

The
LAND MARKET PROCESS
 in
Montague County



SUMMARY

This report is based on an analysis of 65 transfers of 20 acres or more of Montague county land during 1956 and on interviews with land market specialists conducted in 1957.

About 48 percent of the land in Montague county lies within the North Central Prairies land resource area. The market price of this land varies from \$35 to \$100 per acre. Soils of the West Cross Timbers make up 42 percent of the land in the county. Its market price is estimated at \$15 to \$75 per acre. Soils of the Grand Prairie comprise about 8 percent of the surface of the county and are priced at \$35 to \$100. River Terraces and Bottoms soils make up about 2 percent of the county and sell for \$125 to \$225 per acre. The different prices paid within each land resource area depended on the amount of mineral rights included in the sale, fertility of the soil, number of improvements and the location of the tract with reference to town.

The average price paid per acre in the 65 transactions was \$47.15. The average transfer was 172 acres. Half of all transfers of land were for 50 to 150 acres. The total acreage sold in 1956 was 11,236. This indicated a moderately active land market.

The people who purchased land in 1956 were local farmers, ranchmen and non-farmers. The farmers and ranchmen primarily were owners of large holdings who were adding to their land. Local non-farmers were brokers, professional men and bankers.

The price of land in Montague county is reported to be higher than can be justified on the basis of agricultural production alone. In the foreseeable future, it will continue to be higher than justified by agricultural production. The reasons for this are oil activity, the demand for land by non-farmers and the demand for land by farmers and ranchmen who are increasing the size of their holdings.

The Land Market Process in Montague County

F. O. Sargent and H. E. Turrentine*

MONTAGUE COUNTY, located in the rolling prairie and woodland plains of the North Central Prairies and West Cross Timbers in North Central Texas, faces Oklahoma across the Red River. Bowie, the largest city, is 48 miles southeast of Wichita Falls and 66 miles northwest of Fort Worth.

The population in 1950 was 17,070. The school population of the county was 3,417 in 1955. The population in 1950 was 44.3 percent urban, 24.3 percent non-farm rural and 31.4 percent rural farm.

Montague county has varied agriculture. Cotton, peanuts, small grains, watermelon, tomatoes and peaches are the chief crops. Fruit is grown extensively in the southern part of the county. A Fruit Investigations Laboratory is located close to the county seat at Montague.

This report is based on information obtained from a study of the records of bonafide transfers of 20 acres and more during 1956, and on interviews in 1957 with officials of agricultural agencies in Montague county. The land market and agricultural specialists interviewed included representatives of the Agricultural Stabilization and Conservation Office, Soil Conservation Service, National Farm Loan Association, Farmers Home Administration, county agricultural agent and members of the Vocational Agriculture Department of Bowie High School. Additional interviews were conducted with a number of farmers and ranchmen who were acquainted with the land market.

This report presents (1) a description of the Montague county land market, (2) a discussion of the land market in 1956, (3) the economic trends taking place in Montague county which affect the land market and (4) future developments which are likely to have an important effect on the land market in the coming years.

CLASSIFICATION OF THE MARKET

Parts of four land resource areas, each with distinct kinds of soil, are included in Montague county, Figure 1.

North Central Prairies

The western portion of the county contains approximately 287,846 acres of land classified

as in the Reddish Prairie great soil group. This land is used primarily for the production of livestock. The southern portion of this area was cropped extensively at one time, but was converted recently to grazing land and much of it is being improved by better management, such as reseeding. The northern part contains a large amount of native grasses and has been used primarily for grazing livestock. The size of the units in this area are larger than in any other part in the county.

Grand Prairie

This land resource area comprises approximately 47,974 acres in Montague county and consists largely of soils in the Grumsol (dark clayey soils) and Lithosol (shallow stony soils) great soil groups.

West Cross Timbers

This land resource area comprises approximately 251,866 acres. The soils of this area, in general, are sandy (some shallow and stony) and are classified in the Red-Yellow Podzolic great soil group. This soil varies from land that is practically worthless for agricultural use to very productive bottomland. The farm units in this section vary more in size than those of other sections of the county, but are considerably smaller than units in either the North Central Prairies or Grand Prairie. This soil area is located in the middle and eastern part of the county. Truck crops and small acreages of cotton, corn and peanuts are produced in this area. The rough post oak areas are used for grazing cattle and goats. Improvements, such as clearing and reseeding, have been used on some of the rough post oak land.

River Terraces and Bottoms

This portion of the county comprises approximately 11,994 acres of the most productive soil in the county, being largely of the Alluvial great

TABLE 1. ESTIMATED RANGE OF LAND PRICES ACCORDING TO LAND RESOURCE AREAS, MONTAGUE COUNTY, 1957¹

Land resource areas	Acres	Price range
Grand Prairie	47,974	\$ 35 to \$100
West Cross Timbers	251,866	\$ 15 to \$ 75
North Central Prairies	287,846	\$ 35 to \$110
River Terraces and Bottoms	11,994	\$125 to \$225

¹Source: Land market interviews.

*Respectively, assistant professor, Department of Agricultural Economics and Sociology, and graduate student, Department of Agricultural Education.

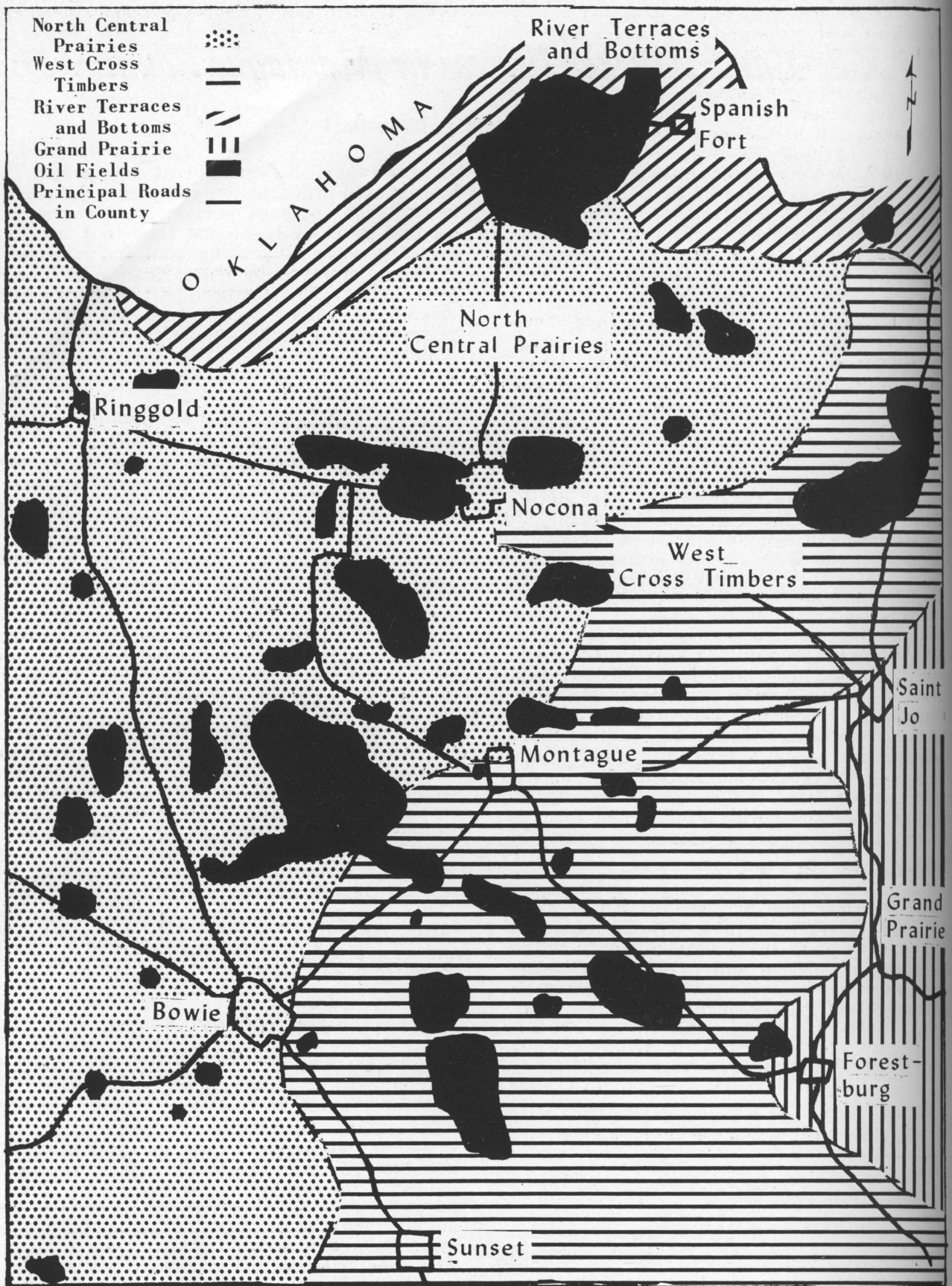


Figure 1. Extent of soil groups in Montague County, Texas. Land values by these land resource areas, at the time of this study were: North Central Prairies, \$35-110; West Cross Timbers, \$15-75; River Terraces and Bottoms, \$125-225; and Grand Prairie, \$35-100.

soil group. River Terraces and Bottoms are not a designated land resource area in Texas, but are a part of the North Central Prairies and West Cross Timbers. This area is considered separately in this report because of its location and value. The River Terraces and Bottoms are located along the Red River. The largest part of this area is used for crop production, with only a small amount used as grazing land.

Range of Prices

Prices for all groups of soil in Montague county vary over a wide range, Table 1. This range was broadened by oil activity during the past 10 to 15 years. Oil production is decreasing, but the drop has not been sufficient to affect land prices. It is estimated that approximately 70 percent of the land in Montague county is now under mineral leases. Some estimates placed the percentage as high as 95 during previous years.

The lower prices in each soil group is for land without mineral rights, with the exception of some of the rough post oak land without any improvement in the West Cross Timbers. According to reports by the credit agencies handling most of the land transfers, all former owners of land sold in 1956 retained 50 percent or more of the mineral rights.

A large proportion of the land in Montague county is "tightly held," or not available for sale. Although there are several reasons for this, mineral activity probably accounts for a great deal of land not being available for sale. Another important reason for land being "tightly held" is that the owners wish to continue farming or ranching in the area rather than make a change of residence or their way of life.

Factors Affecting the Price of Land

The main factors that affect the price of land in Montague county are minerals, soil quality, improvements, nearness to town and hard-surface roads, listed in order of importance.

Oil and mineral activity have had two effects on the land market. It caused some land to be frozen in ownership while other land increased in value three to four times. The inclusion of mineral rights in property transfers is largely responsible for sales at the upper limits of the

TABLE 2. LAND MARKET ACTIVITY SCALE¹

Level of activity	Percentage of total acreage of county transferred during year
Inactive	Less than 1%
Moderate active	1 - 3%
Active	4 - 6%
Very active	7 - 9%
Extremely active	10% and over

¹Developed from a study of the acreage transferred in 26 Texas counties during 1934-56.

TABLE 3. RANGE IN ACRES TRANSFERRED AND NUMBER OF SALES IN MONTAGUE COUNTY, 1956¹

Range in acres transferred	Number of sales
20 - 49	8
50 - 99	23
100 - 149	11
150 - 199	4
200 - 299	9
300 - 399	5
400 - 499	0
500 - 999	5
Total number of sales	65

¹Source: Deed records, Montague county.

price ranges. Oil activity is less important now than it was a few years ago.

Deep, fertile soil commands a premium price throughout the county. Good soil in cultivation brings a slightly higher price than the grazing land. There were very few transfers of grazing land of good native pasture during 1957; however, this type of land also sold for a premium.

Improvements vary in the amount they add to the value of the land. Grazing land with a good source of water, shade, shelter and good fences usually brings a premium. In a few cases of small land transactions, the improvements did not add much to the value of the land. This was the case with land that was purchased by owners of adjoining ranches who already had adequate facilities. Good fences and freedom from brush also helped bring higher prices.

Persons wishing to purchase small tracts of land for residences or subdivisions paid premium prices for land close to town. These purchases usually were made by town businessmen or persons of retirement age. The size of tracts sold for residential purposes varied from 10 to 80 acres.

Hard-surface roads brought a smaller premium than the other factors mentioned. Good roads were desired by purchasers, but they were not willing to pay a large premium for them. Roads throughout the county generally are good.

LAND MARKET, 1956

Montague county contains approximately 599,680 acres. Of this amount, 11,236 acres were sold in bonafide transactions during 1956. A "bonafide" transaction is one recorded in the county courthouse in which the amount of the consideration is indicated, and the sale is for all the surface rights. It is not a title-clearing transaction. Sixty-five bonafide transactions including 20 acres or more are analyzed in this study. The acreage sold was 1.8 percent of the total land area of the county. This indicated that the land market was only moderately active. Table 2 indicated the land market activity scale for definitions of various degrees of activity.

The total amount paid for the land sold was \$529,850. The average price paid per acre was \$47.15. The average acreage transferred was 172. The average price paid per transaction was \$8,551.

An array of the prices and acreages sold is more revealing than averages. One-third of all the sales of land of 20 acres or more were in the range of 50 to 99 acres. One-sixth of the transfers were for 100 to 149 acres. The remaining 48 percent were for acreages of 20 to 49 and 150 to 999. There were no transfers for 1,000 acres or more. The modal group of transfers was for 50 to 99 acres, with 35 percent of all transfers in this group. These figures indicate that the acreages of land exchanged generally are comparatively small.

Sixty-five percent of the transfers were for \$10 to \$49 per acre, Table 4. Another 20 percent sold for \$50 to \$99 per acre. The remaining 15 percent of the sales were for \$100 to \$300 per acre. Forty-one percent of the total sales were for \$20 to \$39 per acre. The typical sale during 1956 was 75 acres at \$30 per acre, Table 5.

Identity of Persons Purchasing Land

Land was purchased in 1956 primarily by local farmers and ranchmen and local non-farmers. The farmers and ranchmen were primarily large land holders who, in some cases, had received oil money from their previous land holdings and wanted to add land to their units to make them more efficient. Others wanted to invest in land because of its potential value. The local non-farmers who purchased land were oil brokers, doctors, lawyers, bankers and others who wanted land for oil speculation purposes or as an investment.

MAJOR TRENDS

Increase in Size

The size of farms and ranches in Montague county has increased steadily in the past 10 years. The largest increase occurred in the West Cross Timbers area where farms are small. The increase in size also has been noticeable in the western portion of the county, Table 6.

Products Produced

The trend from cultivation to grazing land is pronounced in Montague county. The production of cotton, corn and peanuts has decreased steadily while the acreage of grazing land has increased. Temporary pastures and forage crops are produced on some of the land previously used for these crops. The people interviewed agreed that most of the land is much better suited for livestock production than for crops. Exceptions are the good farming land located in the northern

TABLE 4. PRICES PAID FOR LAND IN MONTAGUE COUNTY, 1956¹

Dollars per acre	Number of sales, 20 acres and over
Less than \$10	2
\$10 - 19	6
\$20 - 29	13
\$30 - 39	14
\$40 - 49	7
\$50 - 59	7
\$60 - 69	0
\$70 - 79	5
\$80 - 89	0
\$90 - 99	1
\$100 - 124	4
\$125 - 149	4
\$150 - 174	1
\$175 - 199	0
\$200 - 249	0
\$250 - 299	1
Total	65

¹Source: County records of warranty deeds.

section of the county and on the River Terraces and Bottoms.

Population Movements

The population movement from rural to urban areas within and outside the county has been pronounced, Table 7. This movement has a pronounced effect on the demand for land by young people entering farming. It was estimated that less than 10 percent of the boys taking vocational agriculture in high school actually entered farming or ranching as a full-time occupation. A much larger proportion enter activities related to agriculture.

Part-time Farming and Ranching

The agencies interviewed estimated that approximately 60 percent of the farmers and ranchmen also were employed in other activities.

FUTURE DEVELOPMENTS

The movement of the population in Montague county away from the farm is likely to continue. Purchases of agricultural land by land holders who already are in the farming business have made it extremely difficult for new farmers to enter farming. When a large land holder buys land with a house on it, he usually moves the house into Bowie or Nocona for rent purposes

TABLE 5. SUMMARY OF THE LAND MARKET IN MONTAGUE COUNTY, 1956¹

Total acreage of county	599,680
Total acreage sold (20 acres & over)	11,236
Percentage of county area sold	1.8
Average price paid per acre	\$ 47.15
Average number of acres per transfer	172
Average payment per transaction	\$ 8,151.00
Total "bonafide" sales used in this study	65

¹Source: County records of warranty deeds.

TABLE 6. LAND VALUE AND LAND USE TRENDS IN MONTAGUE COUNTY, 1944-54¹

Item	1945	1950	1954
Number of farms	1,892	1,611	1,520
Percentage of land area in farms	—	82	85.8
Average size of farm (acres)	272.6	305.4	338.5
Value of land and buildings			
Average per farm (dollars)	5,277	10,289	14,145
Average per acre (dollars)	19.36	37.70	42.11
Cropland harvested (acres)	67,613 ²	56,214 ³	42,019

¹Source: U. S. Census of Agriculture

²For 1944.

³For 1949.

and consolidates the land purchased with his previous holding.

The market price of land will continue to exceed its agricultural value. This will prevent tenant farmers or young farmers from buying land unless they have sufficient funds to pay cash for all or a large portion of the value of the land.

Oil activity probably will have less influence on the market value of land in the future than it had in the past. This is because the larger portion of Montague county has been "drilled out" and the wells are beginning to decline in production. This does not mean that land prices will decline in the future as other price-influencing

factors, such as the purchase of land for investment, for speculation or as a safe place to store wealth, will offset any decline in land values which might result from a decline in oil production.

The trend toward larger farms and ranches will continue. This trend, combined with continued economic development of Texas urban areas, probably will be associated with a continued flow of rural population into urban areas. The shift from crop to livestock production will continue.

Check dams and small reservoirs have been approved for construction by the Soil Conservation Service in the West Cross Timbers area of Montague county. These dams and lakes will cause land values to increase because of the interest of clubs in the neighboring cities in obtaining such areas for hunting.

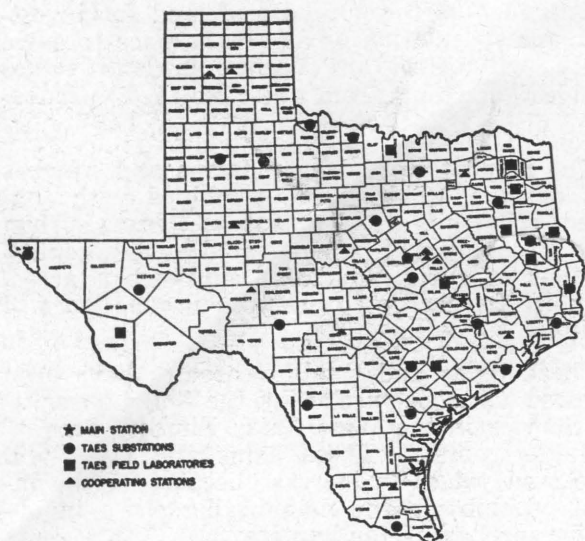
If a farmer plans to increase his land holding, or purchase land for the first time, he will have to compete with large land-holders and non-farmers.

TABLE 7. POPULATION CHARACTERISTICS OF MONTAGUE COUNTY, 1940, 1950 AND 1955¹

Item	1940	1950	1955 ²
Total population	20,442	17,070	16,322
Urban population	6,075	7,566	
Rural non-farm pop.	3,995	4,140	
Rural farm pop.	10,372	5,364	

¹Source: U. S. Census of Agriculture, 1954.

²Estimated.



Location of field research units of the Texas Agricultural Experiment Station and cooperating agencies

State-wide Research



The Texas Agricultural Experiment Station is the public agricultural research agency of the State of Texas, and is one of ten parts of the Texas A&M College System

ORGANIZATION

IN THE MAIN STATION, with headquarters at College Station, are 16 subject-matter departments, 2 service departments, 3 regulatory services and the administrative staff. Located out in the major agricultural areas of Texas are 21 substations and 9 field laboratories. In addition, there are 14 cooperating stations owned by other agencies. Cooperating agencies include the Texas Forest Service, Game and Fish Commission of Texas, Texas Prison System, U. S. Department of Agriculture, University of Texas, Texas Technological College, Texas College of Arts and Industries and the King Ranch. Some experiments are conducted on farms and ranches and in rural homes.

OPERATION

THE TEXAS STATION is conducting about 400 active research projects, grouped in 25 programs, which include all phases of agriculture in Texas. Among these are:

- | | |
|--------------------------------------|---------------------------------|
| Conservation and improvement of soil | Beef cattle |
| Conservation and use of water | Dairy cattle |
| Grasses and legumes | Sheep and goats |
| Grain crops | Swine |
| Cotton and other fiber crops | Chickens and turkeys |
| Vegetable crops | Animal diseases and parasites |
| Citrus and other subtropical fruits | Fish and game |
| Fruits and nuts | Farm and ranch engineering |
| Oil seed crops | Farm and ranch business |
| Ornamental plants | Marketing agricultural products |
| Brush and weeds | Rural home economics |
| Insects | Rural agricultural economics |
| | Plant diseases |

Two additional programs are maintenance and upkeep, and central services.

Research results are carried to Texas farmers, ranchmen and homemakers by county agents and specialists of the Texas Agricultural Extension Service

AGRICULTURAL RESEARCH seeks the WHATS, the WHYS, the WHENS, the WHEREs and the HOWS of hundreds of problems which confront operators of farms and ranches, and the many industries depending on or serving agriculture. Workers of the Main Station and the field units of the Texas Agricultural Experiment Station seek diligently to find solutions to these problems.

Today's Research Is Tomorrow's Progress