



LONG DISTANCE FARMING THE LATEST TREND IN LAND EXPANSION

For southern Alberta farmers, land availability and cost were main drivers for buying land out of province

By Natalie Noble

It wasn't that long ago that expanding farmland meant getting the inside track on a neighbour's plan to sell land close to yours. At most, it might have been a parcel a few minutes or a half hour down the road. Either way, farmers, families, employees and equipment were rarely very far from home.

That still happens, of course, but times are changing. Realtors specializing in farmland say many are buying second and even third "bases" hundreds of kilometres away, often in other provinces.

"I believe it's becoming a trend," says Ted Cawkwell, an ag-focused realtor for RE/MAX in Saskatoon, Sask.

There are a number of reasons for this, but for Mike Hubbard, a Lethbridge, Alta., farmer who works alongside brothers Steve and Aubey, the biggest reason came down to land availability and price.

This year marks the 12th growing season the Hubbards have concurrently managed their southern Alberta acres with a large parcel of land about 435 kilometres away in southwest Saskatchewan. And they don't just own the land, they actively operate it using their existing equipment.

"The main factor that caused us to buy out there was the availability of land," says Mike Hubbard.

"In southern Alberta competition for land is really high. It's really hard to even come across a listing. But out [in

southwest Saskatchewan] we were able to buy a big package of land at a fraction of the price it was at home."

Hubbard's case is not unusual, says Cawkwell.

"The size of farms are expanding at quite an impressive rate. It's become increasingly more challenging for farms to expand in their local area so the aggressive farmers are willing to move to a second or even a third or more base ... just so they can continue expanding their operations."

Although the factors creating this trend have the potential to frustrate some farmers, Cawkwell says it's part of the ongoing evolution of agriculture.

"I don't think it's anything that can be stopped. It'll have pros and cons but it's just part of the evolution," he says.

Simple rotations cut costs

Hubbard and his brothers have figured out a back-and-forth system in which the southern Alberta land is seeded, then the same is done in Frenchville, Sask. Harvest happens first in Alberta followed again by another four-and-a-half hour trek in Saskatchewan.

Chinooks in the Lethbridge area typically offer an early-seeding advantage that usually translates to an earlier harvest. That's why the southern Alberta acres are almost always seeded first.



Ted Cawkwell, an ag-focused realtor for RE/MAX in Saskatoon, Saskatchewan, says the lack of availability and high prices are causing more and more farmers to look hundreds of kilometres away for opportunities to expand. Photo by Collin Unger



Ben van Dyk, a longtime farmland realtor currently with Coaldale Real Estate Centre in Coaldale, Alberta, says a lot of long-distance farmers are doing the heavy work themselves on their “second bases” rather than entering potentially-risky leasing arrangements. Photo by Morton Molyneux - M P Molyneux Photography

Keeping rotations simple helps keep operations efficient and timely, says Hubbard. He keeps the expected maturity of his crops in mind before seeding and plans rotations accordingly to minimize travel between the two locations. This means whole crops are planted in one region rather than dividing them between the Alberta and Saskatchewan parcels.

“We don’t want to get caught where we got stuff ready to [harvest] here and in Saskatchewan at the same time,” he says.

Using existing equipment creates efficiency

Moving equipment is a process Hubbard admits is tough for everyone involved. But even the cost of transportation still beats the expense of buying a new fleet of equipment for his second base. And using all of his equipment on both farms keeps his farm machinery active rather than sitting in a farmyard.

“Most years you can maximize your equipment and you don’t have equipment sitting out there not being used when you have work to do here and vice versa,” he says.

This strategy is not unusual for farmers in Hubbard’s position and makes sense from an efficiency perspective, says Cawkwell.

“They get more hours on the machines they have which reduces their overall cost per acre, making the operations more profitable,” he says.

Lease? It’s not that simple

Hubbard says leasing the Saskatchewan land isn’t really an option for the brothers at this point. It’s a matter of simple economics.

“Once you’ve put that kind of investment into a place, what you get paid to lease it out doesn’t cover the cost you have into it,” he says. “If you’ve had it for years and years and it’s paid for, it’s a lot easier to [lease out] than when you’ve just purchased it.”

The reluctance to lease out expanded land is common among producers who have recently bought land far afield, says Ben van Dyk, an ag realtor with Coaldale Real Estate Centre in Coaldale, Alta.

One common reason for expansion is to help sons and daughters get a start in agriculture, he says. This usually ensures there are people out on the farm with a vested interest in keeping it productive. But in cases where the two parties barely know one another and may not have complete trust, rental agreements can be fraught with complications.

“Profit on an operator-run farm is substantially better than leasing out because [with leasing] you’re depending on third parties and their farm practices. If they don’t keep up the fertilizer or the chemicals the land might get into disarray. Tenants may not always maintain the land up to par.”

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That said, there are dozens of ways a long distance farm can be managed. "Some have a partnership with an operator there and they do everything on a custom basis in a profit share," says van Dyk.

"Some are operating two farms but one line of equipment. And others, especially the larger players, look at [the expanded land] purely as an investment."

Leasing out land can also have tax implications based on active versus passive income. Farmers should look into this when making the decision to lease out land, he says.

Spreading out the risk

A major incentive for long distance ownership is minimizing risk, says Cawkwell. Owning farmland in various regions, often with different soils and climate, can help spread out the weather challenges of operating a farm in a single location.

"I think one of the benefits of starting a second or third base is you're mitigating your risk. If there's too much rain, not enough rain, there's hail, there's bugs, there's disease; any of those types of things, its less likely you're going to have that in more than one location at once."

Less likely, but not impossible. This has been a dry growing season across the Prairies and Hubbard is facing a lot of the same challenges in both locations. However, for the most part he says farming expanded acres in different locations has helped manage risk.

"Over the past 10 to 11 years there have been times we've been in a drought situation in one place but we've had a really good crop in the other place. So it does for the most part spread your risk out as well."

A family affair

Every farm family is familiar with how easily busy seasons can take the primary manager/operator away from their loved ones for extended periods. That's compounded when you're running three farms in one province (the Hubbards have an additional two parcels in southern Alberta) and a large farm in another.

And that doesn't even include the long hours of transportation or the small aircraft trips out to Saskatchewan to scout and spray as two of the Hubbard brothers have their pilot licences.

However, when the kids aren't in school the Hubbards try to get the whole family out to Saskatchewan as much as they can.

"Our kids love coming out there. It's kind of like having a lake house minus the lake and the vacation time. It's just somewhere to go where the cousins can be together," says Hubbard. **F**