



Alternative Ag Ventures - Alpacas



Photo by: Andrew Holman as seen on www.alpaca.com

The alpaca is a domesticated species of South American camelid developed from the wild alpacas. It resembles a sheep in appearance, but is larger and has a long erect neck as well as coming in many colors, whereas sheep are generally bred to be white and black. Most North American Alpacas are either Suri or Huacaya breeds with 10 percent and 90 percent population respectively.

- Taken from Wikipedia, The Free Encyclopedia; www.en.wikipedia.org, search Alpaca.

Introduction

Alpacas are smaller than llamas, which are typically one-two feet taller and proportionally bigger than the alpaca. Llamas have banana-shaped ears and long tails versus the straight ears and stubby tails of the alpaca. A mature animal weighs 110-175 pounds and is approximately three feet (34-38 inches) at the withers. Alpaca's and llamas can, however, successfully cross breed resulting in what is called a huarizo. The resulting huarizo offspring have a very unique fleece, are gentle, and suitable for pets.

Alpacas are valued only for their fiber as they grow a hair-like fleece fiber, not the woolen fibers of the sheep species. Alpaca fiber is used primarily for blankets, sweaters, hats, gloves, scarves, socks, coats, textiles, and ponchos. The Alpaca is classified in eight basic colors including: natural white, natural light fawn, natural fawn, natural light grey, natural rose grey, natural dark brown, and black. There are about 22 recognized colors of the alpaca.

Alpacas are a social herd animal and should be kept with others of their kind. They are gentle, inquisitive, intelligent, and observant animals. Because they are a prey animal, alpacas are very cautious and become nervous if they feel threat-

ened. Warning from the animal includes sharp noisy inhalations, ears pulled back, twisting their head and neck back to the perceived threat, screaming, "spitting," and kicking. While "spitting" is commonly associated with this species, it is usually only a projectile of air and little (if any) saliva. When spitting, they can bring up acidic stomach contents to spit/project. This behavior is usually reserved for other animals only.

Once alpacas know their handlers and/or owners they allow their backs and necks to be touched and usually anywhere on their bodies except feet and legs. Alpacas "hum" their communications with one another by varying inflections in their voices. Dominant males tend to fight each other, so it is best not to keep too many together in a herd.

Market Information

There are over three million alpacas worldwide today with 98 percent still located in their countries of origin - Peru, Bolivia, and Chile. In the United States, the alpaca herd has been estimated at 17,000 with expected gradual increases over the next two decades.

The alpaca market is primarily a breeders market. Most people in the alpaca business are breeding

and selling the animals directly from their farm. Alpacas are purchased by a wide variety of people for various reasons. Some enjoy potential investment opportunities by seeing alpacas as a new vocational option, a relaxed second career, hobby farm, show animals (4-H/FFA), and as pets.

There is a growing demand for alpaca fiber in the textile and fashion industry. With a limited supply of these animals outside of their native countries, the high demand for this specialty fiber yields excellent financial markets for its outlet. Alpaca owners can sell the fleece from their yearly sheering to private hand-spinners or the Alpaca Fiber Cooperative of North America (AFCNA). Owners may also choose to keep the fleece, begin spinning their own fibers, and make their own alpaca-wear to sell as a value-added product.

The AFCNA is a member cooperative where alpaca breeders can send their fiber to be pooled with others. The collection of fleece is then made into quality garments and products. This allows members to have a guaranteed outlet for their fiber. The coop also works to increase awareness of alpaca fiber products. Additionally, the coop offers its members the option to purchase alpaca products at wholesale cost to sell retail, how and wherever they choose.

Production Considerations

Space and Housing – Typically you want approximately five animals per acre of land. You may keep more per acre, but consideration will need to be given to the amount of grass available and you may need to supplement them with hay to accommodate the extra animals per acre. Alpacas prefer open pasture to barns or stalls. They will adapt easily to enclosed areas in harsh weather. They work well with a three-sided shelter for cover in the winter and harsh weather and appreciate shade, ventilation, or fans in the warmer months. Mesh or chain link fencing should be used around the perimeter to keep out predators.

Diet and Animal Care – Because they are highly efficient ruminants, alpacas do not consume as much food as other animals their size. Be sure clean, fresh water is available even though alpacas do not drink much. With adequate, unfertilized grass pastures, the alpaca will graze efficiently. Alternate pasture areas every two weeks to allow for grass re-growth and fecal parasites to die. You may also supplement low-protein grass hay. Grain for alpacas (check your local farm/feed store) can be given to provide selenium and other necessary nutrients not available in grass and hay in the U.S.

Veterinary care for alpacas should be minimal under normal circumstances. Monthly worming and yearly inoculations (tetanus, clostridia

organisms, rabies, and sometimes leptospirosis) are standard. Toenails are usually trimmed every six months and sometimes teeth need cutting or filed as well. Occasional grooming will be necessary to keep the fleece clean and yearly sheering in the spring is recommended to protect them from hot weather.

Pastures and shelters should be cleaned one to two times weekly depending on the amount of space and number of animals inhabiting the areas. Waste should be fairly easy to remove as alpacas consolidate their fecal material into one area of their living space.

Reproduction – Females do not have an estrous cycle as other domesticated livestock. The act of mating and presence of semen from the male causes them to ovulate. This is also known as induced ovulation. Males are usually capable and ready to mate 28-36 months old, while females should be at least 14-18 months before attempting to reproduce.

The alpaca gestation period is 11.5 months (+/- two weeks), or approximately 335 days, and results in one cria (baby). Twins are very rare. After giving birth females are generally ready to breed again after two weeks. Weaning can be done when the cria reaches six months of age, but breeders usually prefer to allow mother induced weaning.

Fiber – As referenced above, alpaca fiber is a specialty fiber and comes in a variety of different

colors. It is five times warmer and more durable than sheep wool fiber. It is also lightweight and contains no oils or lanolin. Fibers contain microscopic air pockets giving it lightness high thermal capacity.

Typically fiber quality is judged on fineness, length, fiber type, medullation, and tensile strength. Breeding, nutrition, and management can influence all these characteristics. Alpaca fleece grows approximately five to 10 inches each year and can weigh anywhere from one to eight pounds from a mature animal.

The suri alpaca fiber has unique fiber characteristics growing parallel to the body and hang in long, non-crimped pencil locks, making them look as if they have dreadlocks. Suri fiber is lustrous, soft, and has been compared to cashmere. It is durable and warm, far more so than sheep wool.

The huacaya alpaca fiber is dense, crimped and wooly in appearance. This gives them a soft, huggable, teddy-bear like look and makes them overwhelmingly popular in the industry. While not as rare as the suri fiber, they still produce a highly-prized fleece.



Economics

Initial start-up costs for a fully operational alpaca farm is around \$40,000. This includes three to four breeding age alpacas and their infrastructure to maintain. It does not, however, include your land or personal housing costs. Returns of 25-60 percent have been reported on initial capital investments after five years.

Costs for a quality breeding age animal can range from \$10,000-\$45,000. Most often it is the females that command the high prices. You may also want to try purchasing a bred female to increase your herd size more quickly. This also cuts down on the time for returns as you do not have to wait the full 11.5 months of gestation and another six months to wean and sell the animal.

Alpaca fiber sales can often times pay for the maintenance of your alpacas each year. Price per ounce for clean, good quality fiber ranges from \$3-\$5. A seven to 10 pound fleece selling for \$4 would yield anywhere from \$448 to \$640. This

would be enough to cover, feed costs, vet fees, etc. for that animal.

Proven tax savings are integral part of investment value including depreciation of purchased breeding animals, structures, and equipment; write off on many maintenance expenses like feed, vet fees; and capital gains deferral via the compounding plan that shelters profits until the animal is sold. The initial purchase of the animal can be depreciated over five years.

References and More Information

References for this paper:

- Ohio Alpaca Breeders Association www.alpaca-farms-breeders.com
- Alpaca Owners and Breeders Association www.alpacainfo.com
- Alpaca Profiting Newsletter www.profitwithalpacas.com
- Alpaca.com, LLC www.Alpaca.com
- Wikipedia, The Free Encyclopedia <http://en.wikipedia.org/wiki/alpaca>

National Information:

- Alpaca Shows (AOBA sanctioned) www.alpacashows.com
- Alpaca and Llama Show Association www.alsashow.org
- Alpaca Registry, Inc. www.alpacaregistry.net
- Americana Alpacas www.americanaalpacas.com
- The Alpaca Small Farm Network www.asmallfarmnetwork.org

Regional Information:

- Intermountain West Alpaca Association www.impaca.com
- Alpaca Breeders of Arizona www.alpacabreedersofarizona.com
- Pacific Northwest Alpaca Association www.pnaa.org
- Emerald Valley Alpaca Association www.evaa-alpacas.org
- Heartland Alpaca Ranchers Team www.heartlandalpacaranchers.com
- TxOLAN www.txolan.org
- Alpaca Breeders of the Rockies www.alpacabreeders.org
- New England Alpaca Owners and Breeders Association www.neaoba.org
- Calpaca, Inc. www.calpaca.com
- Empire Alpaca Association (New York) www.empirealpacaassociation.com
- Great Lakes Regional Type Conference www.alpacaowners.com

International Information:

- New Zealand Alpaca Association www.alpaca.org.nz

Center for Innovative Food Technology
5555 Airport Hwy. Suite 100,
Toledo, OH 43615
www.cift.eisc.org
P: 419.534.3710
F: 419.531.8412