

# G LAUB FARM MANAGEMENT

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# MID SOUTH VIEWPOINTS

SUMMER 2023

CELEBRATING 30 YEARS IN BUSINESS



2023 marks 30 seasons for Glaub Farm Management. The company was founded in 1993 by Ted L. Glaub, who had a 14-year career managing farmland before starting his own business. “In ‘93, Lee Wilson and Company was closing its non-owned farm management division,” remembers Ted. “The Wilson family was generous by allowing me to start my business with some of the existing management accounts.” In the early days it was Ted and a college intern working out of the Glaub home. With time, Ted was able to expand the business and buy an office building in Jonesboro, which is the current location of GFM.

Over the past 30 years, Glaub Farm Management has grown to become a trusted advisor to Midsouth landowners who reside across the country and around the globe. The company offers a wide range of services, including farm management, real estate auctions and brokerage, appraisals, and consulting. “As our farm management service has grown, so has the need for additional farm and land services that are of benefit to all landowners,” said Jeffrey Hignight.

Glaub Farm Management has strived to provide high-quality services while serving as a valuable resource and information center for landowners. The company’s core mission is to assist landowners in developing, implementing, and achieving their ownership goals.

“Ted and I are excited about the future of GFM and the benefits of direct farmland ownership as an inflation hedge, portfolio diversification, stability, and competitive returns compared to other investments like stock/bonds,” Jeffrey said. “Over the past ten years, we have worked tirelessly to find new technologies and improve techniques and tools that add value to clients.” Doing so has also led to the hiring of Sam King two years ago and Jim Tubbs last year. Sam brings a unique skill set of GIS technology and applications while Jim brings a wealth of knowledge in finance and farm business planning.

Like all businesses, there are new challenges as well as unwavering core principles that boil down to understanding the goals and objectives of our clients. Most often, this is a discussion so we can discover their goals and develop an implementation plan to meet those objectives. For Ted, the most meaningful part of his career has been providing the income needs and objectives of clients, improving their asset value, and allowing the farm to stay in the family. “I always enjoy giving someone a chance to farm,” he added. “This includes beginning farmers as well as working with more than one generation of farmers and landowners.”

Although the company values have not changed, technology certainly has. In five minutes we can learn more about a particular property from the office than what could be collected in a full day 30 years ago—and yet, while technology helps, laying eyes on the land and “kicking dirt” provides real insight into a farm and its potential along with analyzing the operation. With so much more information available now, one of our challenges is data overload and the analysis time required to siphon through it all to make informed decisions.

As with technology, agriculture will continue to change, and we must have both the flexibility to adapt and the desire to keep learning. “The old economic theory that in the long term there is no economic profit in producing commodities remains true,” said Ted. “Thus, we must continue to gain an advantage in production efficiency or market advantage. With cost price margins getting tighter, we have to make adjustments faster than ever before, but one thing remains constant—the rewarding feeling when you see a farm improve and all parties are made better.

“We are proud to celebrate our 30th anniversary in business and are extremely grateful to our clients who have placed their trust in us over the last three decades. We look forward to continuing to serve them and new clients for many years to come.”

# 2023 MID-SOUTH LAND VALUES REPORT

2023 Mid-South Land Values and Lease Trends Report

Arkansas  
Louisiana  
Mississippi  
Tennessee



Land values have been strong and resilient according to the recently released Mid-South Land Values and Lease Trends Report, a 96-page assessment published by the Mid-South Chapter of the American Society of Farm Managers and Rural Appraisers.

“The report showcases a persistent upward trend in the value of farmland in the midsouth region over the past two years. With a shortage of available farmland and numerous sales breaking previous valuation records, it highlights the growing demand and appreciation for this valuable asset,” said Shane Bray, President of the Mid-South Chapter of the ASFMRA.

Within this publication, there are editorials covering agricultural policy, sugarcane, timber, deer management, cattle, poultry, and carbon markets. While the values and trends for each evaluated region have unique characteristics and variables, the overall outlook for Mid-South land values remains positive.

“The dedicated land book committee members have devoted a considerable amount of effort to create this comprehensive publication that serves the needs of both current landowners and potential buyers. Despite the tumultuous events of last year, the demand for quality farmland remains robust.” said Tyler Mullins, ARA, Land Trends Publication Chair. Copies of the report are \$30 each and may be obtained by visiting [asfmra.org/LandTrendMS](https://asfmra.org/LandTrendMS) or contact GFM.

## SALE OF 100-YEAR FAMILY LEGACY FARMLAND SUPPORTS MISSION WORK



The sale of the Joy Ledbetter Trust farmland west of Cash, Arkansas, marked the end of an era for the family but opened new opportunities for others to build their own legacies. The farm, which has been donated to the Southern Baptist Foundation, sold on July 12, 2023.

The land was originally settled by the Johnson family, who cleared the ground and farmed it for several generations. The Johnson Cemetery is still located on a cutout of one of those inherited parcels. During the time of settlement, western Craighead County was sparsely populated until the railroad and timber industries arrived. However, the timber boom did not last long, and the city of Cash and surrounding area quickly transformed from a lumber town into a farming community.

Over the years, the Johnson land primarily passed from parents to children, with one of those children being Pearl Johnson, Joy Gregory Ledbetter’s mother. Pearl married Claud Gregory, who was a grocer/merchant in Cash and later a banker. Through the Depression years, the Gregorlys were able to purchase additional land to add to what Pearl had inherited from her parents.

Joy Gregory grew up in the community of Cash and later moved to Jonesboro, Arkansas, where she married Dr. Joseph Ledbetter. With no children to inherit the farm, Joy was inspired to donate the land in order to support mission work, both in the US and internationally. A devoted member and supporter of First Baptist Church of Jonesboro, she had a deep admiration for missionaries and supported those efforts in many ways. She and Joe travelled numerous times to both China and Africa to visit Baptist missionaries in the field. In addition to hosting missionary families in her own home, she purchased and maintained an additional home in Jonesboro for missionaries and their families to occupy while on leave. Joy passed away in 2010 at the age of 90 having served her church and faith community for close to a century.

The Southern Baptist Foundation commissioned Glaub Farm Management and Hendrix Auction and Realty to sell the land by auction. The auction drew extremely high interest, with nearly 50 bidders present or bidding online. The land was sold to three local and two non-local buyers for a total of \$10,299,209. The sale is a testament to Joy Ledbetter’s legacy of service and commitment to mission work. The proceeds from the land sale will provide continued support for outreach and church planting for years to come.

## SOLAR LEASING ON FARMLAND

BY JEFFREY HIGNIGHT



Solar leasing has grown in popularity over the past few years, but navigating the agreements can be complex and a bit daunting. That’s why several clients have trusted Glaub Farm Management to negotiate their options to lease. An option to lease is a contract between a solar developer and a landowner that sets the terms and conditions for a lease if the developer exercises its option. Development, construction, operation, and decommissioning are the core phases of a solar lease.

During the development phase, the developer will conduct due diligence on the property. This typically takes one to five years, during which time the developer will complete a plan, obtain permits, and sign a power purchase agreement with a utility company. The landowner can continue to use the property during this phase and will receive an option payment from the developer.



Once the developer exercises its option to lease, the construction phase triggers the installation of panels over the course of one to five years. Once the panels are installed, the operational phase follows and typically lasts for 20 to 25 years while the solar panels generate electricity. At the end of the operational phase, the solar panels will be decommissioned. During the one to two years of this phase, the solar panels will be removed and possibly replaced if a new lease agreement is entered.

Solar leases typically offer landowners a significant increase in income compared to traditional agricultural and/or hunting leases because developers are willing to pay a premium for land that is suitable for solar development. The solar lease income provides steady and predictable income that can be set up for the next generation. Another option is to sell and either cash out or exchange for another property. Solar leases often contain clauses that prevent the lease from being sold separately from the land so that both must be sold to the same buyer.

While the rental income and option payments are priority consideration, other clauses within the lease are just as important. Items such as the option term, lease term, permitted exceptions, use of property during the option, title guarantee, representations, property taxes, liability, crop damage/destruction, default, responsibilities of each party and decommissioning are important considerations.

A solar lease can be extremely lucrative, but it is important to be aware of the potential drawbacks. One of the biggest concerns is the loss of land. Solar leases typically give the lessee full control of the land, which means that the landowner may not be able to use the land for other purposes. This can be a major issue, especially if the land is valuable agricultural land. Another potential drawback is the aesthetics of solar panels. Solar panels can be unsightly, and they may not be desirable in certain areas. This can lead to community discord, as some people may not want solar panels in the area or adjoining their property. Another issue is the use of the land after the solar lease expires. There is risk that restrictions may exist for converting back to agricultural or other uses. Additional complications may come in reestablishing FSA base acres and yields, which are very important to land value and farming.

Despite these drawbacks, solar activity will continue to grow and provide landowners a possible alternative on marginal land in addition to diversifying income streams—therefore, a landowner must be aware of his or her options should a solar developer reach out. The best advice that we can give you is to never sign a lease without representation or accept the first offer. If you are near a transmission line or substation, have been contacted by a developer, or simply have a general interest in solar, please feel free to contact us for a discussion. Should your property be well suited for solar, we will work on your behalf with legal counsel to construct an agreement that protects your interest and sets up parameters for a successful lease.

**DEFER TAXES WITH A 1031 ALTERNATIVE****BY CHAD D. ETTMUELLER**

When selling real estate, one of the biggest questions is what to do with the proceeds and how much tax will be owed. In some instances, the seller will utilize a 1031 Exchange to defer taxes by swapping sales profits into a replacement property. Others may need larger cash flow streams over a specific time frame and want to defer taxes while generating a return on the sale proceeds. One potential solution is a Structured Installment Sale (SIS), which allows sellers to defer immediate tax obligation by placing any portion of their sale into an Internal Revenue Code (IRC) Section 453 Structured Installment Sale.

The IRS cannot tax a seller on proceeds for which they have not taken “constructive receipt.” In as much, Section 453 allows an individual selling a business, property, or other appreciated assets (such as art or memorabilia) the opportunity to maximize the profits from the sale and avoid an immediate tax obligation in the year of sale by placing proceeds from the transaction into a structured annuity product.

The portion of the sale proceeds that are placed into the SIS grows on a tax-deferred basis, and the seller can choose the length of the future payment period. This provides sellers greater flexibility in managing their cash flow and can help them maximize the profits from the sale—and even entertain a lesser offer—knowing that the combination of tax savings and annuity growth will far outweigh the lower sales price.

Structured Installment Sales are an IRS-approved method of deferring taxes, and the funds are invested with highly rated insurance carriers. The seller can choose between fixed and indexed annuity options, with the payment schedule customized to meet his or her unique needs. The first payment can be deferred for up to 40 years, and the seller will owe a pro-rated capital gains and pro-rated ordinary income tax obligation in the future year(s) when the future annuity payments are received.

Structured Installment Sales (SIS) offer a great alternative to 1031 Exchanges, as they allow a seller the opportunity to keep cash flow flexible and to reinvest the proceeds in other assets. Many 1031 participants are opting for an SIS and scheduling lump sums in 3, 5, or 7 years, which gives them time to investigate new properties and jump back into the real estate market at a future date. Unlike other exit strategies, there are no fees associated with an SIS which saves closing costs.

With no investment minimums or maximums, every sale qualifies for Structured Installment Sale treatment. The only requirement is that the SIS must be incorporated into a sales contract. If designed properly, the SIS can provide necessary financial security to the seller and provide generational wealth for years to come. If you are considering selling real estate or other appreciated assets, an SIS may be the right fit for you. Talk to your tax advisor, as well as an accredited land consultant, and visit [www.jcrsettlements.com/installment-sales](http://www.jcrsettlements.com/installment-sales) to learn more about how an SIS can benefit you.

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Ted L. Glaub  
Manager/Broker  
& Auctioneer



Jeffrey Hignight  
Manager/Broker



Sam King  
Manager/Agent



Jim Tubbs  
Advisor/Agent

## LAND INVESTMENTS: CURRENTLY AVAILABLE & RECENTLY SOLD

### AVAILABLE AND SOLD LAND INVESTMENTS

- 52+/- Acres in Craighead County, AR (Available)
- 156+/- Acres in Craighead County, AR (Available)
- 290+/- Acres in Lee County, AR (Contract Pending)
- 2,136+/- Acres in Craighead County, AR (Contract Pending)

*As experienced professionals with a combined 55 years in the industry, our dynamic team can provide expert guidance and support on all aspects of land ownership, including buying, selling, managing, consulting, and appraising. We welcome the opportunity to work with you and help you explore our listed and other land investment opportunities available. Please don't hesitate to contact us for more information.*



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