Fruit Industry Outlook – 2005 (Retrospective) / 2006

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Summary: Colorado's wine grape industry rebounded from a slight dip in 2004 with a banner year in 2005 providing good prices and an increase in bearing acreage. New records were achieved for production and crop valuation of wine grapes: production was about 1,800 tons (over the previous record of 1,500 tons) and crop valuation about $2.2 million (over the previous record of $1.8 million). Value of the vintage is likely to be around $22 - 24 million using a conservative 10x multiplier. Peach production was reduced slightly (only about 85% of a full crop harvested) because of higher incidence of split pits, split fruit, bird feeding damage, and some hail damage in higher elevation locations. Value of the peach crop for 2005 is estimated to be about $10 million. Pears also had some hail damage and production was estimated at around 2,200 tons; prices were good, however, and provided an estimated valuation of $1.3 million. Sweet cherry production and prices was good, near or above average for both. Apricots had a reasonably good crop, estimated to be about 90% of optimum with good prices. Only apples were down significantly, at an estimated 35 - 40% of average due to substantial hail in late summer / early fall. Prices for the portion of the crop harvested held well, however, and a crop valuation of $2.0 million is expected. Challenges for 2006 include fruit quality and size, bird damage, and matching production of wine grapes with winery capacity as a new record for wine grape production is expected as bearing acreage of wine grapes continues to expand.

Colorado's fruit industry experienced a mixed season in 2005. Wine grapes, sweet cherries, and apricots had a good year while peaches and pears had a reasonable year with slightly reduced production. Only apples were down significantly; only 35 - 40% of the crop was harvested due to late season hail damage. Prices for all fruit commodities held near 2004 levels, however.

Colorado's grape growers harvested an estimated 1,800 tons in 2005 (compared to the previous record of 1,500 tons in 2003). Winemakers reported excellent quality for the crop and crop valuation should be around $2.2 million. It is worth noting that a conservative value-added multiplier of 10x would put the valuation for the wine from the 2005 crop at $22 - 24 million. Vineyard acreage continues to expand with a further increase in production expected for 2006 if weather conditions are favorable between winter 2005/2006 and the 2006 fall harvest. Acclimation of vines to maximum winter hardiness was extremely good in western Colorado in fall of 2005 and no damage to buds has been observed thus far. Bud hardiness reached its maximum by early December in Mesa and adjoining counties and should allow vines to go through the winter with minimal bud losses. Production should exceed 2,000 tons next year. The question of balance between winery capacity within the state and the increased production remains; it was at capacity in 2005 even with over 60 wineries in the state. Grapes currently are third in acreage, but they continue to increase in acreage and soon may challenge apple for second.

Peaches were in demand on a national basis. This enabled Colorado growers to maintain higher prices because of the reputation of Colorado peaches. Problems faced by peach producers in 2006 were a higher incidence of split pits and split fruit, due largely to spring frost injury and irrigation timing just prior to harvest, and a higher incidence of bird damage to fruit. But it was a good year overall for peach growers. Other fruit commodities also were able to maintain excellent to adequate prices through the season. Production of apricots and prune plums was near 100% of normal, tart cherries near 95%, and sweet cherries and pears near 90%. Pear growers in some locations had to deal with late season hail damage. Apple production was down due to late season hail damage in several of the major portions of the growing area. Peaches, grapes, apples, and pears continue to lead all Colorado fruit crops in crop valuation at this time.

Drought was less of a concern in 2005 with adequate water supplies throughout the summer and more precipitation was received during September. The outlook for water supplies in 2006 is guardedly optimistic at this time with moderate early winter snowpack levels.

Challenges faced by Colorado's fruit industry for 2006 include insuring adequate fruit size in peaches and pears, maintaining fruit quality (all crops), and balancing increased wine grape production with winery capacity. Fruit size is critical in sales of peach and pear; there is no position in the fresh market for small peaches or pears even if they are top quality. Minimum size (diameter) now is 2¾ inches for peaches and 2½ inch for pears. Pears with more than 10% of the skin surface damaged are not salable in the fresh market and are diverted to the lower return processor market regardless of whether they are large or not. Shrinking returns and increasing costs have led some low-input and some organic apple and pear producers to reduce control programs for pests and nutrient deficiencies. This increases risk of lower fruit quality for themselves and, in the case of pests, for their neighbors. Better options to control bird damage to ripening fruit are increasingly needed; in at least one peach orchard an estimated 20% of the crop was discarded due to damage from bird feeding. And a balance needs to be developed between production of and demand for different wine grape varieties by growers and wineries, respectively. This last challenge for wine grapes will be accentuated by the increase in bearing acreage likely to provide a new record production in 2006.