

## Alpacas - Dollars and Sense

**Alpacas are considered by many ranchers to be a lucrative and relatively easy livestock investment. Find out if the alpaca and its benefits are compatible with your farm.**

By Patricia Barraza Vos

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Alpaca fleece is five times warmer than sheep's wool and seven times stronger.

Alpaca Prepurchase Exam

As purchasing alpacas "sight unseen" over the Internet becomes commonplace, pre-purchase exams are becoming more routine. Get a copy

Just a few decades ago there were but a handful of farmers and ranchers importing and breeding alpacas in the United States.

Now, thanks to a number of factors, alpacas are considered a lucrative and relatively easy livestock investment, with their numbers climbing to about 50,000 in this country.

Still, this is a drop in the bucket when compared to about 3.5 million alpacas in South America, their continent of origin.

What does this mean for the alpaca in North America and its breeders and owners? How long can the growth of the alpaca market in this country be sustained? And dollars and cents aside, just what makes the alpaca so lovable?

Alpaca History

Alpacas are modified ruminants, part of the camelid family, which also includes llamas and camels. They are smaller than their cousins, standing at about 36 inches at the withers and weighing in at about 150 to 200 pounds.

While their smaller size and quizzical faces do in fact give them a high cuteness factor, whether or not they are huggable is debatable.

Many ads and websites for alpacas feature the ubiquitous picture of an adorable child hugging an adorable alpaca, but at the end of the day these are livestock creatures.

You may find the occasional alpaca that enjoys his hugs, but for the most part, they're happy enough to mingle amongst their own and come to humans for treats and a good scratch.

Regardless of its predisposition toward being hugged, the alpaca is significantly easier to handle than most other livestock. They are smaller and therefore less intimidating than horses or cattle, don't challenge fences the way goats do, and are hardy and easy keepers. Alpacas are certainly "user-friendly" livestock, which helps explain both their attractiveness as a livestock investment and their reputation for huggability.

Alpaca history accounts for their resilient nature ... Alpacas are originally from South America where the Incas bred them for thousands of years the Incas' lives were intertwined with those of alpacas, using the animals for fleece, food and transportation. During the Spanish colonization of South America, alpaca and llama numbers dwindled and the Inca and their livestock fled mostly to the higher, harsher climates of the Andes Mountains. As a result, the alpacas became extremely efficient grazers.

Suri alpacas have fleece that falls like pencil-thin dreadlocks.

In 1984, several alpacas were imported to the United States from Bolivia, Chile and Peru. But in 1998 the U.S.-based Alpaca Registry Inc. was closed to any newly imported animals in an effort to improve the breed in this country. As word spread about the ease of care and keep of alpacas, the number of breeders and enthusiasts has grown.

#### Care and Feeding

Just how easy are alpacas to keep? Here are some basics:

Alpacas are extremely efficient grazers so they require little pasture and, with their padded feet, they are very easy on the land. Many breeders supplement alpaca diets with orchard grass hay and add a small ration of pelleted grain.

#### Where to find alpacas Dealing with Addiction

Alpaca breeders and owners are very plugged in to 21st century technologies and communication methods.

Finding out more about alpacas on the Internet is fun and easy. Additionally, many sites have search functions that make it simple to find alpaca breeders near you. Alpaca industry insiders often encourage farm visits for those even just considering investing in alpacas.

Most likely because they know any time spent with alpacas is ultimately an addicting experience. Alpaca Owners and Breeders Association (AOBA): [www.alpacainfo.com](http://www.alpacainfo.com). On AOBA's official website you can locate breeders, check out the extensive calendar of events, order print and video information on alpacas (and their breeding and care), or just peruse their pages for loads of information on getting started with alpacas. Alpaca Registry Inc. (ARI): [www.alpacaregistry.net](http://www.alpacaregistry.net). This database housing the genealogy, blood typing and ownership records of alpacas in North America contains information regarding membership requirements and benefits. Since its inception in late 1988, the Registry has mandated blood typing as a requisite for registration and accepts only offspring of registered alpacas that qualify by blood typing. Alpaca Nation ([www.alpacanation.com](http://www.alpacanation.com)) is an independent website where individual alpaca farms can advertise their services and livestock sales. The site is well organized, easy to navigate and a great place to start "virtual" alpaca shopping. [www.ilovealpacas.com](http://www.ilovealpacas.com). You've seen the commercials, now enjoy the site. This ad campaign was financed and created by a group of about 100 alpaca breeders. Many of these breeders had valuable marketing and communications experience from their previous professional careers and this combined knowledge is now being applied to their alpaca marketing efforts. The site, while containing some basic introductory information on the alpaca industry, is fundamentally designed to direct potential investors to alpaca farms near them.

TopThose who keep alpacas for breeding and for fleece production (as opposed to just pasture pets) may want to adopt a more specialized feeding program. For instance, pregnant females may require more nutrition than what is readily available in pasture and hay, so an owner may consider additional nutritional supplements. Free-choice mineral blocks can also be provided. And for the very particular breeder, agricultural extension agents can be brought in to test the nutritional value of available pasture and hay.

The cost of feed is a small factor to consider. Alpacas only eat 1 to 1.5 percent of their body weight per day. In terms of cost, this works out to about 50 cents per alpaca per day.

Providing fresh water is critical for all animals. For alpaca owners in northern climates this means making sure water containers haven't frozen. Automatic heated waterers help keep water chores to a minimum.

As with all livestock, alpacas warrant careful attention to their health. Annual vaccinations and regular deworming are necessary. Routine procedures, such as deworming, can be handled by an owner, which goes a long way toward saving on veterinary bills. In fact, finding a vet knowledgeable in alpaca care becomes one of the first chores of an alpaca owner. While more vets are becoming acquainted with the breed, their numbers are still few and far between.

The largest concern for alpaca breeders is healthcare for pregnant females and, of course, their babies, known as crias. Some owners prefer to send their pregnant females out to farms that have more experience at birthing, but in reality alpaca births tend to be fairly easy. Most likely due to the fact that they hail from a cold climate, alpaca births occur during the day and are typically uncomplicated. Regardless, a responsible alpaca owner will want to be present at the birth should any trouble occur. Amongst the many skills new owners should study up on before venturing into breeding is how to deal with troubled births.

Teeth and toenails must be routinely trimmed. Again, most owners will choose to do this on their own once receiving

instruction from a competent teacher. Many new alpaca owners will find that the breeder they buy their stock from can be a tremendous source of knowledge when it comes to care and maintenance information.

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#### Fencing and Housing

Since alpacas rarely challenge fencing, the strength and type of fence should be more about keeping predators out than keeping alpacas in. After a recent hurricane, breeder Chris Lewis of Alpaca Advantage in Delaplane, Va., discovered that a few trees had come down in his paddocks, crushing fence lines and leaving wide-open gaps toward the roads. His alpacas, however, thought better of leaving their safe enclosure and none had made any attempt at escape.

Predators are a big concern to alpaca owners, so in order to keep coyotes, feral dogs and others out, many breeders use no-climb fencing in combination with standard oak-board fencing.

A three-sided shelter is generally sufficient for alpacas. Since they hail from cold, windy mountainous areas and are well equipped for such weather. Heat and humidity are of more concern for alpaca owners. Protection from the sun is critical; when heat and humidity combine, additional measures must be taken. Some farms incorporate fans and misting systems, others just spray down their herds with water.

Shelters need to be large enough or number enough to accommodate all members of the herd. Since females need to be kept separate from the males (both studs and geldings), separate sheds need to be provided, or, if barns are used, they must be sectioned off.

#### Alpaca Herds

There are two types of alpacas—Huacaya and Suri. Ninety percent of alpacas in this country (and worldwide) are Huacaya. They are distinguishable from each other mainly by their fleece: The Huacaya fleece is woolly and the Suri fleece falls like pencil-thin dreadlocks.

The majority of alpaca owners and breeders have less than 10 animals, so in this case herd management is straightforward. Females are kept separate from the males, and females with young cria at their sides should be further isolated (though, as herd animals they should never be kept entirely separate from the rest of the herd as this will cause more stress than necessary).

The herd typically shares a communal manure pile making alpaca easy to clean up after. Their manure is rich and small, similar to sheep manure, and is welcome to gardeners even before composting.

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#### Alpaca Economics

The first question potential alpaca owners usually ask is whether or not money can be made from alpacas. If a buyer forms a plan, sets goals, properly prepares his or her farm (or an agistment arrangement with another farm), cares for the herd and carefully plans breeding, then the answer is almost a definite "yes." Presently there is still strong demand for well-bred breeding stock, and this is keeping prices high.

When Amy Makrosky, current president of the Alpaca Owners and Breeders Association (AOBA) bought her first four alpacas eight years ago, she asked herself the question "What if prices fall?" Since she had already fallen in love with the creatures, her bottom line was, "if the market drops out, I'll still have them and I'll still love them." Fortunately for Makrosky, the market has not fallen and for now, shows no sign of abating. Her original herd of four has since grown to about 100, which she keeps on her farm in Texas.

Still, at a minimum of about \$12,000 for a female alpaca, many buyers will want more from their investment than a lovely, but expensive pet. The question of whether a return can be made on an investment in alpacas lies not only in the apparent strength of the current market, or on one's ability to care for livestock, but also how adept and inclined one is at marketing. Presently, approximately 85 percent of alpaca breeders are making their income through the sale of breeding livestock alone, with no concern for the sale of fleece. This means ranchers must become proficient at the art of selling and marketing their livestock.

According to Chris Lewis, while nothing is guaranteed, an investor in alpacas will meet with financial success if he or she makes an educated effort. "The biggest mistake new owners of alpacas make is spending all their investment dollars on breeding stock alone," says Lewis. It might be wiser, he suggests, if an investor, for example, has \$60,000 to spend,

devote \$40,000 to breeding stock, \$10,000 on marketing and sales, and set aside the final \$10,000 for breeding fees, unexpected vet bills and other miscellany.

The question of profitability also concerns what is considered "well-bred stock." Since there are no set guidelines for conformation, what presently wins in the show-ring is what's the nicest looking animal on any given day in the ring. In other words, breeders have been breeding for "pretty," with a focus on color and some popular conformation points.

Many in the alpaca industry, however, are starting to breed with an eye toward what they see as the only true future for alpacas: fleece production. Some breeders are now more carefully considering the very technical aspects of fleece quality and incorporating breeding practices to improve it.

Alpaca fleece, a highly coveted luxurious product, is five times warmer than sheep's wool and seven times stronger. In South America, alpacas are bred specifically for their fleece. Here in the United States, however, there are so few alpacas that, up until now, no economic incentive existed to market fleece beyond the niche markets of hand-spinners and weavers. The entire national clip (all the fleece collected in a year in this country) is now about 50 tons, compared to Peru's 4,000 tons. A commercial mill could process that amount in three days. As a result, there is little motivation for American large mills geared for sheep's wool to modify in any way to accommodate this new product.

Two things need to happen to change the minds of American large mill owners. The number of alpacas in the United States has to increase dramatically (which it is on track for) and breeders must start to breed their stock with an eye toward fleece quality.

The Alpaca Fiber Cooperative of North America (AFCNA) was established in 1998 to assist its members in collecting, processing and distributing their alpaca fiber. While it's not yet running at a profit, the Cooperative hopes that increased awareness of its goals, along with increased numbers of alpaca breeders interested in working the fiber angle of their industry, will mean profits for all involved soon enough.

Fiber aside, money can certainly be made in the market for breeding livestock since that market is far from saturated and enjoys a strong demand. As of this writing, a well-bred female can easily fetch \$20,000 and a superb herd-sire was recently auctioned for a record-breaking \$250,000!

A number of factors assure future market growth. As of 1998, imported alpacas can no longer be registered with the Alpaca Registry Inc. While ostensibly one can still import alpacas, concerns over foot-and-mouth disease have, for the most part, closed off the United States from new imports. Also, investors in the alpaca market are strongly encouraged to work strictly with registered animals only. All of this, combined with the fact that alpacas have just one cria per year, means that the growth rate is set.

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#### Entering the Market

A typical entry into the business of alpaca breeding goes something like this: A breeder new to the industry prepares his farm (fencing, shelters, feed, et cetera) and purchases his herd of alpacas—usually concentrating his initial investment on bred females. Let's say he invests \$90,000 on five females. Each bred female produces a cria within a year. About half of the offspring will be female, half males. Some of the female offspring will be sold, the rest kept to augment the breeding herd. In five years, the starter herd of five bred females can grow to 30 animals, now leaving the breeder with \$500,000 (potential) worth in alpacas. Even before an actual return is realized, alpaca owners enjoy several tax advantages, from depreciation to real-estate tax reductions.

Those unable to pony up the initial cash needed to make such an investment can take advantage of financing options provided by many alpaca breeding farms. Another option for those unable to make a large initial outlay of cash is to join an alpaca investing syndicate where members each invest a certain percentage toward the purchase and care of alpacas.

Whichever entry route is taken, the potential significant return on investment within four or five years is part of what is driving this market. But many individuals seem to be attracted to alpacas for lifestyle advantages as well. With such small land requirements (depending on geography and pasture management, between five and 10 alpacas can be kept per acre), and ease of care and breeding, many novice and hobby farmers see alpacas as an easy gateway into livestock ranching.

Lewis believes that many individuals, including a significant number of retirees, in the post-September 11 world have been drawn to a more simplified rural lifestyle. And alpacas are an easy and welcome fit with that "back to the country"

inclination. "After September 11th, there was a big surge of interest [in alpacas]," notes Lewis. "People were leaning toward a different set of values, a more old-fashioned way of doing things, where security and quality of life are more important."

As Lewis points out, alpacas blend in nicely with those new inclinations. "They're just a pleasure to be around."

About the Author: Patricia Barraza Vos is a hobby farmer and freelance writer based in Virginia.

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