

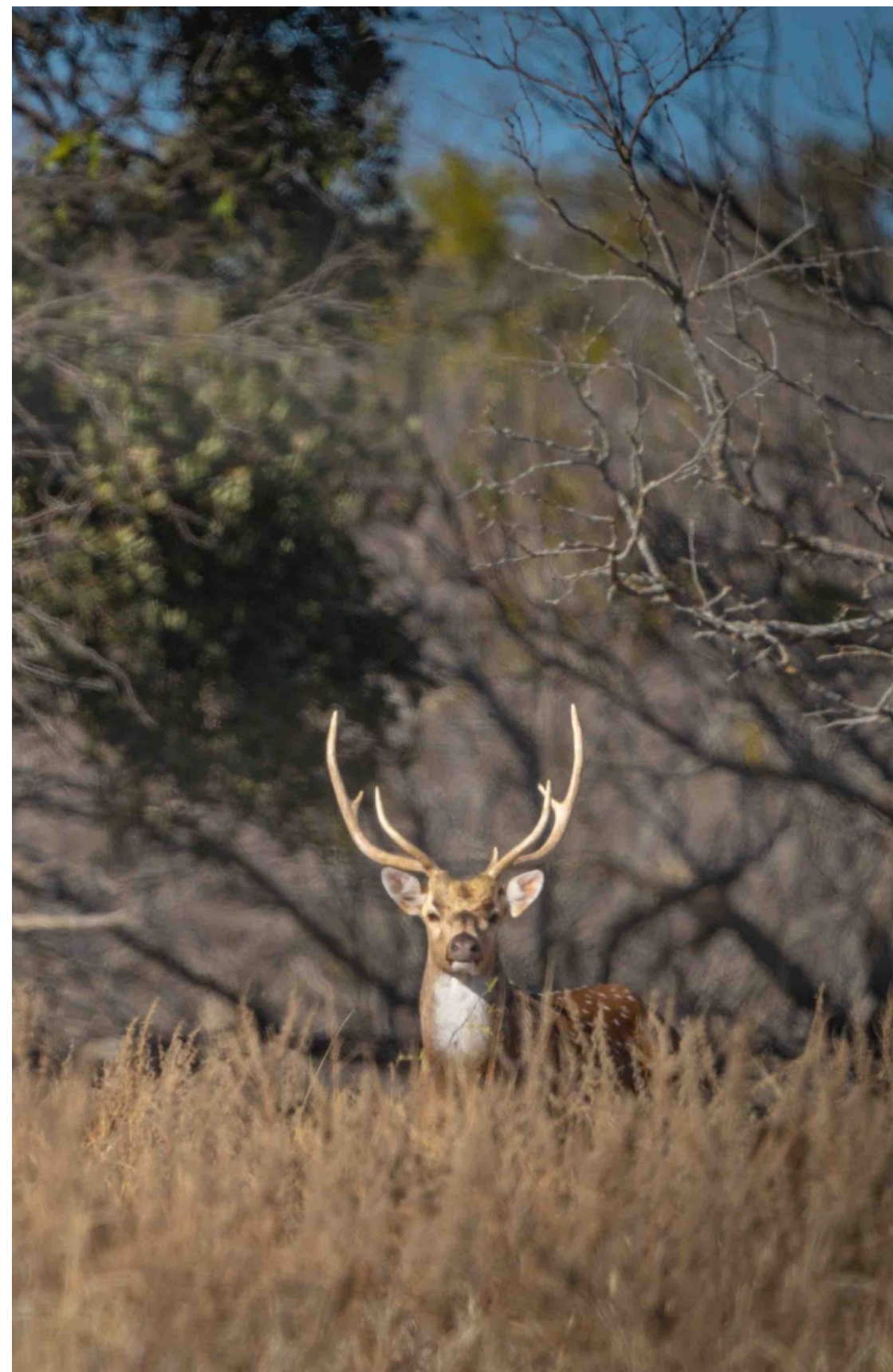
Q4 - 2024

Market Pulse

Tallon Martin

The more things change. The more they stay the same. While various economic indicators have stabilized in 2024, the ranch market in central Texas is still seeking a reliable rhythm. Reflecting on the year, the sales data largely echoes the trends of 2023. However, in the closing months of this year, we observed a shift at the front lines. As we analyze the numbers and examine the two-year trendlines, it appears we might be witnessing slight movement in a positive direction.

Overall, the Q4 data appears lackluster for both the eastern and western central Texas submarkets, revealing a negative trend despite a strong second quarter in 2024. It marked the slowest period for both markets, with around 40% fewer transactions in Q4 2024 compared to Q4 2023. Awaiting election results. I believe much of this can be attributed to a pause we observed when buyers shifted into a holding pattern from late October to early November while awaiting election result.



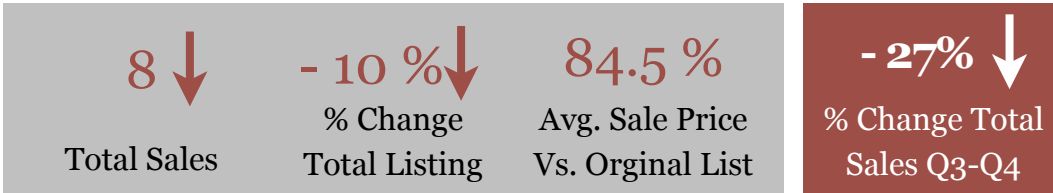
Listing -Old Black Dog Ranch - McCulloch County

Market Pulse

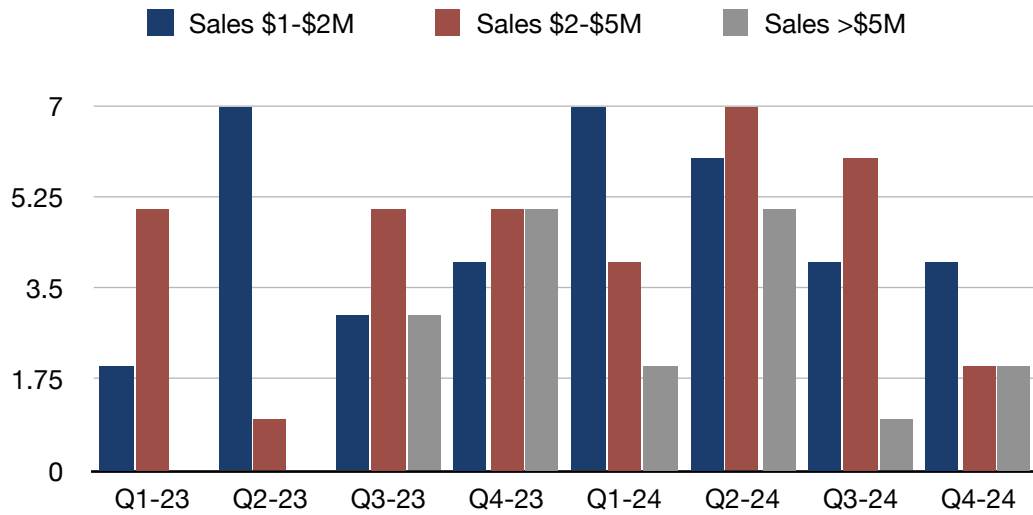
Central Texas Ranch Market - Q4 2024

West - Blanco, Burnet, Gillespie

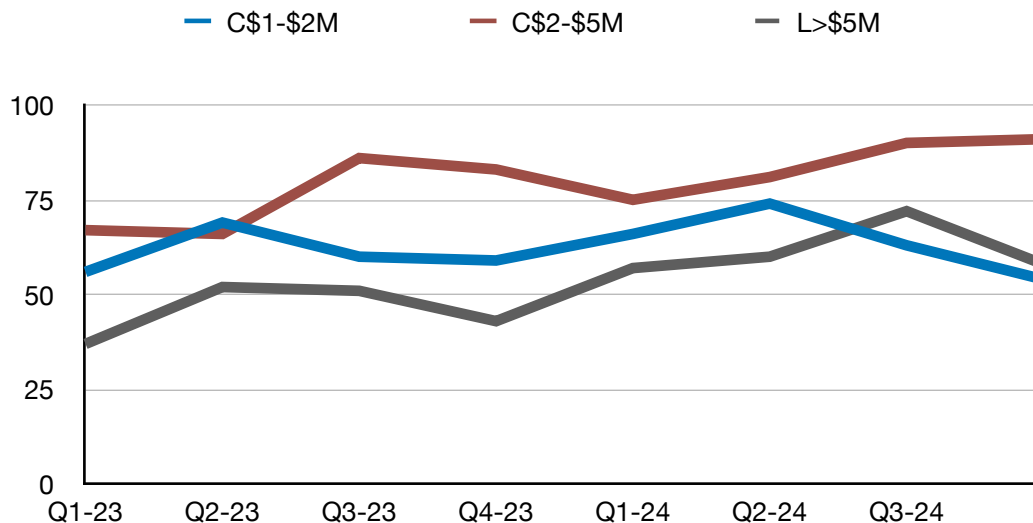
Overview



SALES TRENDS - PER PRICE RANGE

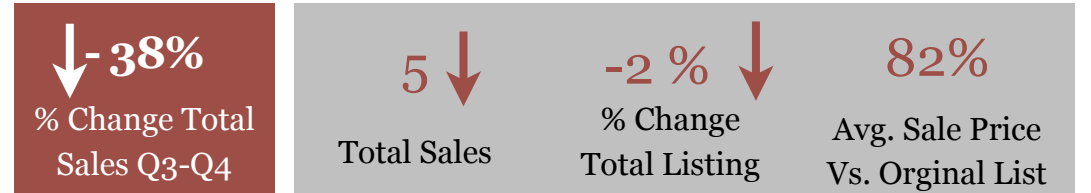


ACTIVE LISTINGS - PER PRICE RANGE

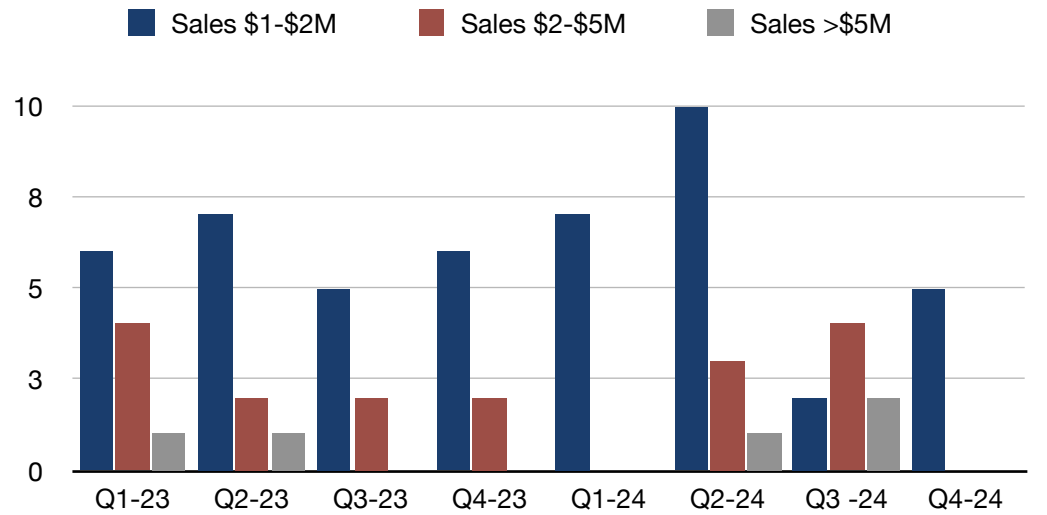


East - Bastrop, Lee, Milam

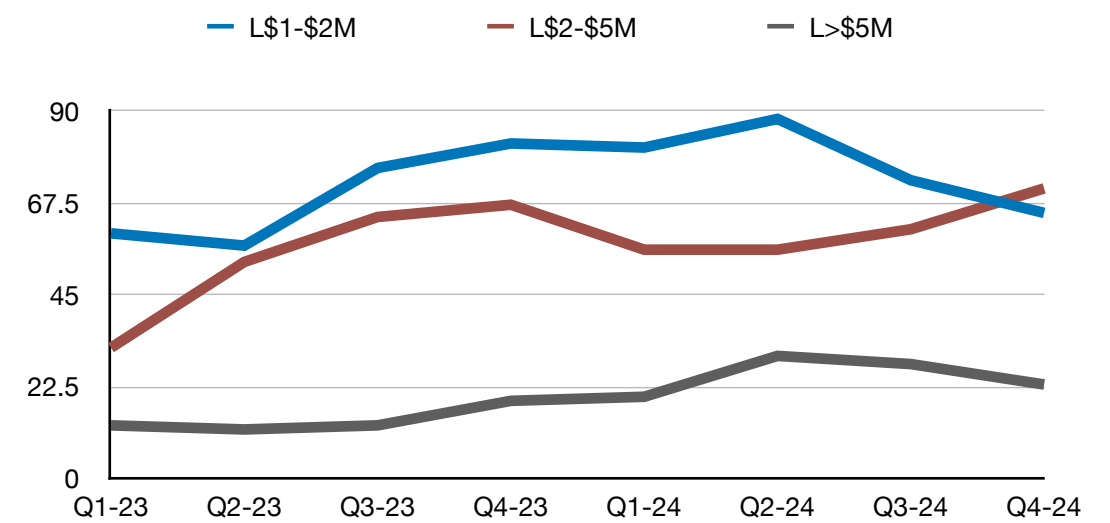
Overview



SALES TRENDS - PER PRICE RANGE



ACTIVE LISTINGS - PER PRICE RANGE





Listing - Pillar Vista Ranch - Burnet County

However, in late November, we experienced a noticeable increase in inquiries, marking it as the most active showing quarter of the year. The pending data supports our sentiments from that time, showing a significant rise in Q4 with 33 pending transactions across both markets, primarily occurring in November and December. Given that only 13 publicly recorded transactions took place in Q4, it's likely that many of those pending will transition to closings in Q1 of 2025. This could explain why Q4 appears more like a setback rather than progress—the data is lagging.

The inventory shortage remains a challenge across the majority of Texas, not just Central Texas. In the eastern submarket, inventory began to accumulate over the year but ended with roughly the same numbers as the year started

with. Most of that was because of the increase in \$1-2M ranch transactions, which totaled 17 and became the most active price range in that area, leading to a decline in overall inventory. In the western market, inventory also decreased, but here, sales accounted for only part of the decline. It seems that expired listings contributed significantly, possibly due to sellers pulling back due to diminished interest. The \$5M+ segment experienced the hardest hit, with a 19% reduction from Q3 to Q4. Typically, we expect new inventory to emerge in Q1 as sellers prepare for the spring market. Interviews have increased over the last month, but a significant rise in inventory will be necessary to address the gap created by COVID.

Positive indicators from the fourth quarter emerged when comparing original asking prices to sales prices. In the eastern market, the average sale reflected 82% of the initial asking price, while the western submarket recorded 84.56%. Both figures have declined over the previous two years. You may wonder why I see this as a positive. Although the percentage of list-to-ask prices has decreased, the Texas A&M Real Estate Center reported a nominal increase of around 4% in land values per acre in central Texas over the first three quarters (data for Q4 has not been released), surpassing the statewide rise of 2.4%. The market has been highly sensitive to pricing; in fact, pricing has acted as a restrictive factor. This has occurred for several reasons: sellers anticipated appreciation rates to mirror the surge experienced during Covid. Although there has been some appreciation in the land market over the last two years, asking prices have exceeded market conditions. Additionally, the land brokerage field became saturated during the covid boom. With a decline in market transaction volume, some inexperienced agents are seeking listings and have provided sellers with bullish prices without adequate data to back them up, merely to secure the sales listing. Consequently, these factors have widened the gap between buyer and seller expectations. The decline in the percentage from original asking prices, coupled with marginal appreciation, indicates that sellers are still achieving fair prices while also becoming more realistic about true appreciation rates and are now more open to negotiating with buyers.



Listing - Brindley Ranch - San Saba County

Predicting the land market through data and economic indicators is difficult, as I'm not an economist. And I'd argue it's proven to be a challenge for economists as well. However, the increase in inquiries during the fourth quarter, discussions I've had with buyers during showings, and signs that sellers are willing to negotiate make me optimistic we should see an increased number of transactions in 2025. The early signs point to buyers and sellers moving closer to agreeing on fair values in the land market this year.

Interested in selling or buying? I'd love to see how I can help you.
Reach me at 281-682-8638 or Tallon@RepublicRanches.com