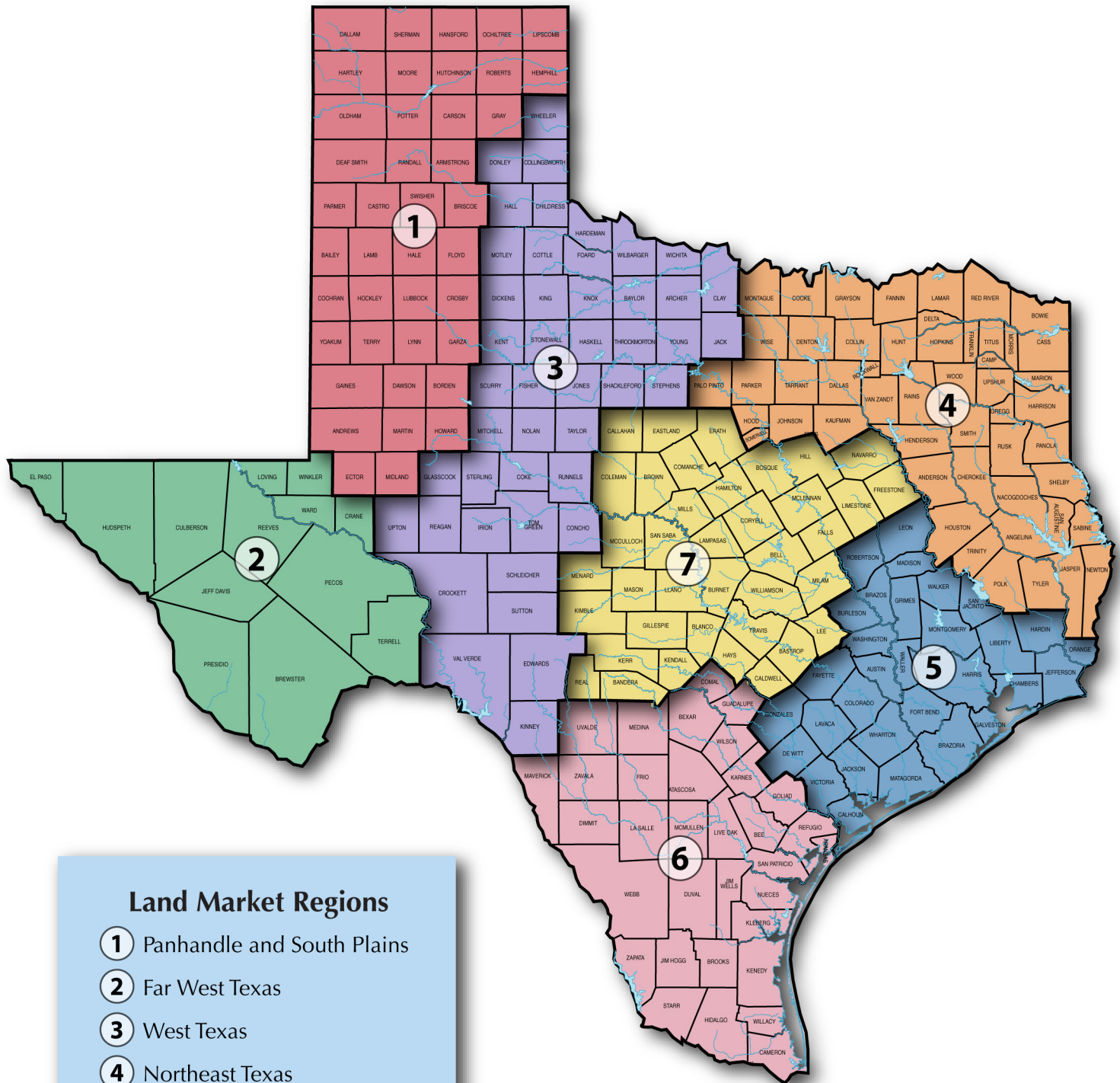


Texas Rural Land Value Trends 2009



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Texas Chapter ASFMRA Land Value Survey Reporting Regions



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

Texas Chapter ASFMRA

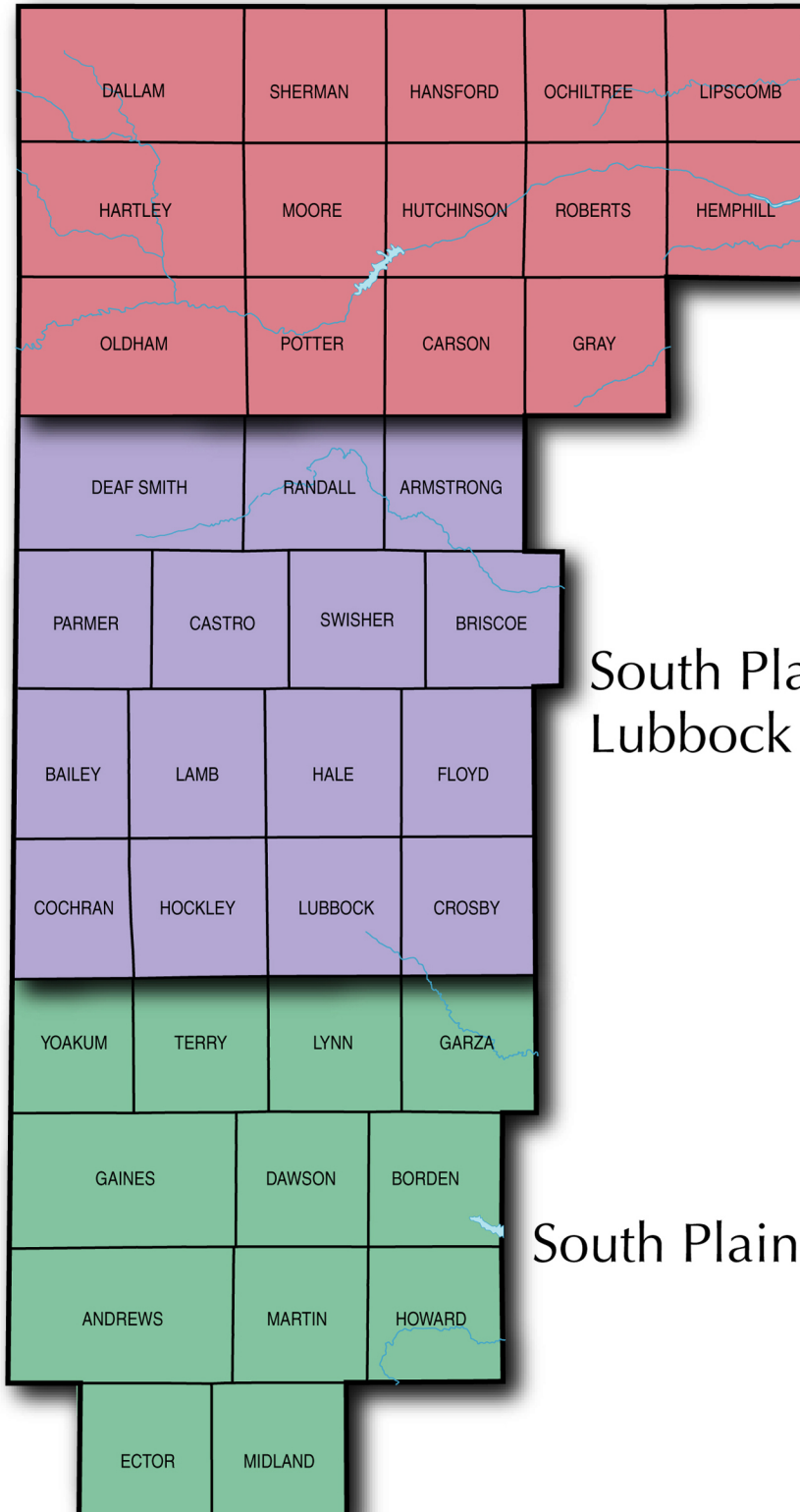
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Region 1



North Panhandle

South Plains - Amarillo to
Lubbock

South Plains - South of Lubbock

REGION ONE – PANHANDLE AND SOUTH PLAINS

GENERAL MARKET CONDITIONS FOR 2009

Prepared By
BL Jones III, ARA – Region One Team Captain

Region One, the most northerly region in Texas, is bordered on the west by New Mexico and by Oklahoma on the north and east. The upper third of the region is commonly known as the Panhandle, while the South Plains comprises the balance.

Highlights of the overall market precede brief discussions related to each of the sub-regions.

- There has been very limited demand for large hunting and recreational properties. There were some sales of highly improved properties and moderate demand for small and mid-sized ranches; prices were slightly decreased.
- Farm commodity prices were up from the 2008 level. Cotton acreage was up, with production rated as average. In 2009, it is noted in the counties south of Lubbock that production was down due to wind damage, drought and hail. Additionally, in 2009, fuel prices were much lower; however, high fertilizer and seed costs affected profitability.
- The inventory of good irrigated land, that is for sale, is still in a decline, but land prices showed a slight increase. Landlords are still hesitant to sell because of the good returns from sharecrop lease or cash rent arrangements. Irrigated land is still in demand. Values for farms with weak or marginal irrigation water have risen because of the dwindling inventory of prime irrigated land. Dry cropland is in demand, but there were limited sellers.
- Dairy operators struggled and did not put any pressure on the land market. It is noted that some dairies failed and the facilities were put on the market. Relocation and dairy construction activities have been put on hold.
- Institutional buyers were in the market for prime irrigated farmland.
- Even with higher production costs, demand for dryland farms increased due to favorable production and pricing. Dry cropland is nearly always leased on a crop share basis.
- Large land owners and operators are concerned about income caps on farm program payment eligibility.

North Panhandle

Carson, Dallam, Gray, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore,
Ochiltree, Oldham, Potter, Roberts and Sherman Counties

Sales activity was fairly strong in early 2009, but slowed at the end of the year. Prices were stable. Increased crop production costs were still a factor. Most acreage was planted to corn and milo; wheat yields were fair to poor and corn yields were average.

Cash leases for irrigated cropland are common in the northwest quadrant of the Panhandle and increased in 2009. A crop share lease is most prevalent in the east sector of the Panhandle.

Cash lease rates for grazing and hunting on native rangeland continued to be stable. Range conditions were fair to poor. Values and lease rates are generally higher in the eastern Panhandle as rainfall and carrying capacity increase.

South Plains from Amarillo to Lubbock

Armstrong, Bailey, Briscoe, Castro, Cochran, Crosby, Deaf Smith, Floyd, Hale, Hockley,
Lamb, Lubbock, Parmer, Randall and Swisher Counties

Crop yields on dryland were average in the northern part of the region. It is noted that there was wind and hail loss in the southern portion. The area also suffered from low rainfall. Irrigated cotton brought in average yields. Activity in the land market continued to be slow, due to the uncertainty with the general economy.

In early 2009, a few dairy-related buyers were still active in Bailey, Castro, Deaf Smith and Parmer counties. This trend dropped off as milk prices continued to be low. The demand for farms with weaker irrigation water continued to increase. Dryland demand and prices were stable.

Native rangeland is in scattered areas along draws or a band of sandhills and runs southeast across the region. Generally, these are smaller tracts utilized in conjunction with adjoining cropland. Range conditions were mixed due to higher commodity prices and the turmoil in the financial industry.

Crop share leases remained the most common lease arrangement for both irrigated and dry cropland; rental rates and terms were fairly stable. The trend of absentee landlords selling to tenants continued, but to a lesser degree again due to higher commodity prices as well as the turmoil in the financial industry.

Drip irrigation continued to be installed, but on a limited basis because of high installation costs.

Prices for land enrolled in the Conservation Reserve Program (CRP) increased; some CRP contracts were extended to 2023. Sales activity remained limited, but demand from investors was still strong.

South Plains to the South of Lubbock

Andrews, Borden, Dawson, Ector, Gaines, Garza, Howard, Lynn, Martin,
Midland, Terry and Yoakum Counties

This area is has a diverse land use mixture. The topography has rolling plains, broad valleys and flood plains. Most of the land in Garza, Borden, Andrews, Midland, Ector and Howard counties is native range that is utilized for cattle grazing. Quite a bit of the native range was leased for hunting.

Most cultivated farming utilizes dryland cultural practices due to inadequate groundwater. Irrigation practices are predominantly sprinkler due to sandy soils.

There was still a demand for dryland, but there was a limited inventory of these farms. In 2009, crop yields were average to below average. Farming is localized geographically and is limited by soil

types that are conducive to cultivation. Where there is adequate groundwater, crops include cotton, small grains and peanuts. The limited number of farmland buyers is typically composed of local farmers. Values for the better-irrigated farm properties increased as did the market for the marginal water farms.

Some CRP farms were placed back in production, if there was underground water available. Several of these farms were producing organic crops, i.e., mainly peanuts.

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Region 1 - Panhandle and South Plains

Land Use or Class	Value Ranges	Activity/Trend	Rental Range	Activity/Trend
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North Panhandle

Dallam, Sherman, Hansford, Ochiltree, Lipscomb, Hartley, Moore, Hutchinson, Roberts, Hemphill, Oldham, Potter, Carson and Gray Counties

Irrigated Cropland Good Water	\$2,200	to	\$2,800	Active/Stable	\$135	to	\$175	Stable/Stable
Irrigated Cropland Fair Water	\$1,600	to	\$2,000	Active/Stable	\$80	to	\$125	Stable/Stable
Dry Cropland East	\$400	to	\$600	Moderate/Stable	\$25	to	\$45	Stable/Stable
Dry Cropland West	\$350	to	\$500	Moderate/Stable	\$25	to	\$45	Stable/Stable
Rangeland	\$350	to	\$1,000	Very Limited/Decreasing	\$7	to	\$10	Stable/Stable
Conservation Reserve Program	\$500	to	\$750	Moderate/Stable	\$30	to	\$44	Stable/Stable

Value for irrigated cropland typically includes center pivot sprinklers.
Minerals are typically either not included or not a factor in the land classes.

South Plains - Amarillo to Lubbock

Deaf Smith, Randall, Armstrong, Parmer, Castro, Swisher, Briscoe, Bailey, Lamb, Hale, Floyd, Cochran, Hockley, Lubbock and Crosby Counties

Irrigated Cropland Good Water	\$1,750	to	\$2,800	Moderate/Slight Increase	\$125	to	\$175	Stable/Stable
Irrigated Cropland Fair Water	\$800	to	\$1,400	Moderate/Stable	\$80	to	\$125	Stable/Stable
Drip Irrigation	\$1,600	to	\$2,300	Moderate/Stable	\$125	to	\$200	Stable/Stable
Dry Cropland Wheat	\$350	to	\$500	Limited/Increasing	\$25	to	\$45	Stable/Stable
Dry Cropland Cotton	\$450	to	\$650	Limited/Increasing	\$25	to	\$45	Stable/Stable
Rangeland	\$350	to	\$800	Very Limited/Stable	\$7	to	\$10	Stable/Stable
Conservation Reserve Program	\$400	to	\$600	Limited/Stable	\$30	to	\$45	Stable/Stable

Value for irrigated cropland typically includes center pivot sprinklers.
Minerals are typically either not included or not a factor in the land classes.

South Plains - South of Lubbock

Yoakum, Terry, Lynn, Garza, Gaines, Dawson, Borden, Andrews, Martin, Howard, Ector and Midland Counties

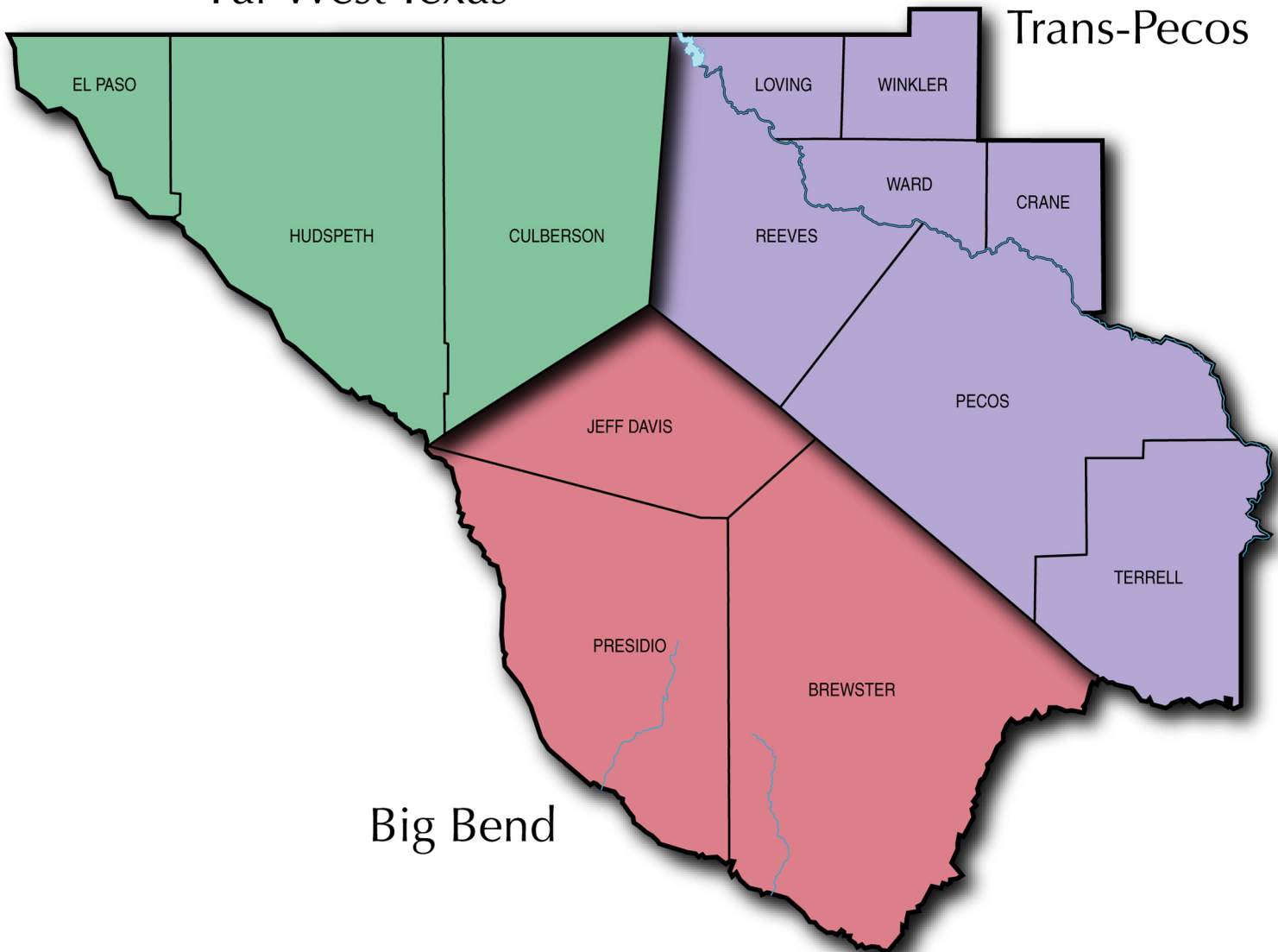
Irrigated Cropland Better Water	\$1,400	to	\$2,500	Moderate/Stable	\$135	to	\$185	Stable/Stable
Irrigated Cropland Fair Water	\$800	to	\$1,400	Moderate/Stable	\$75	to	\$125	Stable/Stable
Dry Cropland Cotton	\$500	to	\$750	Moderate/Stable	\$25	to	\$45	Stable/Stable
Rangeland	\$275	to	\$900	Limited/Stable	\$3	to	\$7	Stable/Stable
Conservation Reserve Program	\$400	to	\$500	Limited/Stable	\$30	to	\$40	Stable/Stable

Value for irrigated cropland typically includes center pivot sprinklers.
Minerals are typically either not included or not a factor in the land classes.

Region 2

Far West Texas

Trans-Pecos



REGION TWO – FAR WEST TEXAS, TRANS-PECOS AND BIG BEND GENERAL MARKET CONDITIONS FOR 2009

Prepared By
Karl Armstead, ARA – Region Two Team Captain

Region Two encompasses West Texas and is bound on the north by the State of New Mexico and on the south by the Republic of Mexico. Andrews County forms a small portion of the region's north boundary and Ector County forms the northerly portion of the region's east boundary; both of these counties are in Region One (Panhandle and South Plains). Region Three (North, Central and South Central Texas) counties of Crane, Crockett and Val Verde form the balance of the region's east boundary.

Guadalupe Peak, at 8,749 feet, is the highest point in Texas and is in Region Two, i.e., in Culberson County. In terms of land mass, the region includes the four largest Texas counties – Brewster, Hudseph, Presidio and Culberson. It is noted that Loving County, the least populated county in Texas, is also in Region Two.

Highlights of the overall West Texas market precede brief discussions related to each sub-region.

- The region has a diverse land use mix. Topographically, the terrain exhibits mountainous expanses with broad valleys and flood plains.
- Generally, the land area is basically native range and is utilized for cattle grazing. The grazing of both sheep and goats is inhibited by populations of coyotes, mountain lions and eagles.
- Native rangeland has typically been held by established ranching families. However, over the last twenty plus years, low income levels from cattle operations plus pressure from individuals (and entities) with increasing disposable income from non-agricultural sources, have caused property ownerships to change.
- Another development has been the creation of “ranchettes”. It is expected that there will continue to be market pressure being exerted.
- Irrigation is predominantly by flooding, which is the result of the high clay content of the soils as well as the abundant water volumes that are available. Center pivot sprinkler systems have become more common and can be attributed to the ever increasing water pumping costs.
- Supply and demand are generally stable and are dominated by both investors and recreationalists, with the cultivated land market continuing to be dominated by producers.
- It is noted that drought, which is common, is a limiting factor throughout the region.

Far West Texas
Culberson, El Paso and Hudseph Counties

The sub-region identified as “Far West Texas” covers approximately 8,765 square miles. Significant acreage, in the valley bottoms and flood plains, is cultivated under irrigation practices. Many areas possess abundant supplies of groundwater, the quality of which varies greatly. The valley, that is associated with the Rio Grande, has irrigation districts and furnishes water based on adjudicated water rights.

In the El Paso Upper Valley, the market is generally driven by the investor; strong urban pressures are present. In the El Paso Lower Valley, there is moderate urban pressure and the investor is again the primary market force.

In the areas around Van Horn and Dell City, the market continued to increase and was typically producer-oriented. Water volumes in these areas remain an attractive factor; another contributor was water rights speculation for municipal uses.

Big Bend
Brewster, Jeff Davis and Presidio Counties

The Big Bend encompasses some 12,284 square miles and topographically is characterized as mountainous with broad upland areas and canyon bottoms. The geology of the Big Bend is unique; annually, the area regularly attracts more than 350,000 visitors.

Some lands, in the valley along the Rio Grande, are cultivated and are irrigated utilizing adjudicated water rights from the river. Typical cash crops include alfalfa, onions, carrots and melons. The farmland market continued to be limited, with the major adverse factors being increasing operating costs, decreasing commodity prices and travel distances to market centers.

In the areas that are associated with the Davis Mountains, demand for properties remained strong; however, it is noted that once again only a few properties were available. The market continued to be dominated by the investment-driven recreational rancher and/or environmentalist. In the Highland area, the market is driven primarily by investment operators. Around the Desert Mountains, the market continued to be driven both by purchase for investment purposes as well as for use as recreational ranches.

Trans-Pecos
Loving, Pecos, Reeves, Terrell, Ward and Winkler Counties

The area covers approximately 15,191 square miles and is characterized as having rolling plains, broad valleys and flood plains.

Prior to the 1970's, significant acreage in the Pecos River Valley was cultivated and irrigated. The area possesses abundant supplies of poor quality; the area also has alkaline soils.

Agricultural orientation is a factor considered by most landowners as, generally speaking, the area lacks scenic splendor, geologic uniqueness and varied recreational opportunities.

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Region 2 - Far West Texas, Trans-Pecos and Big Bend

Land Use or Class	Value Ranges	Activity/Trend	Rental Range	Activity/Trend
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Far West Texas Culberson, El Paso and Hudspeth Counties

Rangeland	\$300	to	\$325	Down/Up	\$0.65	to	\$0.85	Stable/Stable
Dell City Irrigated Cropland	\$600	to	\$800	Down/Up	\$85	to	\$125	Stable/Stable
El Paso Upper Valley Irrigated	\$9,000	to	\$12,000	Down/Up	\$100	to	\$125	Stable/Stable
El Paso Lower Valley Irrigated	\$4,000	to	\$6,000	Down/Up	\$25	to	\$50	Stable/Stable
Van Horn Irrigated Cropland	\$300	to	\$500	Down/Up	\$25	to	\$50	Stable/Stable

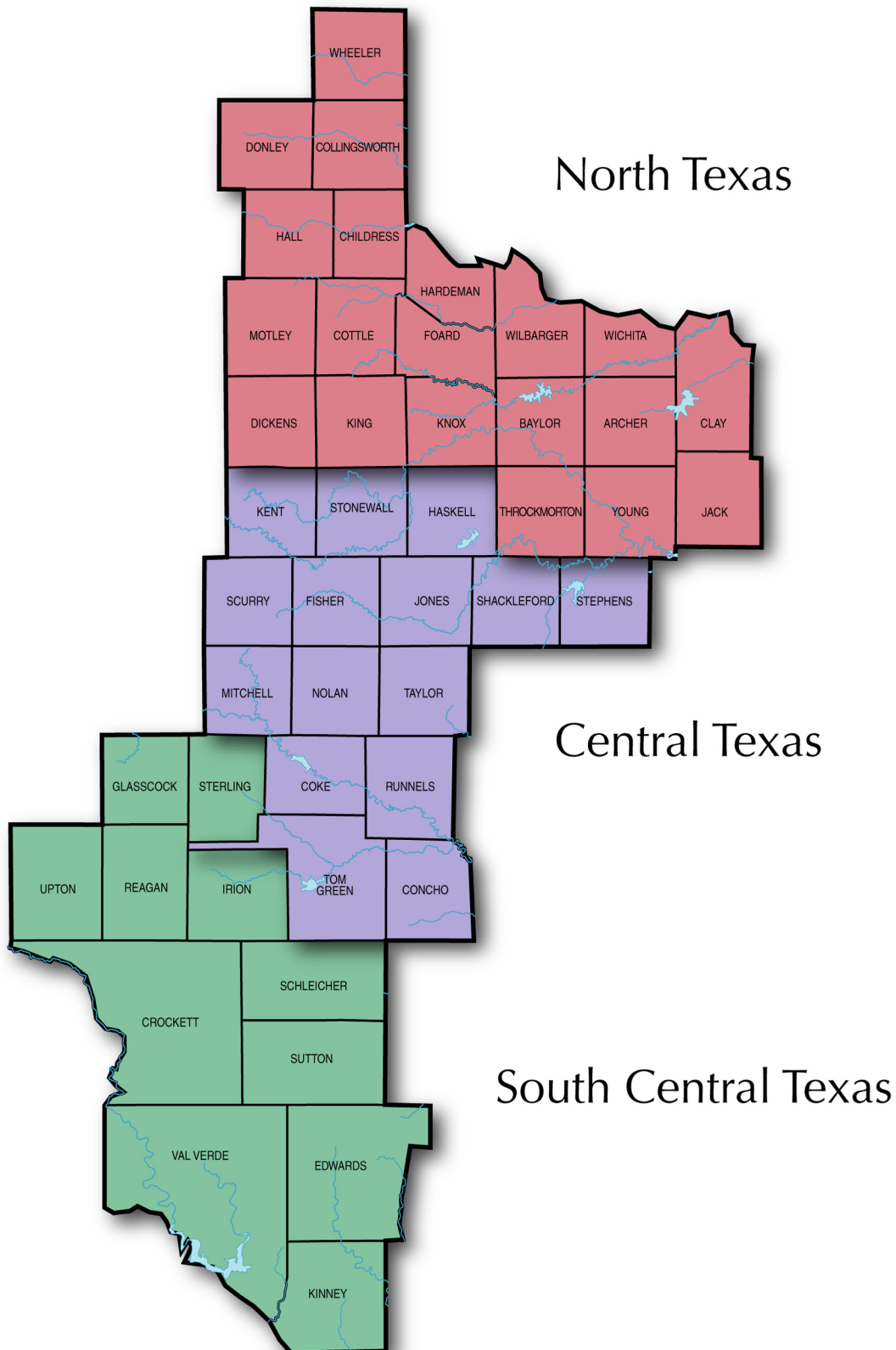
Big Bend Jeff Davis, Presidio and Brewster Counties

Davis Mountains Rangeland	\$800	to	\$1,400	Down/Up	\$3.25	to	\$5	Up/Stable
Highlands Rangeland	\$850	to	\$1,100	Down/Up	\$2.50	to	\$2.75	Up/Stable
Desert Mountains Rangeland	\$300	to	\$600	Down/Up	\$1.25	to	\$1.50	Up/Stable

Trans-Pecos Reeves, Loving, Winkler, Ward, Pecos and Terrell Counties

Rangeland	\$225	to	\$500	Down/Up	\$1	to	\$4	Up/Up
Irrigated Cropland	\$400	to	\$1,450	Up/Up	\$10	to	\$25	Stable/Stable

Region 3



REGION THREE - NORTH, CENTRAL AND SOUTH CENTRAL TEXAS

GENERAL MARKET CONDITIONS DURING 2009

Prepared By
Victor Probandt, ARA – Region Three Team Captain

Region Three encompasses a large area and stretches from the Texas-Oklahoma border, on the north, to the Rio Grande and Republic of Mexico, on the south. With the exception of Region Five (Southern Piney Woods, Coastal Prairies and Brazos Bottom), all of the other reporting regions abut at least a portion of Region Three.

General highlights of the overall regional market precede brief discussions related to the area's three sub-regions.

- With regard to rangeland properties, the level of activity decreased significantly from 2008. The total volume of sales dropped due to the fact that buyers were trying to purchase properties at discounted prices, while the sellers were maintaining the values that were established in 2007-2008 time frame.
- With pastureland, the values remained basically stable with the exception of a few property types, i.e., particularly larger ranches. The Central Texas market area showed a downward trend with regard to rangeland values, while the North Texas and South Central Texas areas were stable.
- “Surface only” sales again continued to occur as minerals evidenced high prices. The increased price of oil increased drilling throughout the area. It is noted that many of the landowners retain the mineral rights.
- The reservation of wind rights was also a major player in this area.
- It should be noted that the large number of transmission lines, which are scheduled to cross the area, has become a major factor in the buying and selling of property. Additionally, landowners, facing the possibility of a transmission line, have taken a hard-line stance as compared to previous time periods.
- While the lease rates appear to be relatively stable for pastureland and farmland, there appeared to be an increase in ranches that are being grazed with no lease money changing hands. The hunting income is enough for the property owners to allow grazing on the property with no lease payments. This typically was on properties in which a lessee has operated the property for many years, and the lessor would rather have the property grazed for free than taking the chance of getting a lessee that could harm the ranch. Also, there continued to be a trend towards a property being leased on a per head per month basis.
- There have been almost no foreclosures in Region Three. In discussions with landowners and/or brokers of forced sales, it appeared that the seller was still receiving a small return or was breaking even.

North Texas

Archer, Baylor, Childress, Clay, Collingsworth, Cottle, Dickens, Donley,
Foard, Hall, Hardeman, Jack, King, Knox, Motley, Throckmorton,
Wheeler, Wichita, Wilbarger and Young Counties

Prices paid for ranch properties saw no increase in the North Texas sub-region; these counties were considered to be stable. Dry cropland went down in 2009, which was primarily due to the costs and uncertainties associated with dryland farming. It is noted that the costs, associated with farming, continued to rise, while the crop prices have not.

Rangeland, although up slightly, continued to be in demand as buyers thought prices were still within the market.

Central Texas

Coke, Concho, Fisher, Haskell, Jones, Kent, Mitchell, Nolan, Runnels, Scurry,
Shackelford, Stephens, Stonewall, Taylor and Tom Green Counties

The market for pastureland decreased for those properties larger than 2,000 acres in size. The market was very slow, i.e., had limited sales. Irrigated cropland was down due to costs associated with this type of farming.

South Central Texas

Crane, Crockett, Edwards, Glasscock, Irion, Kinney, Reagan, Schleicher,
Sterling, Sutton, Upton and Val Verde Counties

In South Central Texas, rangeland prices were stable and had very limited demand. Dryland cropland decreased slightly, as with other areas due to the increased costs associated with this type of farming. The rangeland prices were stable, with the total volume being down; most of these properties sell surface only.

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Region 3 - North, Central and South Central Texas

Land Use or Class	Value Ranges			Activity/Trend	Rental Range			Activity/Trend
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North Texas

Wheeler, Donley, Collingsworth, Hall, Childress, Motley, Cottle, Hardeman, Foard, Wilbarger, Wichita, Clay, Dickens, King, Knox, Baylor, Archer, Throckmorton, Young and Jack Counties

Irrigated Cropland	\$700	to	\$1,200	Lower/Stable	\$40	to	\$50	Stable/Stable
Class II & III Dry Crop	\$500	to	\$800	Lower/Down	\$35	to	\$50	Stable/Stable
Class IV & V Dry Crop	\$400	to	\$600	Lower/Stable	\$15	to	\$30	Stable/Stable
Rangeland >2,000 Acres	\$600	to	\$1,500	Lower/Stable	\$8	to	\$12	Stable/Stable
Rangeland <2,000 Acres	\$650	to	\$2,000	Lower/Up	\$8	to	\$12	Stable/Stable
Hunting Lease Rangeland					\$3	to	\$12	Stable/Stable

Rangeland lease rates per animal unit year long range from \$150 to \$200.

Central Texas

Kent, Stonewall, Haskell, Scurry, Fisher, Jones, Schackelford, Stephens, Mitchell, Nolan, Taylor, Coke, Runnels, Tom Green and Concho Counties

Irrigated Cropland	\$800	to	\$1,500	Lower/Stable	\$50	to	\$90	Stable/Stable
Class II & III Dry Crop	\$600	to	\$800	Lower/Stable	\$35	to	\$50	Stable/Stable
Class IV & V Dry Crop	\$500	to	\$700	Lower/Stable	\$25	to	\$40	Stable/Stable
Rangeland >2,000 Acres	\$700	to	\$1,900	Lower/Stable	\$5	to	\$13	Stable/Stable
Rangeland <2,000 Acres	\$750	to	\$2,200	Lower/Stable	\$5	to	\$13	Stable/Stable
Hunting Lease Rangeland					\$5	to	\$15	Stable/Stable

Rangeland lease rates per animal unit year long range from \$150 to \$200.

South Central Texas

Glasscock, Sterling, Crane, Upton, Reagan, Irion, Crockett, Schleicher, Sutton, Val Verde, Edwards and Kinney Counties

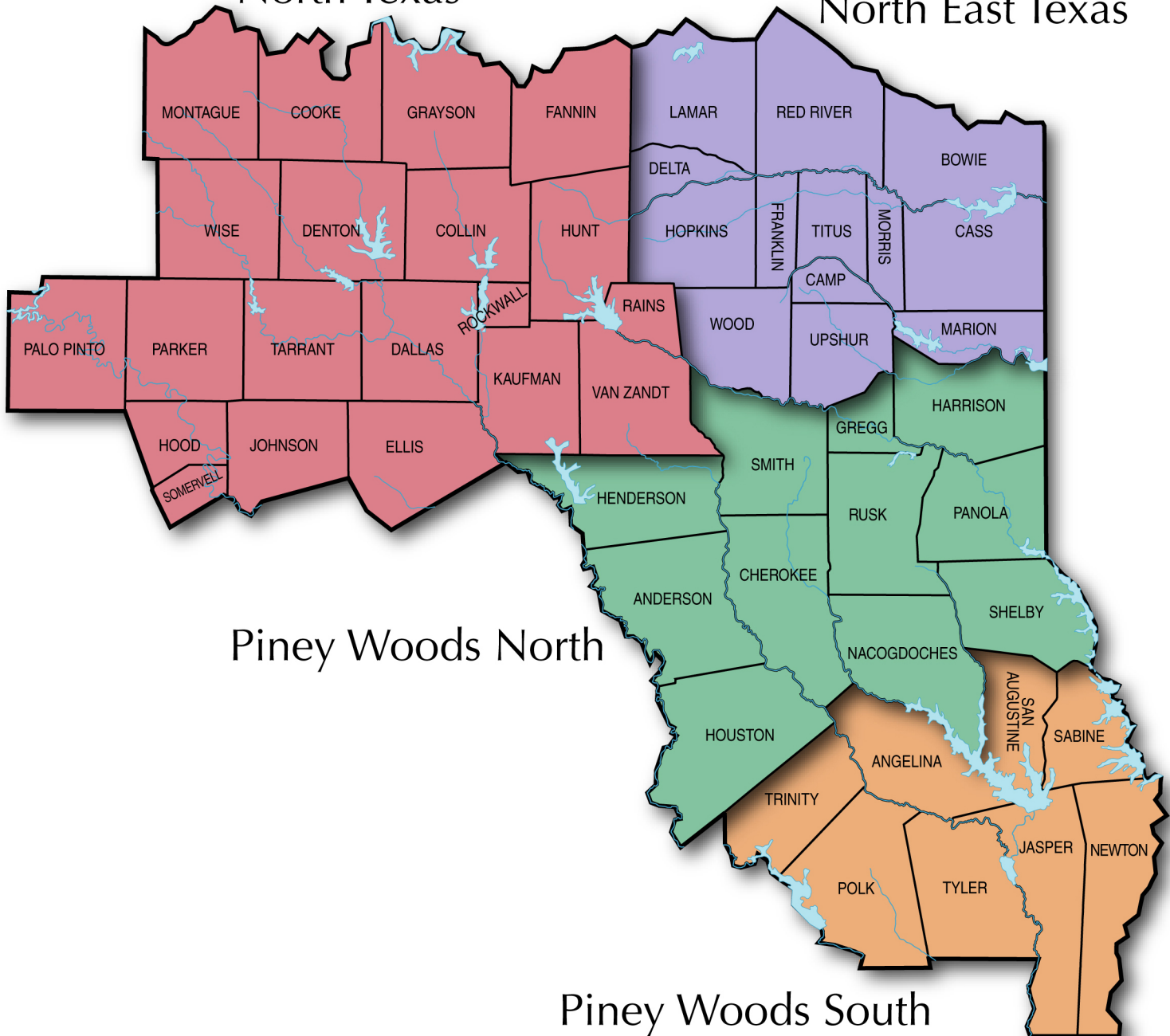
Irrigated Cropland	\$600	to	\$800	Lower/Stable	\$50	to	\$75	Stable/Stable
Dry Cropland	\$350	to	\$500	Lower/Down	\$25	to	\$55	Stable/Stable
Rangeland >2,000 Acres	\$250	to	\$1,400	Lower/Stable	\$4	to	\$10	Stable/Stable
Rangeland <2,000 Acres	\$350	to	\$2,000	Lower/Stable	\$4	to	\$10	Stable/Stable
Hunting Lease (Rangeland)					\$2	to	\$15	Stable/Stable

Rangeland lease rates per animal unit year long range from \$150 to \$200.

Region 4

North Texas

North East Texas



REGION FOUR – NORTH TEXAS, NORTHEAST TEXAS AND PINEY WOODS GENERAL MARKET CONDITIONS FOR 2009

Prepared By
Charles S. “Scott” Seely, ARA – Region Four Team Captain

On the north and east sides, Region Four is bordered by the states of Oklahoma, Arkansas and Louisiana. The Dallas-Fort Worth metroplex is located in the west quadrant of the region; the Houston metropolitan area is located approximately eighty miles south of the region’s southern boundary. Due to the diverse nature of the area, Region Four has been divided into four sub-regions.

Highlights of the overall regional market precede a brief discussion of each sub-region.

- In most counties, prices have stabilized. Real estate brokers reported extended days on the market. Many report that a seller’s expectation of price exceeds a buyer’s willingness to pay. Demand was slower, but properly priced high quality tracts continued to sell.
- Rental demand for pasture and recreational leases exceeded the supply.
- In many counties, the continuing subdivision of wooded and pasture tracts, into rural residential or recreational tracts, almost eliminated sales that were larger than 300 acres.
- Wooded tracts, with good recreational qualities, consistently commanded prices on par with good pasture lands.
- In the North and Northeast Texas areas, most buyers were from the Dallas-Fort Worth metroplex.
- In the Piney Woods, the influence of the International Paper and Louisiana Pacific & Temple-Inland sell-offs has now moved to long term or final users. Some of these final users have now re-sold their tracts at higher prices. In some areas, there were slight increases, but the majority of the counties showed stable prices.

North Texas

Cooke, Ellis, Fannin, Grayson, Hunt, Johnson, Kaufman,
Montague, Parker, Rains, Somervell, and Van Zandt Counties

In that there is almost a total lack of rural lands in Dallas, Tarrant, Collin and Denton counties, these counties were not considered in the development of the sub-region’s value trends. The transitional counties of Hood, Johnson, Parker, Rockwall and Wise are a separate category. These fringe counties are becoming an extension of the Dallas-Fort Worth metroplex.

In the North Texas region, sales activity declined with the few sales showing stability. The Barnett shale natural gas formation continued to influence the land market in areas to the northwest and southwest of Fort Worth. Proceeds from gas leases and production were invested in land.

Northeast Texas

Bowie, Camp, Cass, Delta, Franklin, Hopkins, Lamar, Marion,
Morris, Red River, Titus, Upshur and Wood Counties

The Dallas metroplex remained the primary source of buyers for most properties. It is noted that the speculative segment of the demand is gone. The influx of buyers from Florida has stopped. Buyers from both New Mexico and the Texas Panhandle, who were interested in the larger farms and ranches, slowed drastically following the decline in cattle and commodity prices. The few sales of the larger tracts showed stable prices; however, most were sold by brokers working outside the area multiple listing services.

Interest in cropland is generally from adjacent farmers. Pasture tracts still commanded a higher price, but the number of buyers in the market had decreased dramatically. The timber component of the land market took a huge decline, i.e., in the loss of demand for lumber, as a result of the general recession.

With very few exceptions, the number of sales fell back to the 2004 levels. On the other hand, the asking prices were generally over priced. Thus far, there was no evidence of weakness in actual values, with the general market remaining fairly stable since mid 2007. As an aside, it will be interesting to see if some of the larger farms and ranches that sold for very strong prices, but are mainly production oriented, can continue to make their debt service as a result of current cattle and crop prices.

In 2009, the cropland market was weak due to crop failures in all four of the primary crops. Another bad crop year could cause many farms to come on the market.

Piney Woods North

Anderson, Cherokee, Gregg, Harrison, Henderson, Houston, Nacogdoches,
Panola, Rusk, Shelby and Smith Counties

The Piney Woods North land market slowed during mid to late 2009, with prices becoming stable. Brokers reported a lack of listings of good properties and that sellers had high price expectations, which may have begun to moderate. There was little evidence that values declined with the exception of the high land value areas closer to Dallas.

There is not enough cropland in the Piney Woods North to have a separate reporting classification.

Demand for pasture tracts continued to be primarily from Dallas-area investors that was coupled with some local market participants. The areas closer to the Dallas-Fort Worth metroplex experienced the higher prices and also higher demand.

Hunting and recreation dominate this region's rural land market. Purchasers continued to seek tracts of timberland with good interior roads, good surface water and woodland conducive to hunting. This strong demand, coupled with the decreasing number of acres available for lease, caused hunting lease rates to generally increase.

Piney Woods South

Angelina, Jasper, Newton, Polk, Sabine, San Augustine, Trinity and Tyler Counties

The Piney Woods South market also slowed during 2009, but some areas saw slight price increases. Most, however, showed increased sale times and stable prices. Sellers continued to ask higher prices; however, there was some pull back in listing prices, but the list prices were still higher than the previous year's sales prices. Brokers reported a lack of quality, reasonably priced listings.

The lands placed on the market by International Paper and Louisiana-Pacific have been absorbed by the market. As in other areas, the original investors, who purchased from the companies, have sold to long term holders. The exception to this comes from some of the investment buyers, who were offering some of their higher and better use lands for sale.

The demand for properties in the Piney Woods South continued to be primarily from the Houston-area buyer.

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Region 4 - North and Northeast Texas and Piney Woods North and South

Land Use or Class	Value Ranges	Activity/Trend	Rental Range	Activity/Trend
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North Texas Transitional Land Wise, Parker, Rockwall, Hood and Johnson Counties

These counties are located in the transitional areas around Ft. Worth and Dallas. The properties sell for development purposes and also for homesite and recreational uses. Prices have increased substantially in the past few years and are currently in the \$15,000 to \$25,000 per acre range for 100 to 400-acre tracts.

North Texas Montague, Cooke, Grayson, Fannin, Hunt, Palo Pinto, Somervell, Ellis, Kaufman, Van Zandt and Rains Counties

Dry Cropland >200 Acres	\$1,500	to	\$4,500	Slow/Stable	\$30	to	\$50	Stable/Stable
Improved Pasture >200 Acres	\$1,500	to	\$4,500	Slow/Stable	\$15	to	\$30	Stable/Stable
Native Pasture >200 Acres	\$1,500	to	\$4,500	Slow/Stable	\$15	to	\$25	Stable/Stable
Hardwood Timber >200 Acres	\$1,200	to	\$2,500	Slow/Stable	\$6	to	\$12	Stable/Stable

These hardwood tracts reflect only fair timber quality and income is from hunting leases.

Dallas, Tarrant, Collin and Denton Counties - Not included in development of value trends due to almost a total lack of rural lands within the counties

Northeast Texas Lamar, Red River, Bowie, Delta, Hopkins, Franklin, Titus, Camp, Morris, Cass, Wood, Upshur and Marion Counties

Class II Dry Crop >400 Acres	\$1,200	to	\$1,600	Slow/Stable	\$45	to	\$75	Stable/Stable
Class III Dry Crop >300 Acres	\$900	to	\$1,100	Slow/Stable	\$25	to	\$40	Stable/Stable
Improved Pasture >300 Acres	\$1,400	to	\$2,000	Slow/Stable	\$15	to	\$25	Stable/Stable
Native Pasture >300 Acres	\$1,000	to	\$1,500	Slow/Stable	\$5	to	\$15	Stable/Stable
Hardwood Timber >300 Acres	\$1,000	to	\$1,500	Slow/Stable	\$2	to	\$8	Stable/Stable

These hardwood tracts reflect only fair timber quality and income is from hunting leases.

Piney Woods North Anderson, Smith, Gregg, Harrison, Henderson, Cherokee, Rusk, Panola, Houston Nacogdoches, and Shelby Counties

Improved Pasture >300 Acres	\$1,500	to	\$4,500	Slower/Stable	\$15	to	\$30	Stable/Stable
Native Pasture >300 Acres	\$1,500	to	\$3,500	Slower/Stable	\$10	to	\$20	Stable/Stable
Upland Pine Timber >300 Acres	\$1,100	to	\$2,200	Slower/Stable	\$5	to	\$15	Stable/Stable
Bottomland Hardwood Timber >300 Acres	\$800	to	\$1,200	Slower/Stable	\$8	to	\$12	Stable/Stable

These pine timberland tracts reflect cut-over base land prices; merchantable timber is not considered.

These hardwood tracts reflect only fair timber quality and income is from hunting leases.

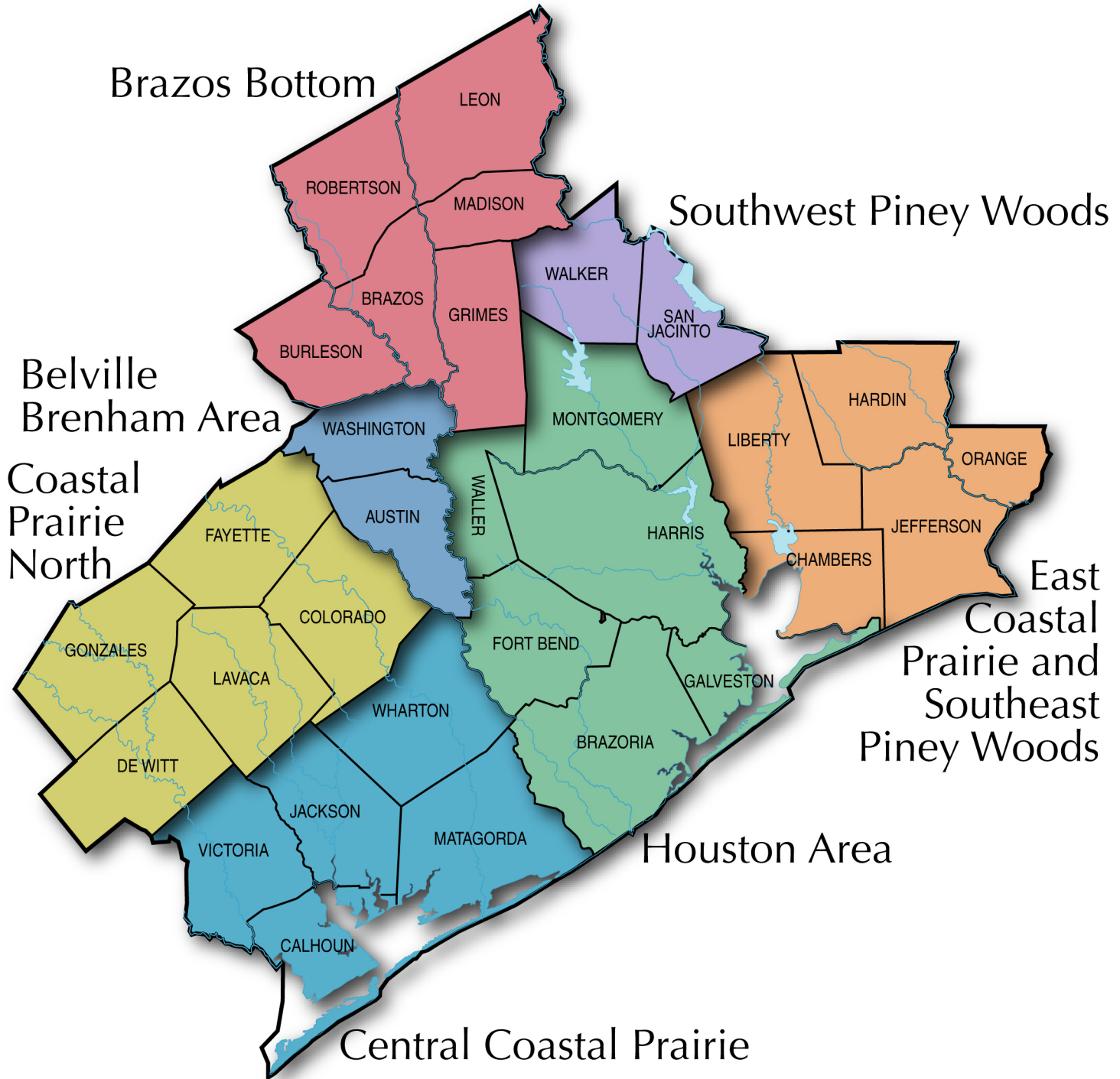
Piney Woods South Trinity, Angelina, San Augustine, Sabine, Polk, Tyler, Jasper and Newton Counties

Improved Pasture >300 Acres	\$1,300	to	\$2,500	Slower/Stable	\$15	to	\$30	Stable/Stable
Native Pasture >300 Acres	\$1,300	to	\$2,000	Slower/Stable	\$10	to	\$20	Stable/Stable
Upland Pine Timber >300 Acres	\$1,100	to	\$2,000	Slower/Stable	\$5	to	\$15	Stable/Stable
Bottomland Hardwood Timber >300 Acres	\$800	to	\$1,100	Slower/Stable	\$8	to	\$15	Stable/Stable

These pine timberland tracts reflect cut-over base land prices; merchantable timber is not considered.

These hardwood tracts reflect only fair timber quality and income is from hunting leases.

Region 5



**REGION FIVE – SOUTHERN PINEY WOODS,
COASTAL PRAIRIES AND BRAZOS BOTTOM
GENERAL MARKET CONDITIONS FOR 2009**

Prepared By
Wayne T. Young, ARA – Region Five Team Captain

Region Five is one of two regions in the State of Texas that fronts the Gulf of Mexico. Houston, the largest city in Texas, is located in Harris County and continues to dominate the region. It is noted that as Houston expands, areas north and west of the city, primarily the Woodlands and Katy areas, have become significant in their own right, with regard to impact on land value trends. Please be advised that due to the extremes found in land prices in both Harris and Galveston counties, these two counties have not been included in the regional value/trend grid.

General highlights of the overall Region Five market precede brief discussions related to each of the seven sub-regions.

- The City of Houston and the nearby densely populated areas significantly impact all properties within Region Five. The most probable land use, in counties adjacent to Harris County, has become end-user rural residential, large scale residential development or as holdings for residential development. It is noted that while residential development remains a significant use, the transitional land in line to be developed to large scale residential development has suffered, i.e., essentially no sales in 2009.
- As demand for recreational property, in out-lying areas, increases, the differences associated with land types and uses, i.e., quality of pasture, etc., are having less impact on price. In most cases, native and improved pasture prices are tending to overlap. While the individual factors are difficult to isolate, in aggregate they do have an impact on price. More and more recreational properties can be divided into poor, average and good. Factors that impact a property's appeal change from area to area. The challenge, from an appraisal standpoint, is to know what combination creates the greatest value in a specific area. In general, those tracts with varied topography, water features, trees and good access establish the upper end, while those tracts that are flat, open and with poor access establish the lower end. In 2009, sales (that took place) suggest that lower quality tracts have slowed more than those tracts at the upper end of the range.
- The following trend has remained unchanged for several years. Individuals, from in and around Houston, have purchased farms and ranches in out-lying counties for investment, recreation and use as weekend retreats. A major motivation for the purchase has been hunting, i.e., whitetail deer, bobwhite quail and water fowl. It is noted that "quality of life" issues appear to have replaced hunting as the primary motivation for purchasing in the more scenic counties, i.e., Austin, Washington, Fayette, Lavaca, Gonzales and north Colorado.
- For the last several years, the liquidation of large East Texas timber holdings generated an increase in activity. While it appears the liquidation has slowed, the new land "in play" will continue to impact area price trends. In general, this area has weathered the real estate slow down better than other areas in Region Five.

- Lease rates have remained essentially constant over the last several years and appear to be disconnected from sales prices.
- As indicated, most of Region Five is dominated by buyers from not only Houston, but the Woodlands and Katy. Lands that are purchased are essentially a combination of rural residential/recreational and/or investment properties. Most area brokers indicate that activity slowed significantly during 2009 and was down, but that prices for the most part “held their own”. However, as more and more brokers were getting “hungry”, a trend of brokers taking offers to sellers, that were below what adjacent tracts sold for, was developing.

Eastern Coastal Prairie and Southeast Piney Woods Chambers, Hardin, Jefferson, Liberty and Orange Counties

In 2006, the category of “Rural Residential/Agricultural” was added to the trend grid. This classification accounts for most tracts typically considered as a “hobby” farm. This type property continued to gain in popularity as the timber tracts and large farms “break up”. Drainage is often a critical factor in that much of the area is low lying.

Because cropland sales continued to be very limited, the category is not included on the trend grid. Most tracts, that were historically rice farms, have been converted to pasture. There are a few transactions each year, but not enough to establish a trend. When idle cropland sells, after purchase, it is no longer used as cropland.

In this sub-region, all price categories remained essentially flat. While prices in general remained flat, tracts in the west (near Houston) and parcels in the east (near Beaumont) did continue to increase in price. In most cases, one could argue that the price change is due to a change in land use toward denser residential than that prices within a land category were increasing.

As has been reported in previous years, many large East Texas timber holdings have been liquidated. This reality has had a lasting impact. As tract sizes decrease with further sales, this region should continue to gain in popularity due to the proximity of population centers. As Houstonians look to the west and north, they run into people from San Antonio, Austin and Dallas. Growth will continue in this direction as there is still a considerable supply of “new land”.

Southwest Piney Woods San Jacinto and Walker Counties

The price difference between improved pasture and native range has shrunk, but very good improved pasture will still command a premium. In 2009, prices seemed to stabilize. There were a few indications of weaker prices for marginal tracts, but desirable properties seemed to “hold their own”. Buyers from the Woodlands continued to have significant influence in this market.

Young timber, i.e., under five years, has had little, if any, contributory value. Some buyers showed equal motivation for future appreciation and/or hunting as compared to timber prospects. Most tracts range from 150 to 600 acres. While not conclusive, at the upper end of the size range, there seemed to be some recognition of timber value and that timber is a “safe haven” for money.

The activity that Montgomery County has enjoyed, from Houston, extends into Walker County. The growth of the Woodlands has allowed more individuals to live further north and commute to work. Walker County continued to have a greater benefit from its proximity to Houston than that enjoyed by San Jacinto County.

Brazos Bottom

Brazos, Burleson, Grimes, Leon, Madison and Robertson Counties

Both the dryland and irrigated cropland markets are situated predominantly along the Brazos River or in the Brazos Bottom. Historically, there has been very little activity in the Brazos Bottom, because land seldom changed ownerships. The cultivated market has been reasonably stable with prices (from the few arm's-length transactions) being fairly consistent. Rents, for the most part, are at the same general levels. The improved pasture and native range markets continued to slow significantly in the south part of the region. Leon and Madison counties remained reasonably active.

Unimproved wooded tracts, regardless of size, continued to sell, but at a slower pace than in previous years. Brazos and Grimes counties again accounted for most of the higher priced land. As noted in previous reports, Burleson County, north Grimes County, Madison County and east Robertson County continued to gain in popularity as land for sale becomes harder to find.

Houston Area

Brazoria, Fort Bend, Galveston, Harris, Montgomery and Waller Counties

As stated, both Harris and Galveston counties are not included in the trend grid as there is essentially no open land not impacted by development. Land in this area is essentially one land class. Price is more a factor of location than type and aesthetic appeal determines whether a tract sells high or low. It is, however, noted that during 2009 large acreage sales in the two counties was very limited.

There is essentially no cropland in the immediate vicinity of the Houston metropolitan area. What rural lands that is in this area tends to be classed as somewhat maintained land or native land. The more aesthetically appealing tracts, that have been somewhat "fixed up" or maintained, continued to command a premium. All other types tend to fall into a different land class that is at a slightly lower price.

Fort Bend County continues to be the focus of much of the new commercial development, along the U.S. Highway 59 corridor, near Richmond and Rosenberg. The nearby communities of Needville, Beasley and Fulshear continued to see a demand for acreage homesites, although the market for tracts being developed for single family residential subdivisions slowed considerably.

Interest in rural properties within Brazoria County, especially the areas outside of the Damon, Rosharon, Angleton and Alvin markets, seemed to dwindle. While definite price fluctuations were hard to pinpoint in the volatile period of late 2008 and early 2009, rural land prices appear to have rebound and stabilized at pre-August 2008 levels.

The south portion of Brazoria County is typically low-lying, with dense brush, and is perceived as being somewhat remote. This portion of Region Five has received the least demand and has had relatively few sales.

Central Coastal Prairie

Calhoun, Jackson, Matagorda, Victoria and Wharton Counties

In 2009, the Central Coastal Prairie region again had a reduction in the number of sales of rural properties; this was particularly apparent in the latter part of the year. However, the reduced number of sales did not result in an “across the board” drop in value trends. Quality properties with strong aesthetics, i.e., good tree cover and/or live water sources, remained in high demand. And, marginal properties, with little in the way of mature tree cover or aesthetic appeal, continued to be added to brokers listing sheets. Some areas, with high volumes of the “marginal” properties, became stagnant. Tracts, with good recreational whitetail deer potential, are limited and still command some of the highest premiums.

Continuing the trend from previous years, overall planted rice acres continued to decline. An increase in the buyers of land with irrigation potential was noted, with primary interests being the development of waterfowl hunting and recreational landscaping.

As with the previous year, rural residential tracts continued to be in high demand. Larger tracts purchased, in 2005 through 2007, have been subdivided and sold off as ranchettes. Rural residential properties continued to be in limited supply.

Following a trend from previous years, it is noted that Houston is having a relatively significant influence on north and east Wharton County, most notably in the Hungerford area. While Houston’s presence is felt, it is not as dramatic as it is in the adjoining Fort Bend, Waller and Austin counties.

The improved and native range category is again combined. Many brokers from surrounding areas, where property available for sale is limited, continued to come into this area.

North Coastal Prairie

Colorado, DeWitt, Fayette, Gonzales and Lavaca Counties

There is limited cropland in the North Coastal Prairie region, with most concentrated in Colorado County. The few sales suggest there is still some increased interest in cultivated tracts and prices have gradually increased throughout the year. Improved pasture and native range sales were less active, but were still changing hands and prices were mostly stable. Quality recreational tracts, in the 50-acre category, continued to be in demand, although activity slowed. North Colorado County continued to benefit with buyers spilling over from Austin County due to a lack of properties. The upper end of the prices shown for native range and recreational land comes from the north part of Colorado County.

Bellville and Brenham Area

Austin and Washington Counties

There is very little cropland in these two counties. No price difference is apparent between native and improved tracts; the two categories have been combined for several years. Activity across the board slowed substantially in 2009. With that said, prime recreational tracts continued to command a premium when they do sell.

Driving forces creating value are trees, hills and views. After pairing area sales, a desirable recreational tract can sell for twice as much as an adjoining property due to aesthetics. The Region Five grid has a scenic category that combines some or all of the characteristics.

The area around Sealy is predominantly flat, with less tree cover; this area sells for significantly less than the lands to the north. Marginal tracts, around Sealy, began to show some weakness toward the end of 2008, which carried into 2009.

The recreational appeal of the rolling hills, to the Houston buyer, has resulted in a very strong demand on the part of purchasers for “weekend” ranchettes in the 100 to 200-acre size. While activity has slowed, very nice tracts continued to sell for a premium.

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Region 5 - Southern Piney Woods, Coastal Prairies and Brazos Bottom

Land Use or Class	Value Ranges			Activity/Trend	Rental Range			Activity/Trend
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Eastern Coastal Prairie and Southeastern Piney Woods Liberty, Hardin, Chambers, Jefferson and Orange Counties

Rural Residential/Ag 50-150 Acres	\$1,300	to	\$6,000	Active/Up	\$10	to	\$15	Stable/Stable
Improved and Native Pasture	\$1,200	to	\$2,750	Active/Up	\$10	to	\$15	Stable/Stable
Bottom Timber	\$700	to	\$1,200	Slow/Stable	\$5			Stable/Stable
Upland Timber	\$1,100	to	\$1,850	Active/Stable	\$5			Stable/Stable
Marsh	\$350	to	\$500	Slow/Stable	\$3			Stable/Stable

Southwestern Piney Woods Walker and San Jacinto Counties

Rural Residential/Ag 50-150 Acres	\$2,800	to	\$6,500	Slow/Stable				
Improved and Native Pasture	\$2,000	to	\$3,500	Slow/Stable	\$10	to	\$15	Stable/Stable
Bottom Timber	\$1,200	to	\$1,600	Slow/Stable	\$6	to	\$10	Stable/Stable
Upland Timber	\$1,500	to	\$2,900	Slow/Stable	\$6	to	\$10	Stable/Stable

Brazos Bottom Brazos, Robertson, Burleson, Leon, Madison and Grimes Counties

Irrigated Cropland	\$1,800	to	\$2,500	Slow/Stable	\$80	to	\$100	Stable/Up
Dry Cropland	\$1,500	to	\$1,900	Slow/Stable	\$60	to	\$80	Stable/Up
Improved and Native Pasture	\$2,500	to	\$5,000	Slow/Stable	\$12	to	\$16	Stable/Stable
Rural Residential/Ag 50-150 Acres	\$2,800	to	\$10,500	Active/Up				

Houston Area Waller, Montgomery, Fort Bend and Brazoria Counties

Improved and Native Pasture	\$2,200	to	\$6,000	Slow/Stable	\$10	to	\$20	Stable/Stable
Rural Residential/Ag 25-100 Acres	\$6,000	to	\$15,000	Slow/Stable				

Harris and Galveston Counties - Removed from grid as there is essentially no open land not impacted by development

Central Coastal Prairie Victoria, Jackson, Wharton, Calhoun and Matagorda Counties

Irrigated Cropland	\$1,400	to	\$2,200	Stable/Up	\$60	to	\$110	Stable/Stable
Dry Cropland	\$1,200	to	\$1,800	Slow/Stable	\$35	to	\$65	Stable/Stable
Improved and Native Pasture	\$1,250	to	\$3,750	Slow/Down	\$10	to	\$20	Stable/Stable
Rural Residential/Ag 50-100 Acres	\$1,800	to	\$5,500	Slow/Stable				

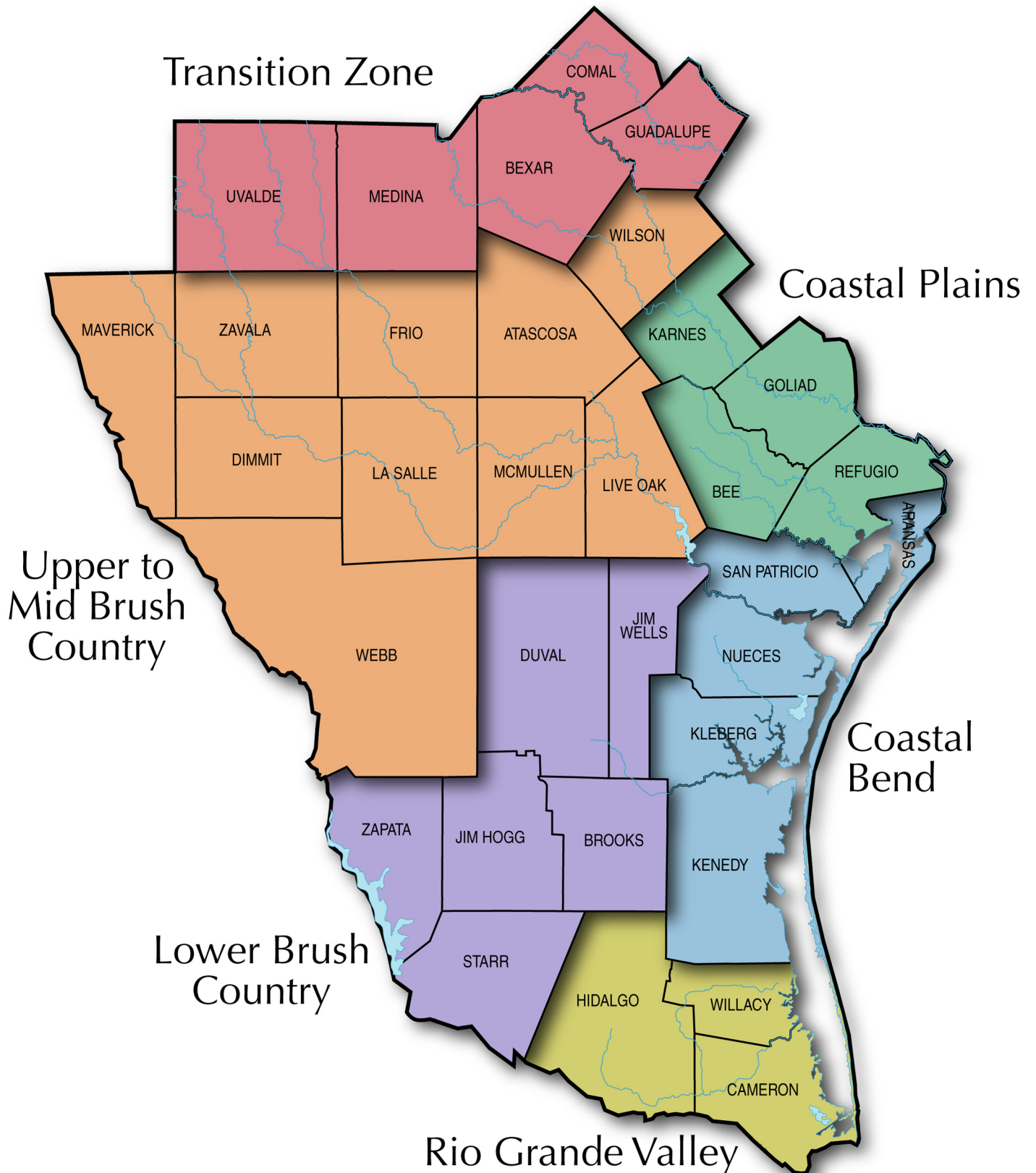
Coastal Prairie - North Gonzales, Fayette, DeWitt, Lavaca and Colorado Counties

Irrigated Cropland	\$1,800	to	\$2,250	Slow/Up	\$45	to	\$70	Stable/Stable
Dry Cropland	\$1,800	to	\$2,250	Slow/Up	\$30	to	\$60	Stable/Stable
Improved and Native Pasture	\$2,500	to	\$5,000	Slow/Up	\$12	to	\$20	Stable/Stable
Rural Residential/Ag 50-100 Acres	\$4,000	to	\$8,500	Slow/Stable				

Bellville and Brenham Areas Washington and Austin Counties

Scenic Recreational Land	\$8,000	to	\$15,000	Slow/Stable				
Rural Residential/Ag 50-100 Acres	\$5,000	to	\$10,000	Slow/Stable				
Improved and Native Pasture	\$5,000	to	\$6,500	Slow/Stable				
Sealy Area	\$3,000	to	\$6,500	Slow/Down				

Region 6



**REGION SIX – HILL COUNTRY, SOUTH TEXAS, COASTAL PLAINS,
COASTAL BEND AND RIO GRANDE VALLEY
GENERAL MARKET CONDITIONS FOR 2009**

Prepared By
Merrill E. Swanson, ARA – Region Six Team Captain

Region Six is comprised of the southern portion of Texas including the south fringe of the Edwards Plateau, portions of the Coastal Plains and Coastal Bend, the South Texas Brush Country and the Rio Grande Valley. Counties in this region are those between Comal and Cameron, on a north/south basis, and between Refugio and Maverick, on an east/west basis. The region is bound by the Gulf of Mexico on the east and the Republic of Mexico on the west.

There follows a thumbnail sketch detailing various aspects of the overall market for Region Six.

- **Market Activity** – 2009 was a slow to moderate year for most land brokers, with a limited number of farm and ranch sales taking place. Sales volume and related market activity were significantly off from levels prior to 2008. Some brokers reported a decline of 40% to 60% in sales calls, showings and consummated transactions.

Uncertainty in market conditions due to the national recession, the collapse of the capital markets, tightening of credit and change in government policy continued to have a number of potential buyers “on hold”. A limited number of ranch buyers came back to the market in 2009; however, most buyers have waited to see what is in store with the economy.

- **Drought** – Severe drought conditions carried over from 2008 through the fall of 2009 and impacted market conditions. The drought was compared to the “drought of the 1950’s”. Dry conditions negatively impacted farm and ranch showings and achievable prices. Drought conditions throughout South Texas and the Texas Gulf Coast made dryland crop yields low to non-existent in even the best farming areas. Many stock tanks and creeks, on most ranches throughout the region, went dry or were close to being so. Range conditions were poor at best. Wildlife numbers will likely continue to be off due to the drought.
- **Land Values/Land Pricing** – Farm and ranch asking prices, as posted on electronic advertising mediums, have typically been reduced on a regular basis since mid to late 2008. Many of the ranch offerings were initially aggressively priced and later were re-priced in closer alignment with the perceived level of market value. Typical marketing periods for most types of rural land increased.

Buyers and sellers continued to be at a standoff regarding pricing. Properties with reduced pricing at least had better activity and, in some cases, sold. It appears that market pricing took a vertical drop in early 2009. While there were few transactions, consummated sale prices reflect a reduction, in most areas, in the range of 10% to 25% from 2007/2008 levels. To sell land, asking prices had to be fairly aligned with value.

The Region Six team is aware of several foreclosed and distressed properties; however, the level of these properties is not as abundant as one might think. Land values range from holding fairly steady to decreasing somewhat from 2007/2008 levels.

- Sellers – Sellers continued to be the same as noted last year and included (1) long-term land owners with a number being absentee owners wanting to take advantage of higher land prices; (2) owners who may have had full equity in their properties, but required a cash infusion for their businesses that may have slowed due to the recession; and (3) owners of distressed properties.

Sellers continued to be concerned over a possible change in capital gains rates and estate tax rates. A number of land owners, who were contemplating a sale, were motivated to take equity out of their farms and ranches prior to a forecasted increase in the noted tax rates. A number of sellers paid the capital gains tax rather than execute a tax free exchange, because they believe the rate will rise.

1031 Tax Deferred Exchanges continued to be fairly popular; however, as noted, certain sellers paid the capital gains tax. High land prices continued to put pressure on “land rich-cash poor” owners for estate tax purposes. There continued to be estates that sold land to pay estate taxes.

- Buyers – End users were the most prevalent buyers in 2009. A number of end user buyers may have sold a ranch and were looking for a replacement property. Certain “ag” landowners in transition areas sold high-priced land and then re-invested in replacement land in lower-priced areas. Most buyers were viewing land as a “safe haven” to place their capital as opposed to other investments.

A few ranch investor buyers are back in the market offering cash and a quick close, but expecting a deep discount related to price. Some of these transactions have taken place, but not many. The majority of these buyers are still on the sidelines waiting for a positive sign.

Institutional investors/agricultural REIT’s requiring a return have shown interest in farm land. The positive investment return provided by cropland, along with tax benefits related to depreciation, has positively impacted marketability and farmland pricing. Buyers of farmland continued to be farmers or absentee investors.

- Demand for Ranches – Recreational demand to end users accounted for most of the activity. Some of the stock market losses were made up this past year, with some buyers converting securities into cash and land. Demand for good recreational ranches, within moderate driving distance of South Texas cities, remained better than the more remote ranches. Demand for standard ranches was moderate at best, with demand for “finished/turn-key” ranches being slightly better as long as the price was perceived as reasonable.

Hunting ranches, with improvements and established game management present, continued to command premiums. Many buyers wanted “ready to go” properties. As such, top end ranches with all of the amenities may have sold while other more standard ranches are still for sale. Standard ranches acquired for land infrastructure enhancement, and later resale, were requiring longer marketing times.

Active ranch brokers reported a handful of active qualified buyers. There appears to have been an increase in the number of farms and ranches advertised on the various online and printed advertising mediums. Marketing periods for most land increased. The market was a “buyer’s market”.

- Demand for Farmland – Farmland buyers continued to be active with investors looking for a positive return. Positive returns from commodity prices encouraged farmland producers and investors. Farmers and/or investors bought good farmland for a steady return, along with farm program benefits and appreciation potential. Demand for farmland was stable to increasing.

The drought of 2009 yielded dryland crop failures in most parts of South Texas and the Texas Gulf Coast. There were virtually no crops grown in the Coastal Bend, which is an area that has some of the best dryland farmland in Region Six. Irrigated farmland sold at fairly good levels, with most farmers making a crop. However, input levels were high due to the irrigation requirements considering the drought, high fuel and other input costs.

Water rights speculation inflated irrigated farmland prices, in the farming areas near San Antonio. A very defined water rights market is present in the Edwards Aquifer area, with transferrable rights selling separately from the land and the base water rights. Markets for water from the Carrizo-Wilcox and Gulf Coast aquifers were also developing.

- Demand for Subdivision Development Land – This market segment is very slow to “dead”. Most national home builders slowed new development. Credit tightening and sub-prime lending problems negatively impacted the residential real estate markets.
- Financing – Available credit to land buyers tightened, with underwriting criteria being more intense. A number of existing ranch owners, with debt, refinanced loans. It is understood that the required equity portion of a financed transaction has risen for most ag lenders. The Region Six team is aware of several large ranch sales that did not close due to financing issues. With the market slowing, owner-financed transactions may be on the increase.
- Minerals – Historically, most South Texas properties were offered with limited minerals or as surface estate only. The recent discovery of the Eagle Ford Shale formation and perfected extraction techniques has been positively influencing the overall South Texas economy. In this land region, the Eagle Ford Shale formation generally extends northeast from north Webb and south Dimmit counties through portions of La Salle, Frio, McMullen, Live Oak and Karnes counties.

Leasing, seismic and drilling activities have been on the increase in these counties. Major publicly-owned oil companies, i.e., EOG, ConocoPhillips, Chesapeake Energy, Andarko Petroleum, Swift Energy, Petrohawk Energy and British Petroleum (BP) along with privately owned firms, i.e., Lewis Petroleum and the Dan Hughes Company, are some of the operators competing for lease blocks.

With the new discovery of the Eagle Ford Shale, most land sellers resist conveying even very limited interests, with the preponderance of the transactions being “surface only”.

Transition Zone between the Texas Hill Country and the Upper Brush Country Atascosa, Bexar, Comal, Guadalupe, Medina, Wilson and Uvalde Counties

Historically, the primary investment motive for large tracts, in adjoining counties to Bexar County and the City of San Antonio, has been for residential subdivision development. Uvalde County has been less influenced by subdivision pressure due to its location being over one hour west of San

Antonio, which is typically out of a commuting range. Overall development activity, throughout this area, was flat in 2009, with limited activity and demand. National residential development companies continued to have extensive unsold lot inventories.

South San Antonio and South Bexar County had some positive economic factors, which were influenced by the resurgence of interest in the south and west sectors of Bexar County. The developing Texas A&M University campus, on the south side of San Antonio, will positively affect South Bexar County and the northern sectors of Atascosa and Wilson counties. The Toyota Tundra truck plant is in operation in South Bexar County and is being expanded to include an additional product line in 2010. Due to the recession, production was temporarily halted, but resumed. Land near the Toyota plant stabilized in value.

Demand for recreational land was moderate in the outlying areas. Weekend recreational ranches are common in the Transition Zone due to the short driving distance to San Antonio. Live water features were and are a driving force for these properties, which are located along the edge of the Texas Hill Country.

Demand for farmland in Bexar, Comal and Guadalupe counties continued to be stable. Open farmland, in the San Antonio area, may be “prime” for high density residential development as long as public utilities are nearby. However, few developers were buying land to hold. Overall, the areas around west Medina County and Uvalde County generally have had less intense land uses and good recreational appeal.

Water rights speculation continued to positively impact farmland pricing in Bexar, Medina and Uvalde counties. Irrigated farms with good Edwards water rights have been in demand. Irrigated farms with Carrizo irrigation water continued to be in demand.

The market for Edwards water rights, in Bexar, Atascosa, Medina and Uvalde counties, was extremely active in 2008. In 2009, the Edwards Aquifer Authority reported numerous sales of pumping rights, which totaled just over 7,700 acre feet. Prices for purchases of Edwards Aquifer permits increased and ranged from \$5,400 to \$6,500 per acre foot, as compared to a steady rate of \$5,000 to 5,250 per acre foot over the 2007/2008 period.

Leasing activity totaled almost 13,000 acre feet, with approximately 90% going to municipal use and most of the remainder to industrial or irrigation use. One-year leases were reported at prices of about \$110 per acre foot, while long-term leases (three to six years) ranged from \$125 to \$150 per acre foot. Some of the longer term contracts included escalation clauses that take prices as high as \$185 per acre foot by the end of the lease period. These rates are up somewhat when compared to 2008 with \$115 to \$140 per acre foot and to 2007 with \$99 to \$121 per acre foot.

In addition to the Edwards activity, significant amounts of Carrizo-Wilcox Aquifer water has been optioned, sold or leased to San Antonio and other municipal users during both 2008 and 2009.

San Antonio Water System (SAWS) entered into agreements with landowners in Gonzales County and with the Gonzales County Water Supply Corporation to eventually supply as much as 22,600 acre feet of Carrizo-Wilcox groundwater annually. The agreements are pending the Gonzales County Underground Water Conservation District (GCUWCD) issuing a non-appealable permit by August 1, 2010. SAWS will have to renew every five years.

It is noted that SAWS also settled with two other entities that originally were opposed to permit applications by SAWS. Both entities own pipelines that SAWS could potentially use to transport

water from Gonzales County to the City of San Antonio. SAWS is interested in renting extra pipeline capacity so as to not have to build its own pipelines to transfer the Carrizo water.

SAWS has also been involved in negotiations with several other individuals and organizations originally opposing permit applications by SAWS. In October 2009, GCUWCD, along with six other entities, formally contested the applications and expressed concern that SAWS water production would reduce future water supplies in the aquifer and could expose the aquifer to salt water intrusion. SAWS settled with many of the objectors. Only the cities of Nixon and Smiley, plus the Water Protection Association, remain opposed to the development plans by SAWS.

If the settlement can be achieved and the permits issued, the development of an active market in Carrizo-Wilcox water is likely to occur in short order as users seek to secure these water supplies.

Upper South Texas (Upper to Mid Brush Country)

Dimmit, Frio, La Salle, Live Oak, Maverick,
McMullen, Webb and Zavala Counties

This sub-region has an excellent reputation for good trophy deer and upland bird hunting. Recreational hunting is the primary source of demand for land. For a number of years, land stewardship practices have been more focused on the balance of livestock and wildlife with oil and gas production. It is noted that in some instances, new ranch owners are abandoning traditional livestock grazing and are concentrating strictly on wildlife.

A number of ranches are high-fenced and game-managed. Deer breeding programs, along with trap and transport programs, are popular. Many ranches have MLD permits (Managed Lands Deer Permits) which allow for extended hunting seasons and give land owners time to achieve wildlife management goals. The deer operations are used to enhance trophy buck genetics.

2009 was a severe drought year. A number of ranchers vacated pastures of livestock. Rains finally fell in late October; the fourth quarter of 2009 was wet and ranches received much needed moisture. Many stock tanks caught water and range conditions improved going into 2010.

Hunting lease prices remained level, i.e., especially for ranches with good game management. It is understood that some high-priced leases were “dropped” by tenants; this is considered to have been caused by the national recession.

Several ranches were reported to have sold in 2009. However, area sales volume was much less than usual. Frio County is one area where there was a slight up-tick in sales activity.

The primary economic generator in South Texas, and in particular to this sub-region, is speculation related to oil and gas exploration of the Eagle Ford Shale formation. Leasing activity in these counties escalated at a rapid pace. An abundance of petroleum land men have been seen reading the Deed Records at the courthouses. Numerous oil and gas leases have been negotiated with large operating companies. Some of the first directional wells, in the Eagle Ford Shale, were drilled in Webb, Dimmit, Frio and McMullen counties. The water requirement to complete these wells is very extensive and could have a negative impact on groundwater levels. The production infrastructure (pipelines, etc.) is not in place in most areas, which may delay production.

Subdivision development in the area has leveled out. Farmland pricing has stabilized.

Lower South Texas (Lower Brush Country)

Brooks, Duval, Jim Hogg, Jim Wells, Starr and Zapata Counties

Lower South Texas had a similar level of demand for land as compared to Upper South Texas. The Lower Brush Country is one of the most popular hunting areas in South Texas. Land prices have stabilized. Ranch investors are willing to drive further to these good hunting areas, with hopes of finding lower land pricing and large blocks of native land. Several ranch sales were reported.

Farmland pricing is considered to have remained fairly stable. Farms, adjoining low-fenced brush properties, offer certain recreational appeal.

This area is not in the Eagle Ford Shale formation. However, drilling activity continues in other formations in this historic oil and gas producing area.

Coastal Plains

Aransas, Bee, Goliad, Karnes and Refugio Counties

This area has a long history of being popular with Houston and Corpus Christi investors, with recreational lands being the most active category. Many Houston investors look closely at the Coastal Plains because of a shorter drive, when compared to the balance of South Texas. The blend of live oaks and South Texas brush, found in this area, is very appealing to a large market segment.

Bee and Goliad are the most active counties in this market. It appears that land pricing has generally become consistent for the live oak covered portions of the area, from Bee and San Patricio counties up to Jackson and Lavaca counties (just north/northeast of Victoria). It is noted that Karnes County typically relates more to San Antonio investors.

The market for land along the coast has slowed. Upscale development projects from Port Aransas to Rock Port/Fulton were no longer “hot” like they were several years ago.

Karnes County and the northern fringe of Bee County are in the Eagle Ford Shale formation. EOG Resources and ConocoPhillips are two of the primary oil and gas companies that have several discovery wells.

Coastal Bend

Kenedy, Kleberg, Nueces and San Patricio Counties

2009 was a dismal crop year for area dryland farmers due to extended drought conditions. Demand for farmland continued to be stable. Investors were typically producers or agricultural investment groups. It is noted that the best land rarely becomes available because most of the farmland ownership is by long-term tenure. Demand for large blocks of farmland continued to be good, but there also continued to be a limited supply of “top shelf” quality farmland, especially in large tracts. With continued distrust in securities by some investors, farmland was and is viewed as a long-term investment alternative that has a return and some appreciation potential.

The primary demand for rural land is for recreation; however, as stated, limited land sells in the lower portion of this area due to large ownerships. Demand for coastal developments along Mustang Island, and other nearby properties, slowed.

Wind farms have been developed in both Kenedy and San Patricio counties. The Kenedy wind project is known as the Peñascal Wind Farm and is situated south of Kingsville, on the Kenedy Ranch between U.S. Highway 77 and the Laguna Madre. Oregon-based PPM Energy is the developer and installed eighty-four turbines. Australia-based Babcock and Brown, Ltd. is to construct 118 turbines. The San Patricio wind project is known as the Papalote Creek Wind Farm and is located between Nueces Bay and Taft. EON Climate & Renewables developed 109 turbines, just to the north of the bluff of Nueces Bay.

Rio Grande Valley Cameron, Hidalgo and Willacy Counties

The rural portions of this three-county area are largely production agriculture driven, with the demand for the best classes of cropland demonstrating increased demand. The farmland is generally purchased by producers. In recent years, pension funds and farmland investment funds have been major market makers. Demand for the best irrigated land has been typically equal to demand for the best dry cropland.

Rio Grande Valley realtors continued to report active interest in larger cropland tracts, with equal demand for dryland and irrigated tracts. Most of the better quality drycrop land is often closely held and only a few transactions, of any size, have occurred. The irrigated cropland was historically closely held, but in recent years, many of the larger holdings have been broken up or sold to the investment funds or other local producers.

The 2009 crop year was one of the worst in decades and approached a near wipe-out for all but the irrigated segment. Cotton production and sorghum hit new lows due to the extreme drought conditions experienced across the Valley. Several gins did not operate in the north portions of the Valley and elevators were empty in several cases. The irrigated segment produced crops, but had to water extensively to maintain even moderate yields.

The good market conditions for Valley citrus products are as a result of relatively recent Florida and California disasters. These out-of-state disasters spurred new plantings, along with renovation of older plantings. Expectations for continued good citrus market conditions, through 2010, are likely to encourage additional investments in Valley citrus properties.

Demand for Lower Rio Grande water created a lease market. Lease prices vary by use, with agricultural water users typically paying lower rates per acre foot because they have lower consumptive use of water.

The long-term average allocation for Lower Rio Grande contracts is 2.5 acre feet per acre. Because reservoir supplies continue to be sufficient, the Rio Grande Watermaster has been able to provide full allocations (4 AF/acre). Leases of irrigation water have been few over the last couple of years; however, activity increased as the irrigation season got underway.

There were twenty-three leases for irrigation water on the Lower Rio Grande in 2009. A total of 7,915 acre feet were leased; this was a decrease from the 9,250 acre feet in 2008. Lease rates for municipal water ranged up to \$50 per acre foot, with irrigation water somewhat below, and mining water at up to \$300 per acre foot for small quantities.

Water rights sales generally ranged around \$2,400 per acre for Class A rights and Class B rights were in the \$1,900 range when converted to municipal use.

In the recent past, a significant trend is for agricultural lands close to Edinburg, McAllen, Mission, etc., to be converted into residential developments. However, the acquisition of future development tracts, across the Valley, essentially stopped and development activity was very restrained.

Recreational ranches still had reasonably good demand. There were few available ranches for sale due to the large, long-held ownerships in the northern reaches of the Valley. It is noted that many Rio Grande Valley land investors were local buyers.

The construction of the “Border Fence” is still underway. The fence continued to be a source of significant controversy since it is located north of the IBWC Levee and limits access to significant portions of the river farms that are below the levee. The impact of this development is not yet evident on land values, along the river, but will likely become clear in the near term.

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Region 6 - Hill Country, South Texas, Coastal Plains Coastal Bend and Rio Grande Valley

Land Use or Class	Value Ranges			Activity/Trend	Rental Range			Activity/Trend
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Transition Zone

Atascosa, Bexar, Comal, Guadalupe, Medina, Uvalde and Wilson Counties

Class I Irrigated Crop*	\$2,000	to	\$3,000	Stable/Stable	\$50	to	\$150	Stable/Stable
Class II Dry Crop	\$1,100	to	\$2,200	Stable/Stable	\$20	to	\$50	Stable/Stable
Permanent Pasture	\$1,500	to	\$2,500	Stable/Stable	140/AU			Stable/Stable
Rangeland <2,000 Acres	\$1,200	to	\$6,000	Stable/Stable	140/AU			Stable/Stable
Rangeland >2,000 Acres	\$1,000	to	\$3,500	Stable/Stable	140/AU			Stable/Stable
Development Land**	\$3,000	to	\$20,000	Slow/Decreasing				
Transferable Edwards Aquifer Water Rights	\$5,400	to	\$6,500	Stable/Increasing	\$110	to	\$150	Stable/Increasing
Hunting Lease					\$6	to	\$20	Stable/Stable

Value ranges are generally reflective of partial mineral transactions.

*Speculation on water rights in Bexar, Medina and Uvalde counties

Live water features or subdivision development potential increases the achievable pricing throughout region

**A number of Bexar County area farms are being acquired for subdivision development

Upper South Texas - Upper to Mid Brush Country

Dimmit, Frio, La Salle, Live Oak, Maverick, McMullen, Webb and Zavala Counties

Class I Irrigated Crop	\$2,000	to	\$2,300	Active/Stable	\$50	to	\$150	Stable/Stable
Class II Irrigated Crop	\$1,650	to	\$1,900	Active/Stable	\$50	to	\$125	Stable/Stable
Class II & III Dry Crop	\$1,200	to	\$1,500	Moderate/Stable	\$20	to	\$40	Stable/Stable
Permanent Pasture/Improved Pasture	\$1,400	to	\$2,200	Moderate/Stable	140/AU			Stable/Stable
Rangeland <2,000 Acres	\$1,175	to	\$2,500	Moderate/Stable	140/AU			Stable/Stable
Rangeland >2,000 Acres	\$1,000	to	\$2,500	Moderate/Stable	140/AU			Stable/Stable
Hunting Lease (Rangeland)					\$10	to	\$20	Stable/Stable

Value ranges are generally reflective of partial mineral or surface only transactions; few tracts sell with significant minerals in this market.

Lower South Texas - Lower Brush Country

Brooks, Duval, Jim Hogg, Jim Wells, Starr and Zapata Counties

Dry Cropland	\$800	to	\$1,600	Moderate/Stable	\$20	to	\$30	Stable/Stable
Rangeland <2,000 Acres	\$1,300	to	\$2,300	Moderate/Stable	140/AU			Stable/Stable
Rangeland >2,000 Acres	\$1,200	to	\$2,300	Moderate/Stable	140/AU			Stable/Stable
Hunting Lease (Rangeland)					\$10	to	\$20	Stable/Stable

Value ranges are generally reflective of surface only transactions; few tracts sell with significant minerals in this market.

Coastal Plains

Aransas, Bee, Karnes, Goliad and Refugio Counties

Class II & III Dry Crop	\$1,000	to	\$1,500	Moderate/Stable	\$25	to	\$45	Stable/Stable
Permanent Pasture & Improved Pasture	\$1,300	to	\$2,350	Moderate/Stable	140/AU			Stable/Stable
Rangeland <2,000 Acres	\$1,700	to	\$2,750	Moderate/Stable	140/AU			Stable/Stable
Rangeland >2,000 Acres	\$1,500	to	\$2,500	Moderate/Stable	140/AU			Stable/Stable
Hunting Lease (Rangeland)					\$8	to	\$15	Stable/Stable

Value ranges are generally reflective of partial mineral or surface only transactions; few tracts sell with significant minerals in this market.

Coastal Bend

Kenedy, Kleberg, Nueces and San Patricio Counties

Class I Dry Crop	\$1,650	to	\$2,250	Stable/Stable	\$60	to	\$100	Stable/Stable
Class II Dry Crop	\$1,200	to	\$1,800	Stable/Stable	\$25	to	\$50	Stable/Stable
Rangeland	\$1,700	to	\$2,500	Moderate/Stable	140/AU			Stable/Stable
Hunting Lease (Rangeland)					\$10	to	\$20	Stable/Stable

Value ranges are generally reflective of surface only transactions; few tracts sell with significant minerals in this market.

Rio Grande Valley

Willacy, Cameron and Hidalgo Counties

Class I Irrigated Crop	\$3,500	to	\$4,100	Stable/Up	\$90	to	\$135	Stable/Up
Class II Irrigated Crop	\$2,200	to	\$3,400	Stable/Up	\$50	to	\$75	Stable/Up
Class I Dry Crop	\$1,600	to	\$2,300	Stable/Up	\$65	to	\$90	Stable/Up
Class II Dry Crop	\$1,200	to	\$1,500	Stable/Up	\$35	to	\$65	Stable/Up
Permanent Pasture	\$1,500	to	\$2,250	Moderate/Stable	140/AU			Stable/Stable
Rangeland	\$1,750	to	\$3,850	Moderate/Stable	140/AU			Stable/Stable
Hunting Lease (Rangeland)					\$10	to	\$20	Stable/Stable

Value ranges are generally reflective of surface only transactions; few tracts sell with significant minerals in this market.

Region 7

South Grand Prairie

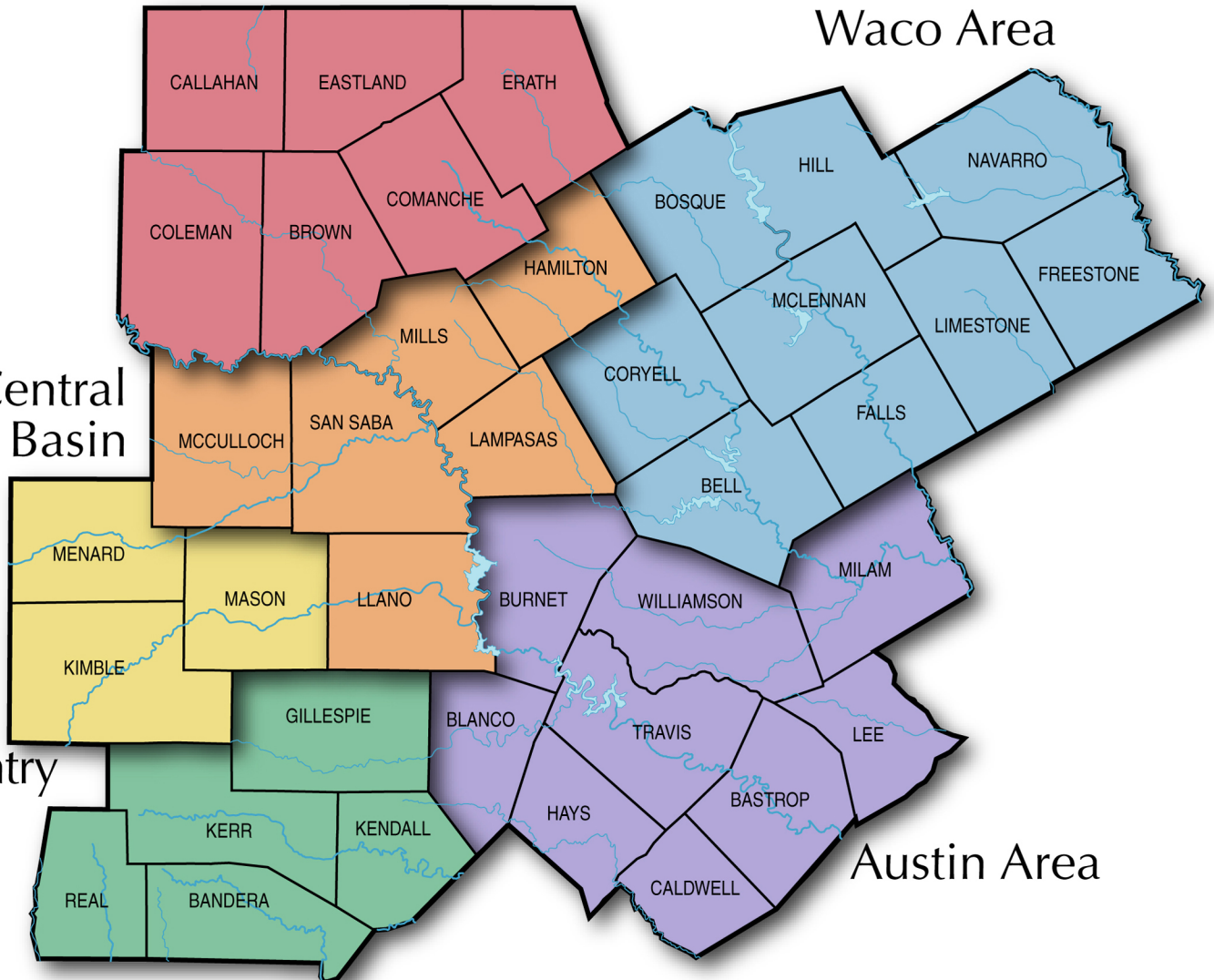
Waco Area

Central
Basin

West
Hill
Country

East Hill Country

Austin Area



**REGION SEVEN - GRAND PRAIRIE, CENTRAL BASIN, BLACKLANDS,
POST OAK BELTS, EDWARDS PLATEAU AND HILL COUNTRY
GENERAL MARKET CONDITIONS FOR 2009**

Prepared By
Wendell Wood, ARA – Region Seven Team Captain

Region Seven forms the central core of the State of Texas. The geographic center Texas is in this region at a point some fifteen miles northeast of Brady, the county seat of McCulloch County.

Highlights for the overall market precede a brief discussion related to each of the sub-regions.

- Sales volume for 2009 was sharply lower when compared to 2007 and early 2008, with the volume of larger acreage properties being especially low. The demand for smaller acreage properties was stronger than for the large acreage properties.
- In 2009, sales prices were generally stable to weaker in most land classes. Sales prices for cultivated acreage showed stable prices.
- Recreational use of land, primarily hunting, continued to be a primary influence in the mind of buyers. Investment was lower than what was observed in prior years.
- The aesthetic characteristics of the land, i.e., views and live water, continued to be an important factor in the formation of land values. Productivity characteristics come into play in the market for cultivated lands, with buyers often being established area producers.
- Buyer motivation to purchase and retain rural land seemed to be reinforced by diversification of investments. Market participants noted some buyers were motivated by concerns over the potential for long-term inflation.

Southern Grand Prairie

Brown, Callahan, Coleman, Comanche, Eastland and Erath, Counties

The Southern Grand Prairie experienced a less active market through 2009 than what was observed during 2008. Sales activity, through the sub-region's western areas, was slow and with sales prices reported as being stable. Drought conditions plagued the area for much of the year; this factor reduced overall aesthetic appeal. Value trends remained stable in each land class. The buyers are predominately motivated by recreational activities, with less demand noted for investment properties.

In general, land values tended to increase as one moves from west to east, with the higher values being associated with properties in counties in closer proximity to the Dallas-Fort Worth metroplex. Erath County enjoys the benefits of its location with respect to Fort Worth, but also had support provided from buyers within the Stephenville area who are seeking recreational homesites.

Central Basin

Hamilton, Lampasas, Llano, McCulloch, Mills and San Saba Counties

Land sales activity was down for the year as compared to 2007 and 2008, with a modest increase in activity noted in the last quarter of the year. Investment and recreational uses continued to be the primary motivating factors behind most land purchases, with outdoor recreation, including hunting and a general enjoyment of the outdoors. Land values tended to increase more as one moves from the west to the east.

The Central Basin includes Llano County in which recreational buyers have historically sought properties for deer hunting. The Highland Lakes influence sales prices with lake proximity impacting buyer's purchase decisions. The higher values in Llano County continue to support land values in the northern portions of the Central Basin.

During 2009, value trends in the sub-region indicated stable to weaker sales prices as compared to late 2007 and 2008. A number of sales were reported, which had previously sold for prices near sales prices in 2006 and early 2007. The properties with the strongest aesthetic qualities remained in the greatest demand and indicated mostly stable price trends, while the lower quality properties seemed to indicate weaker demand and lower prices.

Central Blacklands, Grand Prairie and Post Oaks within a 50-Mile Radius of Waco

Bell, Bosque, Coryell, Falls, Freestone, Hill,
Limestone, McLennan and Navarro Counties

This area is generally influenced by the major population centers of Dallas, Fort Worth and Austin, with secondary influence coming from residents of Waco, Temple and Killeen. The northern portion of the sub-region represents the area with the strongest demand, which is generated by its location relative to Dallas-Fort Worth buyers seeking recreational land and retirement properties. The southeast areas tended to provide the lower range of values due to more remote locations with respect to the major metro centers.

Sales activity was slow and was similar to most other areas in Region Seven. In general, land values within the sub-region tended to be higher along and near the IH-35 corridor and the neighborhood's population centers.

The Central Blacklands and the Grand Prairie areas have been noted as containing significant cultivated acreage. Cropland is noted as showing stable price trends through 2009, which was similar to 2008, with some market participants having indicated that buyers were actively seeking quality cultivated land. Following historic trends, the amount of cultivated acreage placed on the market remained low.

Throughout 2009, the demand for recreational properties remained weak, with survey participants indicating stable sales prices. Sellers appeared to be more willing to negotiate with some reduced asking prices. The impact of mineral interests continued to be a factor in localized areas within the sub-region. Area respondents indicated that sellers were hesitant to convey any minerals as part of the sale, while buyers were reluctant to buy properties where control of the surface estate is limited.

East Edwards Plateau, Central Blackland and South Post Oaks – Austin Area

Bastrop, Burnet, Blanco, Caldwell, Hays, Lee,
Milam, Travis and Williamson Counties

This sub-region includes the Austin MSA and, as a result, significant urban influence is present in Travis, Williamson and Hays counties with the adjacent counties being influenced by trends in the development market of Austin and adjacent cities.

Location, with respect to Austin and the primary cities in the region, is a primary factor impacting land values. Generally, as one travels further from Austin, land values decline, with land values to the west being stronger than land values to the east. The Austin MSA has not been immune to the general economic trends impacting the nation; this factor resulted in lower sales volumes for most land classes. The market for urban fringe properties was especially weak, with a number of foreclosures noted in properties purchased for future development.

In general, land sales activity in the Austin area was slow, with the market for properties, larger than one hundred acres, being especially weak. Activity in the small acreage market (up to fifty acres) was reported to be improving in the later half of the year, with stable to weaker sales prices. Properties with below average aesthetic qualities were especially weak; more activity was noted for properties with superior aesthetic qualities. Asking prices remained steady to lower, when compared to 2008, as sellers decreased asking prices to levels more in-line with past market prices.

The Blackland farming area experienced stable land price trends during 2009, but with slow sales volumes. The number of cultivated properties offered for sale remained steady to lower during 2009, supported by stable ownership with limited motivation to sell during a period of weaker demand.

East Hill Country

Bandera, Gillespie, Kerr, Kendall and Real Counties

Buyers from the metropolitan areas of the state continued to represent the bulk of land buyers, with many of these buyers seeking to retire to the area. Buyers continue to seek properties with strong aesthetic qualities and prefer locations within a short drive of the primary cities. Overall sales volumes were noted as being significantly lower than those observed in both 2007 and 2008. The average property size continued to decline; this was reinforced by homesite demands.

The East Hill Country continues to be the highest priced area within Region Seven. During 2009, price levels were overall stable to weaker. Survey participants indicated that recreational-based properties, with live water features and superior aesthetic qualities, showed moderate sales activity and stable price trends. Properties with live water features were in the greatest demand and commanded the highest prices.

Recreational properties without unique water features of above-average aesthetics showed weaker demand, with stable to weaker price trends. The number of properties offered for sale during 2009 was reported to have increased, with some asking price reductions noted.

West Hill Country
Kimble, Mason and Menard Counties

Sales activity was sharply lower in 2009 than what was observed in 2007 and 2008. Properties with strong water features continued to be in demand, with general price trends being stable. The high end of the sales price range weakened over the past year, with stability noted in the lower end of the range. Market activity was reported to have improved toward the end of 2009, although sales volumes remained low. Area buyers were typical of the buyers throughout the Hill Country in that they sought properties with strong aesthetic and recreational features. Investors, seeking land for recreational uses and long-term stores of wealth, were evident in the area. Speculation for resale or subdivision declined substantially.

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**Region 7 - Grand Prairie, Central Basin, Blacklands,
Post Oak Belts, Edwards Plateau and Hill Country - 2009**

Land Use or Class	Value Range		Activity/Trend	Rental Range		Activity/Trend
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**Southern Grand Prairie
Callahan, Eastland, Erath, Coleman, Brown and Comanche Counties**

Dry Cropland	\$800	to	\$1,600	Slow/Stable	\$10	to	\$25	Moderate/Stable
Improved Pasture	\$1,100	to	\$2,500	Slow/Stable	\$10	to	\$20	Moderate/Stable
Native Pasture - Open	\$1,200	to	\$2,500	Slow/Stable	\$4	to	\$10	Moderate/Stable
Native Pasture - Wooded	\$1,500	to	\$3,000	Slow/Stable	\$4	to	\$12	Moderate/Stable
Live Water - Recreational	\$2,000	to	\$4,000	Slow/Stable	\$5	to	\$15	Moderate/Stable
Pecan Groves - Improved	\$1,500	to	\$3,000	Slow/Stable				
Hunting Leases					\$10	to	\$20	Moderate/Stable

**Central Basin
McCulloch, San Saba, Mills, Hamilton, Lampasas and Llano Counties**

Dry Cropland	\$900	to	\$1,800	Slow/Stable	\$7	to	\$22	Moderate/Stable
Improved Pasture	\$850	to	\$1,800	Slow/Stable	\$7	to	\$20	Moderate/Stable
Native Pasture - Open	\$1,250	to	\$2,200	Slow/Weaker	\$3	to	\$7	Moderate/Stable
Native Pasture - Wooded	\$1,600	to	\$4,000	Slow/Weaker	\$3	to	\$7	Moderate/Stable
Pecan Groves - Improved	\$2,000	to	\$3,000	Slow/Stable				Owner or Shares
Live Water - Recreation	\$2,200	to	\$7,000	Slow/Stable	\$10	to	\$20	Owner Dominated
Transitional <50 Acres	\$3,000	to	\$10,000	Slow/Stable				
Hunting Leases - Rangeland					\$10	to	\$25	Moderate/Stable

**Central Blacklands, Grand Prairie and North Central Post Oaks (±50 Mile Radius of Waco)
Bosque, Hill, Navarro, Coryell, McLennan, Limestone, Freestone, Bell and Falls Counties**

Dry Cropland - Good	\$1,500	to	\$2,750	Moderate/Stable	\$30	to	\$60	High Demand
Dry Cropland - Marginal	\$1,200	to	\$2,300	Moderate/Stable	\$20	to	\$40	Moderate/Stable
Improved Pasture	\$1,500	to	\$2,700	Moderate/Stable	\$15	to	\$25	Moderate/Stable
Native Pasture - Open	\$1,200	to	\$2,300	Moderate/Stable	\$8	to	\$15	Moderate/Stable
Native Pasture - Wooded	\$1,500	to	\$4,500	Moderate/Stable	\$8	to	\$15	Moderate/Stable
River Properties	\$2,500	to	\$7,000	Moderate/Stable	\$15	to	\$30	Moderate/Stable

**Eastern Edwards Plateau, Central Blacklands, and Southern Post Oaks (Austin Area)
Burnet, Blanco, Hays, Travis, Williamson, Milam, Caldwell, Bastrop and Lee Counties**

Dry Cropland - Good	\$1,500	to	\$3,200	Slow/Stable	\$30	to	\$60	High Demand
Dry Cropland - Marginal	\$1,400	to	\$2,700	Slow/Stable	\$15	to	\$40	Moderate/Stable
Improved Pasture	\$2,500	to	\$3,500	Slow/Stable	\$15	to	\$25	Moderate/Stable
Native Pasture - Wooded	\$2,200	to	\$8,000	Slow/Stable	\$10	to	\$20	Moderate/Stable
Single Family - Utilities	\$15,000	to	\$30,000	Slow/Down				
Urban Fringe - No Utilities	\$5,000	to	\$20,000	Slow/Down				
Ranchette <50 Acres	\$3,200	to	\$10,000	Moderate/Stable				

**Eastern Hill Country
Gillespie, Kerr, Kendall, Real and Bandera Counties**

Recreational w/ Live Water	\$5,000	to	\$15,000	Moderate/Stable				
Recreational w/o Live Water	\$2,250	to	\$6,000	Slow/Weaker				
Rangeland	\$2,000	to	\$5,000	Slow/Weaker	\$4	to	\$10	Moderate/Stable
Hunting Leases-Rangeland					\$10	to	\$25	Moderate/Stable

**Western Hill Country
Menard, Mason and Kimble Counties**

Native Rangeland >500 <1,500 Acres	\$1,600	to	\$3,000	Slow/Stable	\$2	to	\$5	Moderate/Stable
Native Rangeland >1,500 Acres	\$1,500	to	\$2,000	Slow/Stable	\$2	to	\$5	Moderate/Stable
Native Rangeland - Live Water >1,000 Acres	\$2,500	to	\$8,000	Slow/Stable	\$2	to	\$6	Moderate/Stable
Native Rangeland-Live Water +/- 500 Acres	\$5,000	to	\$8,000	Slow/Stable	\$2	to	\$6	Moderate/Stable
Hunting Leases					\$10	to	\$20	Moderate/Stable