKETS REPORT - 4TH QUARTER, 2021

ELITE FARM, RANCH AND RURAL PROPERTIES BROKERAGE FIRM

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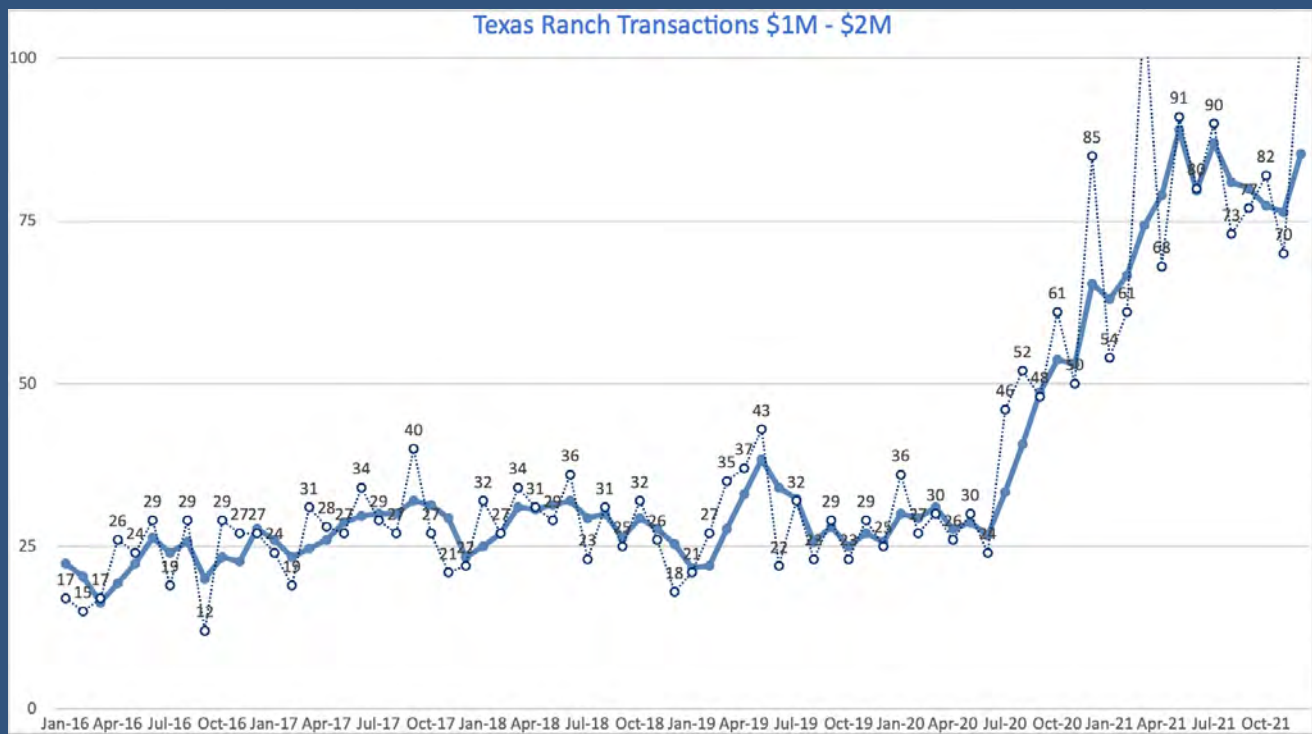




LAKES OF GIBBONS CREEK
11,000 Acres | Grimes County
SOLD DECEMBER 2021

SUMMARY

During the fourth quarter of 2021 we witnessed a very interesting trend in Texas land markets with December setting records for two of the three ranch categories we track. The third category saw the second largest monthly sales in history. Larger ranches just exploded during December with numbers that are statistically significant. As detailed below the record numbers of transactions and continuing low inventory levels likely contributed to increased price levels across the state.

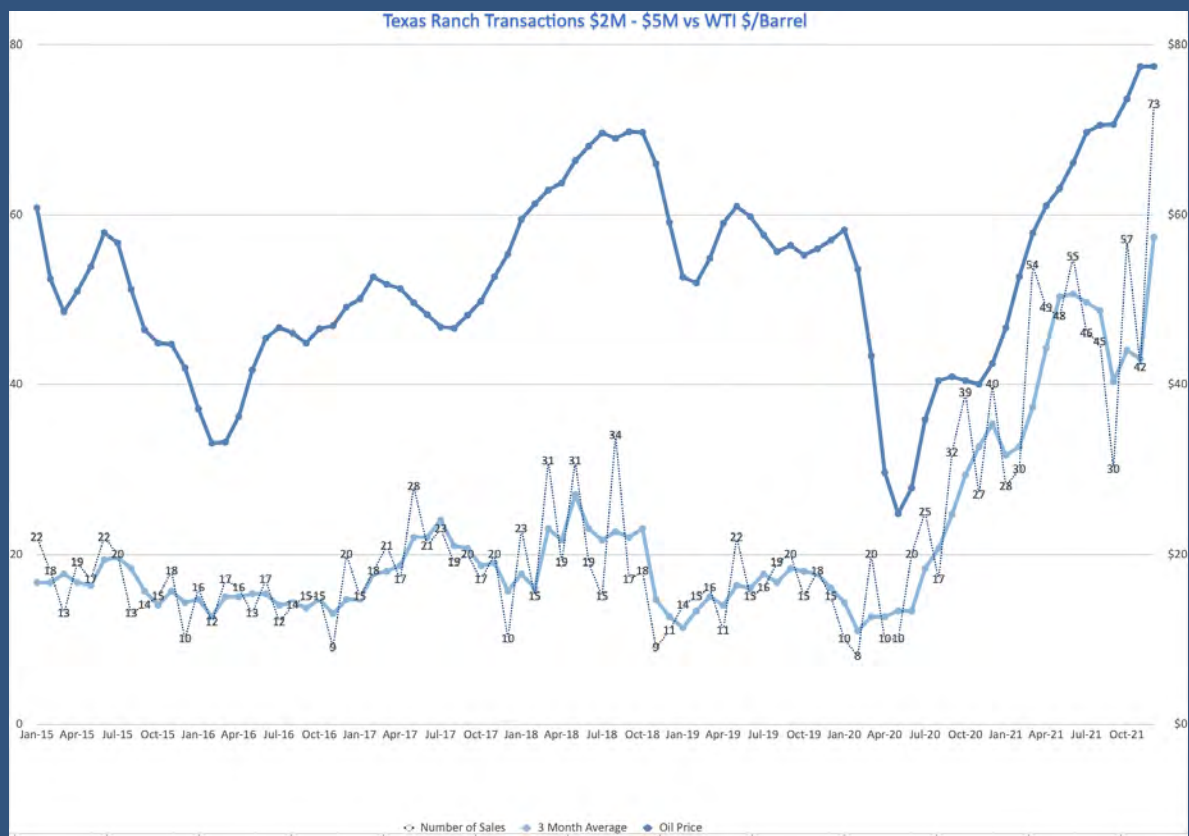


Source: LandsofTexas.com Comparable Sales Program

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

Farm and ranch sales in the lower tier saw a modest increase in sales during the fourth quarter, increasing from an adjusted average of 80 per month to 85.3 per month (a 6.7% increase for the quarter). After flatlining for the third quarter, sales again began ramping back up; although we doubt, due to lack of inventory, that this level of transaction can be sustained.

**MERIWETHER HEADQUARTERS
RANCH
1,002 Acres | Brewster County
SOLD OCTOBER 2021**



Source: LandsofTexas.com Comparable Sales Program

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

After a fairly significant drop in the third quarter the mid tier range properties came roaring back in the fourth quarter and reached a new high of 57.3 ranches sold per month in this category. This was an increase in sales of 42%! December saw 73 sales in this category which is the highest number sold in one month by a significant margin. Oil prices also continued to trend upward at a high rate.

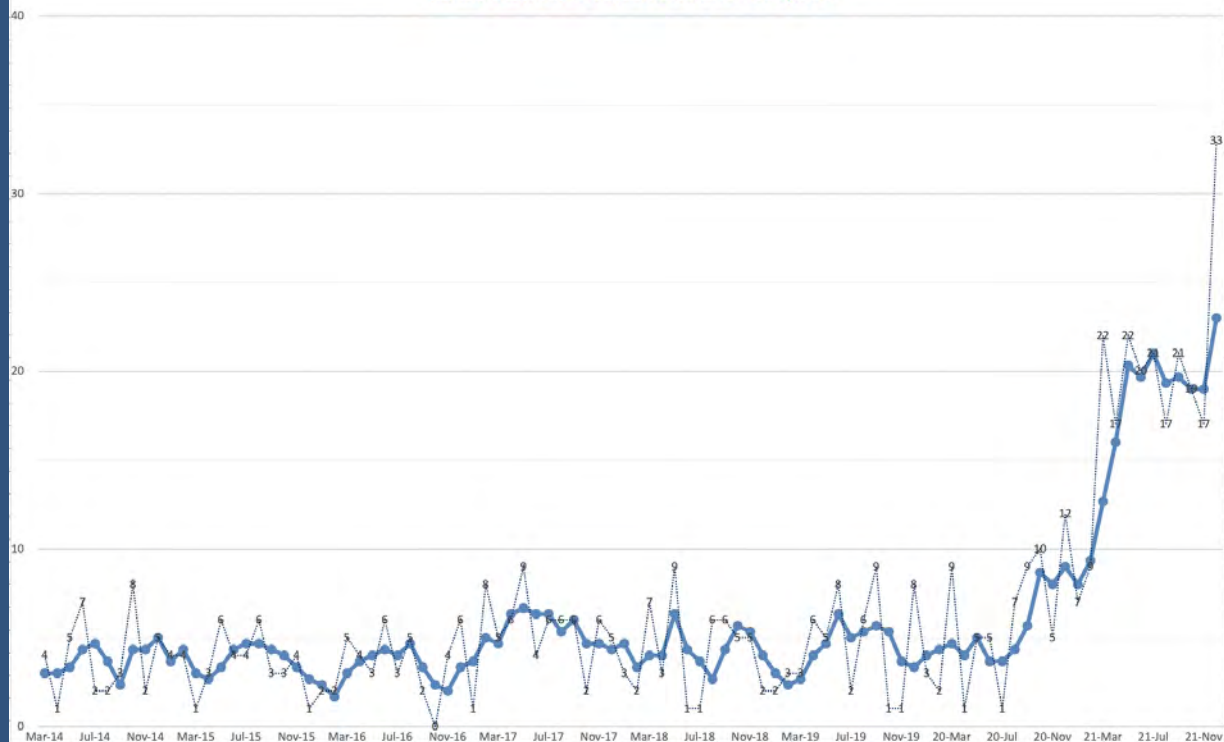
RED RIVER VALLEY FARMS
11,293 Acres | Bowie County
SOLD NOVEMBER 2021

SHOOP RANCH WEST

1,807 Acres | Wise & Denton Counties
SOLD NOVEMBER 2021



Texas Ranch Transactions Over \$5M



Source: LandsofTexas.com Comparable Sales Program

HIGH TIER SALES (\$5M+)

The high end of the market also blew out its record, moving to an average adjusted sale per month of 23 ranches, up 17% with December breaking a new monthly record of 33 ranches sold during that time period.



MOUNT ORD RANCH
15,888 Acres | Brewster County
SOLD DECEMBER 2021

©Siggi Ragnar

OBSERVATIONS OF THE DATA

Ok, what the heck is going on? While we still stand by our last quarter's observation about the dwindling inventory, the market still broke records during the fourth quarter. Anecdotal observations also would indicate that the number of buyers out there looking for property not only has not waned, but has actually increased in the past month or two. There are several potential factors that have caused this big jump in the fourth quarter:

1. The price of oil has been increasing steadily and is hitting multi-year highs. We know from past observations that rural land transactions are highly correlated with the price of oil. This certainly is contributing to the surge in sales, but by how much is hard to gauge. We think it likely is contributing to the sales going up (and observing that the high tier sales have gone up the most tends to lend this credit), but we doubt it is the largest factor.
2. Fear of inflation. We believe this is likely the largest factor in what is happening in the ranch market in Texas. Not only has the observed inflation in the country gone up the most since the early 1980's during the past year, but there have been a lot of experts that expect this inflation to continue potentially for years. A common theme we continue to hear from a good number of our clients is that they are looking for protection from inflation through purchasing raw land.
3. Return of capital instead of return on capital. The stock market is starting to stutter and is standing at very high levels based on most historic standards. Interest rates may rise, killing returns on bonds. A lot of the smart money is recognizing potential issues in many of the typical investment areas and being able to return much in the coming year(s). This is causing some large investments in raw land from both people and companies trying to protect their money by putting it in land, which has historically not seen big swings in pricing (particularly on the low end) even though its liquidity is certainly less than other traditional investments.
4. COVID-19 has continued to cause buyers to look to property outside of cities. While this issue was certainly the catalyst for this two year run on ranches, it is becoming less of a factor now in our opinion.
5. Texas leads population growth in the United States. Regardless of the reasons (taxes, business climate political climate, etc.), an increasing population creates demand for real estate and a portion of that demand is for rural real estate.

The Texas A&M Real Estate Research Center reported that pricing in Texas for rural lands increased the most during the third quarter of 2021 (most recent data) since they have kept records in 1971. They showed a percentage change (YoY) of 25%. We have done some research on pricing and came to very similar numbers, at least in portions of the state that have done well. We expect that pricing for the parts of Texas that have not had other issues affecting pricing (illegal immigration concerns in areas close to the border for example) have easily gone up in value 20% over the past 12 months, with most of that increase within the past 6 months as inventory dropped to levels we have not seen in years. As we have mentioned before, the number of 1,000 acre plus ranches available for sale in Texas has been well below historic averages and as of this writing is at the lowest level we have seen since we began tracking that datapoint in 2016. How long this will continue is impossible to know, but for now it is still a seller's market as inventory levels continue to decline and more buyers continue to look into land as an investment.

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).

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GOLIAD 3550 RANCH
3,549 Acres | Goliad County
SOLD DECEMBER 2021

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