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# Economics of growing grapes in Mesa County

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COLLEGE OF AGRICULTURAL SCIENCES





## Grape economics in Mesa County

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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.

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# Grape economics in Mesa County

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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

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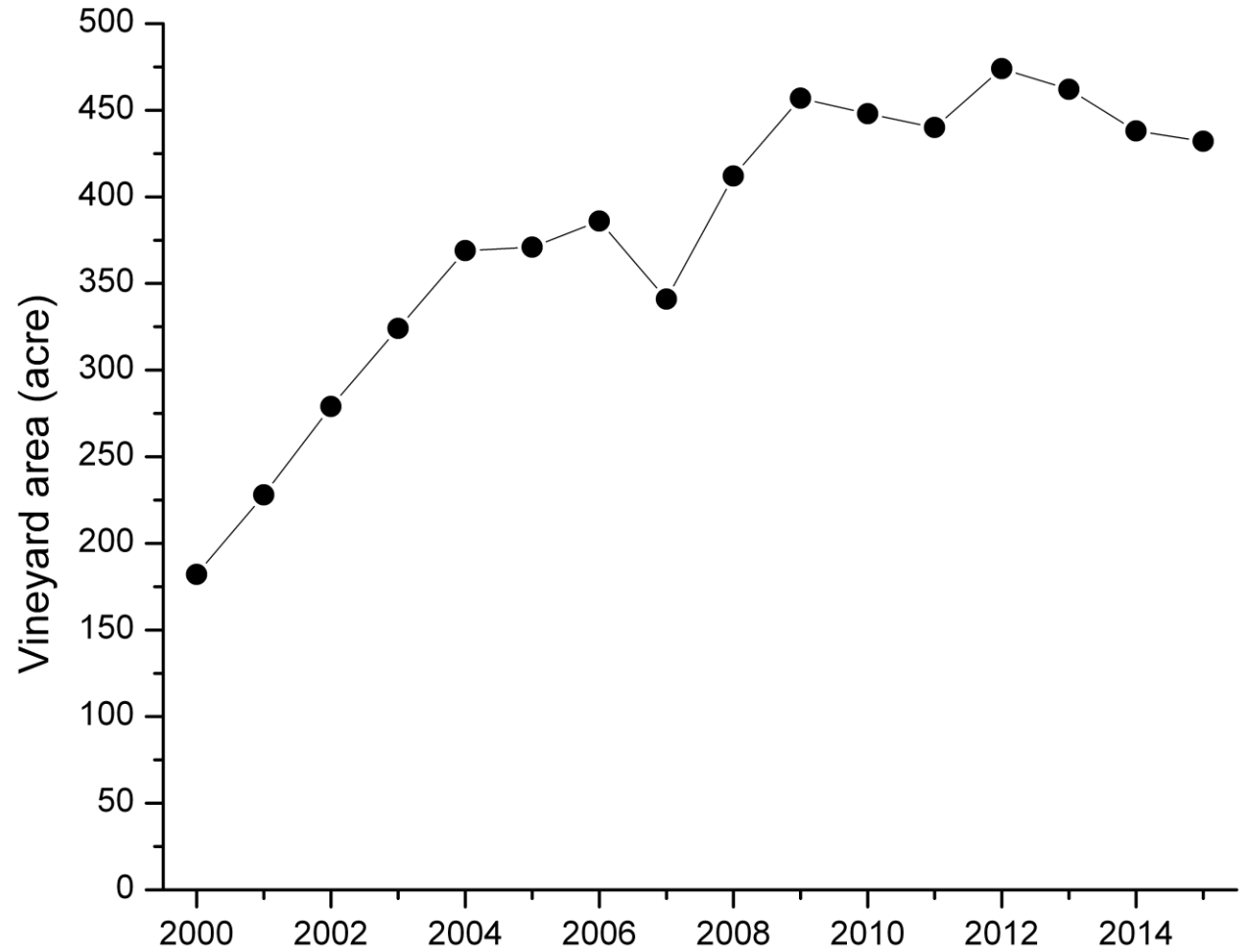
Reporting vineyard area increased from 182 acres in 2000 to 432 acres in 2015

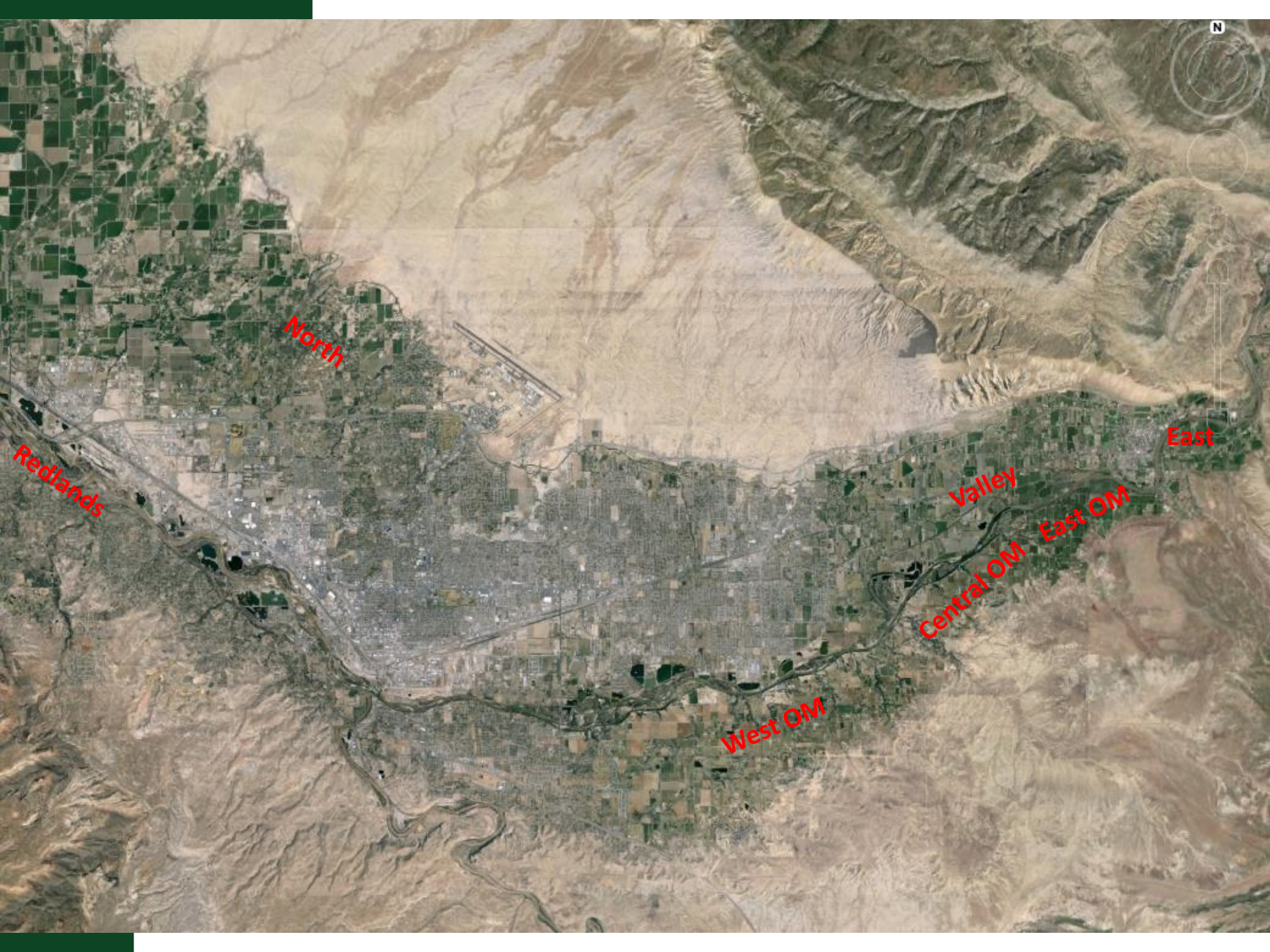
For some vineyards the data is incomplete, i.e. growers did not complete the annual grape grower survey in certain years

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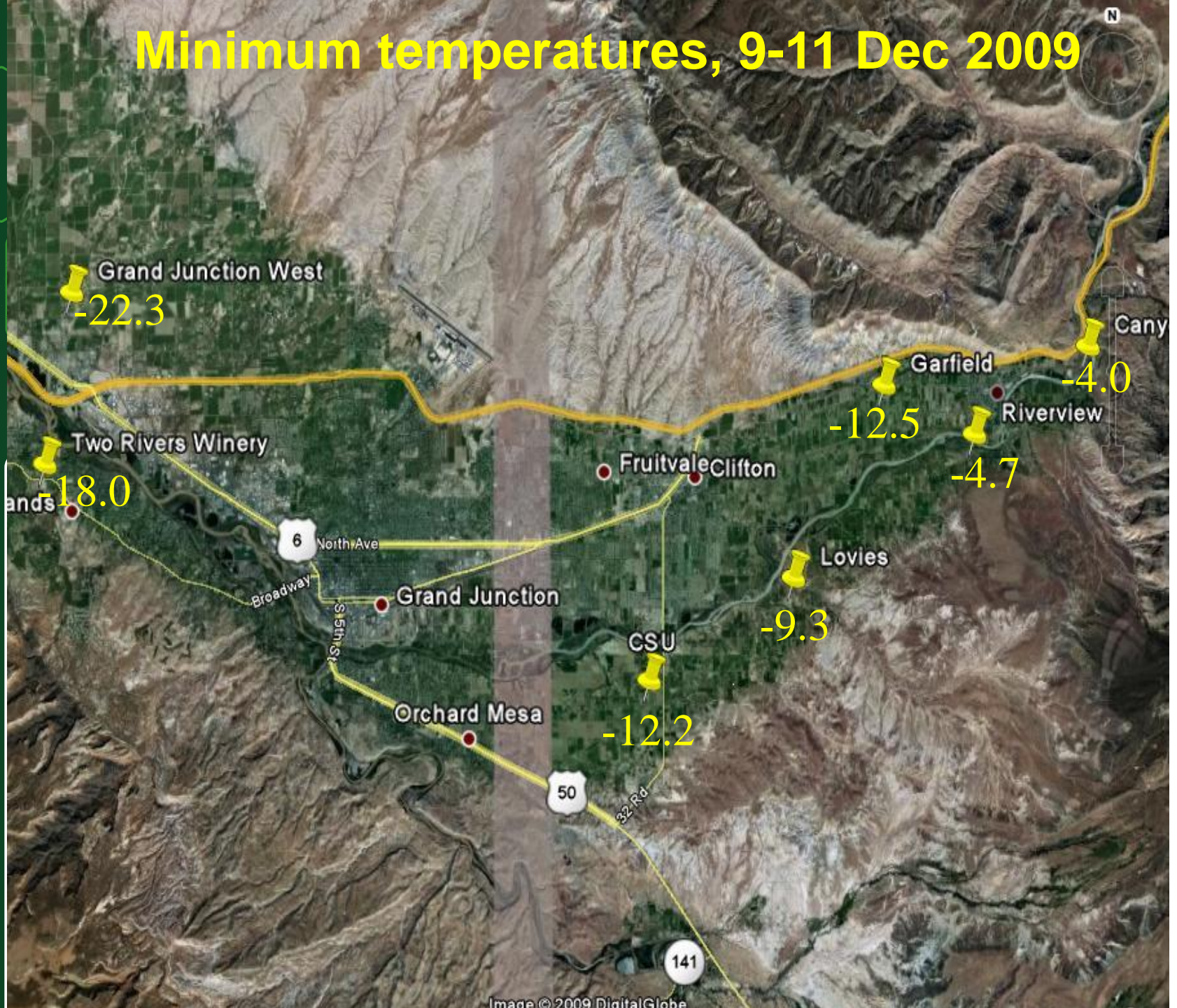


## Producing vineyard area in Mesa County

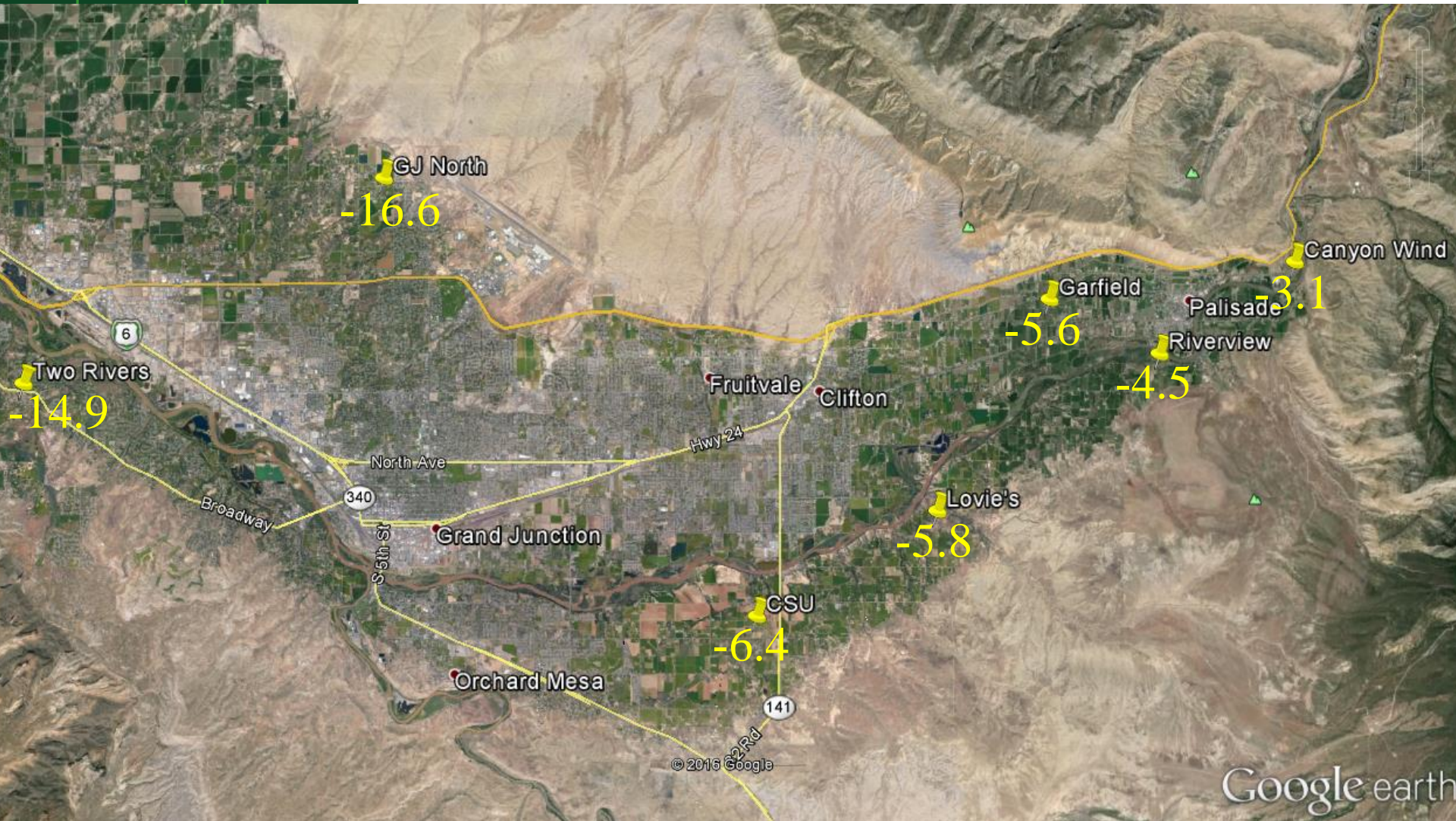




# Minimum temperatures, 9-11 Dec 2009

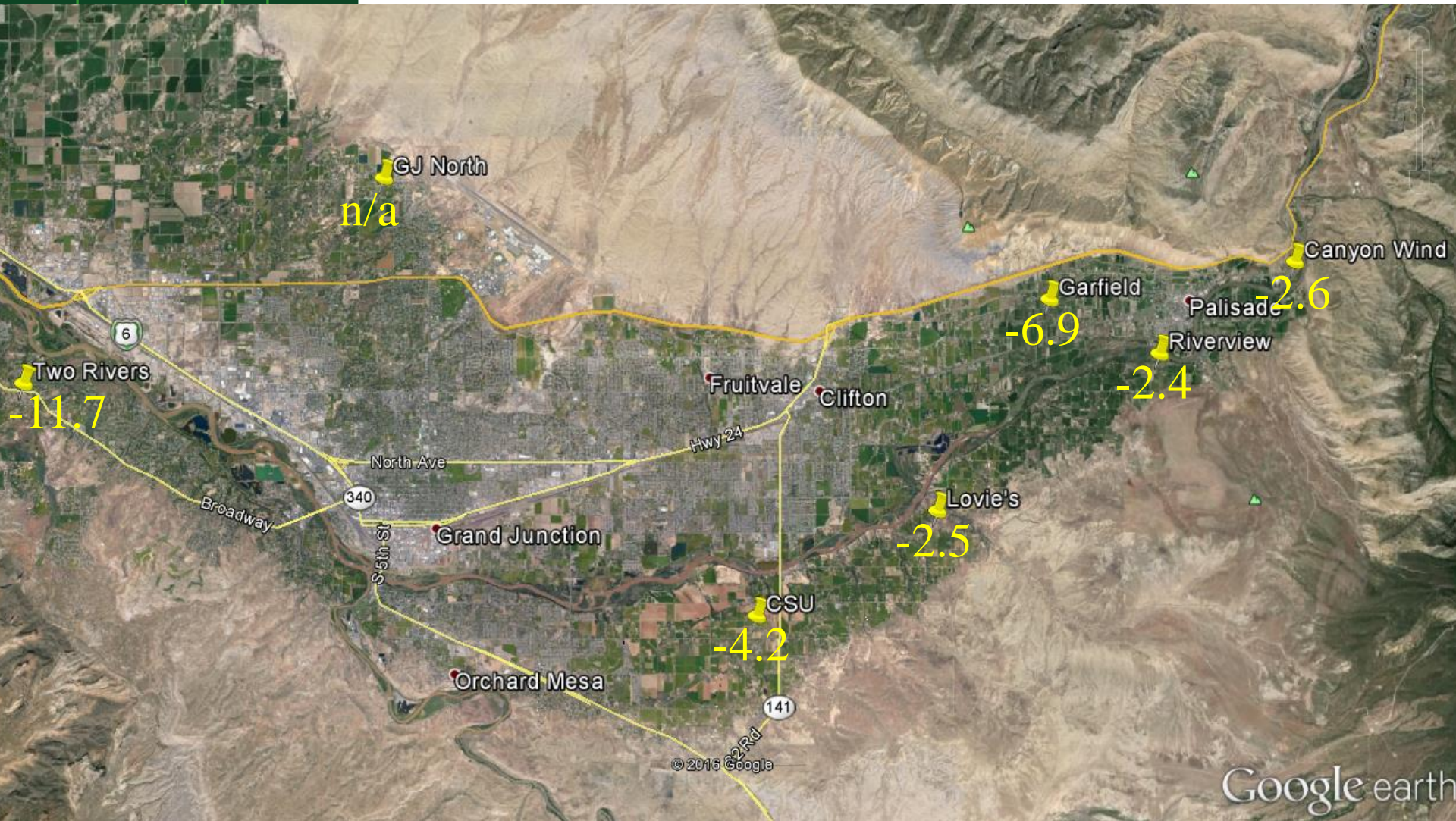


# Minimum temperatures, 14-15 Jan 2013





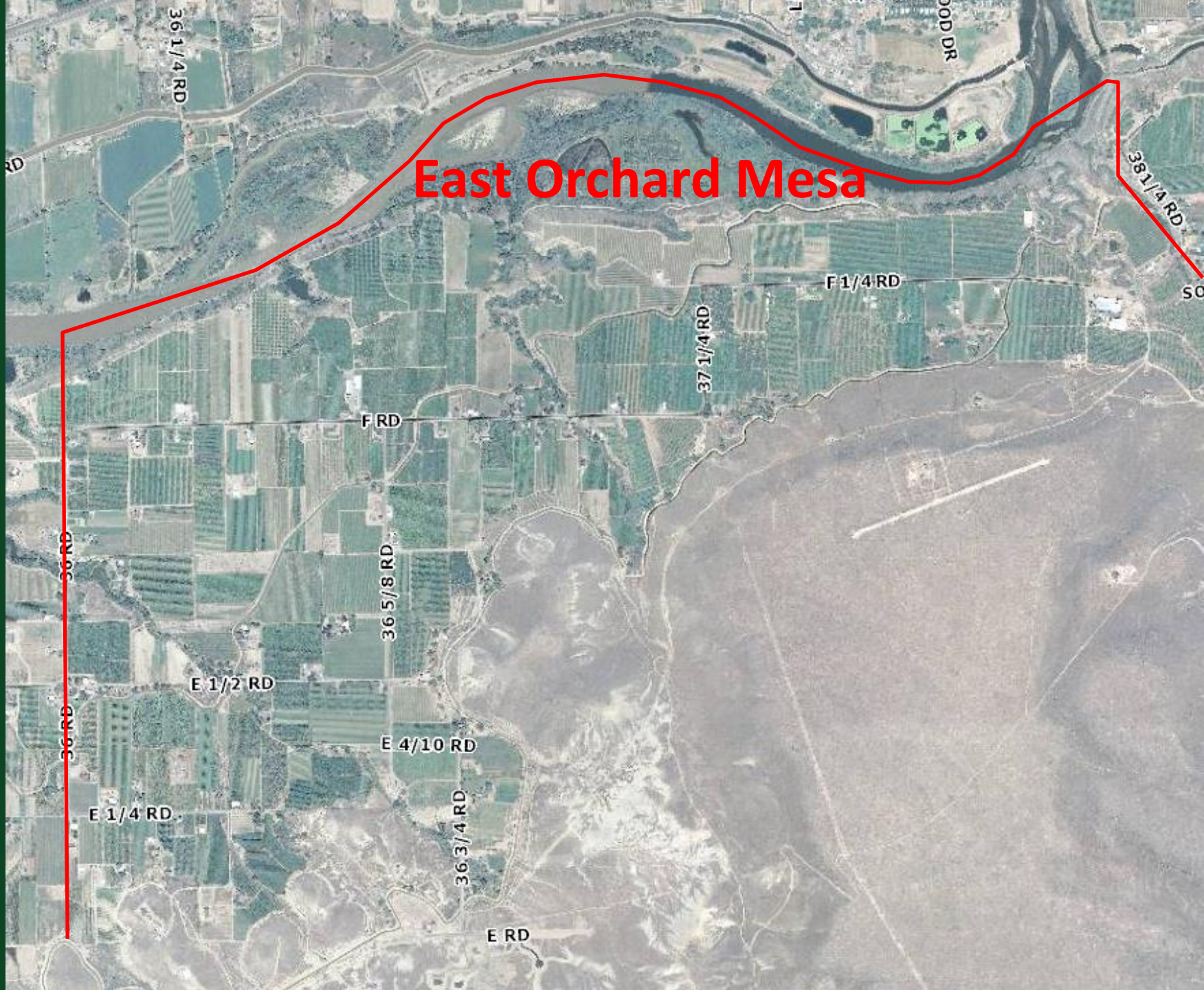
# Minimum temperatures, 5-13 Dec 2013

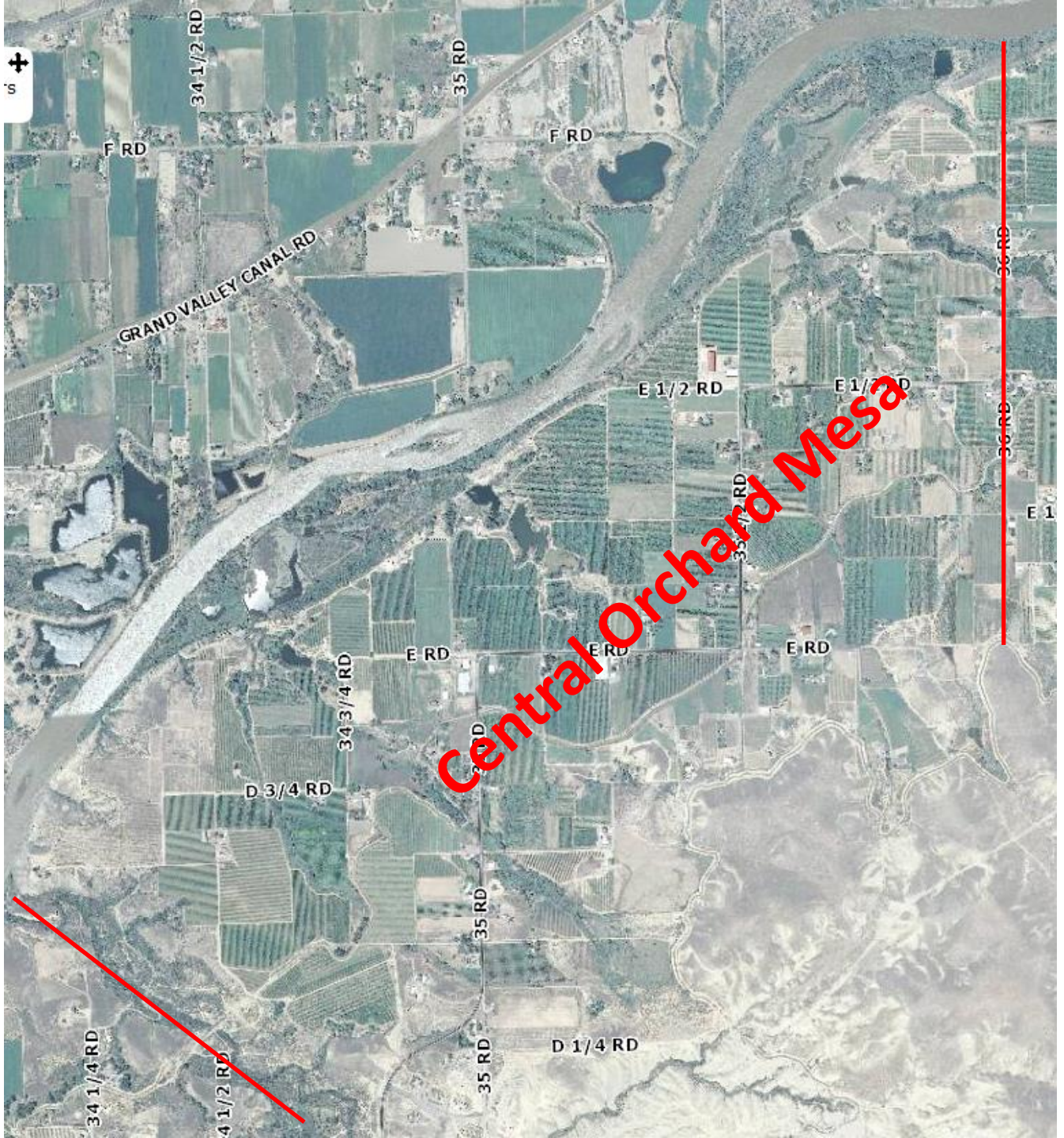




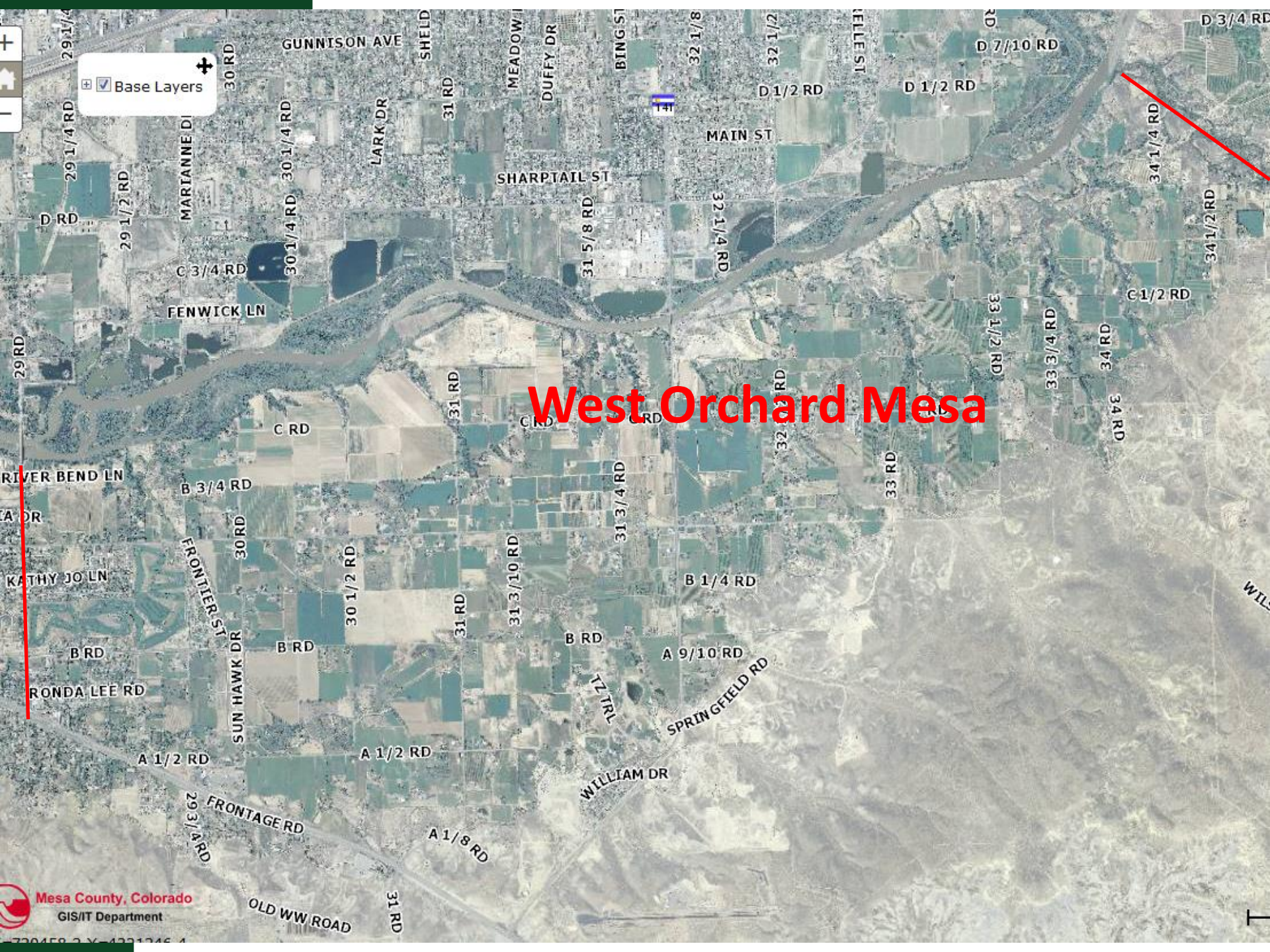
East

# East Orchard Mesa





Central Orchard Mesa



# West Orchard Mesa

Base Layers

**Valley**





# Grape economics in Mesa County

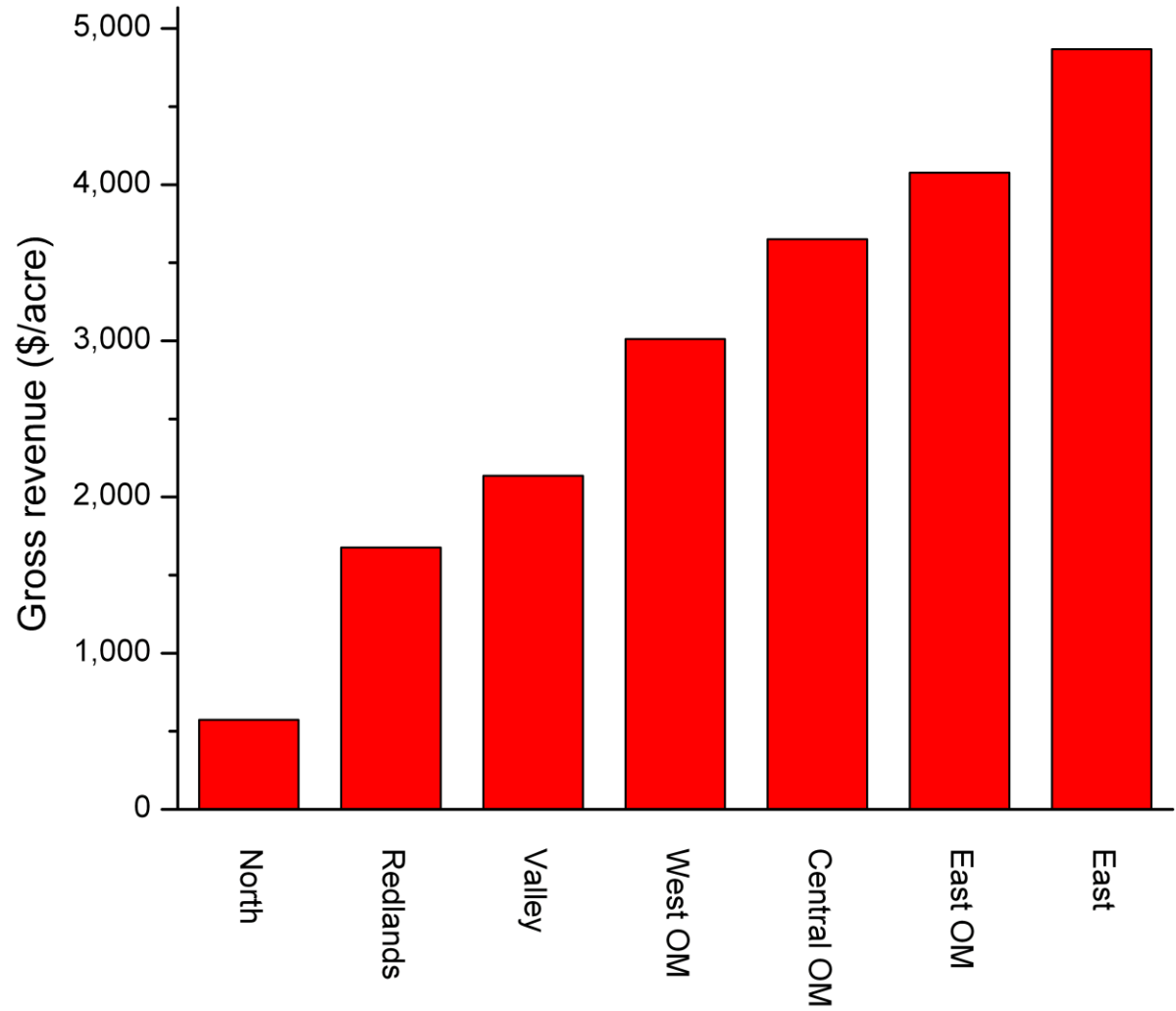
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## Definition of Gross Revenue per acre

- 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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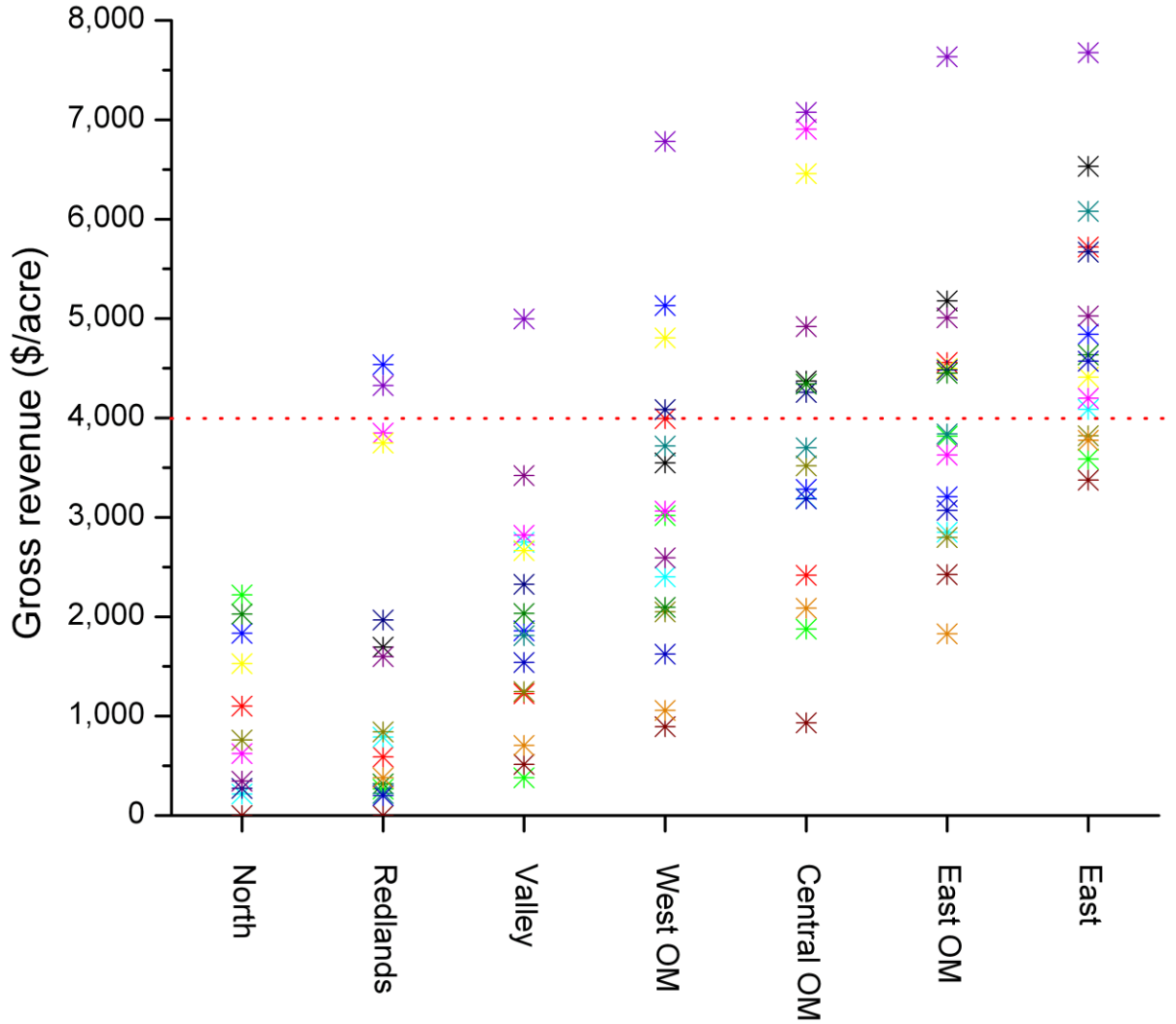
## Gross Revenue per acre – 16-yr average





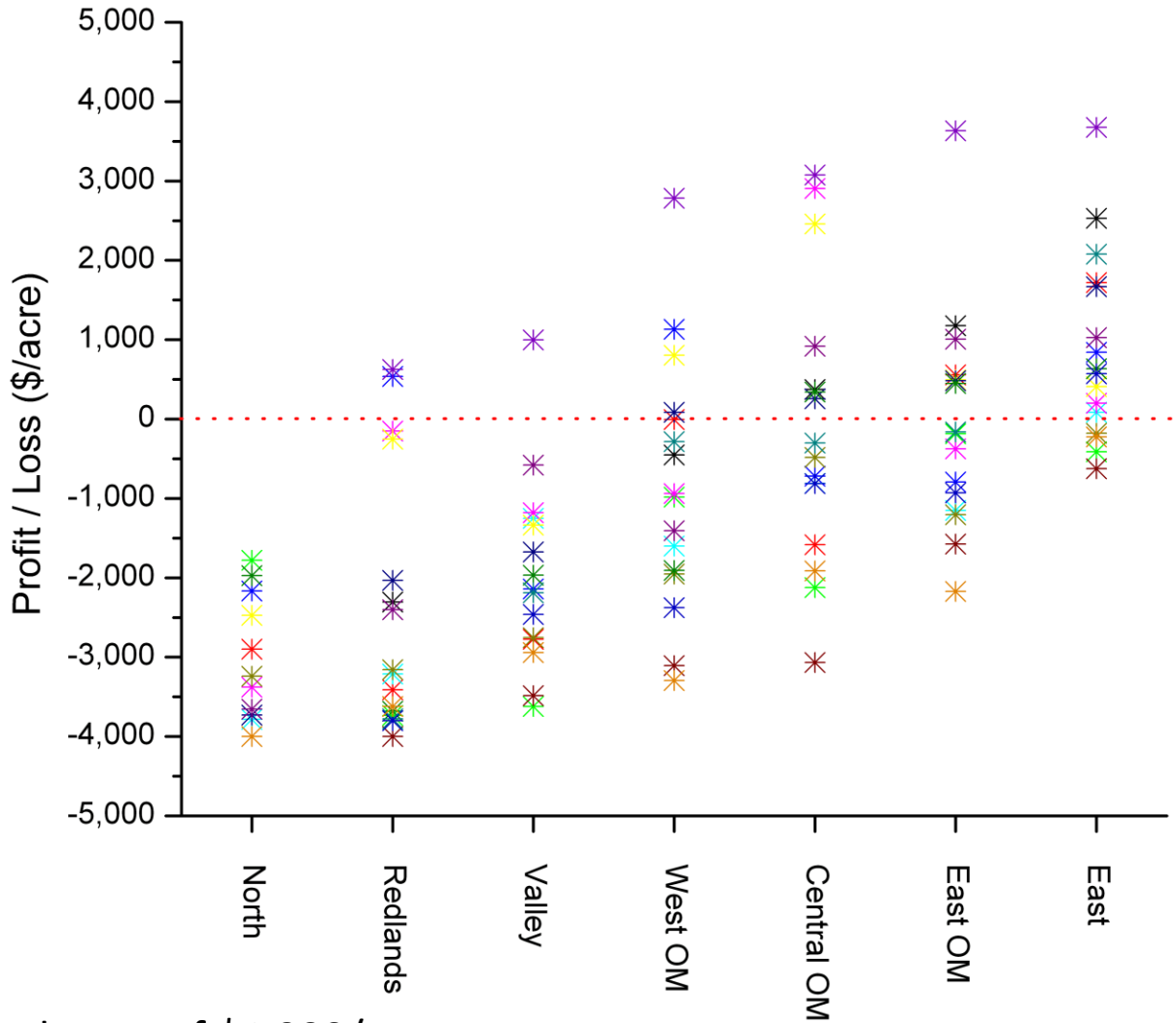


# Gross Revenue per acre – 2000 to 2015





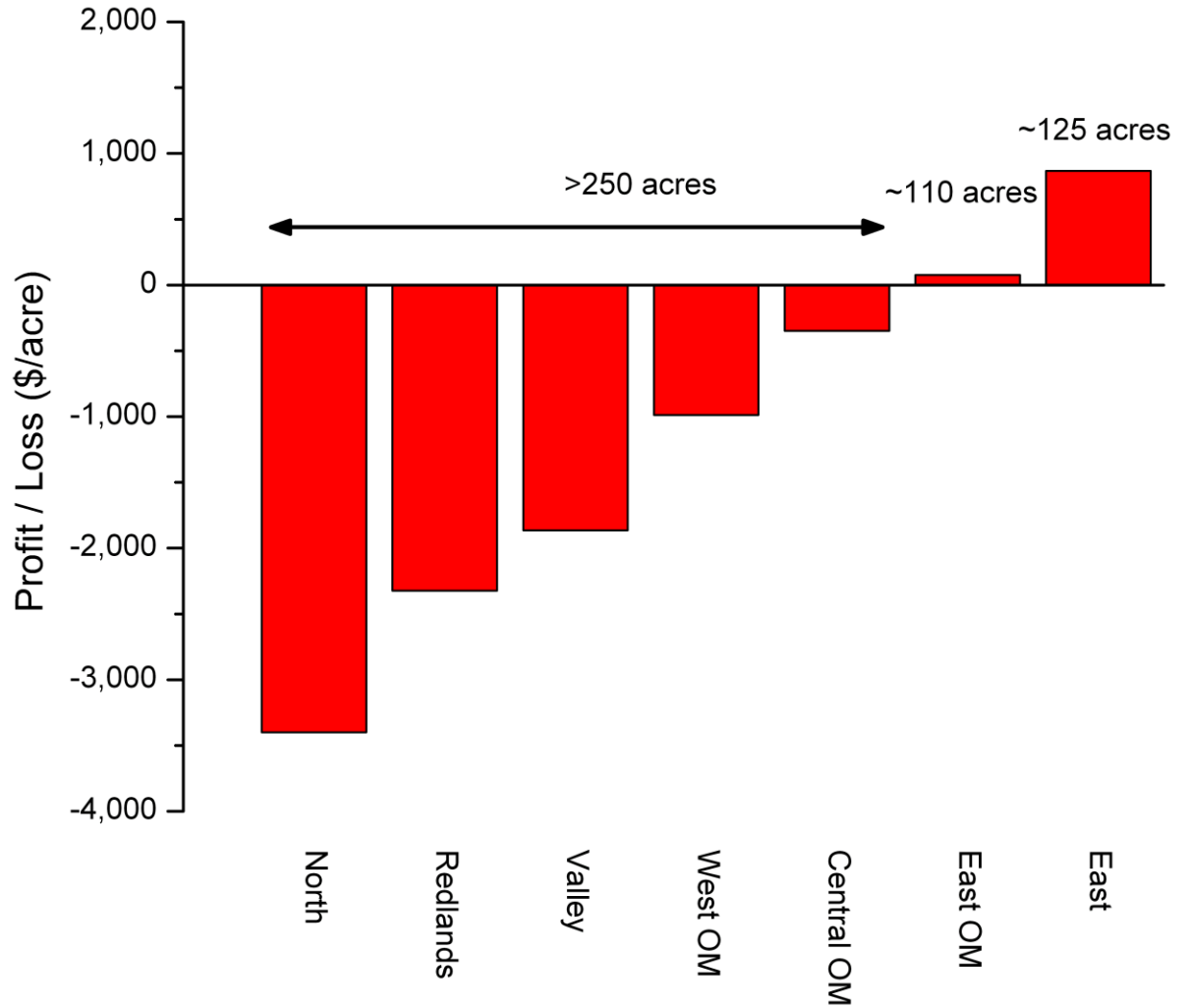
# Profit/Loss per acre – 2000 to 2015



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



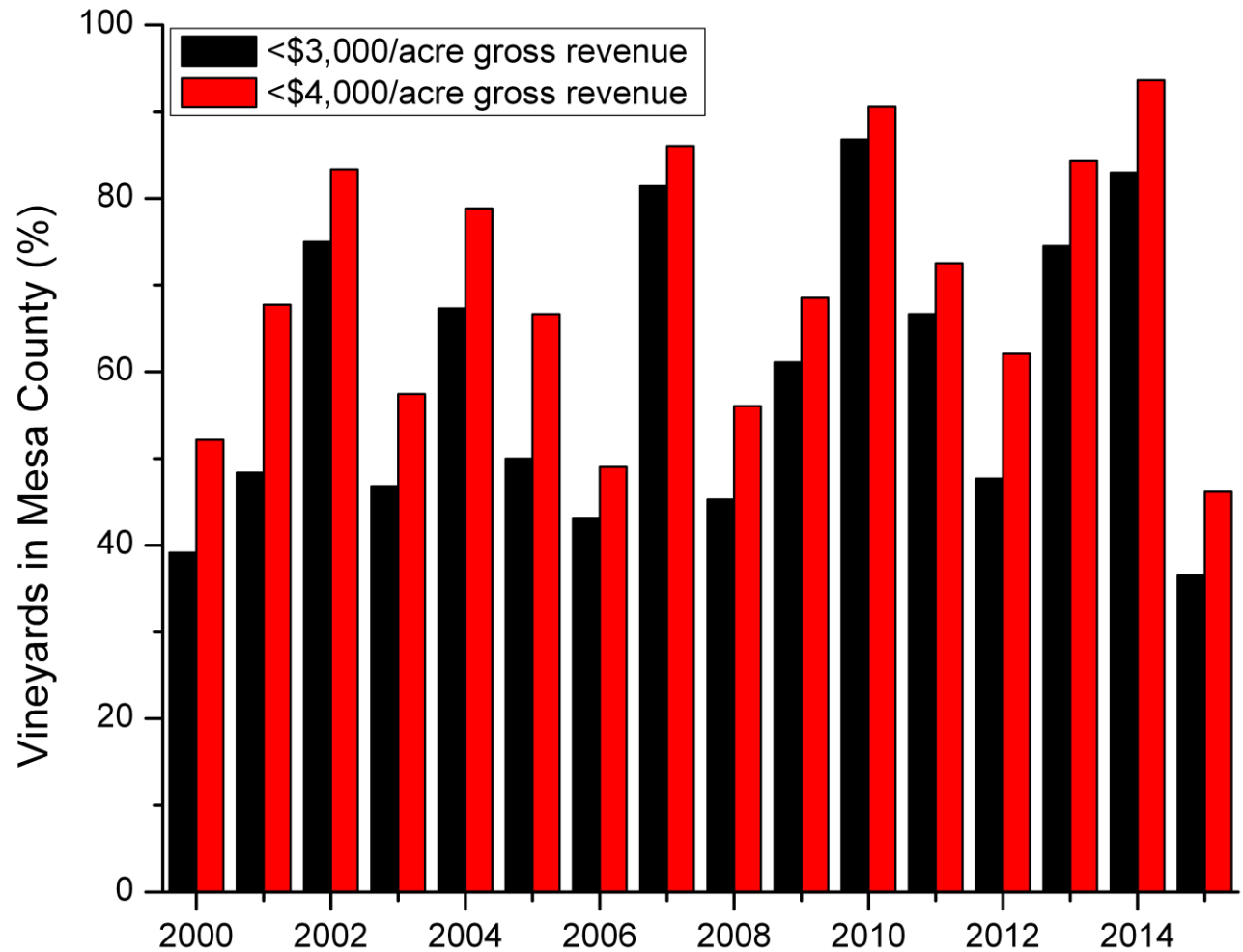
# Profit/Loss per acre – 16-yr average



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



## A profitable business?





## Grape economics in Mesa County

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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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## Grape economics in Mesa County

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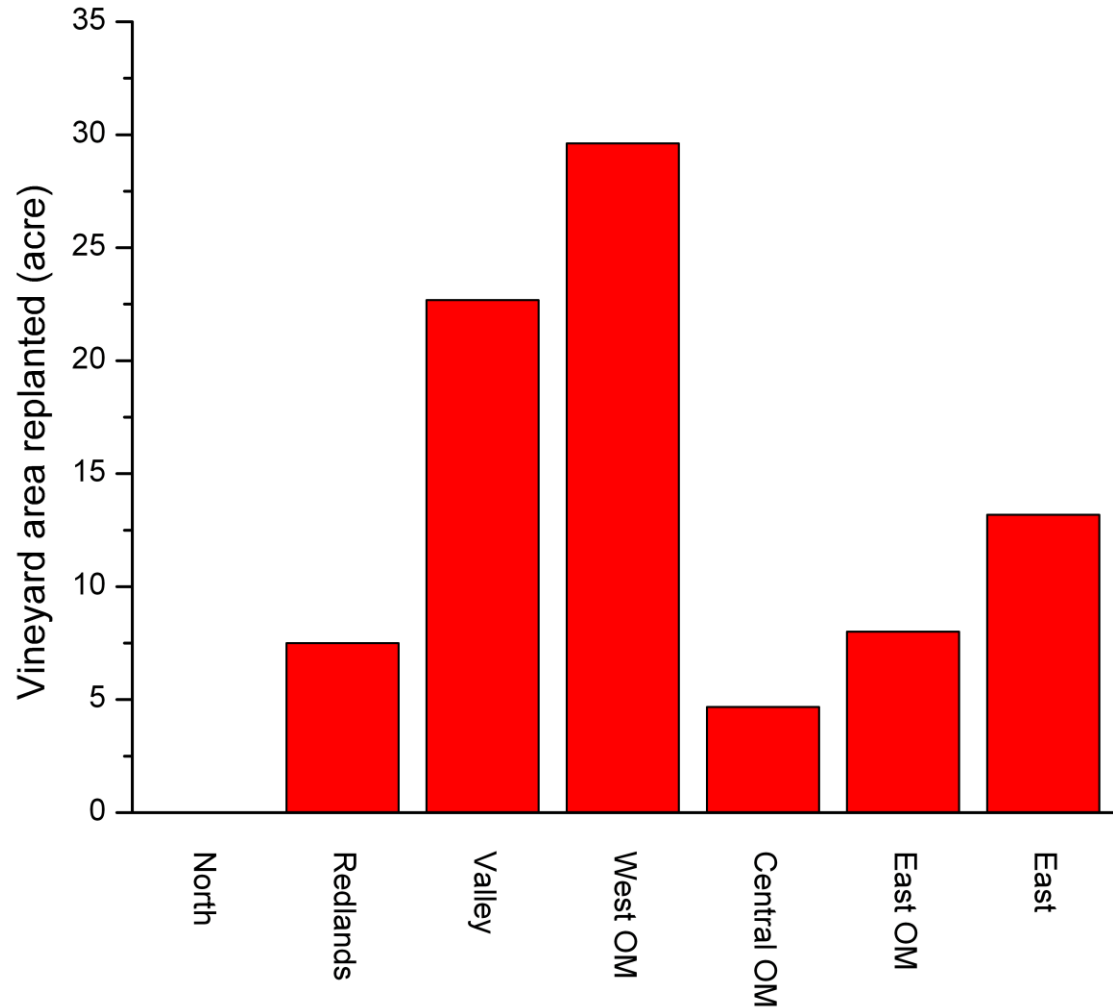
In an attempt to improve the economic situation, growers have removed large areas of cold-sensitive varieties and are replanting with varieties that are more cold-hardy

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

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## 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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