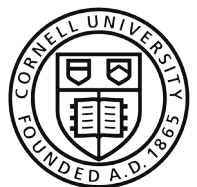




## Winery Establishment Considerations and Costs





The cold climate wine industry is a growing industry in Northern New York with around 20 licensed wineries. The region is not currently well known for its wines; rather Northern New York is recognized for its mountains, lakes, and rivers and the many outdoor activities that are associated with these geographical landmarks. With outdoor tourism in Northern New York on the rise, there is potential to draw some visitors to some of the wineries in the region. With this growth, more and more people are considering investing in starting a winery. This report looks objectively at the cold climate wine industry and assesses the costs associated with starting and expanding a winery in Northern New York.

# STATE OF NEW YORK WINE INDUSTRY

New York has received worldwide recognition for its wineries in the Finger Lakes and beyond. Over the past few years, the state has helped promote the wine industry through the Taste NY program, creating incentives such as grants, and making changes in the winery licensing process to make establishing a winery a more viable process.

## American Viticulture Areas

New York has established ten American Viticulture Areas. An American Viticulture Area (AVA) is a designated grape growing area with specific geographical boundaries that have been approved by the U.S. Department of the Treasury Alcohol and Tobacco Tax and Trade Bureau (TTB). The AVA allows wineries to label their wine with their area's AVA if 85% of the grapes in the bottle come from that particular AVA region. An AVA provides recognition to the grapes grown in that particular area and that the environmental conditions bring out characteristics in the grape that are unique from other areas of the world.

Even though some of the AVAs have the same varieties of grapes, each geographic area is different which creates a unique style of wine from each AVA. Current AVAs in New York are (east to west):

- Long Island
- The Hamptons
- North Fork of Long Island
- Champlain Valley of New York\*
- Hudson River Region
- Finger Lakes
- Seneca Lake
- Cayuga Lake
- Niagara Escarpment
- Lake Erie



Figure 1. American Viticulture Areas and Other Areas with Wineries in New York.  
Source: New York Wine & Grape Foundation

\* Most recent American Viticulture Area and the first cold climate AVA in New York

# NORTHERN NEW YORK WINE SALES AND MARKETING

Over the past two decades 20 wineries have opened in Northern New York and the wine tourism industry has noticeably increased. Since 2000, the number of visitors to wine country per year has nearly doubled.

## Cold Climate Wines and Grapes

Cold climate wines are a fairly new sector of the wine industry making them less recognizable to most consumers. People recognize a Chardonnay, Merlot, Zinfandel or a Shiraz. However, if you ask someone to taste a Marquette, Frontenac, St. Pepin, or La Crescent, you may receive a puzzled response. In short, Marquette, Frontenac, St. Pepin, and LaCrescent, among others, are a different variety of grape that can survive the harsh winters typical of Northern New York, Vermont, Minnesota, Canada, etc. The availability of grapes that can withstand cold temperatures is due, in part, to the collective investment of research and grape breeding programs by Cornell University, University of Minnesota, and Elmer Swenson. These cold climate grapes have wine characteristics of dry, medium, sweet, and are available in both red and white.



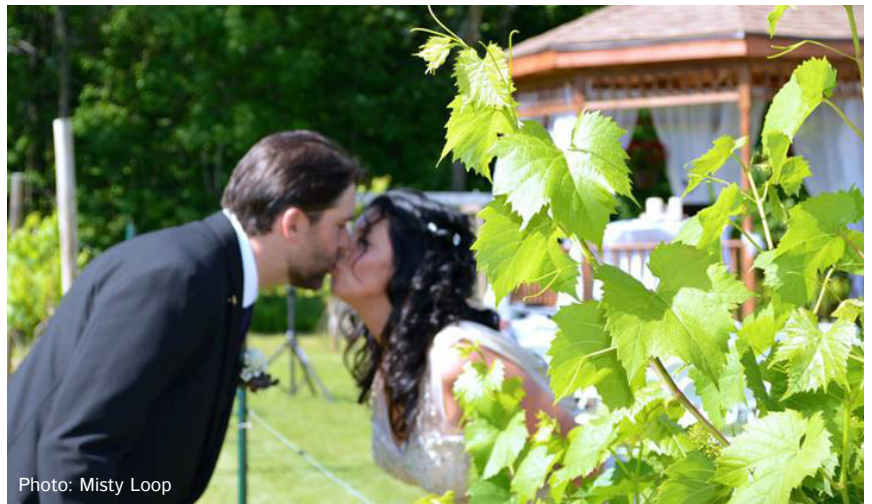
## Sales

Northern New York wineries use both retail and wholesale channels for sale of their wines. Since a wholesale license is included with a farm and winery license, it is relatively easy for wineries to do their own wholesaling to liquor stores. The use of a distributor is uncommon due to the small batch wine being produced and the associated cost of using a distributor. Additionally, almost all of the wine sales are made within New York because wineries need a separate license to sell in each state, which can be quite expensive and time consuming to acquire for all 50 states.

Typically, wineries in Northern New York begin by producing around six different wines which usually includes a sweet and a dry of both red and white. Some wineries have been able to increase their wine offerings to around 15 different wines. Many wineries diversify their wines to include fruit wines such as blueberry, strawberry, apple, etc.

## Winery Venue

Although many people visit wineries to have a wine tasting experience and to see a vineyard, many wineries in Northern New York also host a variety of different events to bring in more customers and increase the likelihood of repeat customers. A winery venue can be anything that will attract customers to the winery including weddings, live music, and local food festivals, etc.





# NORTHERN NEW YORK WINE SALES AND MARKETING

## Wine Trails

Northern New York has three established wine trails. Wine trails help to promote the wine industry through signage and collective marketing efforts of the trails. In order for a wine trail to become established or amended in New York it must go through legislation in Albany and reviewed by the Department of Transportation.

### **Adirondack Coast Wine Trail (Champlain Valley, Clinton County)**

The Adirondack Coast Wine Trail is a 33 mile trail that extends from Chazy to Morrisonville which goes through the city of Plattsburgh. The trail can be started from either direction the north or the southeast. This trail makes it way along beautiful Lake Champlain.

- Amazing Grace Vineyard
- Vesco Ridge Vineyard
- Elfs Farm Winery & ADK Hard Cider
- The Champlain Wine Company
- Hid-In-Pines Vineyard

For more information on the Adirondack Coast Wine Trail visit

<http://adkcoastwine.com/>

<https://www.facebook.com/ADKCoastWineTrail/>

### **St. Lawrence Wine Trail (St. Lawrence County)**

The St. Lawrence Wine Trail is a 55 mile trail that runs from east to west or west to east in St. Lawrence County. The trail travels through small towns, rolling hills, rivers, and along the St. Lawrence River. The trail can be started in either Winthrop or Hammond (Black Lake).

- River Myst Winery
- High Peaks Winery
- Bella-Brooke Vineyard

For more information on the St. Lawrence Wine Trail visit

<http://www.stlawrencewinetrail.com/>

<https://www.facebook.com/st.lawrencewinetrail/>

### **Thousand Islands-Seaway Wine Trail (Jefferson County)**

The Thousand Islands-Seaway Wine Trail is a 78 mile trail throughout Jefferson County. Along the trail it passes through the Thousand Islands, Black River, and St. Lawrence Watershed.

- Yellow Barn Winery
- The Cape Winery
- Coyote Moon Vineyards
- Thousand Islands Winery
- Otter Creek Winery
- Venditti Vineyards

Find more information on Thousand Islands-Seaway Wine Trail at

<https://www.facebook.com/Thousand-Islands-Seaway-Wine-Trail-199152666787261/>

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### **Established Wineries in the Region but Not Currently Added to a Wine Trail**

- 4 Maples (Clinton County)
- Olde Tyme Winery (Clinton County)
- Busted Grapes Winery (Jefferson County)
- Northern Flow Vineyards (Jefferson County)
- Tug Hill Vineyards (Lewis County)

# GETTING STARTED: WINERY ESTABLISHMENT AND EXPANSION COSTS

It is no secret that establishing and expanding a winery is a significant investment and should be initiated with knowledge of costs and potential returns. Knowing what to purchase and where to get it can be greatly beneficial for those wishing to open a winery. Many wineries across New York have minimized their initial investments by purchasing used equipment and renovating existing structures on their properties, such as a garage or barn. Reinvesting revenue and upgrading equipment can be done slowly to expand the winery.

## Equipment to Consider When Starting a Winery

	Equipment	Use
Receiving	Scale	Weigh grapes before wine production
	Pallet Jack or Hand Cart	Move around heavy equipment
	Crusher/De-stemmer	Crush the grapes and remove the stems to create the must
	Press	Press the must into juice that will be refined
Fermentation/Storage	Fermentation Tank	Containers to ferment the juice into wine
	Glass Carboy	Container for wine storage and ageing
	Stainless Steel Tanks	Containers for wine fermentation, storage and ageing
	Tri Clamps and Tasting Valves	Additions to stainless steel tanks to make wine tasting, cleaning, and move wine easier
	Oak Barrels	Container for wine storage and ageing
	Oak Alternatives	Chips, cubes, sticks that are made of oak (alternative to oak barrels)
Cellar	Plastic Tanks	Alternative to stainless steel tanks for fermentation
	Must Pump	Helps to move must from crusher/de-stemmer into tank or press
	Transfer Pump	Transfers the wine and to help with racking
	Hoses	Used with the must and transfer pump to move product. The size and length vary due to product transferring and transfer length.
Lab	Refractometer	Tool used to determine the amount of sugar in the grapes
	Wine Thief	Remove a small amount of wine from a fermentation device for testing
	SO <sub>2</sub> , pH, and TA Testers	To test the levels of SO <sub>2</sub> , pH, and TA
Bottling	Filtration System	Remove sediments from wine before the final product is ready to bottle
	Bottles	Store wine for consumption
	Corker	Used to cork the bottles
	Heat Capsule Shrinker	Heating device to shrink capsules on to the wine bottles
	Label Applicator (semi-automatic)	Used to apply wine labels to bottles
	Corks	Seal the wine bottle
	Capsules	Cover the cork at the top of the wine bottle

# GETTING STARTED: WINERY ESTABLISHMENT AND EXPANSION COSTS

## Cost Calculation Tools

Several Excel spreadsheets have been developed to help determine the costs of establishing and expanding a winery. [Interactive spreadsheets](#) are available for your use in conjunction of the instructions provided below. A realistic scenario is also provided on the following pages to serve as an example of how to use the spreadsheets and the considerations and choices each situation requires.

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Note: The spreadsheets are provided as a general idea of the costs associated with establishing or expanding a winery and are not intended as a must-have list or an all-inclusive list.

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### **Yield per Vine Spreadsheet**

Typically, vineyards are measured in acres. However, in Northern New York, vineyard establishment tends to be small-scale in size, with people trying many different varieties, so often acreage is not considered the unit of measure for Northern New York vineyard size. Instead, the unit of measure may be by the number of vines in the vineyard.

The Yield per Vine spreadsheet allows you to change the grape variety, average yield, and number of vines to help determine potential yield (lbs.), total gallons per variety, total gallons overall, number of bottles needed, and total number of cases. This information will help determine the necessary equipment for production and if there will be enough production capacity to cover the cost of your winery.

The spreadsheet is currently set at an average yield of 10 lbs per vine. The yield numbers can be adjusted in the spreadsheet once you have collected your own data on your grape vines. It is important to collect data regarding yield yearly for each variety.

### **Yield per Acre Spreadsheet**

The Yield per Acre spreadsheets is similar to the Yield per Vine spreadsheet except that it is set up per acre instead of per vine. Certain fields can be customized for your winery such as the grape variety name, average yield (T/acre), and number of acres to help determining potential yield (tons), total gallons per variety, total gallons overall, number of bottles needed, and total number of cases. The spreadsheet is currently set at an average yield of 4 tons/acre.

### **Production Establishment and Expansion Costs Spreadsheet**

The Production Establishment and Expansion Costs spreadsheet is an interactive spreadsheet to help determine the cost of production equipment, supplies, and additional winery costs to consider. The list of equipment was created from working with wineries. A variety of sizes are listed since operations vary in size. The cost of equipment comes from a number of commercial wine making suppliers and current wineries. Shipping costs are not included but should be factored into your budget.

Two different shades of gray are used on this spreadsheet: the change between colors indicates a different piece of equipment, supply, or additional cost item.

### **Tank Size Calculator (by Yield per Vine or Yield per Acre)**

The Tank Size Calculator is embedded into the Yield per Vine and Yield per Acre spreadsheets. It can be used to determine what size stainless tank(s) will be required to meet production capacity. The last column on the spreadsheet will show negative numbers if the tank size(s) will be sufficient to meet capacity for that particular grape variety. The bottom two rows of the spreadsheet will provide the number of cases and bottles that are required. Remember for every bottle, the same number of corks, labels and bottle capsules are needed. The tank size(s), cases, and bottle total can be transferred to the production establishment cost spreadsheet.



*Vanessa and Jim Brown  
Northern Grapes Vineyard & Winery*

## Scenario:

### Jim and Vanessa Brown, Northern Grapes Vineyard & Winery

#### Background

Six years ago, Jim and Vanessa Brown planted grape vines on their property, allowing them to make some homemade wine to share with family and friends. Unused grapes were sold to help cover the cost of planting the vineyard. They originally planted 100 vines of various varieties to see if their location was suitable. Every year they planted a few more vines and now have a total of 2,250 vines.

Jim and Vanessa enjoyed working in the vineyard and making homemade wine. With the encouragement of their friends and family, they decided to seriously consider opening a winery on their property.

#### Calculating Yield

Vanessa first filled out the Yield per Vine spreadsheet to help her determine their overall yield and capacity. Vanessa had kept grape yield data for the last few years so filling in the average grape yield was easy for her. Vanessa determined that they could potentially make around 1,500 gallons of wine per year (or 7,500 bottles or 625 cases of bottles).

Yield per Vine - Northern Grapes Vineyard

Grape Variety	Average yield (lb/vine)	Number of vines	Potential yield (lbs)	Total Gallons	Tank Size Necessary	Total Bottles (750mL)
Frontenac	9	250	2250	168.75	172	843.75
Louise Swenson	10	250	2500	187.5	104 (2)	937.5
Edelweiss	7.5	250	1875	140.625	172	703.125
La Crescent	10	250	2500	187.5	104 (2)	937.5
Sabrevois	8	250	2000	150	172	750
St. Pepin	10	250	2500	187.5	104 (2)	937.5
Marquette	8	500	4000	300	172 (2)	1500
Adamiina	9.5	250	2375	178.125	104 (2)	890.625
Total Vines:		2250	Total Gallons:	1500	Sum of Bottles:	7500
					Total Cases:	625

#### Production and Equipment Decisions

Vanessa knew from making wine that they always had an extra carboy empty to transfer wine into. She was a little worried about having tanks of so many different sizes so she decided to stick to two sizes and knew that they would need an extra of each size.

Her next step was to start filling in the Production Establishment Cost spreadsheet. She noticed that they did have some things already but others they needed.

**Licensing Fee:** They decided that a NYS Farm winery license was the option that they would take and it was good for 5 years.

**Labor:** Not planning to hire anyone at this point.

**Building:** Jim and Vanessa already had a two-story garage with running water and a restroom. The garage could be renovated to accommodate a small tasting room in the front and a production area in the back. Although not ideal, this would work for the time being until they could afford to expand into a new building.

**School and Property Taxes:** She used their current property tax value, however, she understood that this was most likely to increase.



**Production Establishment and Expansion Costs - Northern Grapes Vineyard**

Equipment	Size/Info	Estimated Cost/ Unit (\$)	Estimated # of Units	Total Estimated Cost (\$)
<b>Receiving Equipment</b>				
Scale	400lb capacity	149	0	0
Pallet Jack or Hand Cart	5,500 capacity	309	0	0
Crusher/Desteemer Motorized	2.5 ton per hour	1,795	1	1795
Crusher/Desteemer Stand		226	0	0
Hydro Bladder Press	40L/10gal	950	0	0
Hydro Bladder Press	80L/21gal	1255	0	0
Hydro Bladder Press	90 L/23gal	1,350	0	0
Hydro Bladder Press	160L/42gal	3,385	1	3385
Hydro Bladder Press	250L/66gal	4,595	0	0

**Total Receiving Equipment 5180**

<b>Fermentation/Storage</b>				
Fermentation Tub/Bucket	7.9 gal	24	0	0
Fermentation Tub	32gal	41	0	0
Fermentation Tub	55gal	103	0	0
Fermentation Tub	300L/79gal	76	0	0
Fermentation Tub	500L/132gal	122	15	1830
Fermentation Tub	700L/184gal	172	0	0
Fermentation Tub	1,000L/264gal	285	0	0
Glass Carboy	5 gal	28	0	0
Glass Carboy	6 gal	32	0	0
Stainless Steel Tanks	100L/26gal	240	0	0
Stainless Steel Tanks	150L/39gal	280	0	0
Stainless Steel Tanks	200L/53gal	485	0	0
Stainless Steel Tanks	300L/79gal	704	0	0
Stainless Steel Tanks	400L/104gal	750	9	6750
Stainless Steel Tanks	500L/132gal	1,026	0	0
Stainless Steel Tanks	600L/158gal	1,172	0	0
Stainless Steel Tanks	650L/172gal	1,315	6	7890
Stainless Steel Tanks	1000L/264gal	1,467	0	0
Stainless Steel Tanks	1500L/396gal	2,045	0	0
Stainless Steel Tanks	2000L/528gal	2,495	0	0
Additional Tri Clamps and Tasting Valves	Various Options: Average amount needed per tank	125	15	1875
French Oak Barrel		1,200	0	0
American Oak Barrel		425	0	0
Oak Alternatives	Various average winery year	300	0	0

**Total Fermentation/Storage Equipment 18345**

Vanessa and Jim worked together to find ways to cut some additional cost such as not needing a fermentation bucket for each batch of wine, ordering only what they need for bottles, etc.

*continued on next page*

## Scenario: Jim and Vanessa Brown, Northern Grapes Vineyard & Winery (continued)

### Production Establishment and Expansion Costs - Northern Grapes Vineyard (continued)

Equipment	Size/Info	Estimated Cost/ Unit (\$)	Estimated # of Units	Total Estimated Cost (\$)
<b>Cellar Equipment</b>				
Must Pump	Flow Rate 0-100 gal per min	5,243	1	5243
Transfer Pump	23 gpm	1,070	1	1070
Hoses	ft	4	50	200
Siphon		8	1	8
Funnels		10	1	10

**Total Cellar Equipment 6531**

<b>Bottling Equipment</b>				
Filtration System 6 Plate 20x20cm	71 gal per hour	1,110	0	0
Filtration System 10 Plate 20x20cm	79 gal per hour	1,595	0	0
Filtration System 20 Plate 20x20cm	158 gal per hour	1,675	0	0
Filtration System 30 Plate 20x20cm	300 gal per hour	1,995	1	1995
Filtration System 40 Plate 20x20cm	317 gal per hour	2,080	0	0
Filtration System 20 Plate 40x40cm	713L per hour	3,385	0	0
Bottles	750ml (case)	8	625	4687.50
Bottles	375ml (case)	11	0	0
Bottle Rinser		15	1	15
Bottle Drain Tree	80 Bottles	15	1	15
4 to 6 Spout Gravity Bottle Filler		1,879	1	1879
Floor Corker		135	0	0
Pneumatic Corker		1,800	1	1800
Bottle Capsule	1,000	60	8	480
Corks	1,000	130	8	1040
Heat Capsule Shrinker	manual	210	1	210
Label Applicator Semi-Automatic	1,200 bottles per hour	1,696	1	1696
Labels (Professional Printed)	2 sided	0.18	7,500	1350

**Total Bottling Equipment 15167.50**

<b>Lab Equipment</b>				
Refractometer		72	1	72
Hydrometer		11	1	11
Wine Thief	plastic	6	1	6
SO2 Tester		284	1	284
pH and TA Tester		270	1	270
Lab Glassware	Various: Average amount of total equipment needed	75	1	75
Scale	11 lbs	40	1	40
Reagent	16oz	11	1	11

**Total Lab Equipment 769**

After running all of the numbers, the total winery establishment cost was \$67,404.50.

Jim and Vanessa considered potential sales and their start-up costs and determined they could make a go of it. They kept their current jobs for security and health insurance. They slowly bought what they needed and started Northern Grapes Vineyard & Winery.

**Production Establishment and Expansion Costs - Northern Grapes Vineyard (continued)**

Equipment	Size/Info	Estimated Cost/ Unit (\$)	Estimated # of Units	Total Estimated Cost (\$)
<b>Basic Chemicals</b>				
Cleaning Powder	50 lbs	75	1	75
Bentonite	50 lbs	28	1	28
Bentonite	8 lbs	13	0	0
Malic Acid	50 lbs	175	1	175
Potassium Sorbate	50 lbs	238	1	238
Potassium Sorbate	3 lbs	26	0	0
Tartaric Acid	50 lbs	283	1	283
Potassium Metabisulfite	10 lbs	40	1	40
Ascorbic Acid	7 lbs	81	1	81
Acid Blend Powder	7 lbs	46	1	46
Potassium Bicarbonate	8 lbs	13	1	13
Pectic Enzyme	16 oz	130	2	260
Yeast Energizer	6 lbs	50	1	50
Tannin	1 kg	60	1	60
Yeast	5 g (good 1 gal to 6 gal must)	1	0	0
Yeast	500 g	38	1	38
<b>Total Basic Chemicals</b>				<b>1387</b>

<b>Additional Cost</b>				
Licensing Fee	3 years	525	1	525
Labor		0	0	0
Building		10,000	1	10000
Property Purchase		0	0	0
Property Taxes		800	1	800
School Taxes		1,500	1	1500
Marketing		500	1	500
Utilities		300	12	3600
Association Fees (local, state, federal)		1,000	1	1000
Accountant		400	1	400
Legal Fees		500	1	500
Trucking/Transportation		0	0	0
Distributor		0	0	0
Property & Liability Insurance		800	1	800
Point of Sales		400	1	400
Wine Rack		0	0	0
Chairs		0	0	0
Tables		0	0	0
Wine Dispenser System		0	0	0
Three Bay Sink		0	0	0
<b>Additional Cost</b>				<b>20025</b>

Total Receiving Equipment	5180.00
Total Fermentation/Storage Equipment	18345.00
Total Cellar Equipment	6531.00
Total Bottling Equipment	15167.50
Total Lab Equipment	769.00
Total Basic Chemicals	1387.00
Additional Cost	20025.00

**Total Winery Establishment Cost                      \$ 67,404.50**

# GETTING STARTED: WINERY ESTABLISHMENT AND EXPANSION COSTS

## Licensing

New York State has three winery licenses available:

- Farm Winery/Special Farm Winery
- Micro Farm Winery
- Winery/Special Winery

The types of winery licenses can be reviewed on the New York State Liquor Authority website: <https://www.sla.ny.gov/>. Some licenses require the use of 100% New York State wine and/or grapes while others allow for the use of grapes and/or juice from outside of New York State. Winery licenses also have different production gallon capacity per year.

Licensing application can be found on the New York State Liquor Authority website. An online federal permit is found on the Alcohol and Tobacco Tax and Trade Bureau website: <https://www.ttb.gov/>. The federal process should begin before the New York State licensing. Licensing times are dependent on number of applications under review and completeness of the application but may take from 6 months to two years.

Empire State Development has a One Stop Shop to ask questions regarding craft beverage licensing application and regulations: <https://esd.ny.gov/industries/craft-beverage>



### **What is the cost of a bottle of wine?**

When you look at a bottle of wine you may just see a bottle, cork, label, and wine but there is a lot more to be considered when looking at the bottle of wine. The bottle of wine also includes labor (vineyard, processing, and winery), cost of grapes/juice, and total investment of the operation (building and equipment), liability insurance, property taxes and much more depending on the operation.

### **Do market research.**

Consider your customer base and what they are willing to pay for a locally-made wine. If you determine that you must charge \$30 to cover your costs but your customer base is only willing to pay \$14 a bottle, then your sales may be limited and you may not make enough sales to maintain a successful operation.

# GETTING STARTED: WINERY ESTABLISHMENT AND EXPANSION COSTS

## Growing Grapes vs Purchasing Grapes or Juice

The current wineries across Northern New York have small vineyards that are a part of their winery property. Some wineries are growing grapes to supply their entire operation while others are purchasing additional grapes/juice to supplement their operation need. The reason that people tend to purchase grapes/juice is because of the time and labor that is involved in running a vineyard in addition to running a winery.

Below is a comparison of the cost and returns of growing cold climate grapes between Northern New York (Thousand Islands Region) and Lake Erie Region of a mature vineyard by the acre. Notice that the total sales price of the cold climate grapes from the Lake Erie Region was less than in Northern New York but overall the variable and fix cost was considerably less than in Northern New York. This still allowed for a better profitability for the grapes grown in the Lake Erie Region than grapes grown in Northern New York. However, the price of grapes that is received is so minimal that just growing grapes for a living is not economically viable however making the grapes into a wine is more viable.

### Cost and Return of a Mature Vineyard Cold Climate Grapes 2015 – Northern New York vs Lake Erie Region (\$/acre)<sup>1</sup>

	Brianna NNY	Brianna LER	Frontenac NNY	Frontenac LER	La Crescent NNY	La Crescent LER	Marquette NNY	Marquette LER
Total Sale Price Grapes	\$3,660	\$3,000	\$3,375	\$3,000	\$3,300	\$2,400	\$5,436	\$4,500
Variable Costs*	\$2,081	\$1,506	\$2,057	\$1,506	\$2,051	\$1,460	\$2,154	\$1,506
Fixed Costs	\$2,724	\$1,295	\$2,710	\$1,295	\$2,706	\$1,265	\$2,813	\$1,370
<b>Profit or Loss</b>	<b>(\$1,145)</b>	<b>\$198</b>	<b>(\$1,392)</b>	<b>\$198</b>	<b>(\$1,457)</b>	<b>(\$325)</b>	<b>\$469</b>	<b>\$1,623</b>

NNY = Northern New York; LER = Lake Erie Region

<sup>1</sup> “Cost of Establishment and Production of Cold Hardy Grapes in the Chautauqua Region of New York-2015,” Dayea Oh, Sogol Kananizadeh, Miguel I. Gómez, Kevin Martin; “Cost of Establishment and Production of Cold Hardy Grapes in the Thousand Islands Region of New York-2015,” Dayea Oh, Sogol Kananizadeh, Miguel I. Gómez, Tim Martinson



# GETTING STARTED: WINERY ESTABLISHMENT AND EXPANSION COSTS

## Winery Building

Depending on if an existing structure can be renovated or if a new facility needs to be built, winery start up costs will vary. It is important to do research on the cost of a building and get multiple quotes. Here are a list of questions to consider:

1. Will the building be used to strictly produce wine?
2. Will the building be used for wine production and offer wine tastings?
3. Will the building be used to produce wine in, offer wine tastings, and be a venue location?
4. How large should the facility be?
5. Is there room at this location to expand the building?
6. If the winery does not work out as a viable business, what is the backup plan?
7. Will you be doing the renovations/building the building yourself?
8. What do I need for a building permits? (This includes local permit and potential Adirondack Park Agency. Permits may take a while to obtain so plan ahead on when you'll need your permits. Be aware if you apply for your permit ahead of time and the project is not completed then an extension on the permit maybe needed.
9. What is your total occupancy of the building?
10. What are the codes for a building? (Your local enforcer will have this information.)
11. When will the renovation/building be completed? (Set a realistic goal for opening your winery, leaving an allowance for building/renovation delays.)

## Potential Financial Help

Building a winery can be a small or large investment depending on the situation. There are several agencies that can help by providing financial information about loan and grant opportunities. Additionally, your local community may offer grants or incentives for starting a business. Here are some possible sources of information and financial assistance:

- USDA Farm Service Agency <https://www.fsa.usda.gov/>
- Local Industrial Development Agency
- Farm Credit East <https://www.farmcrediteast.com/>
- Yankee Farm Credit <https://www.yankeeaca.com/>
- North Country Regional Economic Development <https://regionalcouncils.ny.gov/content/north-country>
- Empire State Development <https://esd.ny.gov/>

## CONCLUSION: WINERY ESTABLISHMENT CONSIDERATIONS

All new business ventures come with risks. Using the previous spreadsheets can help reduce this risk by calculating start-up costs, potential yield and revenue. Be sure to research all options before investing in a winery. Connect with existing wine trails and other winery owners in the area to determine where they see the industry heading and what obstacles you can anticipate.

Here are some things to consider about the future of the industry:

1. Is the market flooded with too many wineries or is it developing to become a wine destination such as the Finger Lakes, California, France, Australia, etc.?
2. Do more wineries in a wine region necessarily equal more people visiting them?
3. How much of an investment am I prepared to make in a winery?
4. What type of market do I see for my winery (retail sales, wholesale, farmers market, weddings, agro tourism, etc.)?
5. Is my winery in a location that gets regular traffic? If not, how will I market my winery to become a destination winery that people will search out to visit?

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