

North vs. South

A Guide To
Comparing Farming and Lifestyles
In Central and Southern Alberta
To The Peace Region



Don MacDonald
Remax Realestate Central Alberta
AlbertaFarmSales.com
403-443-2682

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"I would've come sooner."***L.S. -when asked what he would have done different. (moved to the Peace in 1970)***

More and more farm families are saying the same thing as they rekindle the dream of a farm lifestyle that doesn't include wondering where you are going to get the money to keep going.

Farming today is not like it was 50 years ago. Back then you could make a living on a couple of ¼ sections and not have to worry about working off the farm in the winter or sending your wife off to find a part time job. That was back when wheat was \$2.50 per bushel, diesel fuel was \$0.10/ liter and you weren't having to spend most of your income to just make your land and machinery payments.

So what do you do about it?

You could go out and buy more land, right? If you are in southern or central Alberta that means having to pay anywhere from \$1000 to \$2100 per acre! You will have to make a lot of money farming that land just to make the payments. What if there was a way that you could buy the land you want without paying huge \$ per acre and still have the high yields you are accustomed to. You are in luck...there is a way.

Farming is one of the fastest growing industries in the Peace River region. Because of low land prices, great growing conditions and the opportunity to have the lifestyle they have always wanted, people just like you are making the decision to move to the Peace River region every day to make their farming dreams come true.

The following report addresses many of the main concerns that people have when moving from the South to the North including family and social concerns, many of which are now just myths in the modern, booming Peace region.

Can Lower Land Prices Help?

With land prices in central and southern Alberta averaging somewhere around \$1200/acre*, or depending on where you are up to \$2000/acre*, buying more land is almost out of reach for most farmers today. Sure, you can probably get the money to buy the land, but how much of the income from that land will be sucked up by the payments. So if you are hoping to increase your net dollars by buying more land you better not care if that increase comes 15 years down the road.

The land prices in the Peace Region however have not been caught by the same trends that have southern prices soaring. With average land prices in this area averaging around \$450/acre you can pick up a section of land for about \$480,000 less than you could in the south. If your mortgage was at 6.0% you would save over \$36,850 per year in land payments **(that's \$921,250 in savings on a 25 year mortgage).**

Depending on how much you owe on your land you may be able to sell it, pay off your existing mortgage and have enough left over to buy the same amount of land in the peace region without having to get any mortgage at all. **Wouldn't that be great...no land payments at all.**

Or, you can **buy 3 times the amount of land** and have the same mortgage payment as you have now.

Are Yields In The Peace Region As Good As The South?

One misconception is that yields are substantially lower in the Peace Region than in the Black or Brown soil areas. This is not true. Yields average close to the same as the Black soil zone and about 16% higher than in the Brown soil zone.* Add this to the 60% or more you save on mortgage payments and you can start to see how **farming in the Peace Region can make you more money.**

Isn't The Growing Season Really Short In "The Peace"?

Well, actually no. I'm sure you've heard things like "They only get 1 in 5 crops off up there before the first frost." The growing season in the Peace is actually about the same as it is around Red Deer. In fact with the high number of daylight hours in the summer, crops mature faster than they do in the south making it more likely you will get your crop off before the first frost. And with rainfall levels also similar to Red Deer you shouldn't have to worry about drought either.

The Input Costs For Farms In The Peace Region Must Be Substantially Higher.

Land in the Peace Region has not been in production nearly as long as land in Southern and Central Alberta so it still has many of the nutrients left in the soil. For example, input costs for the Grey Wooded soil zone that makes up the Peace Region average 13% lower than those in the Black soil zone.*

What Does All This Actually Mean To You?

Let's use an example here to help explain the total economic advantages to farming in the Peace Region.

Let's use a farm in the south that is 2500 acres with a \$1.5 million mortgage. The land has a value of \$1500/acre. The farmer decides to sell his current farm and move up to the Peace Region where he purchases 5000 acres at \$400/acre. He also decides to invest the money left over at 8% interest.

Sale Price of current farm: \$3,750,000

Pay off debt: \$1,500,000

Purchase 5000 acres: \$2,000,000

Amount Invested: \$250,000

To keep it simple for this example this farmer decides to plant ½ his farm to Canola and the other ½ to Spring wheat. Let's also assume for this example that input costs and crop prices are as follows:

Wheat:

Price: \$4.50/bu.* Input Costs:\$120/acre*

Canola:

Price: \$7.50/bu.* Input Costs:\$140/acre*

Current Farm:

1250 acres wheat x 40 bu./acre* x \$4.50	= \$225,000
1250 acres canola x 30 bu./acre* x \$7.50	= \$281,250
Revenue	= \$506,250
Input costs:	
Wheat 1250 acres x \$120/acre	= \$150,000
Canola 1250 acres x \$130/acre	= \$162,500
Mortgage Pmt	= \$115,165
Total Income	= \$79,085

New Farm in Peace Region:

2500 acres wheat x 40 bu./acre x \$4.50	= \$450,000
2500 acres canola x 30 bu./acre x \$7.50	= \$562,500
Revenue	= \$1,012,500
Input costs:	
Wheat 2500 acres x \$120/acre	= \$300,000
Canola 2500 acres x \$130/acre	= \$325,000
Mortgage Pmt	= \$0
Investment Income	= \$20,749
Total Income	= \$408,249
Difference	+ \$329,164

By selling the farm in Southern Alberta and moving to the Peace Region this farmer would have increased his income by **\$329,164!** What would you do with an increase like that in your income?

OK, so you can make more money in the Peace, what about living there...I've heard horror stories about what life in the Peace is really like.

It is not uncommon for people to have these types of comments when life in the North is being discussed. We have put together some of the most common questions along with information that dispells some of these misconceptions about life in the Peace Region.

My children love the schools they are in, what kind of schools are there?

One of the biggest issues with schools is class size and the lack of time teachers have for individual children. In the Peace Region grade school **class sizes are typically one third smaller** than those in larger center's. This means the teachers will have more individual time with your student.

We have over 150 primary and secondary schools run by 19 Public, Catholic and French School Districts. Over 55,000 students attend traditional classrooms or home study.

As far as **post secondary**, the Peace Region boasts some of the finest Universities and Colleges in all of Canada. Northern Alberta Institute of Technology has recently taken over

the administration duties of Fairview College in Fairview, High Level, St. Albert, La Crete and Peace River. **NAIT is not only a leader in agricultural training but boasts the only Harley-Davidson Technician Program in Canada.** Portage College has opened in Lac la Biche, Northern Lakes College is a growing college in Slave Lake and Grouard with over 25 satellite campuses with a variety of delivery modes to upgrade or continue post secondary education. We can't leave out the most recognized University in the region, Athabasca University, with Canada's largest distance education program recently placed in the top three Masters of Business Administration programs available in Canada by the Canadian Business Magazine.

What about living way up in 'the wilderness' how will we survive?

One of the unique things about Alberta is that the majority of the population is below the centre of the province. This causes people to think that if you are north of Edmonton you must be way up north when actually you are at or below the same latitude as Berlin, Germany; Manchester, England; and Dublin, Ireland. Millions of people have been surviving in these location for hundreds of years and they are not thought of as being way up north. The majority of **the Peace Region is backed up against the Rocky Mountains, which keeps the climate relatively stable.**

Are we going to be the only ones there?

With 20% of the Province's agricultural lands located within Northern Alberta, 40% of oil & gas production, 90% of forests, and 100% of oilsand development, **our residents also share one of the brightest futures in all of Canada.** Census Canada shows an 18% growth in the Grande Prairie region with **over 52% of the 35 - 65 age population under 45.** (see chart of population by age) This gives the region the energy and the passion to create growing striving communities. Also, with over 1.5 million visitors to our region, adding \$242.4 Million to our prosperity, Northern Alberta is becoming the choice of vacationers from around the globe.

The City of Grande Prairie is also home to approximately 30 places of worship representing all major denominations.

If you think beef and wheat is all there is, you're in for a surprise. In Northern Alberta, agriculture means diversification. **Northern Alberta enjoys 2900 annual hours of sunshine.**

With 95 frost free-days and 18 hours of daylight during our peak growing season, we also grow products like canola, flax, barley, peas, many varieties of grasses and alfalfa. And these products are part of the growing value-added sector that puts our products right on your grocery shelf. Along with cattle, our ranchers raise hogs, elk, poultry, sheep, and bison. And there is a niche of exotic farms that specialize in llamas, mink, ostrich, and chinchilla! Not to be forgotten is Northern Alberta's famous honey, supplied by the numerous apiaries in our region.

Has Modernization reached the region?

Grande Prairie is known as the first "Cyber City" in North America. Our residents have access to telecommunications systems that are as advanced, or better than many communities in the province and the Alberta Supernet is expanding daily.

Grand Prairie also hosts retail and other commercial facilities in the City rival those of much larger centres. This is due in large part to the 200,000 market population served by Grande Prairie. Some of the major shopping areas are:

City Centre - many specialty retail shops, restaurants, the Co-op Centre Mall, and Towne Centre Mall.

Prairie Mall & Area - 100 Street North (anchored by Zellers) with approximately 150 stores and services; numerous strip malls, and specialty shops. Sears Canada Inc. & The Real Canadian Superstore are located in close proximity to the Prairie Mall.

Gateway Power Centre & Area - 100 Avenue & 108th Street (Wapiti Road) West - Wal-Mart, Totem Building Supplies, Odeon Cineplex (10 Theatre complex), Staples, Future Shop Ltd., Visions Electronic Superstore, London Drugs Limited, Save-On-Foods, and numerous smaller chain retail stores. This centre is undergoing rapid development with new stores, restaurants and services opening continuously. Costco Wholesale Canada Ltd. is located in close proximity to the Gateway Power Centre.

There is also a Canadian tire store in Whitecourt and Peace River, and a Rona Store in High level.

What about hospitals and medical attention?

The three regional health authorities that service the residents of Northern Alberta offer a mixture of regional centers complemented by numerous community hospitals that tend to the day-to-day needs of its residents. With the infrastructure and roads already in place you are **never more than 100 km from the nearest major centre with hospital facilities**. In/out patient services, emergency, surgical, and diagnostic/imaging services; it's all within our region.

What am I going to do during the cold winters?

How about a Holiday in Hawaii!

Cold winters are actually a misconception of the Peace Region. The average January temperature from 1971 to 2000 was between -14 to -16 degrees Celsius in Northern Alberta, **only 4 degrees cooler than the average for Medicine Hat**. This is even less when you consider the lack of wind chill, Environment Canada reports that, during the same time frame, Peace River only had 2.3 days of +52km/hr wind speeds. Compare that to Calgary having 36.9 days of +52 km/hr wind and especially in the beef industry, wind chill is far more important than the temperature. Environment Canada also shows that July temperatures in the Peace Region do not differ greatly from Calgary

But we realize that winters anywhere in Alberta are not always the best. Let's walk through an investment **strategy that affords you the option to leave for the winter to a hot climate**.

Let's use the same farm in southern Alberta that is 2500 acres with a \$1.5 million mortgage. The land has a value of \$1500/acre. The farmer decides to sell his current farm and move up to the Peace Region. This time however he decides to purchase the same size farm (2500 acres at \$400/acre.) He also decides to invest the money left over at 8% interest.

Sale Price of current farm: \$3,750,000

Pay off debt: \$1,500,000

Purchase 2500 acres: \$1,000,000

Amount Invested: \$1,250,000

Mortgage Pmt: =\$0

Investment Income at 8%: = **\$120,749**

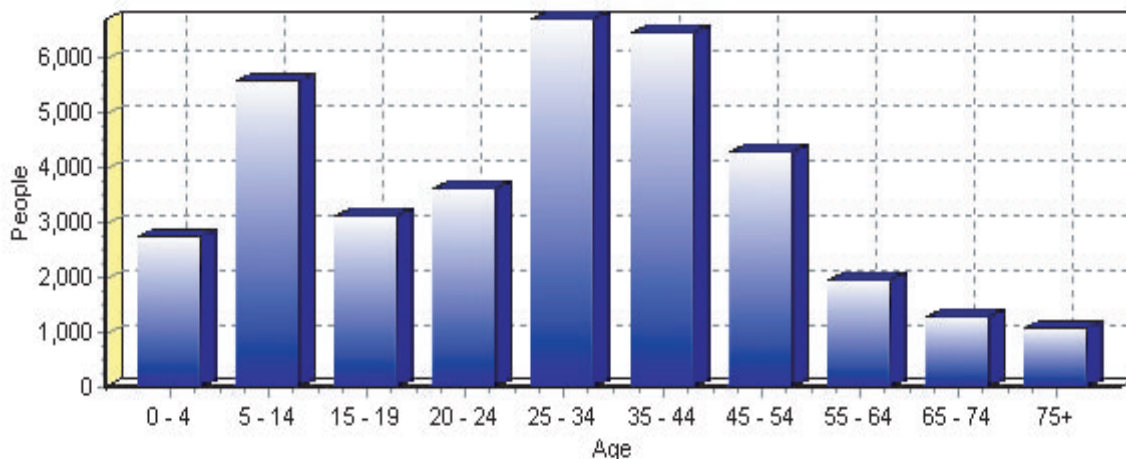
Even if Mom wants to spend the \$20k on her winter holiday, you are still \$100,000 ahead of the weather even if the crop doesn't do well this year.

We have contacts with financial institutions, travel clubs, time shares, vacation homes to make your winter vacation smooth sailing. We have even created a concept called the 'land bank' where you can reinvest in farm land that, as you know, has been increasing in value.

For more information on how you can make the move to the Peace Region or for our *FREE Video "Peace River Country"*, Call us at 403-443-2682.

*Average Land prices taken from Census Canada, local prices may vary.

Chart of Population By Age - Peace Region



Appendix A: Length of Growing Season

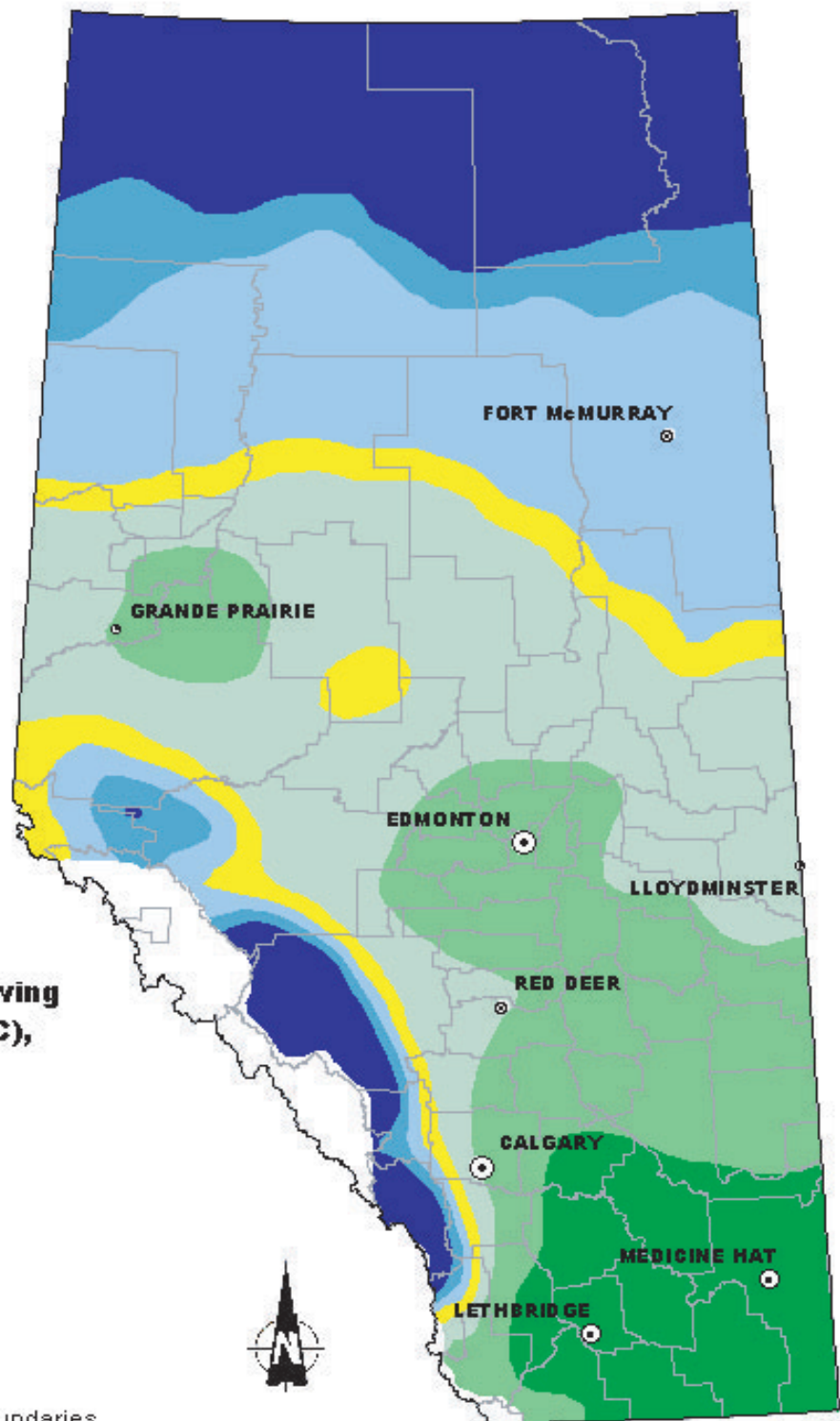
Length of growing season ($\geq 5^{\circ}\text{C}$), 1971 to 2000

Days above 5°C



 Municipal Boundaries

50 0 50 100 km

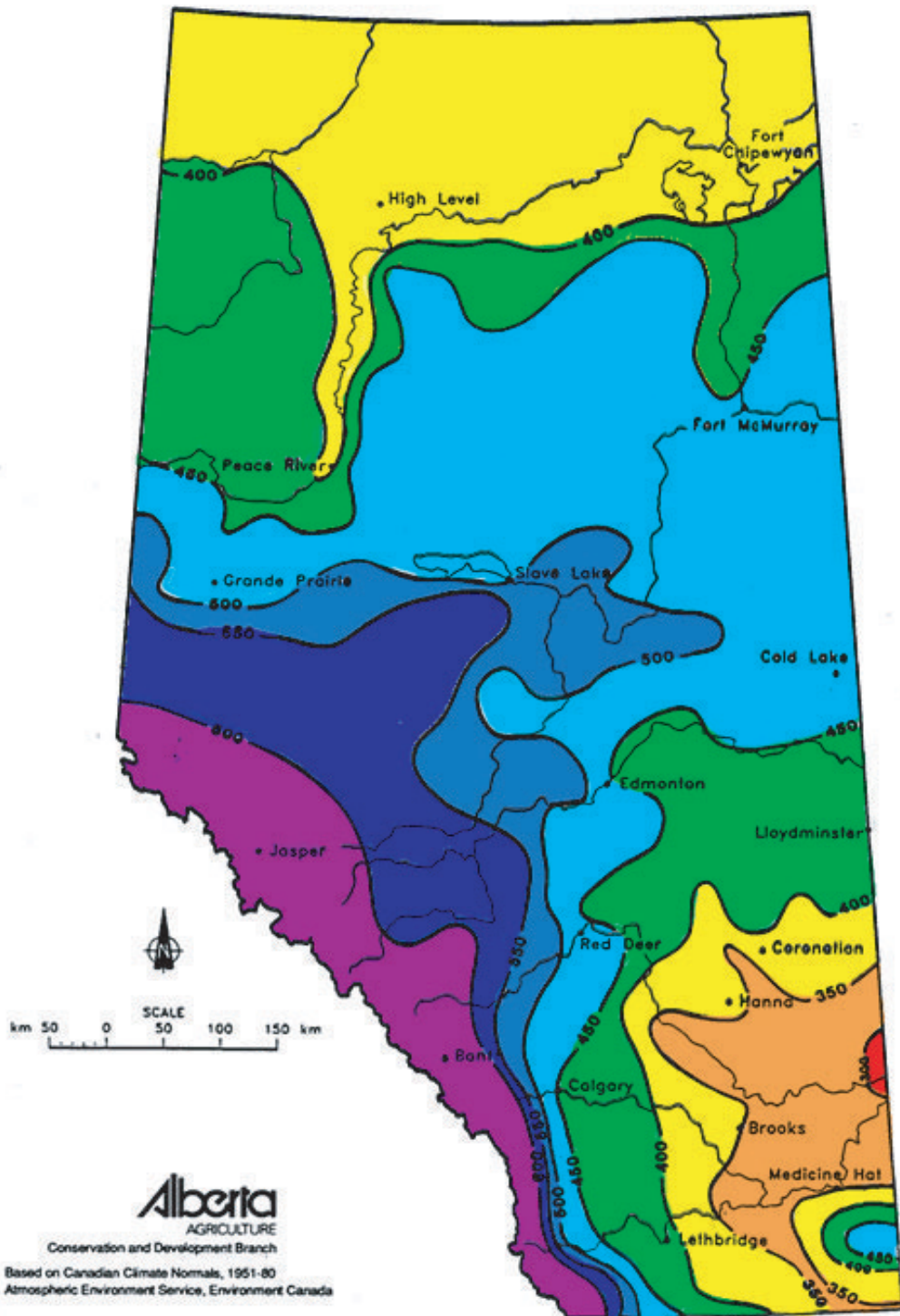


Based on 1971 to 2000 data from Environment Canada, Alberta Environment and the U.S. National Climate Data Center. Map displayed on Township generalization.

Alberta
 AGRICULTURE, FOOD AND
 RURAL DEVELOPMENT
 Conservation and Development Branch
 Resource Management and Irrigation Division

Appendix B: Annual Total Precipitation

Agroclimatic Atlas of Alberta



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