

SUMMARY

The records of residence of land owners and recent land purchases indicate that the dominant price-making forces in the Robertson county land market are non-farmer buyers. These people are interested in buying land for such purposes as future mineral production, recreational use and long-term investment. According to the people interviewed in this study, the activity of non-farmer buyers in Robertson county has bid up the price of East Texas Timberlands to an amount greater than can be justified on the basis of capitalizing the value of annual agricultural production at the going rate of interest.

The average sale price of agricultural land in 1956 was \$76.83 per acre. The range of prices paid ran from a few dollars per acre up to \$347. The prices paid were fairly evenly scattered from a few dollars to \$150 per acre. Roughly one-fifth of the total number of sales were in each of the following categories: \$1 to \$25; \$26 to \$50; \$51 to \$75; \$76 to \$125 and \$126 to \$175.

The Robertson county land market is confined largely to East Texas Timberlands soil. The bottomland along the Brazos river and the blackland along the Old Spanish Route are worth much more for agricultural production, but they are not sold in significant quantities.

The agricultural ladder (movement of farmers from renter to part-owner to owner to landlord) is not an important means to land ownership. No significant number of young people are entering farming. Those who are becoming farmers are doing so through inheritance, marriage or by first acquiring capital in another line of work. The best opportunities for most of the Robertson county farm youth appear to be in attending schools and seeking jobs off the farm and outside the county.

A slow but steady process of consolidation of holdings is taking place. The size of farms is increasing; the number of farms is declining; the number of out-of-county owners is increasing.

The reasons behind these changes in Robertson county are the full employment and general economic development of the State. As long as we continue to enjoy an expanding economy, these trends will continue to affect the land market in the same general direction.

The Land Market Process in Robertson County

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THIS REPORT CONCERNS the agricultural land market in Robertson county, Texas. This study is part of a continuing land market study which has been conducted by the Texas Agricultural Experiment Station since 1928.

This report differs from previous reports in this series in that the study covers a small area intensively. It is an attempt to supplement previous reports of land prices by providing details concerning supply and demand factors, market characteristics and market trends.

The purpose of this report is to provide information which will be useful to anyone interested in the purchase or sale of land or in making land-secured loans, and anyone interested in the general economic development of the county and surrounding areas. It also is intended to describe trends in such a way that it will be possible to make logical assumptions concerning the changes that may take place in the land market in the next few years.

This report consists of (1) a general description of the Robertson county land market, (2) a discussion of the 1956 land market, (3) a discussion of the principal trends of the past decade that affected the price and volume of land sales and (4) a few comments on the future developments in the land market and the usefulness of this information to explain land market situations in other counties.

This study is based on an examination of deed records and tax rolls and interviews with county officials, real estate brokers and abstract office managers. The information concerning the price of land is based on warranty deeds filed in the county court house. Only those warranty deeds which contained an indication of the consideration were used in this study. Deeds which did not state the consideration and did not have Internal Revenue stamps attached were excluded. Fifty-seven transfers of land were recorded in 1956 in which there was no adequate indication of the consideration. The sample also was restricted to transfers of 20 acres or more.

CHARACTERISTICS OF THE MARKET

Robertson county is located in central East Texas. The county seat, Franklin, is 129 miles north of Houston, 64 miles southeast of Waco and 139 miles south of Dallas. The total land area is approximately 559,360 acres of which 76 percent

is in 1,622 farms. The total value of all farm products sold in 1954 was \$6,067,327. Two-thirds of this amount was from the sale of crops and one-third from the sale of livestock and livestock products.

Extent of the Market

The tax rolls show that in 1956 there were 279 people who owned agricultural land of 20 acres or more in Robertson county but lived elsewhere. They lived in 64 Texas cities outside of Robertson county and in eight other states and territories.

The potential demand for Robertson county land also is widely dispersed. Real estate brokers in Franklin advertise their listings in Houston and Fort Worth newspapers.

Land Excluded

Large areas of land in any agricultural county are held off the land market. The reasons for 'tight holding' of land may be the satisfactory income received from the land or the desire to continue to farm in a particular neighborhood among relatives and friends. The Brazos river bottomland in Robertson county, which is highly fertile, is an example of tightly held land. The farmers who own that land have strong economic motives for not selling it. The blackland along the Old Spanish Route also is good land which is tightly held because of its productivity. There are several other areas in the county where land is tightly held because the owners wish to continue the way of life and social patterns they have known for a long time.

Soil Groups

The agricultural land in Robertson county is divided into three soil types. There is bottomland along the Brazos river, the East Texas Timberlands in the central part of the county and the blackland along the southern border of the county.

The East Texas timberlands comprises about 417,350 acres, bottomland comprises about 47,000 acres and the blackland about 26,000 acres.

Demand for Land

The nature of the demand for land in Texas has changed radically during the past decade. (For a detailed analysis of the nature of this change see TAES Miscellaneous Publication 235,

TABLE 1. PRICES PAID FOR SALES OF 20 ACRES AND OVER IN ROBERTSON COUNTY, 1956

Dollars per acre	Number of sales
1 - 25	18
26 - 50	20
51 - 75	23
76 - 100	17
101 - 125	6
126 - 150	18
151 - 175	4
200 - 224	3
300 and over	1
Total	110

The Demand for Land in Texas.) This change has been as pronounced in Robertson county as in almost any county in the State. The general nature of this change has been the gradual evolution from a primarily rural economy to a *rururban* economy. This means that the previously distinct differences between the rural economy and the urban economy have largely disappeared. Instead of two separate types of economic activity, we have a large industrialized and urbanized economy in which rural areas are one of the many integrated parts.

The principal effect that this change has had on the demand for land in Robertson county has been to change the motivations of the purchasers of land. This change in motivation in turn has resulted in a change in the forces affecting the price of land. Before World War II, the principal motivation for the purchase and holding of agricultural land in Robertson county was to use it for agricultural production. Today buying and holding land include such motives as investment, speculation, recreation, rural residence and anticipation of mineral discovery or production. Anyone who wishes to buy land to use exclusively in agricultural production must compete in the market with bidders who have these non-farming motives.

The addition of a number of non-farmer motives in the demand for land has had a marked effect on the price of land. The price of any article is determined by the buyers intended use of it and the income which he anticipates receiving from it. When the principal use of agricultural land was agricultural production as a livelihood, the price of land was related to the

capitalized value of the annual income from the land. Now that many purchasers are buying land for non-farming motives, the price of land is related to the returns in both money and satisfaction which the buyer will get from his intended use. Many of these non-farming motives lead to a capitalized value of land far in excess of the value based on agricultural production alone. The result is that much of the land is bid up to points much higher than could be justified solely on the basis of farmer demand. The nature and importance of the non-farmer demand for agricultural land will become evident in the analysis of the 1956 land market and the discussion of the long run trends in the land market.

Market Activity

The land market in Robertson county has been fairly active in the past decade. The total acreage sold in 1956 was within the general range of activity of the past decade. There were more transfers in 1956 than in 1954 and 1953, but not as many as in 1950 and 1951. There has been no significant change in the overall velocity of transfers in this county.

LAND MARKET, 1956

Price Per Acre

The average price of land sold in Robertson county in 1956 was \$76.83 per acre. This figure was arrived at by dividing the total considerations paid, which were \$1,586,187, by the total acreages sold, which were 20,644. This average alone does not tell us much about the land market.

An analysis of the number of sales at various prices indicates that there was fairly even distribution of sales for all amounts from a few dollars to \$150 an acre. Beyond this figure there were few sales. Seventeen percent of all transactions were between \$1 and \$25 per acre; 18 percent at \$26 to \$50; 20 percent at \$51 to \$75; 15 percent at \$76 to \$100; 5 percent at \$101 to \$125 another 17 percent at \$125 to \$150; and the remaining 8 percent of the sales were for amounts above \$150 per acre.

Bottomland is considered to be worth \$200 and up, if and when it is sold. However, not enough bottomland changes hands to establish a market price. During 1952-56, there was only one sale of an appreciable amount of bottomland. The blackland is considered to be worth one-fourth to one-fifth the value of bottomland. The timberland is considered to be worth \$25 to \$65 per acre. Actual sales of this land were made at a wide range of prices running from less than \$25 to considerably more than \$65 per acre.

Size of Transfers

Out of a total of 110 transfers, 51 were parcels of 99 acres or less; 28 percent were 100 to 199 acres; 10 percent were 200 to 299 acres; and the

TABLE 2. SALES OF 20 ACRES AND OVER IN ROBERTSON COUNTY, 1956

Acres in each transfer	Number of sales
20 - 99	51
100 - 199	31
200 - 299	10
300 - 399	7
400 - 499	3
500 - 999	4
1,000 and over	2
Total	110

remaining transfers were of various acreages, up to one transfer of 1,617 acres.

Consolidation of Ownerships

One of the best measures of the degree to which the number of owners is declining is an analysis of the holdings of the people who sold agricultural land in 1956. Sales of land in Robertson county in 1956 were made by 110 people. Of this number, 78 owned no land after the sale, according to the tax rolls for 1957. The other 32 sellers still owned land in 1957. The total acreage sold in 1956 was 20,644. The total acreage still held by the sellers was 9,412. While 110 people sold land in 1956, only about 56 people bought land.

Lignite Deposits

The principal oil, gas and mineral activity that has taken place in the past 2 years has been the purchase of land by three different people for purposes of mining lignite in the future. One corporation purchased about 4,500 acres from about 35 different land owners. Another buyer purchased 5,500 acres from about 70 land owners. A third person interested in lignite deposits purchased 2,500 acres from about 25 land owners. The purchase of this 12,500 acres from 130 different land owners took place largely in 1956. It had a pronounced impact on the land market in Robertson county. The transactions discussed in this paragraph include some of both the sample of 110 transactions and the 57 transactions which did not include price data.

Recreation

Another important influence on the Robertson county land market was the purchase of acreages for recreational purposes. This class includes all purchases in which the primary motive was having a week-end retreat, a hunting reserve or the ownership of a ranch for pleasure or prestige. Several large purchases in 1956 would come under this classification. One was a block of 8,500 acres.

Leasing Activity

Leasing activity in Robertson county during 1956 was "normal." Leasing activity runs in cycles, depending on the expiration of previous leases and also on anticipation of the discovery of oil or gas. Seventy-four oil and gas leases in 1956 covered 17,789 acres. This was about the average number of leases and the average acreage leased in most years during the past decade with the exception of 1951 and 1952 when larger acreages were leased. Approximately 80 percent of the land in Robertson county has been under a mineral lease at one time or another. The vicinity of Eden is the only area where leasing has not been important.

TABLE 3. LAND OWNERSHIP BY PEOPLE WHO SOLD LAND IN ROBERTSON COUNTY, 1956

Total number of vendors in 1956	110
Total acres sold in 1956	21,293
Vendors who owned no land after sale, (i.e. in 1957)	78
Vendors who owned some land after sale, (i.e. in 1957)	32

MAJOR TRENDS

Increase in Size

One of the most significant trends in the pattern of land ownership taking place in Robertson county is the trend toward the consolidation of holdings into larger farm and ranch units. One indication of this consolidation is the average size of farms. The average size of farms in 1950 was 228.7, acres according to the U. S. Census. By 1954, the average size had increased to 263.8 acres.

Other census data which provide additional information are the figures concerning the number of farms and farm operators in Robertson county. The number of farms declined from 1,799 in 1950 to 1,622 in 1954. In 1950, there were 1,585 farm operators residing on the farm. In 1954, this number had dropped to 1,372. Conversely, the number not residing on the farm operated, increased from 187 in 1950 to 226 in 1954. The number of white operators declined from 1,228 in 1950 to 1,201 in 1954. The number of non-white operators declined from 571 in 1950 to 421 in 1954.

Just as the number of acres in cropland has declined, the number of acres in pasture has increased. In 1949, the land in pastures amounted to 283,919 acres. By 1954, this figure had increased to 326,860 acres.

The trend from row crops to livestock production has been going on for a long time. In 1929, there were 21 gins within a 5-mile radius of Franklin. In 1957, there were no gins within the 5-mile radius, the last one having closed in 1956. Consolidation is not going on evenly in all parts of the county. It is principally evident in the upland areas which have been moved out of cotton and into pasture.

TABLE 4. OIL AND GAS LEASING ACTIVITY, ROBERTSON COUNTY

Year	Number of leases	Total acres leased
1947	139	20,983
1948	45	10,287
1949	72	17,538
1950	58	12,675
1951	762	181,330
1952	502	131,773
1953	119	33,680
1954	42	14,560
1955	78	21,697
1956	74	17,789

TABLE 5. TREND IN NUMBER OF FARMS BY ACREAGE, ROBERTSON COUNTY, 1949-54

Farm size	Number of farms	
	1949	1954
1-9 acres	237	196
10-19 acres	288	252
20-29 acres	301	206
30-49 acres	336	249
50-99 acres	225	203
100-199 acres	52	68
200 acres and over	58	68

Source: U. S. Census of Agriculture.

Another indicator of gradual increase in farm and ranch size and the consolidation which is taking place, is given by a comparison of the number of holdings of more than 1,000 acres. In 1947, a total of 74 persons in the county were paying taxes on more than 1,000 acres. In 1956, this number had increased to 84. The identity of the owners of these acreages in 1947 and 1956 indicates a considerable stability in the general ownership pattern. Most of the 1947 owners or their descendants were included among the 1956 owners.

Out-of-county Owners

Some indications concerning the trend in out-of-county owners is indicated by a comparison of the residence of owners of acreages of 20 acres or more in 1946 and 1956. In 1946, Robertson county owners who owned 20 acres or more held a total of 127,135 acres. In 1956, they held only 99,103 acres. The number of land owners residing in Robertson county declined from 876 to 826 during this period. The amount of land held by out-of-county owners increased from 38,365 acres in 1946 to 51,333 acres in 1956. The number of acres in Robertson county held by out-of-state owners is so small that it is not of any particular significance in the land market. Only 14 out-of-state owners were listed in 1956. They came from eight states and held only about 3,000 acres.

To provide a basis for understanding the reasons for out-of-county and out-of-state ownership, and the significance of it for the land market, it would be necessary to examine the role that inheritance plays in scattering ownership

TABLE 6. RESIDENCE OF LAND OWNERS OF TRACTS OF 20 ACRES AND OVER IN ROBERTSON COUNTY

Residence	1946		1956	
	Acres owned	Number of owners	Acres owned	Number of owners
Robertson county	127,135	876	99,103	826
Texas—outside				
Robertson county	38,365	272	51,333	266
Out-of-state	2,196	14	2,931	13
Total	167,696	1,162	153,567	1,105

TABLE 7. TREND IN ROBERTSON COUNTY LAND OWNERSHIP AND RESIDENCE OF OWNERS, 1950-54

Item	1950	1954
Number of farms in Robertson county	1,799	1,622
Farm operators residing on farm operated	1,585	1,372
Farm operators not residing on farm operated	187	226

Source: U. S. Census.

beyond the county limits. This has not been done in this study.

Non-farmer Demand

One of the principal developments in the Robertson county land market during the past decade has been the increase in importance of the non-farmer demand for land. Without individual interviews it is not possible to know the specific motive a person has for purchasing land. However, it is often possible to determine whether the specific motive is agricultural production for a livelihood or one of the non-farmer motives. When the per-acre investment of the purchase is far in excess of what could be justified on the basis of current or expected price ranges, it is evident that the motive is not exclusively the desire to produce agricultural products as a source of income. This criterion for determining motives, substantiated by some individual interviews, indicate that non-farmer motives have predominated in the Robertson county land market in recent years.

Population Movements

In the decade since World War II, there has been a pronounced exodus of rural farm people from Robertson county. A large number have moved to Houston while a small number have moved to other cities. Most of the rural schools have been consolidated. This exodus has been the other side of the coin of ownership consolidation and increase in farm size.

The U. S. Census shows that the rural farm and rural non-farm population in Robertson county declined from 16,705 and 5,495, respectively, in 1950 to 7,114 and 5,374, respectively, in 1954.

FUTURE DEVELOPMENTS

Several major long-run trends in the Robertson county land market will continue to characterize the market during the next decade.

The consolidation of holdings into larger ownership units is one of the principal trends. This development, based on advances in farming and ranching techniques, has been made possible by a decade of full employment which provide alternatives of other work for the persons with a holding of inadequate size. A period

of less than full employment will slow this trend, temporarily, but it will not reverse it. Non-farming demand factors will continue to dominate the land market and provide the principal price-making force. With the continued growth of urban and industrial centers and the resultant increase in investment capital, speculative capital and income budgeted for recreation, there will continue to be a considerable non-farmer demand for agricultural land. Investors are attracted to the land market as a simple investment proposition. Speculators are interested in the long-run rise in land prices which accompanies the development of economic activity throughout the region. Professional people and industry managers who have adequate personal income are interested in owning a little ranch in the country for week-end hunting, week-end living or week-end ranching. All of these factors will contribute toward maintaining the price of land at levels higher than could be justified on the basis of agricultural use alone.

Mineral discovery and exploration in Robertson county will continue to provide additional income to land owners in the form of lease payments. This income will be capitalized into land values and it also will lessen the interest of owners in selling land.

The paths to farm ownership in Robertson county today appear to be (1) inheritance, (2) marriage or (3) leaving the county, saving a sock full of money and then returning to buy a farm or ranch. The traditional path of the agri-

TABLE 8. TREND IN OUT-OF-COUNTY OWNERSHIP OF ROBERTSON COUNTY LAND IN 12 CITIES, 1946-56

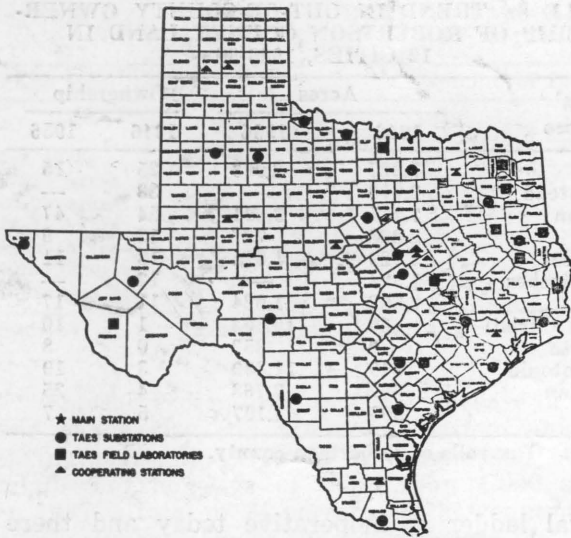
Owners' residence	Acres		Ownership	
	1946	1956	1946	1956
Dallas	7,327	2,068	25	15
Hempstead	2,013	—	33	—
Houston	7,755	3,891	54	47
Kosse	2,828	727	13	9
Marquez	3,729	1,524	13	11
Nacogdoches	1,394	—	12	—
Bryan	2,802	1,924	11	17
Corpus Christi	60	10,502	1	10
La Porte	0	852	0	8
San Antonio	649	11,369	3	19
Thornton	662	3,763	4	25
Waco	509	1,197	5	7

Source: Tax rolls of Robertson county.

cultural ladder is inoperative today and there is no likelihood that it will return in the future.

The price of land in Robertson county, according to all of the agricultural specialists interviewed, is at a level which could not be justified on the basis of capitalizing the value of agricultural production. The price has been inflated by the purchases of land for lignite deposits, and the purchases for non-agricultural motives such as speculation, saving, recreation and investment. Since these demand factors are long-run trends, the farmer or ranchman must realize that if he wishes to increase his holding he will have to compete with this non-farming demand and he will have to pay more than the land would be worth on a basis of agricultural production.

State-wide Research



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



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.

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:

OPERATION

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|--------------------------------------|---------------------------------|
| 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