

Economics of growing grapes in Mesa County

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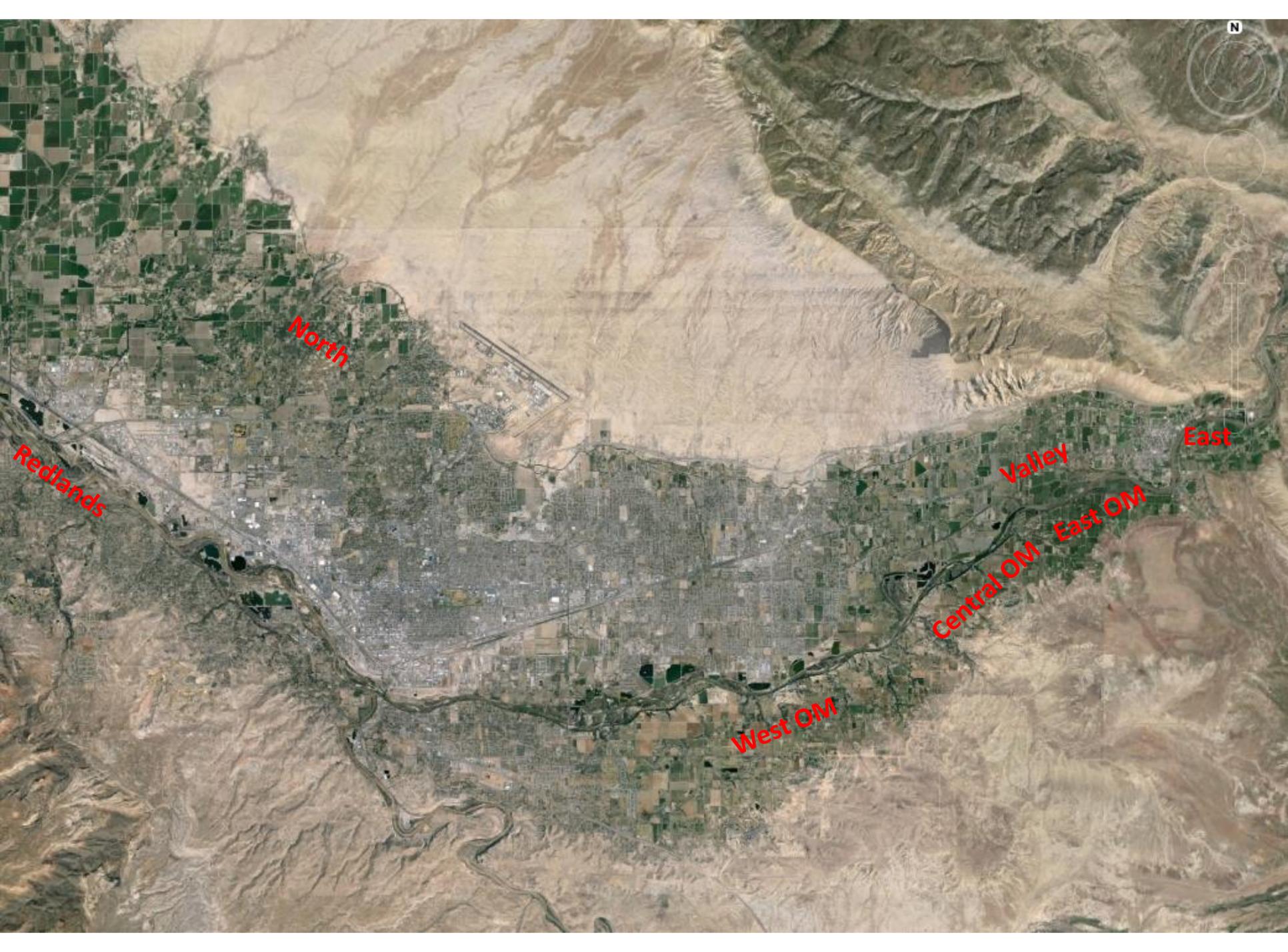
Western Colorado Research Center

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.

Grape economics in Mesa County

- A long-term view of grape production
- A zonal view of grape production in the Grand Valley



North

Redlands

West OM

Central OM

East OM

Valley

East

N

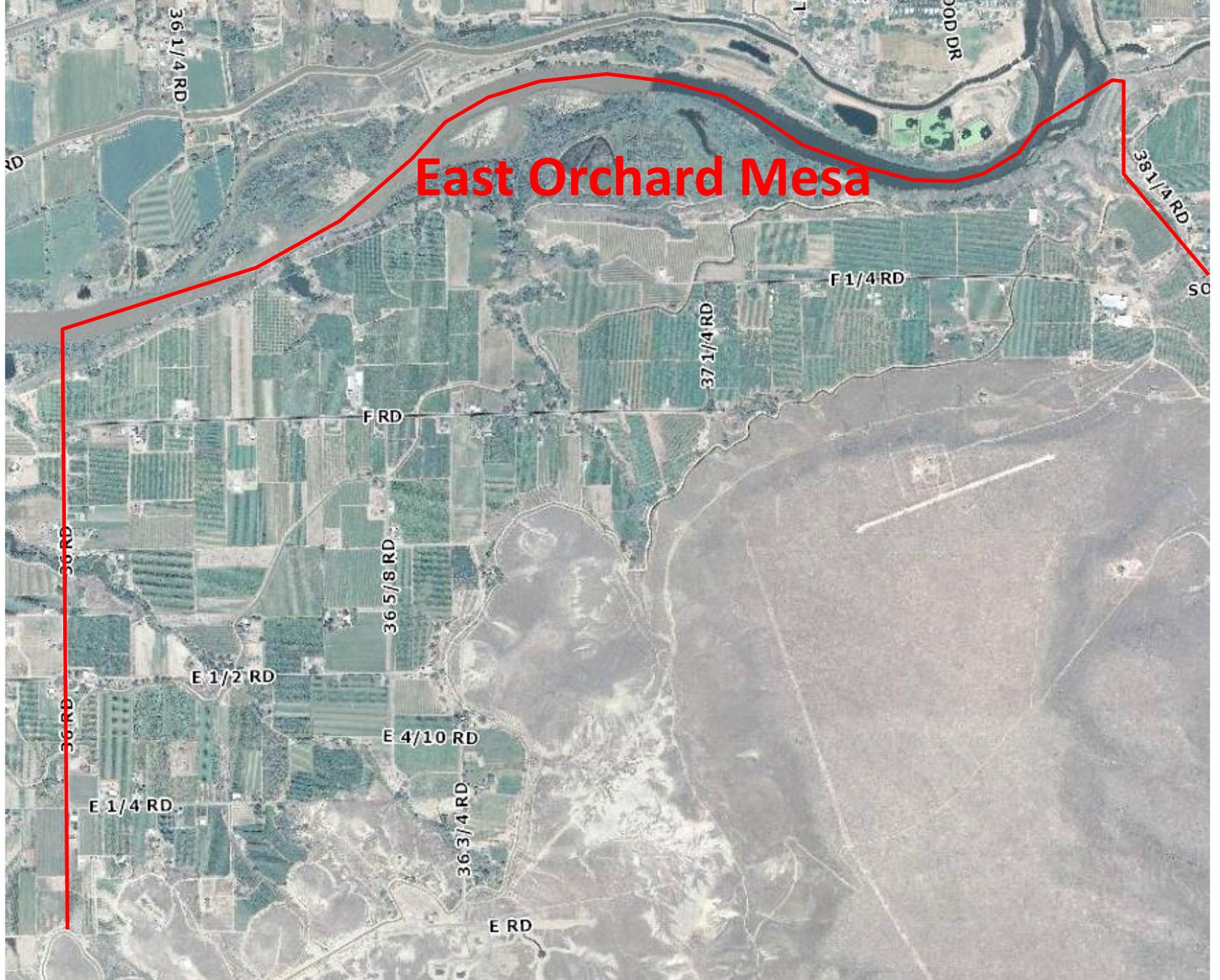
Minimum temperatures, 9-11 Dec 2009

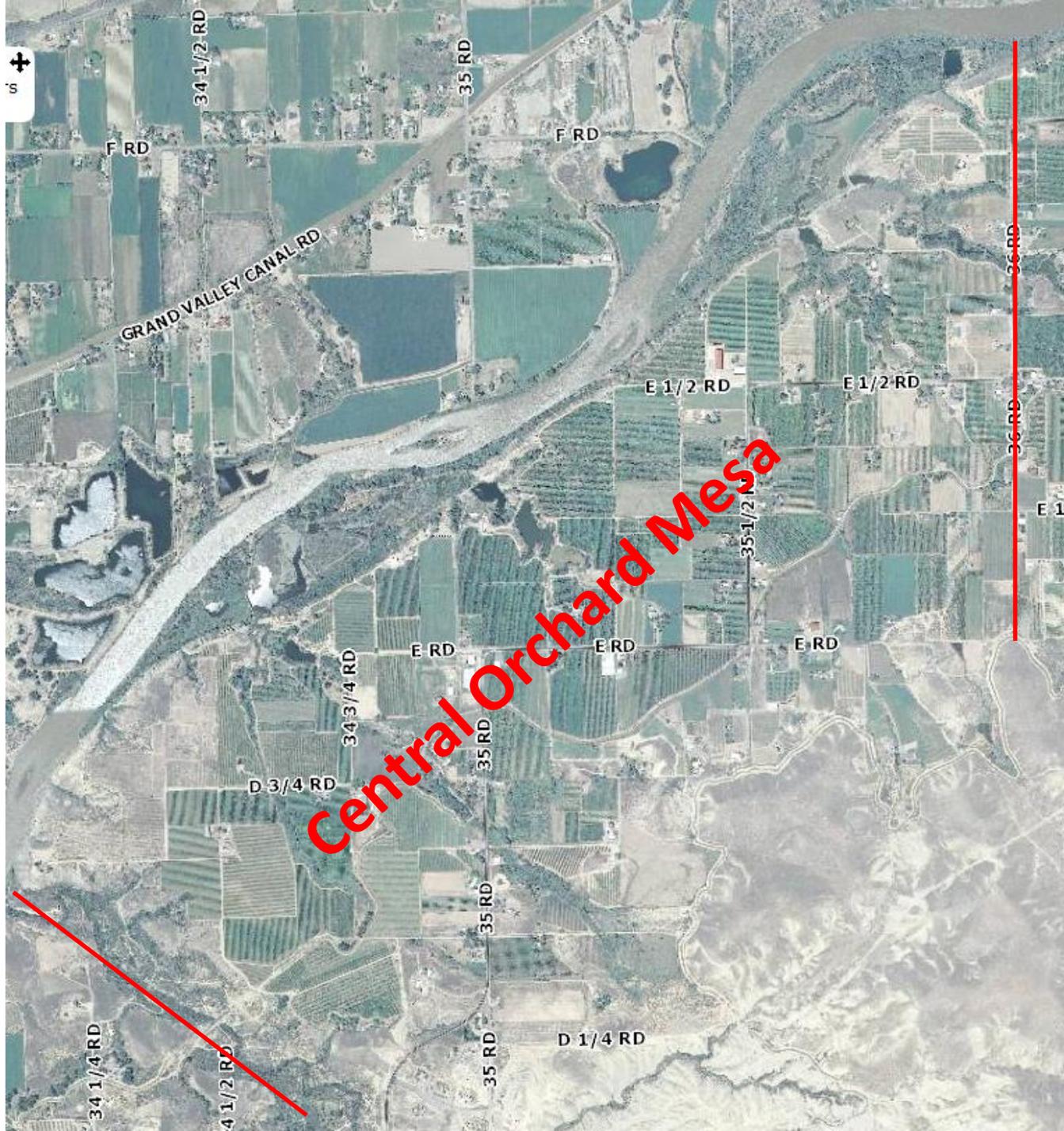




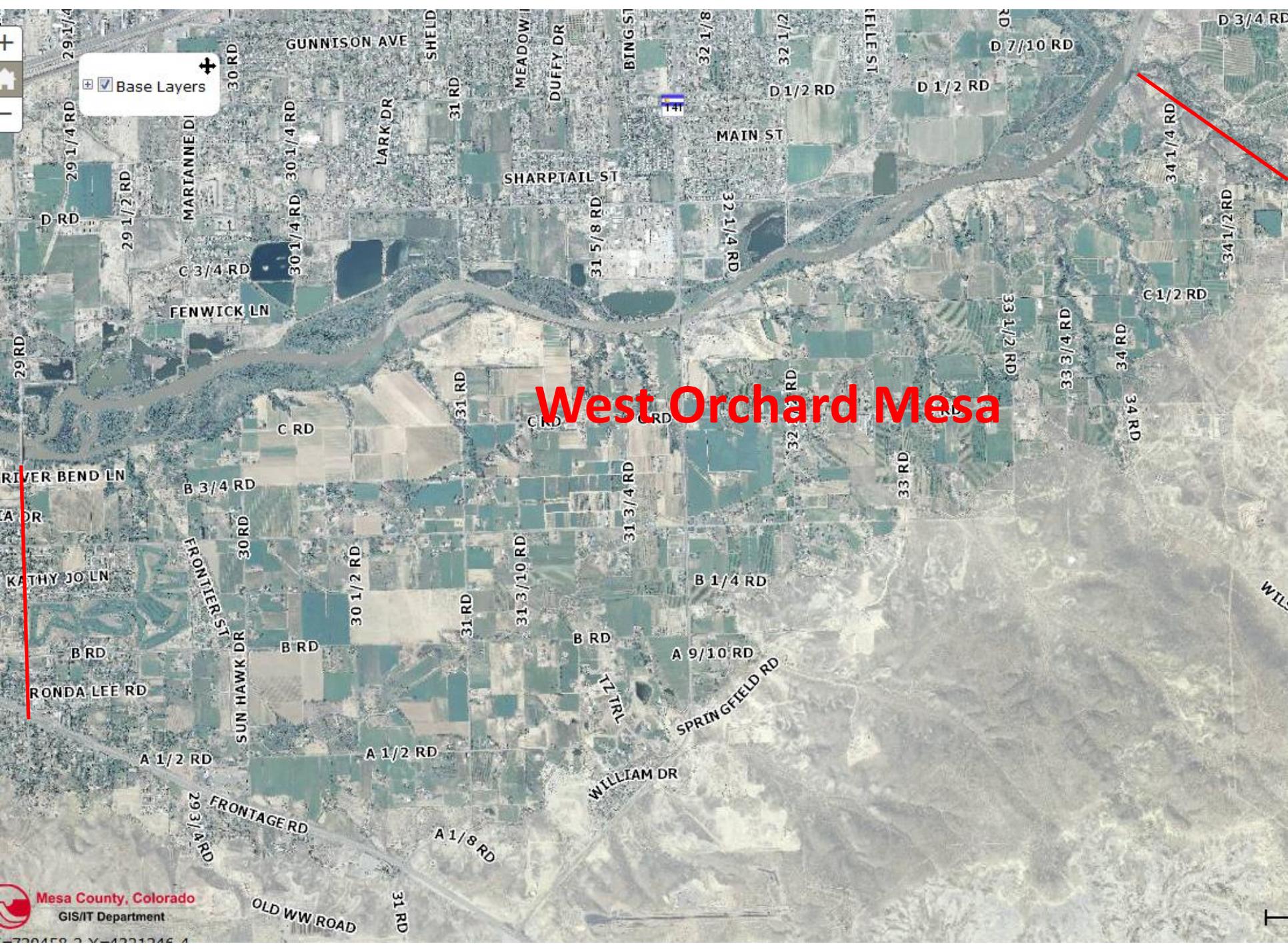
East

East Orchard Mesa





Central Orchard Mesa



Base Layers

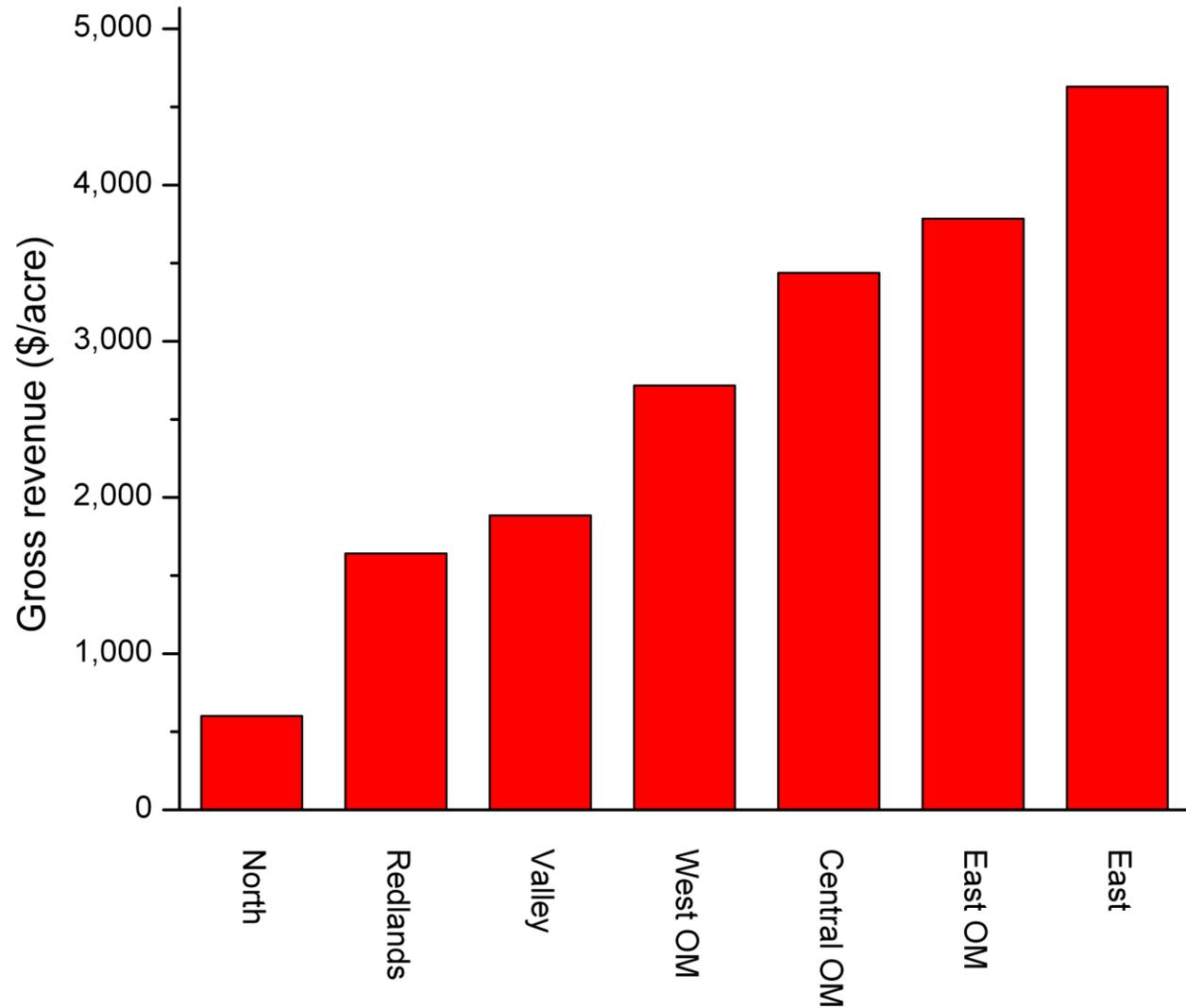
West Orchard Mesa

Grape economics in Mesa County

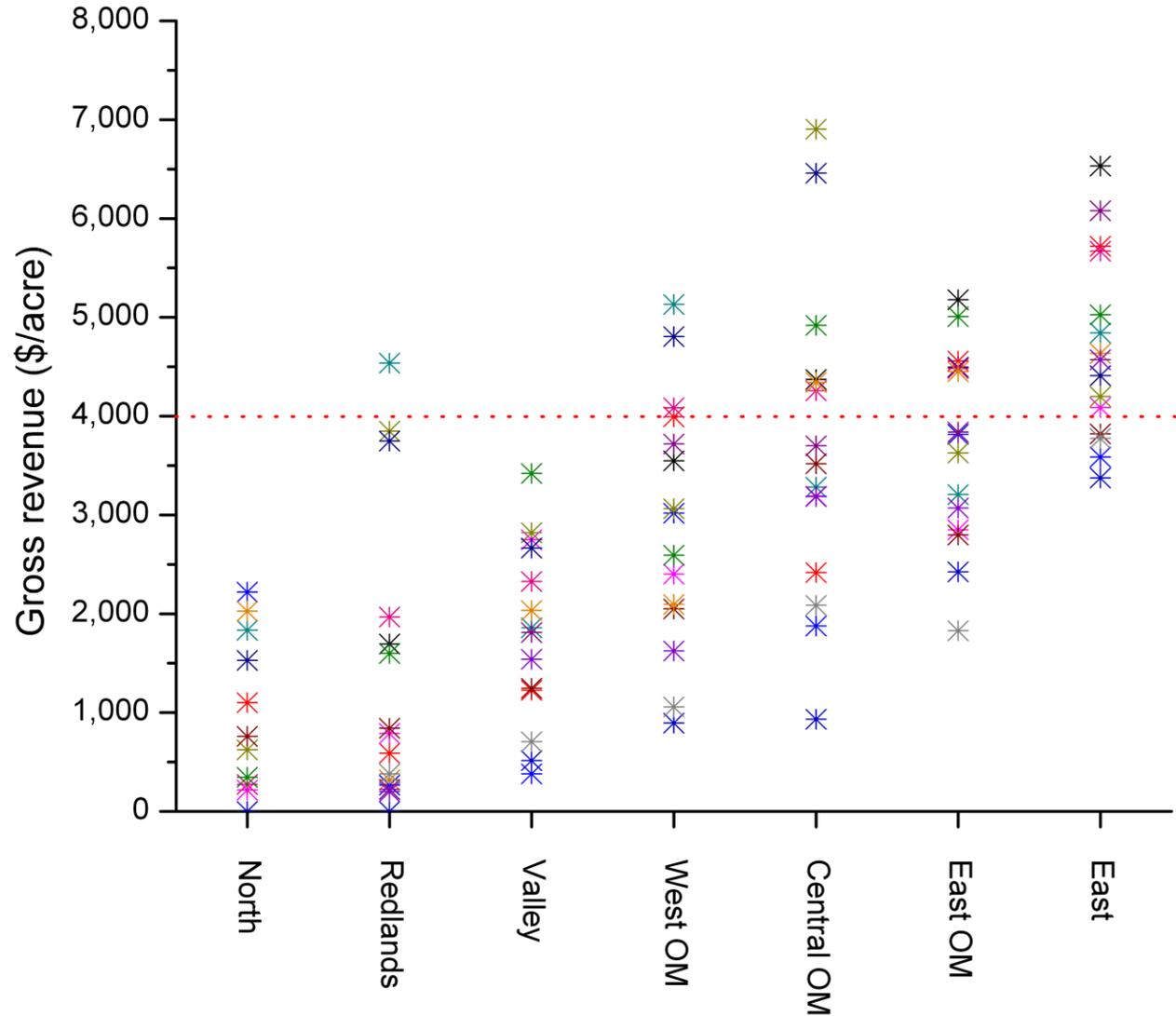
Definition of Gross Revenue per acre

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

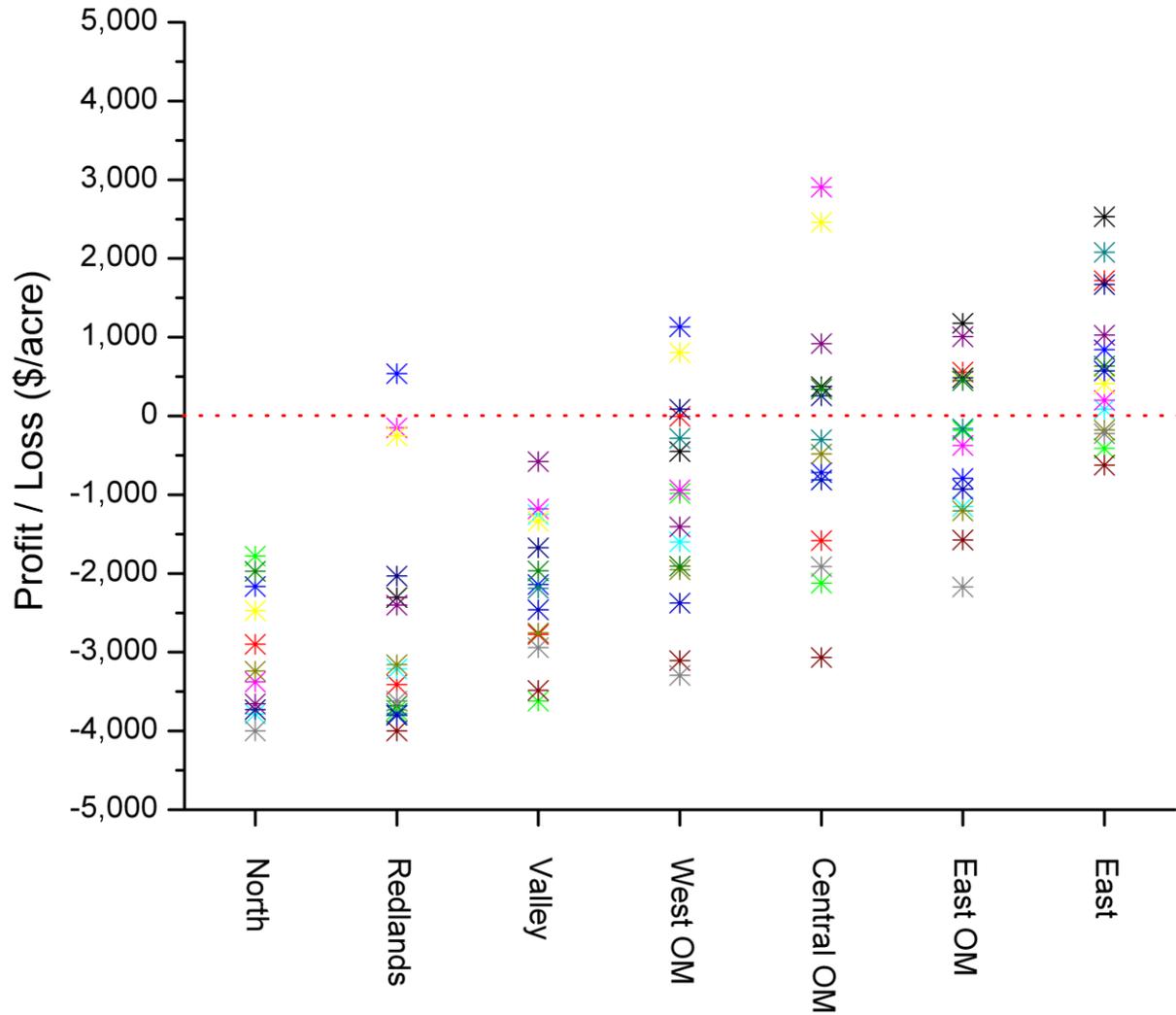
Gross revenue per acre – 15-yr average



Gross revenue per acre – 2000-2014

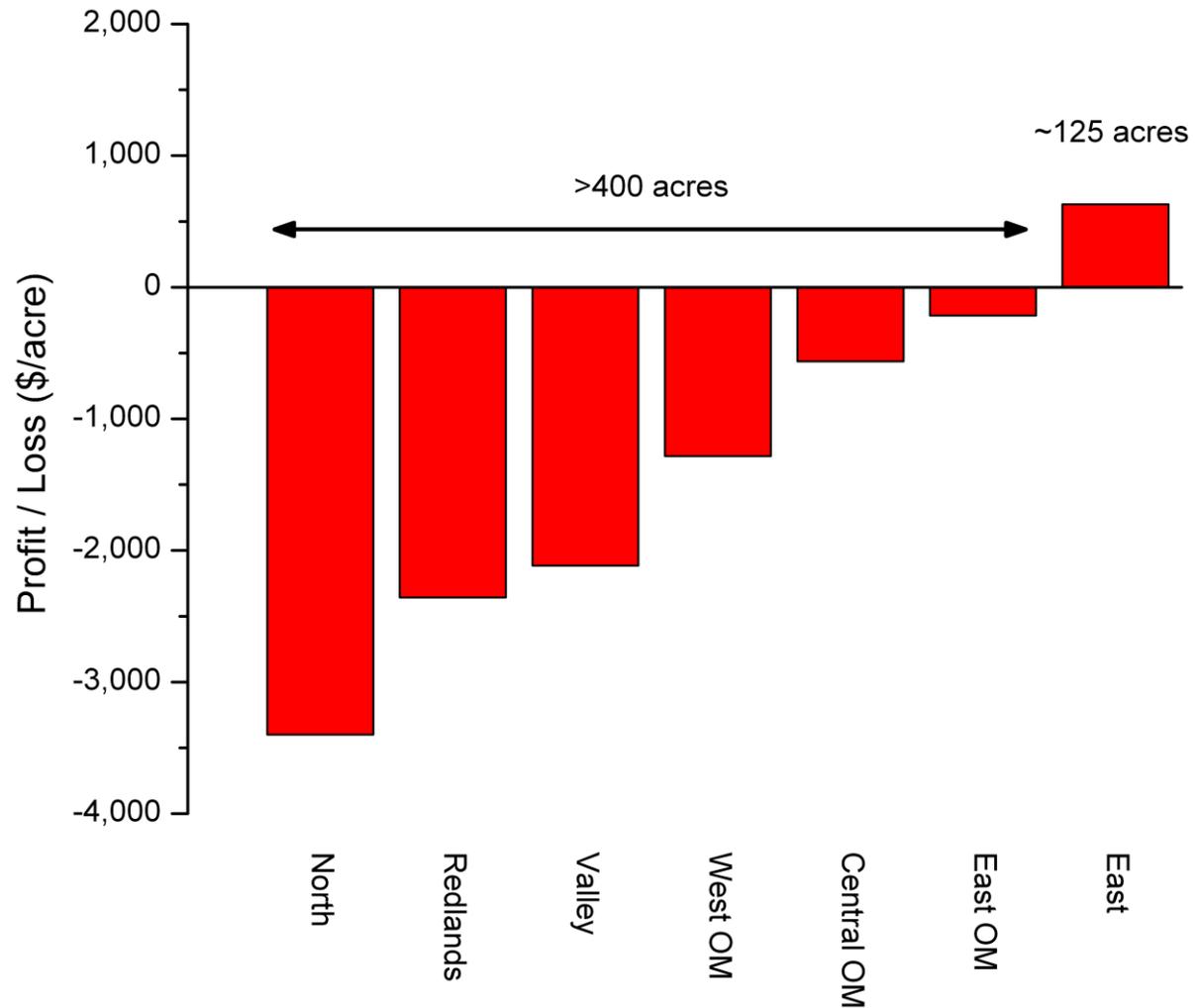


Profit/Loss per acre – 2000-2014



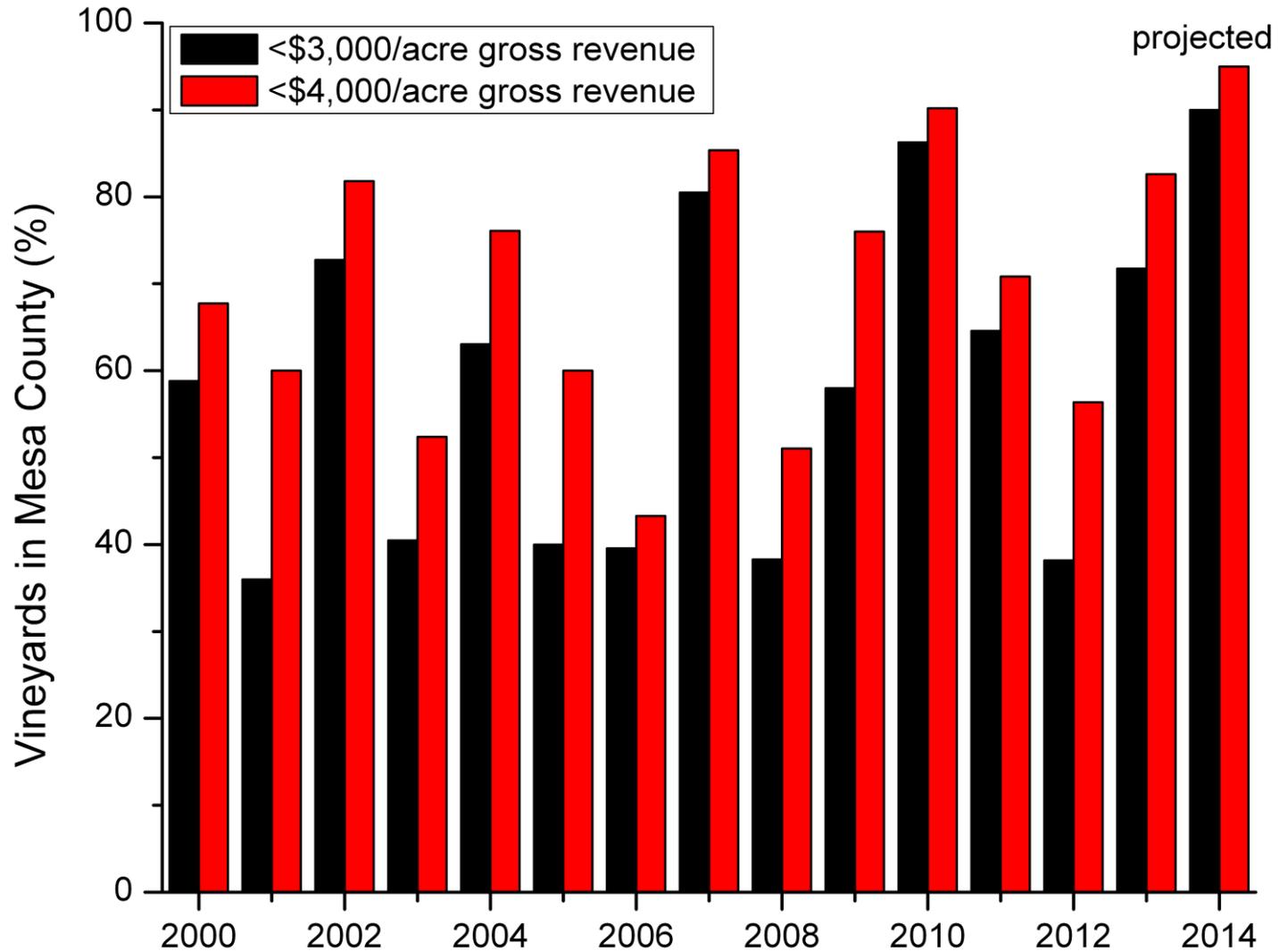
Assumption: Costs of \$4,000 per acre

Profit/Loss per acre – 15-yr average



Assumption: Costs of \$4,000 per acre

A profitable business?



Grape economics in Mesa County

- 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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