Economics of growing grapes in Mesa County

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Grape economics in Mesa County

The following presentation was 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 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.
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• A long-term view of grape production

• A zonal view of grape production in the Grand Valley
Minimum temperatures, 9-11 Dec 2009

- Grand Junction West: -22.3
- Two Rivers Winery: -18.0
- Garfield: -12.5
- Riverview: -4.0
- Fruitvale Clifton: -12.2
- Lovies: -9.3
- CSU: -12.2

Minimum temperatures range from -22.3 to -4.0 degrees Celsius.
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.)
Gross revenue per acre – 15-yr average

- North
- Redlands
- Valley
- West OM
- Central OM
- East OM
- East

Gross revenue ($/acre)
Gross revenue per acre – 2000-2014
Assumption: Costs of $4,000 per acre
Profit/Loss per acre – 15-yr average

Assumption: Costs of $4,000 per acre
A profitable business?

[Bar graph showing the percentage of vineyards in Mesa County with gross revenue less than $3,000/acre and less than $4,000/acre from 2000 to 2014, with projected values for 2014.]
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- Even in the best years, more than 40% of 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, the “East” zone has been the only area with long-term gross revenue >$4,000/acre (East OM is close).

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

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