

REPUBLIC REPORT

Ist Quarter of 2024



REPUBLIC  RANCHES LLC

Our Legacy is in the Land

LETTER FROM THE PARTNERS

Dear Readers,

During the first quarter of 2024, Republic Ranches noted a continued steady increase in activity levels with requests for proposals and new listings making up a significant amount of that activity. The sales data, however, was disappointing overall, with fewer transactions during the first quarter than the fourth quarter of 2023.

As we will discuss further in this update, we still believe that we are seeing “price discovery” issues going on now. Pricing remained relatively stable while we saw further erosion in overall transactions, yet we are still seeing much higher activity levels. We expect that the second quarter of 2024 will begin to find better equilibrium and still expect that transaction volumes have bottomed out and increases will begin shortly. The big question now is will sellers hold the line with expectations of higher pricing on sales, or will we see buyers expectations of not seeing further price increases for now and sellers capitulate to get properties moving again.

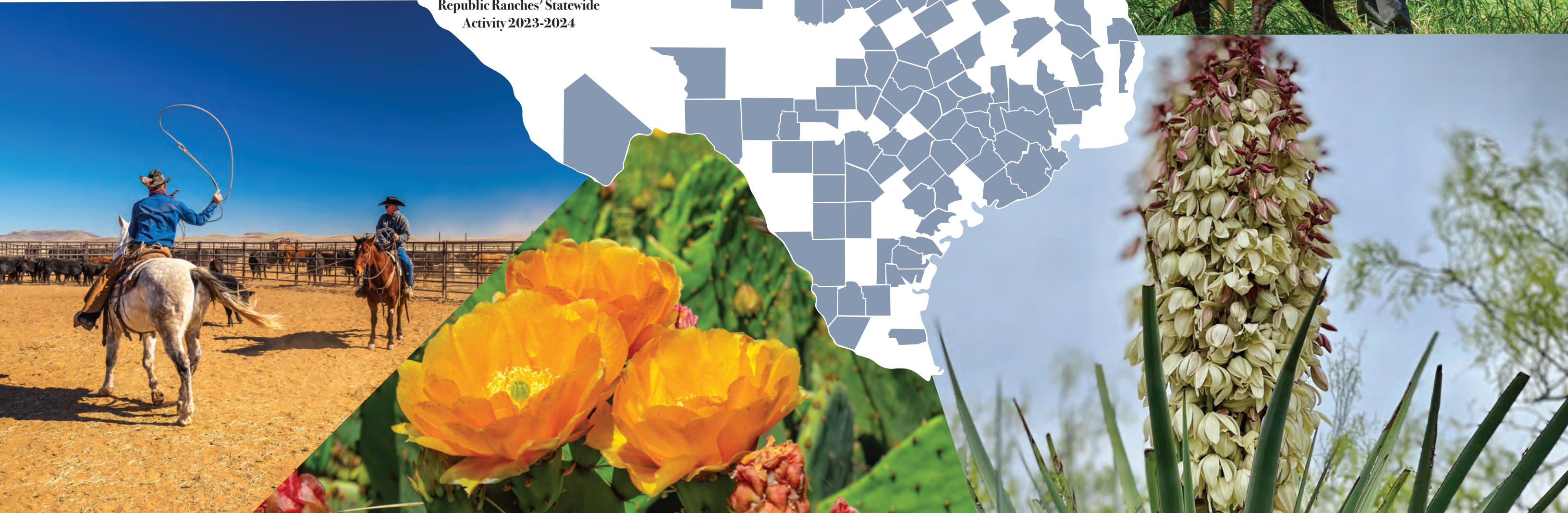
Oil prices have seen a significant jump over the past month, and as we have reported in the past, it is the best outside data point to correlate with increased volume of sales in Texas. There is no reason to not expect that this trend will continue into the rest of 2024.

We hope you enjoy this Q1, 2024 issue of the Republic Report.

- Jeff Boswell, Partner
- Charles Davidson, Partner
- Mark Matthews, Partner
- Bryan Pickens, Partner
- John Wallace, Partner



Republic Ranches' Statewide Activity 2023-2024





TEXAS LAND MARKETS REPORT

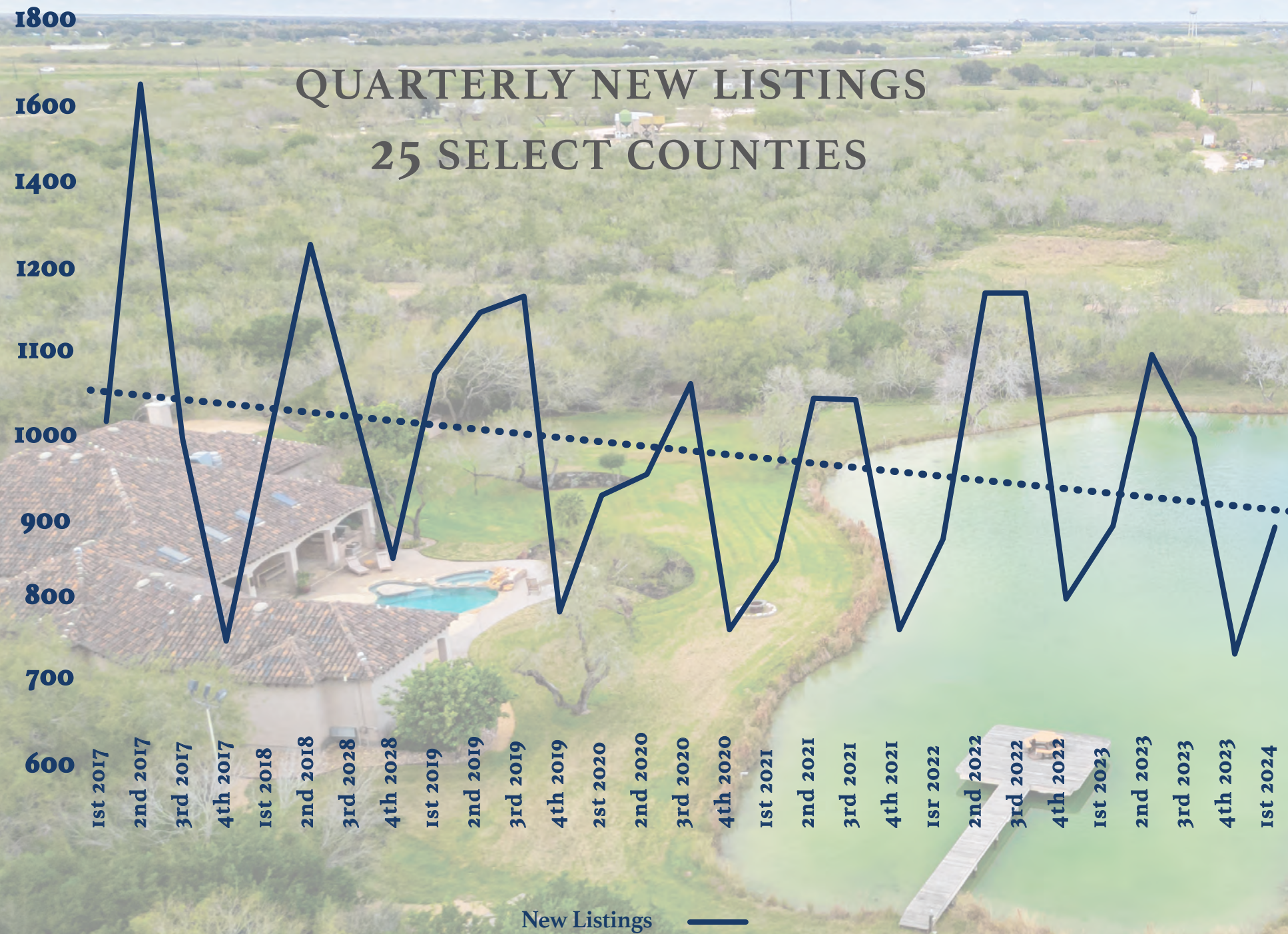
Ist QUARTER 2024 SUMMARY

The first quarter of the new year saw a surprisingly large drop in transactions of 27% from the slight uptick in the fourth quarter of last year. All three classes of ranches that we track saw a decrease in sales transactions in the first quarter compared to the fourth quarter of 2023.

Texas # Sales All Ranch Categories Three Month Moving Average



QUARTERLY NEW LISTINGS 25 SELECT COUNTIES



Sourced: Land.com Comparable Sales Program

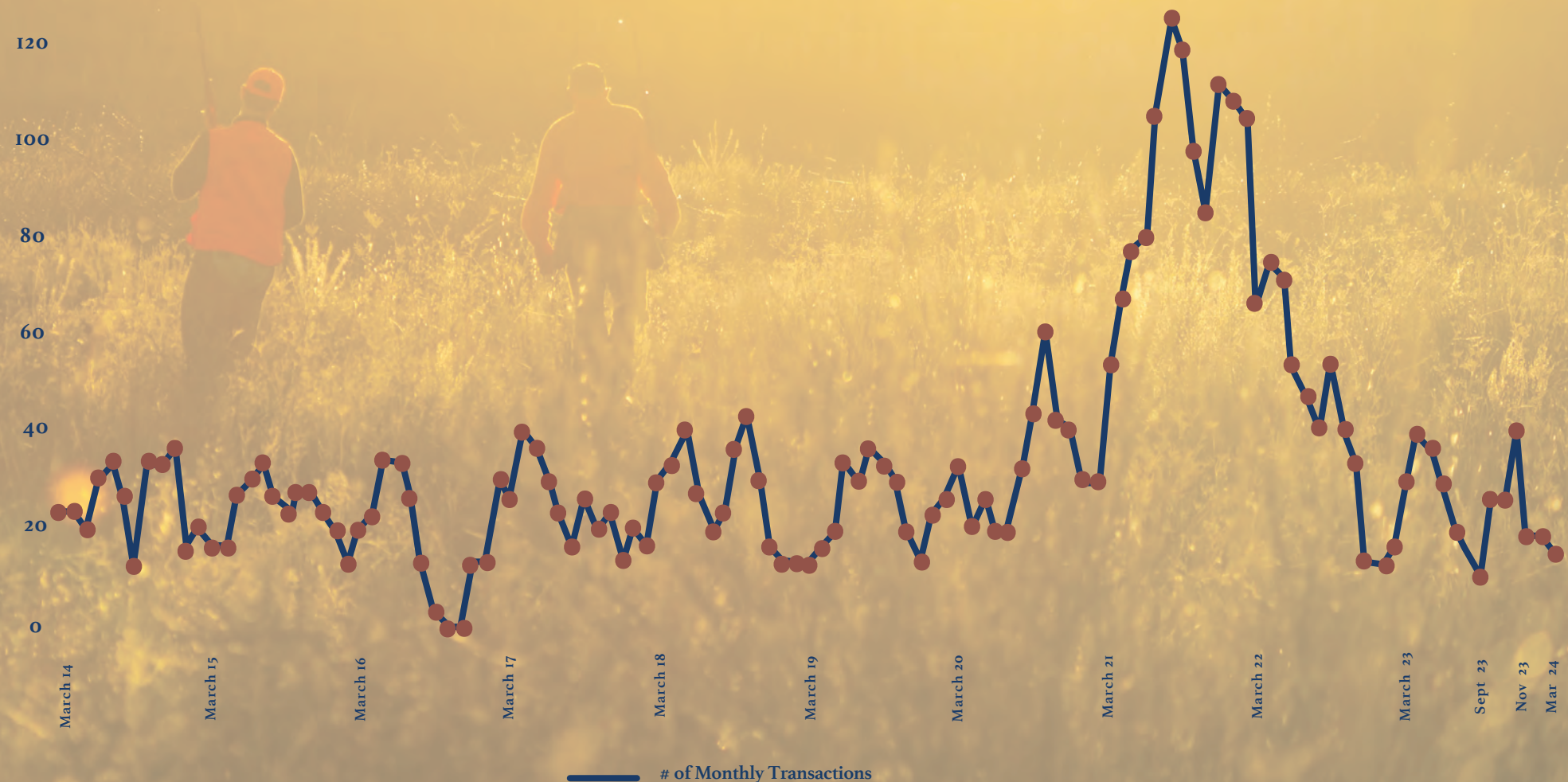
INVENTORY LEVELS

New listings continue to show a flattening out process after slowing for the last several years. Overall new listings were basically on par with the last three years of first quarter listings. As the graph illustrates, listings are cyclical: spring and summer always have more new listings than fall and winter.

SALES BY THE NUMBERS

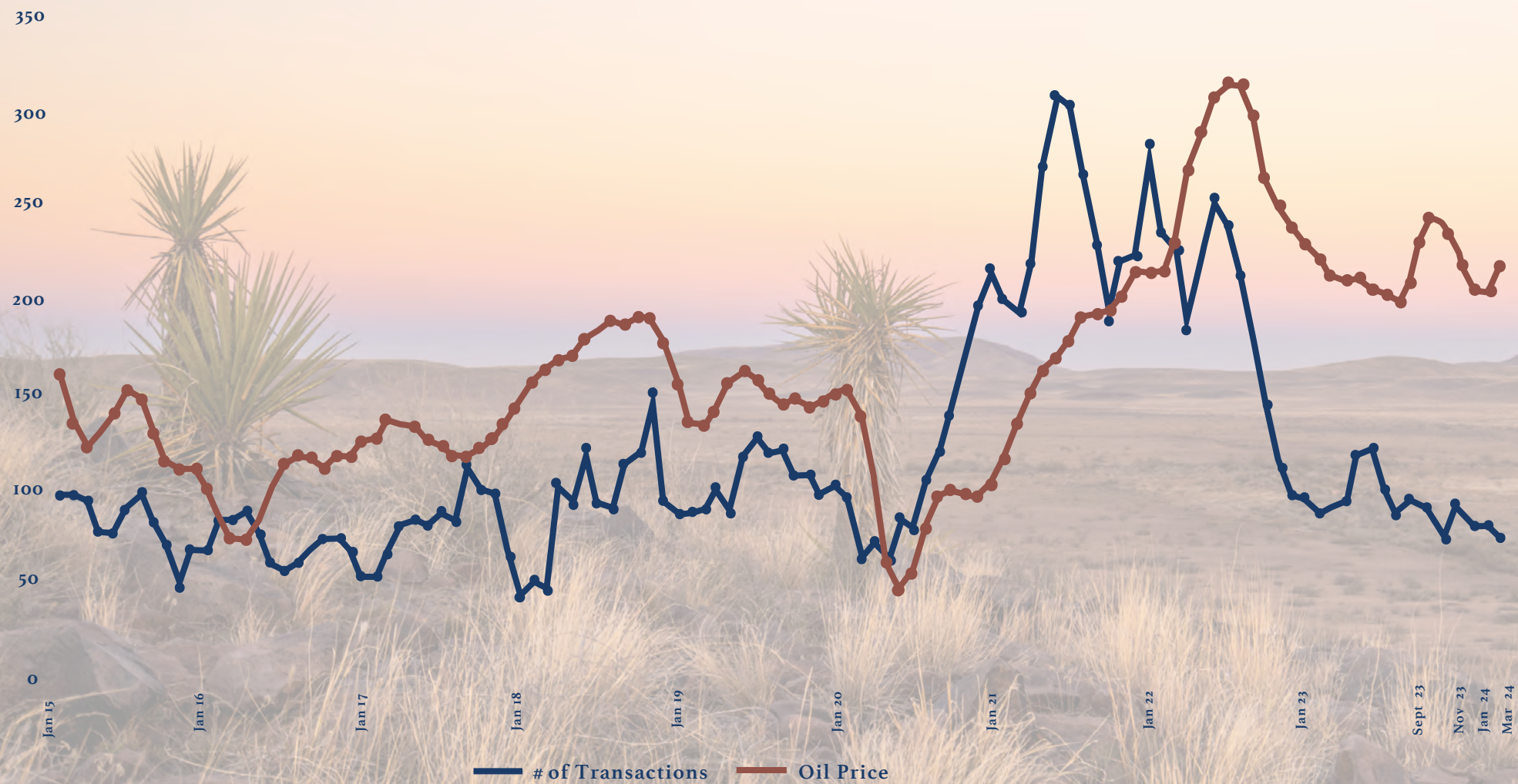
After a decent increase in transactions in the fourth quarter of 2023, we saw a fairly significant decrease in large tier ranch transactions in the first quarter of 2024.

TEXAS RANCH TRANSACTIONS Large Tier Ranches Three Month Moving Average



Sourced: Land.com Comparable Sales Program

Mid-Tier Ranch Transactions



Sourced: Land.com Comparable Sales Program

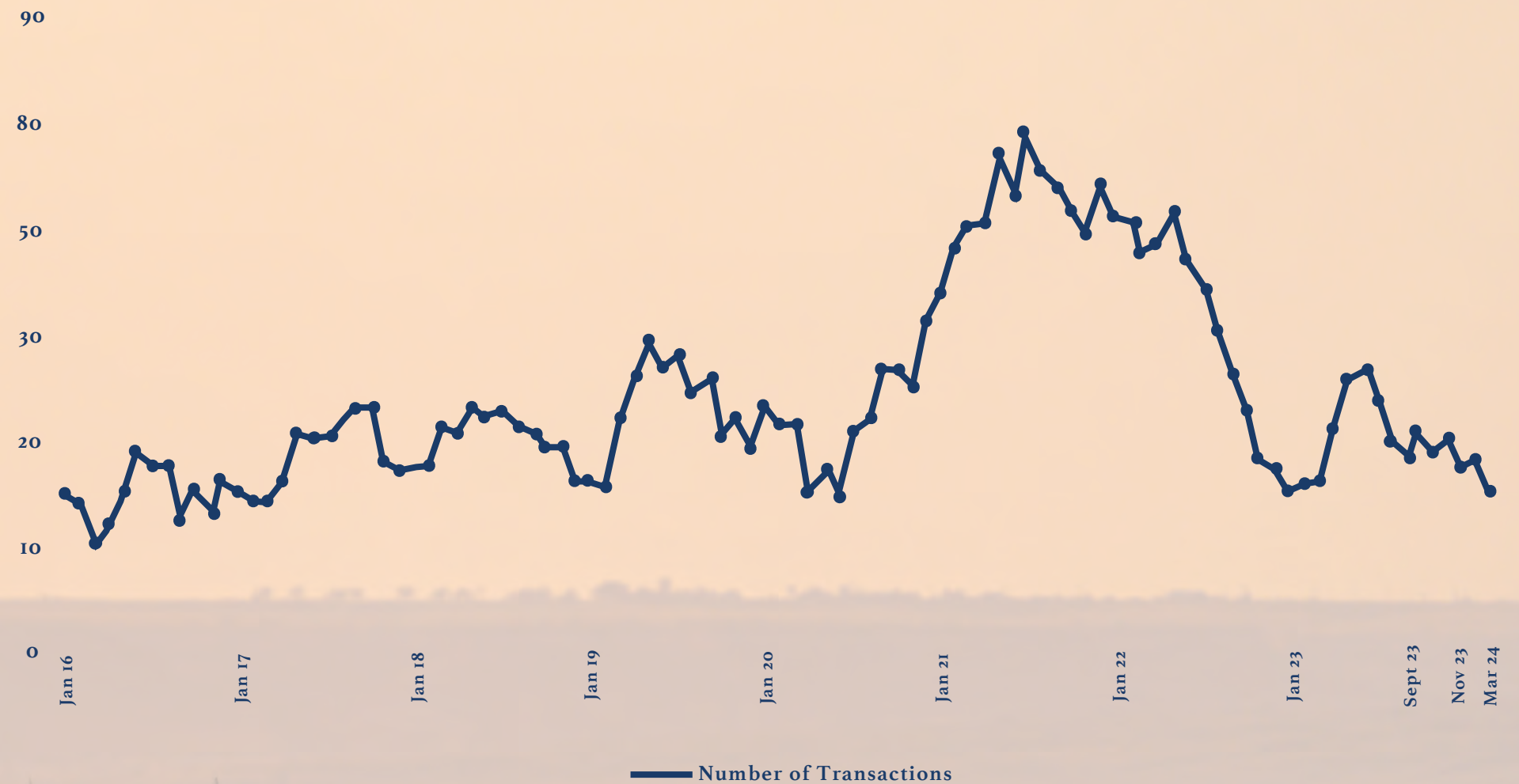
TEXAS RANCH TRANSACTIONS Mid-Tier Ranches

Again we see that mid-tier ranch transactions dropped during the first quarter. It should be noted that we are starting to see significant strength in the price of oil, which is expected to have an impact in the coming months.

TEXAS RANCH TRANSACTIONS Small Tier Ranches

Sales slowed in the small tier category as well for the first quarter. That being said there were areas of the state that saw a slight uptick in this category during Q1, giving us mixed signals. Overall we believe the pull back in this category statewide was driven by the uncertainty of the feds plans as it pertains to future rate adjustments.

Small Tier Ranch Transactions



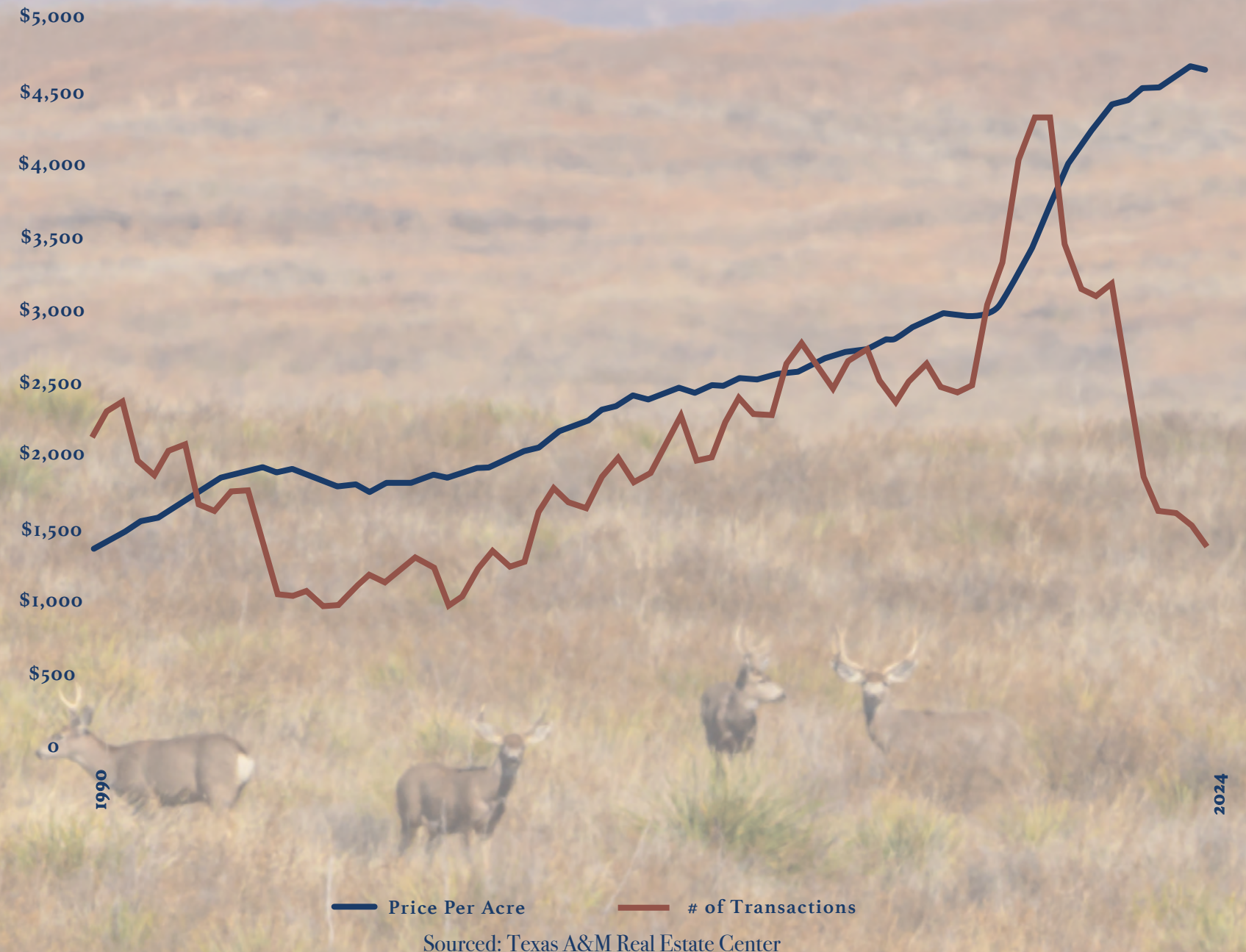
Sourced: Land.com Comparable Sales Program

WHAT DOES IT ALL MEAN

In our last report, we mentioned how activity levels seemed to pick up during December of 2023. We continue to see increased levels of activity in the first quarter of 2024. We were a bit surprised that the sales data came back as poor as it did for the first quarter of 2024. Republic Ranches' gross sales for the first quarter this year were double the first quarter from last year, and other brokers we talk to are all seeing increased activity. Our current thinking is we will likely see a nice rebound in the second quarter of 2024.

It still begs the question of why is the timing between increased showing activity and ultimately closed sales taking longer than usual. Our experience has been that once increased activity begins, we will see that reflected in transactional data within 60 days. As we mentioned back in the fourth quarter report in 2022, we were going to be entering a "price discovery" year in 2023. What we saw in 2023 was very little change overall in pricing (statewide prices increased around 2% for the year), while the number of transactions fell to the lowest point since 2012 (Texas A&M Real Estate Center Data). With the increased activity, we are seeing offers being made below asking prices and negotiations taking longer than usual. Who will hold out the longest on pricing between buyers and sellers is unknown, but it is likely to be coming to a head in the second quarter of this year. Historically, prices have only dropped significantly in Texas rural land once since 1971 during the Savings and Loan Crisis in the mid to late 80s and there is no reason to expect that to occur again. The question is not will we see a big drop in average pricing, but rather will we see sellers decide to take pricing that is relatively flat since the peak pricing in 2022, or will buyers eventually start offering up higher valuations? Currently, listing prices are still well above average with sellers still expecting larger price gains. Get out the popcorn.

The graph below clearly shows we have something going on that we have not seen before as these two lines (price vs. transaction) have not been divergent by this much ever. It is our opinion that the extraordinary volume of activity during the mid-2020 to mid-2022 time frame "used up" a lot of buyers and sellers in a compressed period of time. It will take some time for both supply and demand to redevelop.



CULTURE & COMMUNITY

For the last 12 years Partner/Broker Associate Jeff Boswell has been putting on an annual deer hunt for the Military Warriors Support Foundation with sales associate Chris Busbee and his brother, Jon Busbee, of Busbee Ranch Sales.

Every January, Jeff, Chris and Jon sponsor 5-6 warriors on a guided white-tailed deer hunt with meals provided by Chef Josh Lallier, who also donates his time.

Military Warriors Support Foundation provides programs that offer specialized supportive services to our nation's combat-wounded heroes and gold star families.



Smiles or Sorrows?

2023/2024 Hunting Season Recap

By: Rob Grainger - Broker Associate

March is a month of restoration and reflection. Wildflowers are blooming, grass is growing, and new life is abounding. I penned an article back in the early fall as we kicked off the season to make some assessments and assumptions based on the preseason conditions. I would like to recap that article with a synopsis of how we fared and what we can take away from the season. As any state would have with so much diversity and ecoregions, the hunting seasons were not all great nor were they all bad. So maybe I shouldn't have called my prior literature "Boom or Bust." Hopefully the former is what you experienced. The beauty of living in such a wonderfully vast and contrasting state is that we can typically find a spot where things are productive amidst the areas that need rest and restoration. Enjoy the thoughts below and hopefully the information I submitted at the beginning of the season was somewhat accurate.



White-tailed Deer:

With an overall lack of rainfall and excessive heat throughout the summer, our deer herds suffered across most of the regions of the state. Meanwhile, fawn crops were average or just above average if you experienced the spring rains of 2023. Without them, fawn crops were down due to lack of cover and the nutrition the does needed to rebound from the winter. Looking back on the statistics from the ranches across the state, the whitetail early season diagnosis turned out to be true. Some ranches grew some tremendous trophies. I know of a few ranches that actually harvested their largest trophies to date. I will attribute that to timely rainfall in very specific areas but also give them credit for excellent management practices and being consistent with their approach. With that being said, most of the native deer herds across the state saw that the antler quality was either average or down throughout their buck herds. Overall, the 2023/2024 season was a year of mediocrity with a few unexpected but exciting outliers in the Whitetail world. If you are able to have a feed program, I hope that you have kickstarted it so that the does and bucks can recoup their body mass and get prepared for fawning and antler growth.

Dove:

In my nearly 4 decades of dove hunting Texas, I have only experienced a small handful of seasons like the one we finished a few months ago. In polling the crowds of hunters that hit the fields, dove numbers were well above average in both the 1st and 2nd seasons. The September kickoff season was one for the books and gave hunters the chance to fill their bird bags. After the split was over and the cooler temps arrived, the 2nd season was not one to scoff at. The new birds arrived from the north and hunters were having outstanding hunts beyond Christmas. We have started a decent spring again with some good rains in parts of the state, which gives me hope for a long nesting season for Dove and another spectacular season ahead.





Quail:

In my early season writeup, I was generally optimistic that the Quail hunters of the state would experience an average year. The spring rains and the early nesting we experienced had produced decent bird numbers and overall the outlook was far better than the prior season, which was atrocious. But, as quail often do, I was thrown a curveball and witnessed some of the most variable numbers that I have witnessed in my career. While quail live in a small home range and will boom or bust based on the climatic and habitat driven variables that are thrown individually, I rarely witness such population diversity. This year seemed to be an extreme example. Some of the most consistent quail ranches quit hunting before Christmas while other ranches seemed to have better hunts as the season progressed. For example, some ranches flew surveys in September showing good numbers and prepared landowners for a solid season. After some terrible early season hunts, new surveys were performed, and the numbers fell through the floor shutting down the seasons. Meanwhile, within the same counties in some instances, certain ranches had one of their better seasons. What do I take away from this season? What you see today may change tomorrow, but stick with your management guidelines and pray for rain. These finicky birds that we love will bring you tears of joy and sorrow. But the good times make memories that outweigh the bad. Keep at it and pray for consistency, because that is what these birds love.

Mule Deer:

After discussions with the landowners out west, the prior assumptions made were accurate for most of our western counties. The fawn crops were good on most ranches which will provide further generations of deer to grow up on the range. When our populations increase, we do need to take into consideration the increased browsing effects on the habitat. Landowners and managers will need to monitor their browse availability and make harvest recommendations accordingly. I always prefer to have high fawn crops and have the ability to adjust harvest recommendations based not only on the existing adult deer, but also the fawn recruitment coming out of a season. In regards to antler quality, an average season produced some quality trophies, but a few less than the norm. Of course, there were some exceptions and a few happy hunters put some tremendous animals in the books and in the freezers. I encourage all landowners out west to investigate the possibility of getting on the MLD program for their mule deer herds. It will greatly increase your ability to manage your deer herd through harvest in a longer season and improve your chances of turning your deer herd into something better than it is today.





Waterfowl:

Waterfowl was another mixed bag for the year. The extreme summer heat and lack of rain until later in the season caused migrations to change a bit this year. Early in the season the ducks seemed to stick to the coastal areas or panhandle that held some water, while much of the interior of the State saw little movement in birds. Later in the season, rainfall increased and the birds did spread out more giving some better late season hunts. Overall it seemed being close to the coast and having fresh water brought in good numbers, while a lot of areas that traditionally have birds did not fare as well this season.

Panhandle Update

As most everyone is aware, The Texas Panhandle experienced one of the most widespread and tragic wildfires in its history. When a disaster impacts such a large area with such intensity, the result is almost inconceivable. Many of us have friends and family that were impacted at varying levels. We pray for everyone that has been impacted and want to encourage everyone to provide support. I was very encouraged by the words of a close friend who is a rancher in the Pampa area. His remarks: once the fires had been extinguished, the overall support came quickly and was tremendous. I am proud to know that humanity is still present amid disaster.

After a long hunting season in Texas, there is much to reflect upon. You may have enjoyed a season of abundance. Maybe you watched your child shoot his or her first buck (I was blessed with this experience). Or, you may have had a difficult time pursuing the species that are most dear to you. Regardless, some outdoorsmen will thrive and others will struggle. Whichever the case may be for you, do not let it detract from what we get to do in this great state. With the freedoms we have in managing, pursuing, conserving, and enjoying a multitude of game species, we Texans should pride ourselves in the opportunities we have. Here's to another season. I pray the next season is filled with memories that will never fade.

A photograph of a person in hunting gear, including a blue cap, a plaid shirt, and a bright orange vest, walking away on a dirt path in a dry, brushy landscape. Two dogs are visible: a black dog in the foreground and a white dog further down the path. The background shows rolling hills under a clear blue sky.

Let's all continue to support those in need. And Godspeed to all those who are rebuilding their properties and their lives.



Contact Us:
888-726-2481
info@republicranches.com
republicranches.com

Front Cover:
Anchor Land & Cattle/Brewster County

Back Cover:
Baird Miller Creek Ranch/Blanco County

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