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However you describe it, there's no cooling down the Texas land market

BY BRANDI SMITH



David Cook
Cushman & Wakefield



Meredith Cullen
Cushman & Wakefield



Rex Glendenning
REX Real Estate

"White hot."

"Very active."

"Extremely strong."

"Unparalleled."

Ask Texas land brokers about what the market is like today and you'll get colorful descriptions that boil down to one thing: competitive conditions even those with decades of experience haven't witnessed in their career.

"I've never seen the market as a whole have this much momentum in synergy and velocity," says broker Rex Glendenning, Owner of REX Real Estate. "Over the past four decades, certain sectors of the market have been extremely hot, but I've never seen all the different sectors of the real estate industry have the type of momentum we have here right now."

Glendenning, who started REX back in 1987, thinks the post-pandemic development cycle may have pushed markets such as Dallas-Fort Worth and Austin a whole cycle ahead.

"What may have taken six to eight years has happened in two or three years," he explains. "Families are moving to Texas. New companies and corporations are building their headquarters here."

Those new people are being lured by the lack of state income tax, as well as Texas' pro-growth and pro-development mentality, Glendenning adds. Combine that with great schools and infrastructure and Texas ends up on the "wish list," he suggests.

"We've created something that is a viable, positive component: live, work and play. We've got a lot going on by virtue of having worked hard over the past several decades," says Glendenning.

The influx of new Texans is creating demand in sectors such as industrial, single-family, multifamily and office.

"I think someone took their foot off the clutch and then slammed it in road gear," Glendenning says of

the land demand in North Texas. “It surprised even some of the brightest, sharpest and most experienced minds in real estate.”

The result is a fiercely competitive market where brokers in all sectors are bidding for the same tracts.

“It’s interesting to see the industrial developers and the master-planned community developers competing for the same land,” says Meredith Cullen, who leads Cushman & Wakefield’s land brokerage team in Houston along with David Cook. “I never thought I’d see that happen.”

In the Houston area, Cullen says, the industrial/land sector is the hottest sector. Industrial developers are competing with everyone. For the 100-acre to 500-acre tracts, industrial developers are competing with the single-family residential developers. When industrial developers scale down their search in the 10-acre to 50-acre range they are able to compete against the multi-family developers and some retail developers. On top of that you now have a new sector called “built for rent (BFR),” which is also competing for that same 10-acre to 50-acre tract.

“So if you have raw land, there’s a buyer for it who will pay top dollar,” Cullen says.

As an example, he offers a recent deal he and Cook closed on 900 acres along SH 288. The property ended up going to a master-planned community developer, but many of the offers were competitive, including one prospective

buyer who promised to put up a non-refundable \$1 million on day one.

“That’s competitive,” laughs Cook.

It certainly helps that Houston is the largest U.S. city without zoning, which Cullen says is definitely an advantage.

“Houston’s the least-expensive place to develop in the country,” he says, adding the Cushman & Wakefield colleagues in California have shared that industrial land there is going for upwards of \$40 per square foot. “One colleague told us there was an industrial site near Dana Point that sold for \$100 per square foot.”

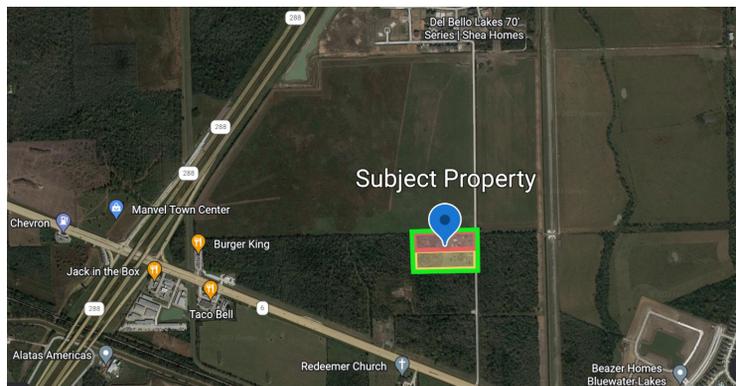
By comparison, even the increasing price points for land in Texas seem like a steal to national and international developers.

“When I first got into the business, Texas wanted to be an internationally known market. Now we are,” says Glendenning. “Anybody in London, New York or Paris would invest money here today without a second thought.”

If you’re interested in learning more about North Texas land opportunities, contact REX Real Estate at (855) 571-0464. You can reach out to the Cook/Cullen team at Cushman & Wakefield at (713) 963-2888.

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