

### **The Bottom Line on Grapes**

Budgets for perennial crops require assumptions about many costs and returns for years into the future. This budget contains our best estimates for the development of a typical small commercial vineyard of 10 acres beginning in 2001. Persons considering establishing a vineyard are strongly encouraged to gather their own information, enter their own numbers into the "Your Budget" column, and make their own calculations. On the plus side this budget shows an average net return before tax of slightly less than 11% for the 20 years. However, prospective growers will have an investment of over \$16,000 per acre (\$160,000 for 10 acres) by the third year with no income. The services of an accountant may be required to analyze the impacts of complex tax rules on vineyard and grove establishment which may have a significant impact on the final analysis. Grapes can be profitable but most prospective growers will need another substantial source of income and financing for more than 10 years to handle the cash flow requirements of establishing a new vineyard.