Starting a vineyard a costly endeavor, economists find

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Many people entertain dreams of a second career as the proprietor of a Finger Lakes vineyard. A new report by Charles H. Dyson School of Applied Economics and Management professor emeritus Gerald White puts a high price tag on the reverie.

"To establish a vineyard in the Finger Lakes in 2010 would have cost $18,880 per acre," said White. "This number takes into account larger capital expenditures for equipment, labor costs, infrastructure in the vineyard and each spray and fertilizer treatment."

White's economic analysis, published in the new bulletin "The Cost of Establishment and Production of Vinifera Grapes in the Finger Lakes Region of New York 2010," assumes a 50-acre vineyard planted with Riesling, Cabernet franc, Chardonnay or Pinot noir grapes.

More than 100 factors are included in the model, and White credits the grower panel -- Mark Wagner of Lamoreaux Landing, David Stamp of Lakewood Vineyards, Chris Verrill of Harvest Ridge Vineyards and Matt Doyle of Doyle Vineyard Management, LLC -- with ensuring they are grounded in real-world prices and optimal grape-growing practices.

In addition to calculating establishment costs, the bulletin also addresses the yearly cost of keeping vines alive after establishment: approximately $2,500 per acre.

This is the fifth vineyard establishment bulletin White has released since 1997, a period during which the production of vinifera grapes in the Finger Lakes increased to 5,109 tons from 1,700 tons. But production was not the only factor on the rise.

"Since 1997, fuel prices have more than doubled, and wage rates have increased 82 percent for skilled workers and 62 percent for unskilled workers," said White. "And while these costs to growers have increased substantially, grape prices have remained relatively stagnant."

Hans Walter-Peterson, an educator with the Cornell Cooperative Extension Finger Lakes Grape Program and adviser to the project, uses the bulletin in every workshop for new growers.

"It's a good reality check for potential growers: Growing grapes is not a cheap venture," said Walter-Peterson. "It's a useful tool for planning, because it includes a thorough presentation of all the possible costs in running a vineyard."

Use of White's model is not limited to the Finger Lakes. As the only resource of its type for the eastern wine industry, it is widely used in developing wine regions from Michigan to North Carolina, as is White's companion bulletin on winery planning, written with Mark Pisoni, M.S. '01, of Pisoni Winery and Vineyards.

When White retired in June 2011, responsibility for the next bulletin passed to Dyson School assistant professor Miguel Gómez. He has worked with the local wine industry on an economic analysis of the cost of virus infection in vineyards and factors that affect sales in tasting rooms and is eager to adapt the model to new situations.

"We'd like to produce a bulletin that allows growers to adjust the numbers for their size of vineyard, which quite often is smaller than 50 acres," said Gómez. "In addition, we'd like to make it possible to modify the parameters for the comparison of different vineyard management approaches."

Provided by Cornell University

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