



Is Country Living Profitable, Beautiful Or Both?

Neel Roberts

Have you thought of fleeing the city for the country? Canadian cities and major hubs today all face problems of congestion, overloaded infrastructure and crime. Many of us dream of escaping to the countryside in the hope of finding relief from overcrowding and the problems of urban living. But, is the break to rural life really the answer? What are the drawbacks of leaving the city to get back to nature? The open space may be a welcome change, but the additional changes to your lifestyle also matter, including how you earn your living while building your nest egg. There are many factors to consider in this crucial move, especially if you've never done it before!

Changes to consider in rural living

Let's look at buying. The days of \$50 acres are long gone unless you are way beyond civilization. For the past twenty years, land in Canada has been at a premium, especially close to major cities or towns. Today, be prepared to pay at least \$1,000 to \$10,000 and up for an acre of bare land. Then add your buildings, services, extras, etc., if you're starting from scratch. Some acreage developers cater to padded bank accounts, offering almost all the urban conveniences with a country background for \$100,000 plus per acre. So, cost is the first factor if you don't want to live too far out.

Also, if you're planning to get a mortgage, banks are much more particular nowadays. They usually want a bigger downpayment and more information than for city properties, such as water quality and environmental surroundings that may affect living conditions. In Alberta, for example, oil and gas exploration can turn a beautiful piece of land into a disaster zone. Flaring wells that pollute the air with carcinogens and seismic blasting that radically alters groundwater (your drinking water if you're on a well) can make your acreage a catastrophe overnight!

Now, we have to consider those things that don't come easy when you're away from the city. Distance is an obvious factor if you're still going to rely on the city on a regular basis. If you're planning a daily commute of over an

hour to your job, you will have to add the cost of your vehicle or transportation to the time away from your personal life. More and more people are telecommuting, which cuts down on time in the office. So, if you qualify for that, great. Ten years ago, long distance telephone was still at a premium and high-speed Internet was in its infancy. But thanks to technology, telecommuting is now more feasible.

How do amenities factor in? If you're close to a small, full-service town, chances are you'll have most of the city conveniences within a short drive. Many of the large corporations and governments are aware of this trend and try to reach out as much as possible. Also, most courier companies deliver anywhere in the world overnight and, with the Internet, mail order has become a snap (eBay is a great example). While high-end stores are still in the large urban sprawls, day-to-day needs should be accessible locally.

Keep in mind that you'll be driving more and will likely need at least one or two additional vehicles. That extra space will come in handy as kids will need to be chauffeured to outings with friends that might have been a walk away. If you're far from the closest town, you will have to consider trips for supplies, social occasions, and getting services to your place. Pizza delivery is pretty much out of the picture unless you're on the town border! This all adds up and takes away from time for yourself and your family.

Choosing your acreage

At some point, you will have to be clear on what exactly you will do with the acreage you buy. You've heard the saying, "location, location, location", which still holds true, but with acreage it's more like "usage, usage, usage"! You can certainly impress your friends with the number of acres you own, but if you can't build or have problems with water levels being too high or low, the land may be close to useless. Dan Fraser, a realtor specializing in acreage in the Kamloops, B.C. area, has a buyers' checklist before buying. One of the issues he's adamant about is water rights, as these can make or break the value and use of your property.

Next, assuming you have a viable site, you have to consider what the extra land will be used for. Derrick and Karen Cormier of Milton, Ontario, bought their ten acres near town in 1995. Being horse lovers, they were able to board and ride two horses on their treed land with one outbuilding. Although they don't ride at the moment, they love their property and it has more than doubled their \$225,000 investment in ten years. So, while they still have to commute to work, they wouldn't have it any other way. "It's a lifestyle we wanted more than anything, so we were determined to make it work," say the Cormiers. The point is that the property was not too much or too little and they will be content living there for a long time to come.

Working your acreage

Let's suppose you want to generate income from your land. There are so many ways to do this I can't possibly cover them all, but they can range from simple storage, building a shop or growing produce or animals. Barbara Berst Adams' book *Micro Eco-Farming: Prospering from Backyard to Small Acreage in Partnership with the Earth* gives specific recommendations on how amateur gardeners can cultivate acreage to profitability by growing crops like organic spa products, building an urban greenhouse, creating a heritage rose farm, or planting a connoisseur's apple orchard. There are also several magazines available, such as *Homestead.org* and *Backwoods Home*, that give detailed information on working and maintaining your acreage on a regular basis.

Emmanuel and Wendy Noualy of Vulcan, Alberta bought their acreage in 1995 with the goal of opening a repair shop. Emmanuel, a heavy-duty mechanic employed in the oil patch, did part-time mechanical work for neighbouring farmers while Wendy built the shop. In 2004, they took the plunge and opened AFAB Mechanical as a full-time business. Sales flourished, doubling in the first year, and have been profitable every year, which is rare in that industry. "While the competition existed, we worked 24/7 and gave a lot of incentives, like free rides, prizes, etc and the locals really took to it. In fact, now we can't keep up," say the Noualys. The point is that they noticed a market that needed to be filled and went after it with heart and soul. And what's their acreage worth? Their original investment of \$78,000 plus improvements of \$80,000 has recently skyrocketed well past the half-million mark, even though the Alberta market is currently a buyers' market!

Appreciation in the long term

Most real estate appreciates in the long term, provided the market continues to expand with the population growth. Canada's population has doubled in about forty years to its

current 33,344,000, yet acreages (that did not get converted to other uses) have easily appreciated over twenty times. If a young couple bought a place and decided to live there most of their lives, the payback was tidy indeed. What's interesting is that if you bought back in the mid to late sixties, the excuses of war, recession, and a saturated real estate market were alive and well. The thought of paying over \$10,000 for a house in 1965 seemed monstrous, yet progress marches on and the rest is history. So, the nature of the market has not really changed!

To make the move or not to make the move? That's the question.

I've owned my acreage near Calgary since 1998, and it has been just as challenging as gratifying. One thing for sure is that owning acreage is not for those with an overly low tolerance for risk, limited capital, or an aversion to hard work. The reality is that it takes guts, money, and sweat, mixed with a good dose of patience to turn even a good deal into a long-term success. You should have an adventurous and even daring streak to your spirit before moving forward. Those who hang in there and make it work are rewarded many times over. So, if you've decided to pursue it, here are a few tips.

Before starting your hunt, make sure your family is on board with the idea. Nothing is worse than too much objection – it will bite you down the road. Young kids can be attached to friends and events, and spouses may not like being too far from what they're used to, like family, etc. Next, be clear on what you want to do with the property. Are you going to hobby farm, open a shop, or just have a simple house with a few acres? Remember, the price and commitment go higher the more involved things get.

Once you've established these things, get in touch with a few realtors who specialize in acreages, especially if this is your first time – and make sure they understand this. Their websites will give you a good indication whether rural properties are their specialty, as they will contain specific dos and don'ts. It's not uncommon to look for several months. The stakes are much higher than for a city house, so be clear that you want time to research each deal before you commit. If they want your business, they'll be motivated to work for you. Make sure they don't also represent the seller. While this can be a challenge in a small community, it's too hard to trust their true interests as it's not uncommon for rural properties to sit unsold for months (in some cases years). Also, get an appraiser who specializes in rural properties, especially if you're going to finance the property. These two team players will be able to help you with leads for your other needs and projects. Once you're on your way to buying, you'll need a brand new rolodex of contacts, given your new location and undertaking.

Dr. Russell Conwell gave his speech “Acres of Diamonds” thousands of times. It’s now in print and is a celebrated classic, teaching abundance. It’s about a guy who sold his small farm in search of wealth. After much time searching with no luck, he was in rags and eventually threw himself in the sea out of hopelessness. One day the buyers of the farm noticed a glitter in the river, which turned out to be a diamond. That land later became known as the Golconda Mine, which produced such famous diamonds as the Hope Diamond. Conwell’s point is that the original owner had all the wealth in his backyard but didn’t look hard enough, and as a result the new owners flourished.

It would sure be nice if we could find such an acreage. But I’d rather leave the thought with you that while it’s rewarding to finally own your dream place in the country, there’s no free lunch and you have to play your cards right while doing your homework. When I look back over the ten years since making the move, it sure was scary, but there is no doubt in my mind that it was well worth it!

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Dale’s note: In 1980, our family purchased vacant land 10 minutes from our home on a provincial highway. Through the provincial reforestation program, we developed a tree farm. Today, our property has been appraised at six times our original purchase price. I concur with the advice that Neel shares here.