Fruit Industry Outlook – 2006 (Retrospective) / 2007

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Summary: Colorado's wine grape industry continued to do relatively well with a increased production, 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 - 2.4 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 spring frost damage in colder locations. Value of the peach crop for 2006 is estimated to be about $10 million. Pears also had some frost damage and production was estimated at around 1,800 tons; prices were good, however, and provided an estimated valuation of $1.1 million. Sweet cherry production was near 75% of a full crop and prices was near or above average. Apricots had a reasonably good crop, estimated to be about 80% of optimum with good prices. Only apples were down significantly, at an estimated 50% of average due to alternate bearing and spring frost. Prices for the portion of the crop harvested held well, however, and a crop valuation of $2.0 million is expected. Demand for organic fruit increased, outstripping supply in some cases. Challenges for 2007 include fruit quality and size, bird and pest damage, and matching production of wine grapes with winery capacity as wine grape production is expected to increase due to continued expansion in bearing acreage of wine grapes.

Colorado's fruit industry experienced a mixed season in 2006. Wine grapes and peaches had a good year while sweet cherries and pears had a reasonable year with slightly reduced production. Only apples were down significantly; only 50% of a full crop was harvested due to alternate bearing and spring frost in some locations. Prices for all fruit commodities held near 2005 levels, however.

Colorado's grape growers harvested an estimated 1,800 tons in 2006 (an increase of 18% over the record 1,500 tons in 2005). Vineyard acreage continues to expand with a further increase in production expected as vines reach production age. Winery capacity (even with 90 wineries within the state) and grape production are not currently in balance and not all grapes produced were sold, including some Chardonnay and some Merlot. Other varieties, like Riesling, had more demand than could be filled. Wet October weather complicated harvest for late varieties in some instances, but winemakers reported excellent quality for the crop; prices were comparable to 2005 and crop valuation should be around $2.2 - 2.4 million. A conservative value-added multiplier of 10x puts the valuation for the wine from the 2006 crop at $22 - 24 million. Grapes currently are third in acreage, but they continue to increase in acreage and soon may challenge apple for second.

Peaches again were in demand on a national basis, and Colorado had around 85% of a full crop. This and the reputation of Colorado peaches kept prices high. Growers faced relatively few problems in 2006, primarily split pits and rapid ripening for early season varieties due largely to spring frost injury and higher than usual temperatures in June to early July. Other fruit commodities also were able to maintain excellent to adequate prices through the season. Sweet cherry and pear crops were near 75%, but apple production was down to near 50% due to alternate bearing and spring frost in several of the major portions of the growing area. Demand for organic fruit increased, outstripping supply in some cases such as organic Honeycrisp apples. Peaches, grapes, apples, pears, and sweet cherries continue to lead all Colorado fruit crops in crop acreage and valuation at this time.

Challenges faced by Colorado's fruit industry for 2007 include ensuring 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. Continued availability of the processor market for pears is uncertain as availability of fruit from the Southern Hemisphere is beginning to make inroads there. European paper wasp injury to sweet cherries and grapes is becoming a problem that will need to be addressed, and better options to control bird damage to ripening fruit are increasingly needed. A balance is needed 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 2007 (1,800 to 2,000 tons is expected). Grapevines entered the winter with adequate moisture in October to minimize winter injury to buds. However, overnight temperatures of -5 to -13 ^{o}F in some locations in early December injured or killed some wine grape, peach, and sweet cherry buds in some of the colder areas of western Colorado. Impact of this event is likely to be local and will depend on vineyard and orchard location.