



Economics of growing grapes in Mesa County

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Horst Caspari

Grape economics in Mesa County

The following presentation was originally given at VinCO 2015 in Grand Junction, CO. It is a county-wide review of data from all annual Colorado Grape Grower Surveys since 2000. The presentation has been updated to include data from the 2015 grape grower survey. The purpose of this presentation is to show which areas in the Grand Valley AVA have performed well over the long run, and which ones have not. However, as these are average numbers it does not imply that all vineyards do well in good areas in the AVA, nor that all vineyards perform poorly in not-so-good areas.



Grape economics in Mesa County

A long-term view of grape production

A zonal view of grape production in the Grand Valley

Zones were delineated based on

- minimum temperatures during dormancy
 - severity of cold injury
 - grape yields
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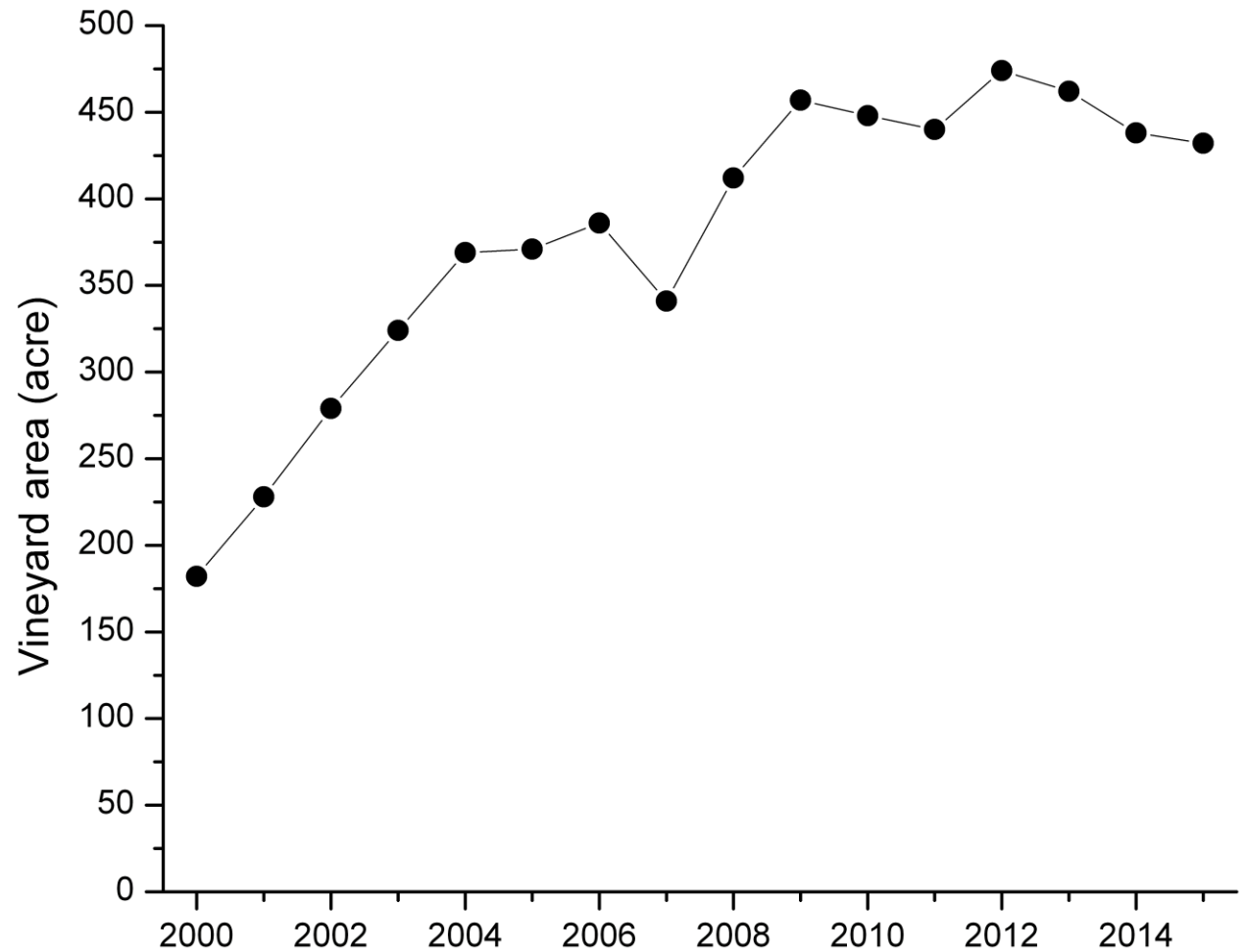
Grape economics in Mesa County

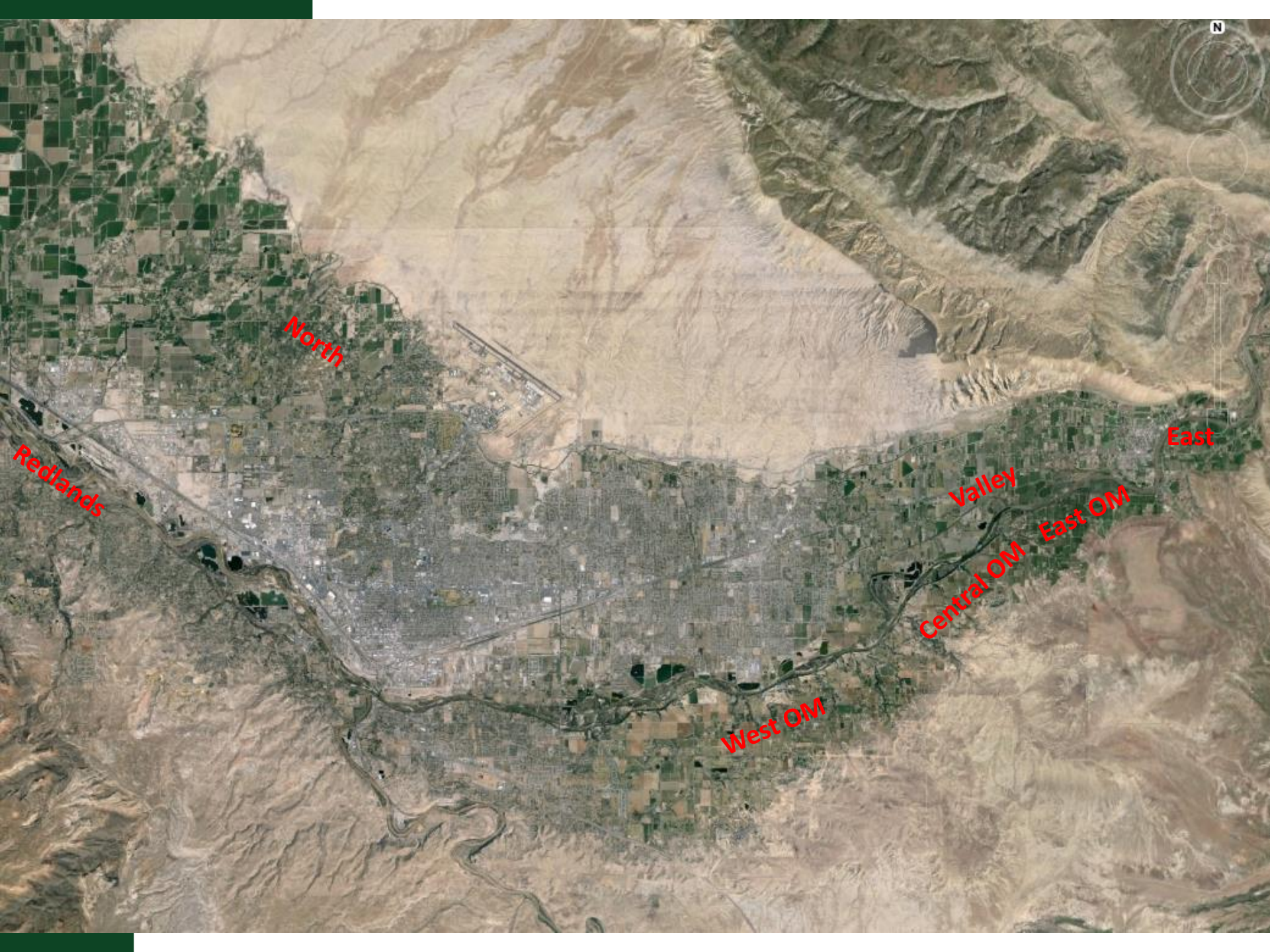
Reporting vineyard area increased from 182 acres in 2000 to 432 acres in 2015

For some vineyards the data is incomplete, i.e. growers did not complete the annual grape grower survey in certain years

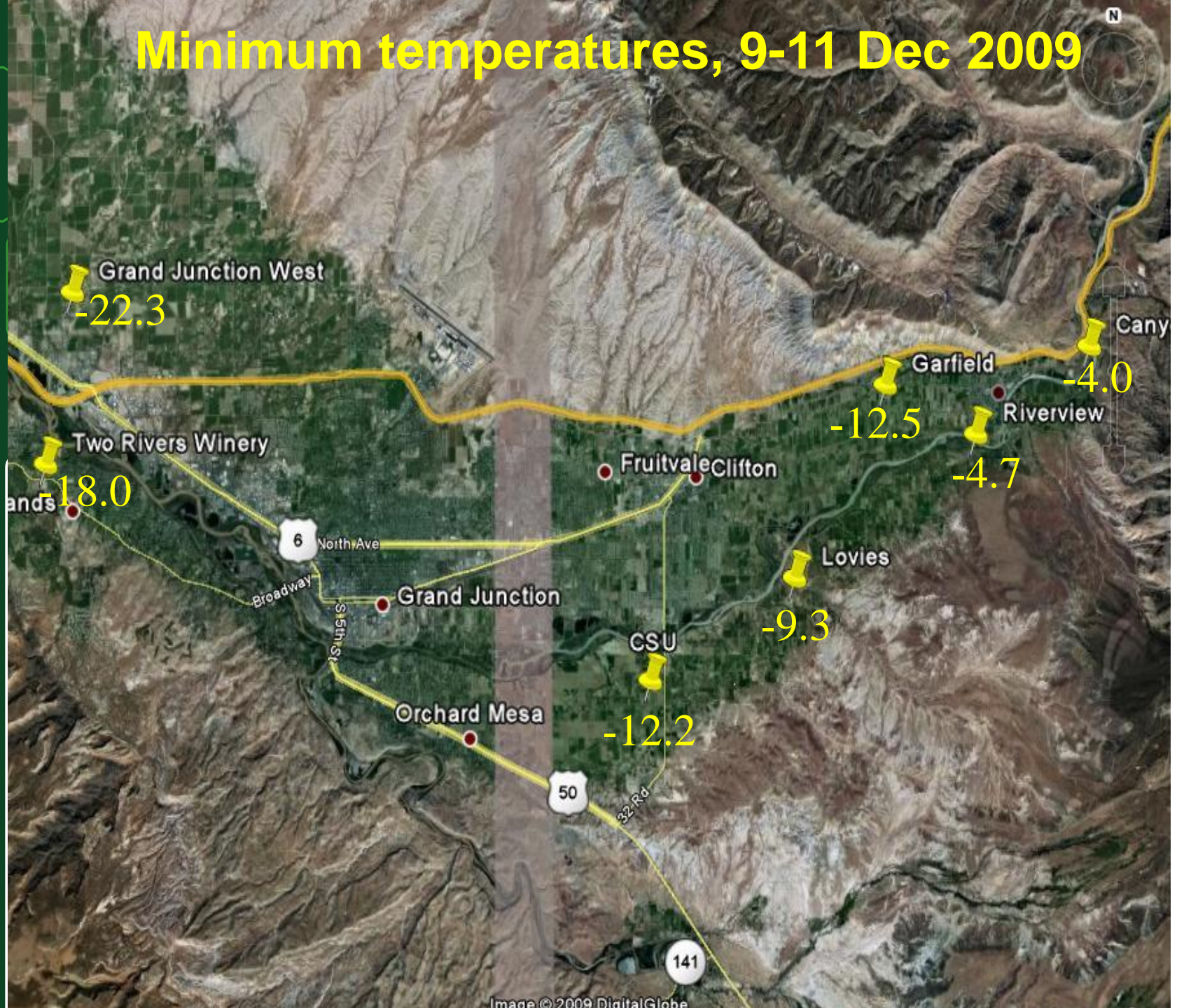


Producing vineyard area in Mesa County

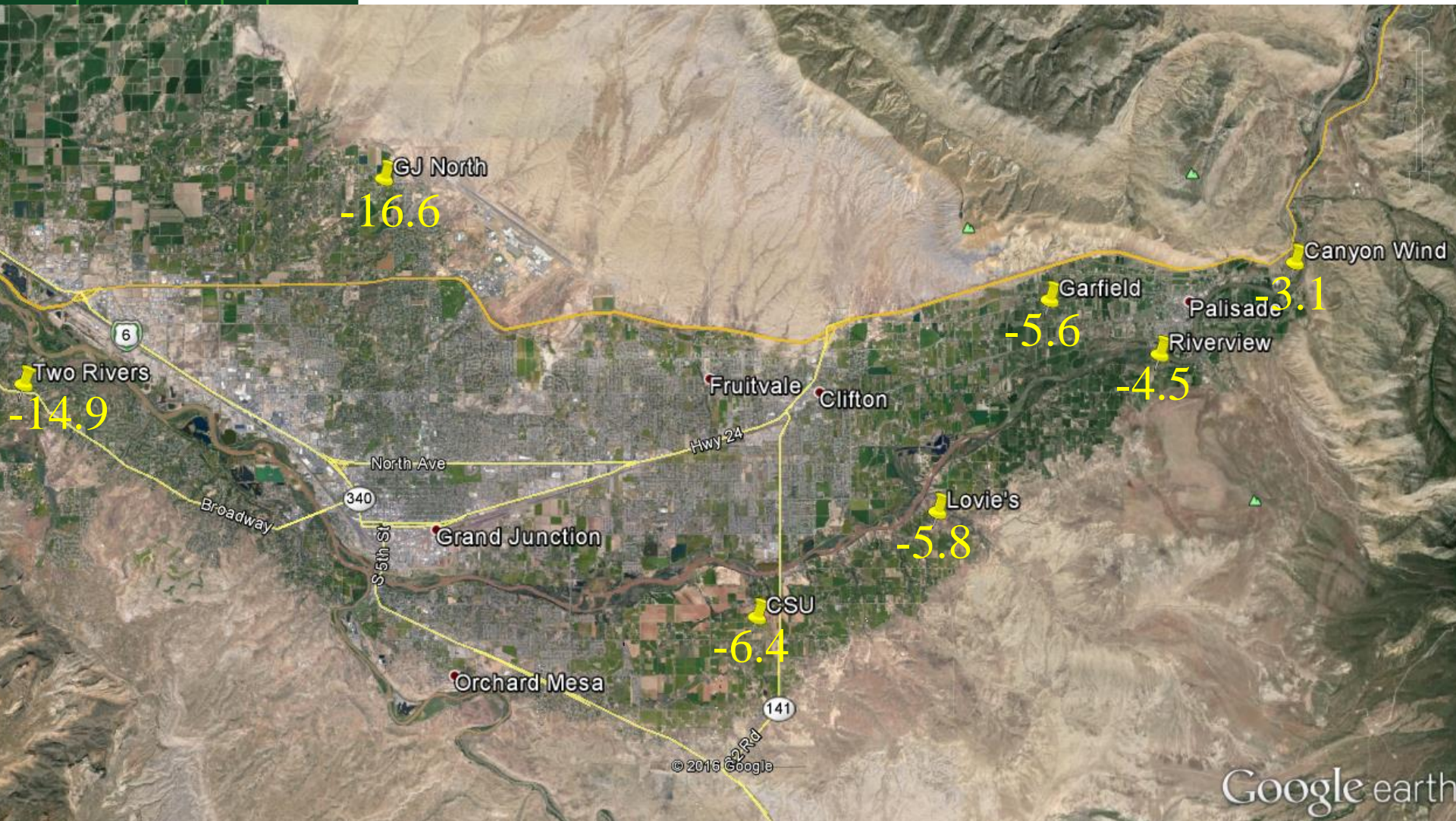




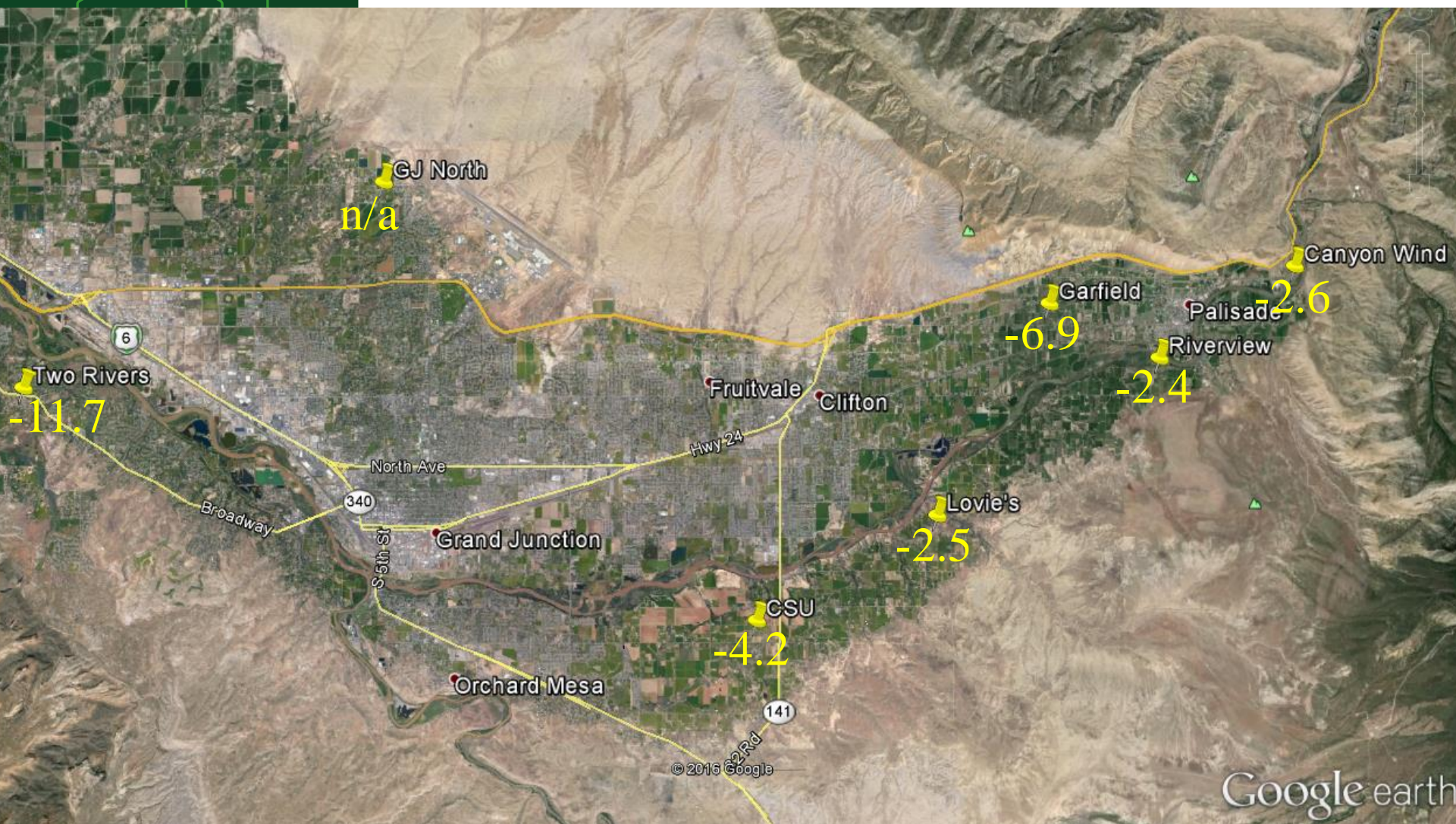
Minimum temperatures, 9-11 Dec 2009



Minimum temperatures, 14-15 Jan 2013

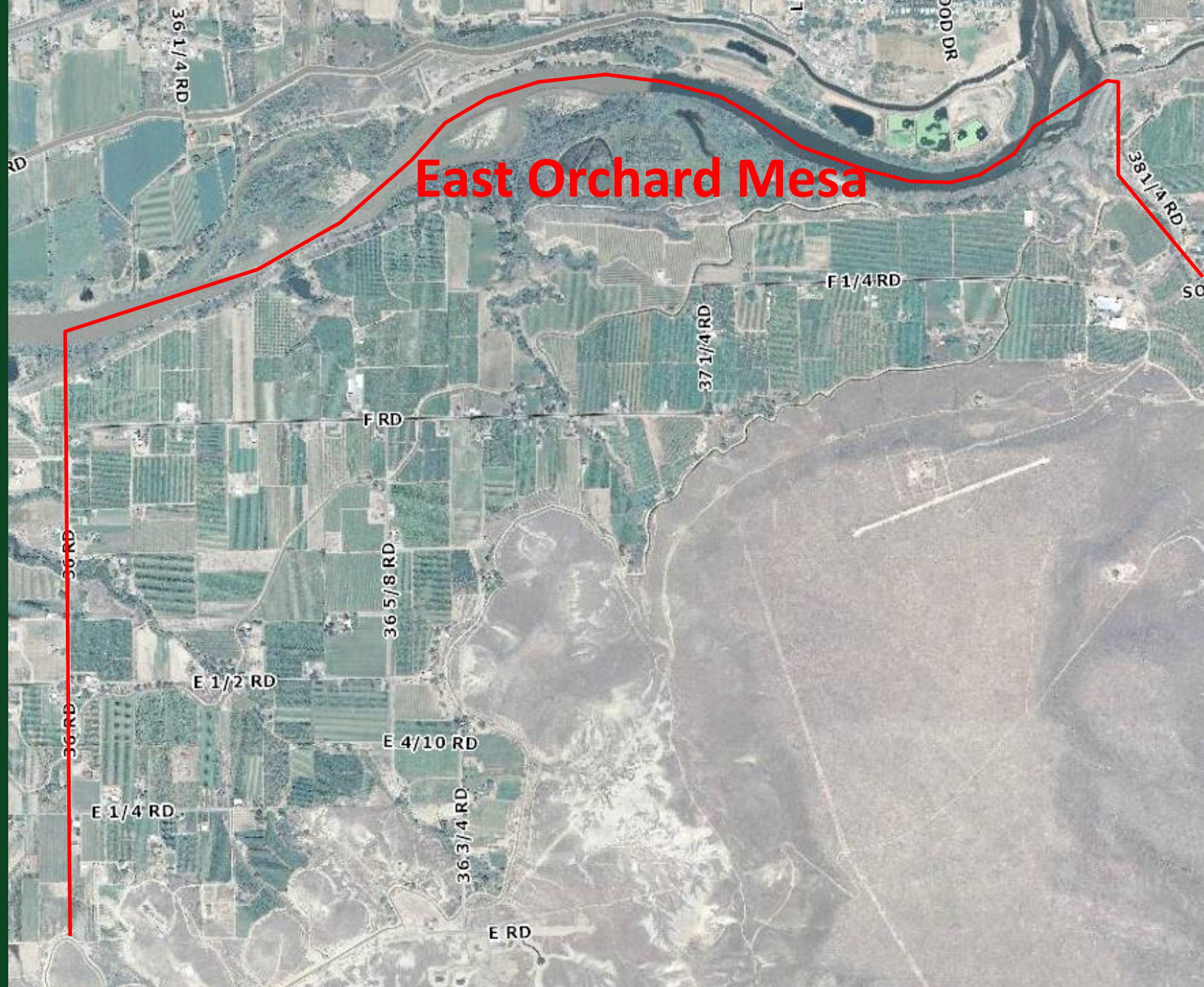


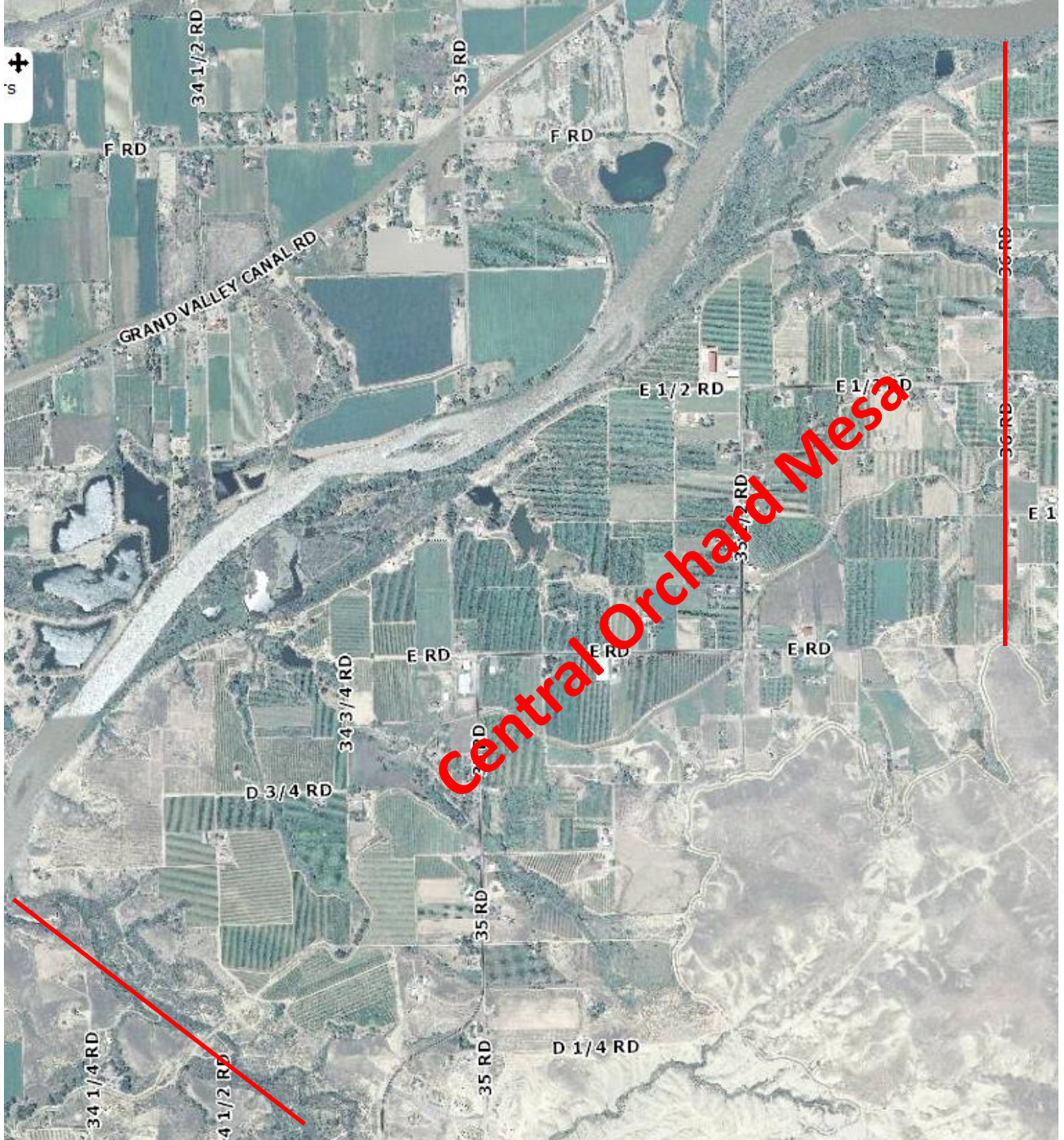
Minimum temperatures, 5-13 Dec 2013

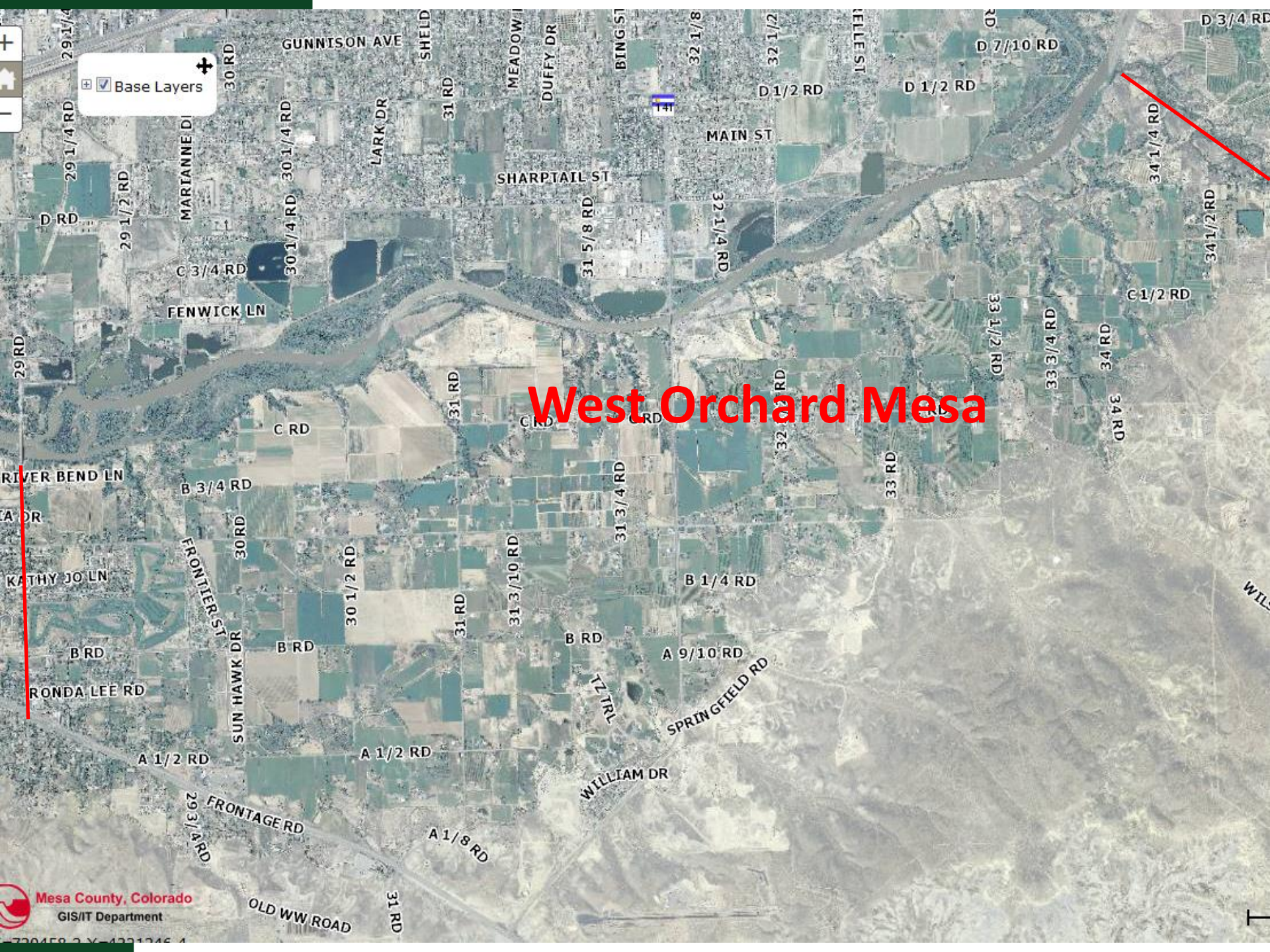




East Orchard Mesa







West Orchard Mesa

Valley



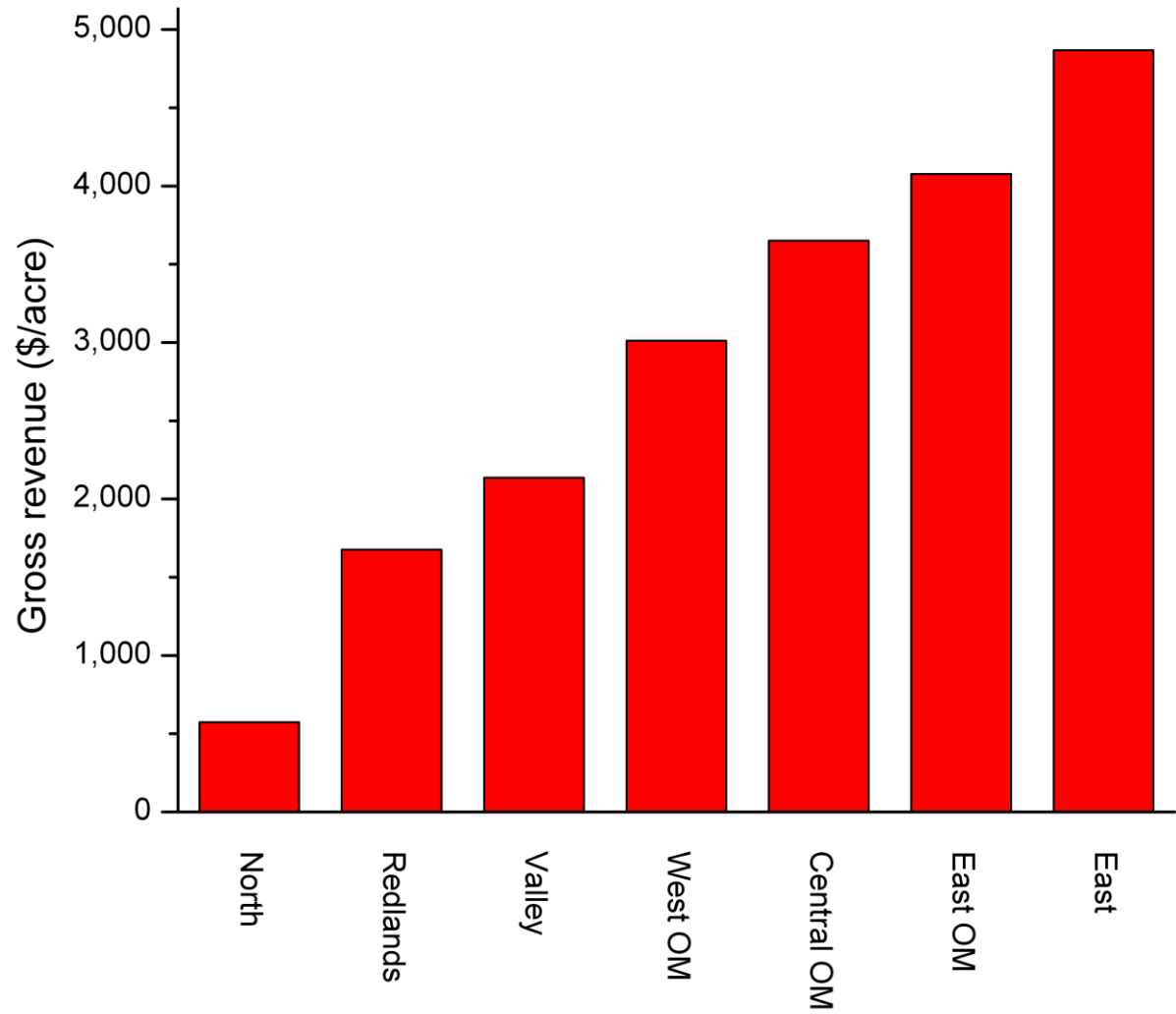
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Definition of Gross Revenue per acre

- Revenue from the sale of grapes
 - Does not include other farm income (e.g. from custom farming operations, insurance payments, etc.)
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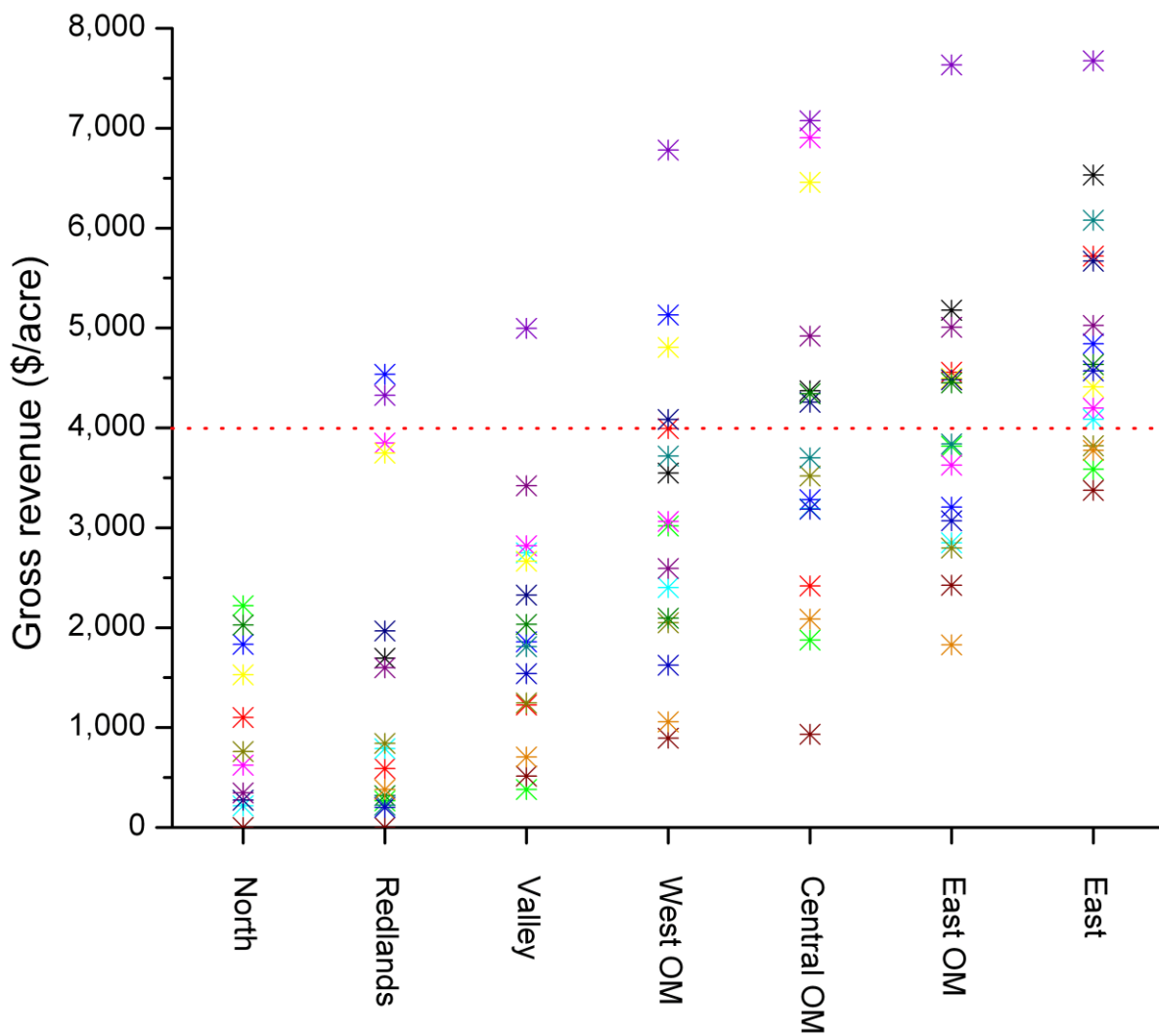


Gross Revenue per acre – 16-yr average



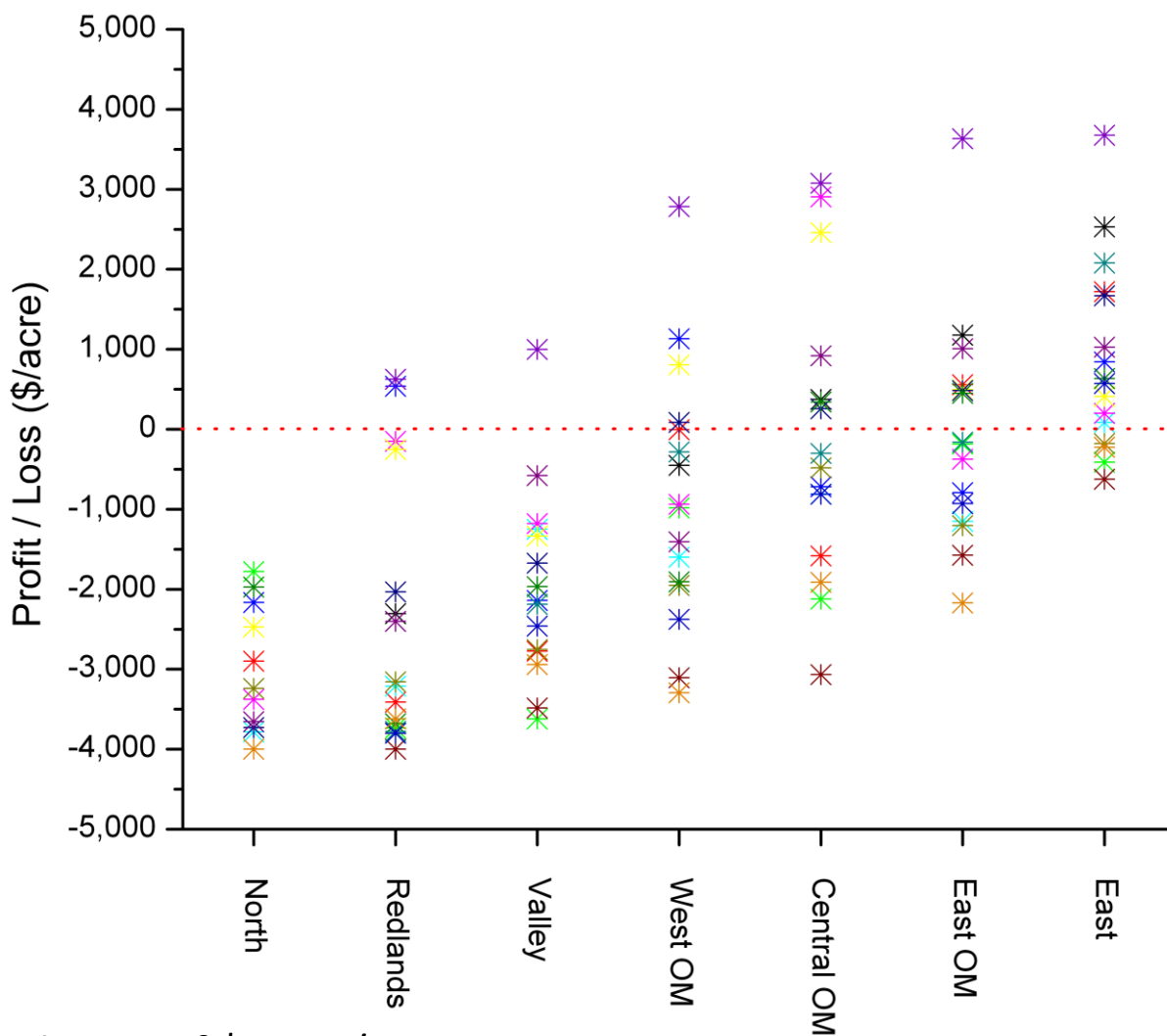


Gross Revenue per acre – 2000 to 2015



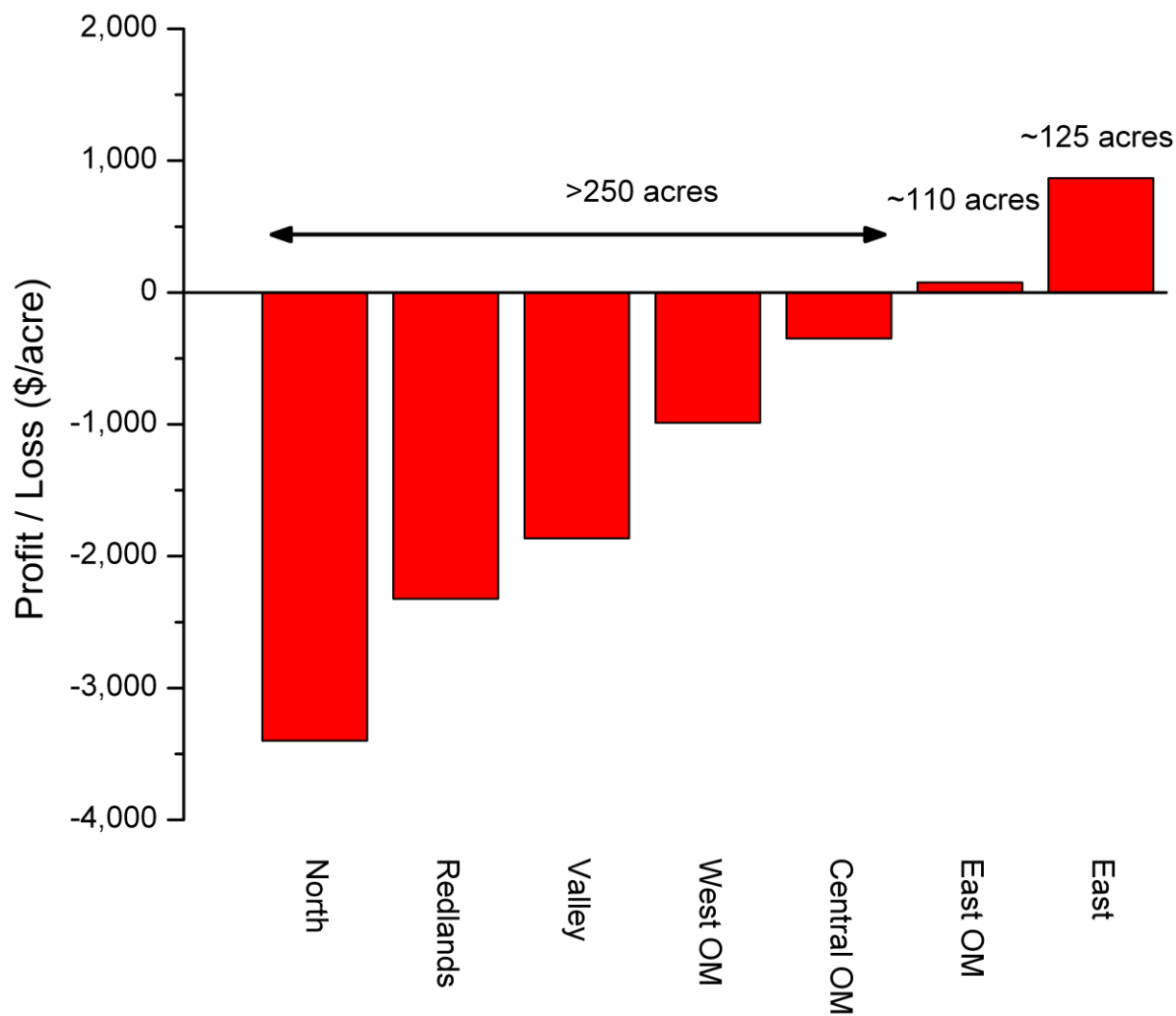


Profit/Loss per acre – 2000 to 2015



Assumption: Annual costs of \$4,000/acre

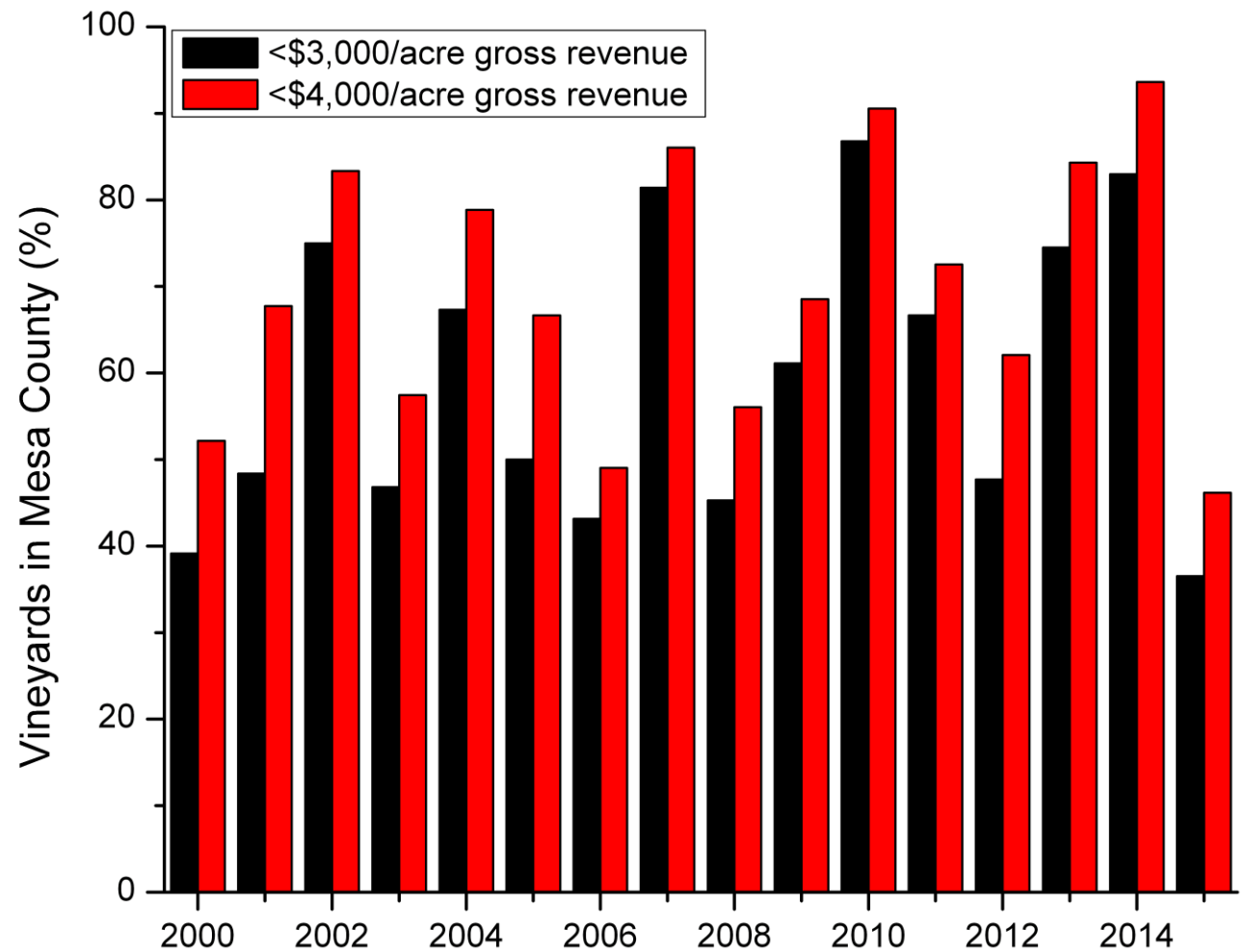
Profit/Loss per acre – 16-yr average



Assumption: Annual costs of \$4,000/acre



A profitable business?



Grape economics in Mesa County

Even in the best years, more than 40 % of the growers have had gross revenue of <\$4,000/acre

Long-term, about 70 % of growers have had gross revenue of <\$4,000/acre

Within the Grand Valley, only the “East” and “East OM” zone have had long-term gross revenues of >\$4,000/acre

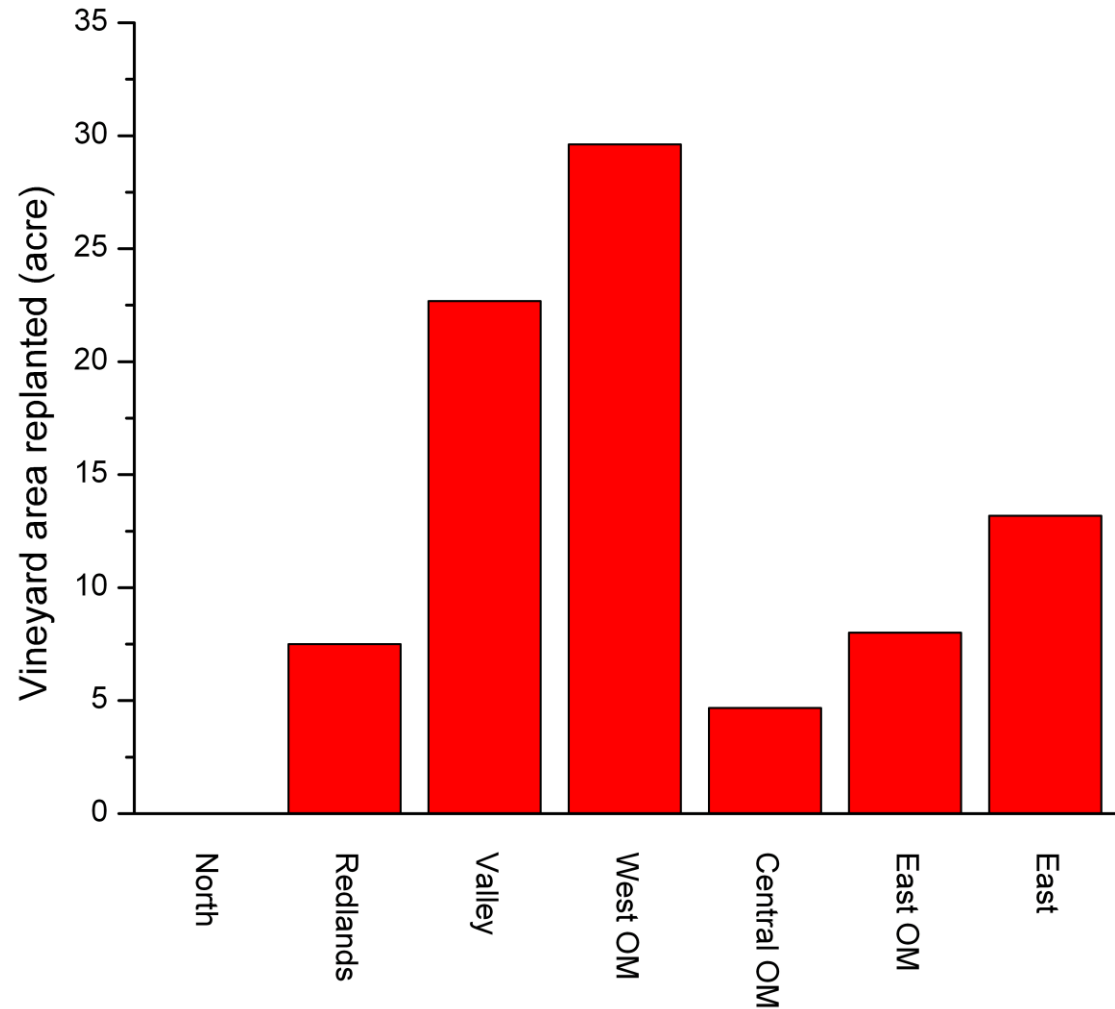
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In an attempt to improve the economic situation, growers have removed large areas of cold-sensitive varieties and are replanting with varieties that are more cold-hardy

Approximately 55 % of the vineyard area established since 2011 has been planted to cold-hardy, hybrid varieties



Replanted area in Mesa County, 2011 to 2015



Another 20-30 acres were removed and not replanted to grapes

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Questions?

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