

**CHOOSE and CUT  
CHRISTMAS TREE FARMING in SONOMA COUNTY**

INTRODUCTION

Christmas tree farming is economically feasible only as a long-term project. With good growing conditions, 3-8 years are needed before the trees are ready for sale. Consequently, the cost of establishing and maintaining the operation will not be recovered until after several selling seasons.

THE MARKET

In 1987 Sonoma County growers sold 28,260 Christmas trees, that is an increase of 9% above 1986. The total gross value of trees in the county was \$ 600,200.00 and sold for an average price of \$ 21.23 per tree. No acreage was reported. [Source: Agricultural Commissioner's Report]

In Sonoma County it is almost impossible to make any money in the wholesale tree market on a small scale. Growers in other regions with very large acreages, summer rainfall, and good (deep) soils are able to grow trees in volume very inexpensively. The local advantage is in direct sales to the customer, of quality trees, along with the enjoyable family experience during the "holiday season".

The potential for more choose-and-cut farms is also limited. The market is now close to being saturated and competition is becoming very stiff in certain areas of the county. Competition is based on location, service history, and marketing. Certainly anything can be overcome with enough time, energy, and money, but the good old days of selling every tree with little effort are gone, especially for those just getting started.

On the positive side, the market continues to grow. Sonoma County and the Bay Area will continue to increase in population providing a steady growth in demand, and every year a greater percentage of people buy their tree from choose-and-cut farms instead of tree lots.

Good marketing and promotion that brings people up to Sonoma County for the weekend escape, country experience, and wine tasting are all in the favor of Christmas tree sales.

Christmas tree sales are substantially improved by selling the "Christmas experience" along with the tree. Many tree farms are beautiful locations in the country with a view of the valley or mountainside. Ideally, the farm should be clean & neat, visible, and easily accessible. Plenty of parking is needed, and the entire farm should be managed for mud-free walkways.

A Christmas atmosphere can be created with decorated buildings, lights on trees, Christmas carols in the background, candy canes for the kids, coffee & cookies for adults, and a nice barn to get out of the rain. Snow would help too.

Service is extremely important; people love to be pampered. Several successful operations give customers hay rides out to the field, carry the tree back, wrap it, and tie it to the car. In some cases trees are individually priced and reserved during the season.

Attitude toward customers should always be cheerful; the customer is always right, even when they are wrong. An occasional tree given away to appease an upset person should just be written off as advertising. It really takes a certain type of "bubbly" personality to smile in the face of stolen saws, run over fences, and loud, spoiled kids, but that's what it takes. Of course people can be very-nice too and provide you with a great feeling of holiday joy in serving them.

In starting a new operation your biggest challenge will be to provide a very enjoyable experience to your customers so that most of them return next year, with their friends.

#### APPROXIMATE INCOME AND COSTS

**Income:** At the typical spacing of 5 ft. by 5 ft. for trees (1742/acre), a projected harvest of 15% of the trees per year, and an average price of \$21.00 per tree the total gross income for one acre would be about \$5,500.00 per year. This amount depends mostly upon how rapidly the trees grow (number sold per year), which is a factor of tree species, spacing, soil depth, irrigation, weed control, and age of the planting.

**Establishment:** With land values over \$10,000.00 per acre, interest, depreciation, equipment, misc. supplies, labor, advertising, taxes, and insurance it could easily cost over \$20,000.00 to establish a Christmas tree planting during the first 5 years. See the Cost of Establishment Sheet for Monterey Pines, and remember that Douglas Fir trees are slower growing and cost more to produce.

**Annual production costs:** are approximately \$3,000.00 per acre per year, including cultural & harvest costs, once sales begin. Interest and depreciation are another \$2,400.00.

**Total net profit:** then, per year, might be around \$2,500.00 per acre, but only after much of the overhead costs are paid for. As you can see from the Establishment Cost Sheet, buying land and starting from scratch will take more than 5 years to break even.

Realistically, with the land paid off and a willingness to do a lot of the work yourself for fun, as well as profit, you can reduce the costs on the establishment sheet considerably.

**MONTEREY PINE CHRISTMAS TREE PLANTATION  
ESTABLISHMENT COST PER ACRE**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
LAND \$/acre	10,000.00				
EQUIPMENT	6,000.00				
LABOR \$ 5.50/hr.					
SKILLED LABOR \$ 6.50/hr.					

<b>CULTURAL COSTS</b>					
LAND PREP. & LAYOUT	275.00				
TREES/AC (1742)	165.30				
PLANTING	495.00				
REPLANT		148.50	33.00	88.00	264.00
IRRIGATION SYSTEM	944.00				
WATER	50.70	61.25	75.00	86.00	86.00
FERTILIZE	33.00	33.00	33.00	33.00	33.00
WEED CONTROL	40.00	40.00	40.00	40.00	40.00
INSECT & MITE CONTROL		23.90	27.00	31.50	31.50
SHAPING & PRUNING		460.00	740.00	824.00	740.00
TAXES	100.00	100.00	100.00	100.00	100.00
REPAIRS	15.00	15.00	15.00	15.00	15.00
REMOVAL UNSALABLE TREES					60.00
OFFICE, INSURANCE, & MISC.	70.72	71.25	95.50	107.80	79.50
<b>TOTAL CULTURAL COSTS</b>	<b>18188.72</b>	<b>952.90</b>	<b>1158.50</b>	<b>1325.30</b>	<b>1449.00</b>

<b>HARVEST</b>					
ADVERTISING			500.00	200.00	200.00
LABOR			1284.00	1530.00	1284.00
<b>TOTAL HARVEST COSTS</b>			<b>1784.00</b>	<b>1730.00</b>	<b>1484.00</b>

<b>DEPRECIATION</b>					
IRRIGATION SYSTEM & WELL	53.00	53.00	53.00	53.00	53.00
EQUIPMENT	336.00	336.00	336.00	336.00	336.00
<b>TOTAL DEPRECIATION</b>	<b>389.00</b>	<b>389.00</b>	<b>389.00</b>	<b>389.00</b>	<b>389.00</b>

<b>INTEREST ON INVEST. (-12%)</b>					
LAND	1200.00	1200.00	1200.00	1200.00	1200.00
IRRIGATION SYSTEM	113.28	113.28	113.28	113.28	113.28
EQUIPMENT	720.00	720.00	720.00	720.00	720.00
<b>TOTAL INTEREST</b>	<b>2033.28</b>	<b>2033.28</b>	<b>2033.28</b>	<b>2033.28</b>	<b>2033.28</b>
<b>TOTAL COST EACH YEAR</b>	<b>20611.00</b>	<b>3375.18</b>	<b>5364.78</b>	<b>5477.58</b>	<b>5355.28</b>

<b>YIELD:</b> Number of harvested trees			290	875	325
INCOME A \$/tree 10.00			2900.00	8750.00	3250.00
INCOME B \$/tree 20.00 (ave. 1987 \$21.23)			5800.00	17500.00	6500.00
INCOME C \$/tree 30.00			8700.00	26250.00	9750.00
ACCUMULATED NET PROFIT A	-20611.00	-23986.18	-26450.96	-23178.54	-25283.82
ACCUMULATED NET PROFIT B	-20611.00	-23986.18	-23550.96	-11528.54	-10383.82
ACCUMULATED NET PROFIT C	-20611.00	-23986.18	-20650.96	+121.46	+4516.18