



Some Economic Life Cycles

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Some Economic Life Cycles

This is just a smattering of data from here and there on periods of life or investment of various products.

1. Chardonnay wine: up to 10 years of aging, if there are no personal property taxes. Where there are, they take a good deal of the fun out of aging it, and cycles are shortened.
2. Lobster: 6 years in cold water, reaching 1.25 lbs. They are trying to cut it to 2 years, by using warm water.
3. Mobile homes: in 5 years they depreciate a min. of 12%, a max of 50%, or 100% if they burn (they are highly flammable).
4. Components for mobile homes, in manufacturers' inventory: turnover is 12-18 times a year.
5. Kinds of timber.
 - a. Bamboo: one year or so.
 - b. Christmas trees: 5-7 years, in s. Calif. 10 years in B.C., for a smaller tree.
 - c. Eucalyptus and acacia trees in Brazil, grown for cellulose: 8 years.
 - d. Southern Yellow Pine: 18-25 years.
 - e. Redwood, California, 2nd growth, strictly for lumber: 40-60 years.
 - f. Douglas-fir, Pacific N.W.: 60-100 years. When grown for pulp, rotations are shorter than for lumber.
 - g. For other species and sites, see the monograph *Financial Maturity of Timber and Other Assets*, on Reserve.
6. Grape vines: 3-6 years before yielding positive cash flow; 8 years to "maturity"; 30 years of "economic life"; 50 years max, depending on location.
7. Whisky: 4 years legal min. aging. For good single-malt Scotch, 10-12 years.
8. Whisky barrels: 40 years life, where re-use is allowed.
9. Hogs:

Gestation, 4 mos.

Feed to slaughter, 6 mos. on 10 bu. corn, at 200#. This rapid growth is why they call hogs "mortgage lifters."

Labor is 10% of cost; corn is 70%.

Costs twice as much to put another # on a 240# hog than a 200# hog. Sell 'em young (or turn vegetarian).

Brood sow: 10 years productive life. Stud boars don't seem to last so long -- sows in season are apparently quite demanding.

10. Motor vehicles.

Private passenger cars: after 8 years, 71% are out of use; after 16 years, 98%.

After 6 years, annual usage is half the usage of new cars.

Rolls-Royce: life about 45 years.

Motor trucks: after 8 years, 56% are out of use; after 16 years, 86%.

11. Oysters, Morro Bay: 18-24 mos.

12. Canned goods: highly variable, but canned fruit may be a year old before you buy it.

13. Laying hens: max. 16 mos. of lay. After 12 mos. production drops 20-30%, eat more, carry diseases.

A more recent source says 24 mos. of lay are possible if, after 65 weeks, you give them a 3-week rest. However, the egg production rate drops over life from nearly one a day at the peak, to 2/3 of that toward the end. When there is a slow drop-off like that, the optimal replacement date is not sharply determined by obvious physical factors, and depends on economic matters like the salvage value and replacement cost relative to egg and feed prices.

Carcasses of old layers are used for soup and stewmeat. Wouldn't you rather not have known?

14. Broilers: 12-13 weeks now, down from 20 weeks not long ago. This speed comes at a price in inhumanity: they're kept on wire in little cages.

15. Orange trees: 3-4 years before bearing; max yields at 30-35 years old. Long later lifetime, slowly declining yields, rising costs. Probably loss of vigor in older trees calls for more pesticides, etc. Trees are culled and replaced selectively - probably too slowly.

Much of the drop-off in yields, Riverside area, attributed to smog, is actually due to high average age of trees.

16. Average fruit trees: 5-10 years before bearing.
Dwarf fruit trees: 3-4 years before bearing.

17. Old N.Y. Times building: at age 60, remodeled for Allied Chemical.

18. Life of new brands of dry groceries and frozen foods.
1961, 36 mos.
1965, 18 mos.
1970, 12 mos.
1990, no current data.

19. Construction equipment, overall. In 10 years, resale value is down to 10-35% of cost; forced sale values are half that.

20. Diesel locomotives: 12-13 years.

21. Exterior house paint job: 4-6 years.

22. Breeding cows: up to 15 years. Their tax life is 8 years.

23. Inventory/sales ratios, overall. This is sales/mo.
1928, 2.0
1948, 1.5
Durable manufacturing, 1.9
Nondurable mfg., 1.4
Retail trade, 1.4
Autos, 1.7

By contrast, compare the value of a dwelling unit with its monthly rent, say \$100,000/\$750. That equals 140: housing is about 100 times more capital-using than retail inventories.

24. Salmon.

Sockeye, 3-5 year life cycle.

Pink, 2-years.

Chum, 4 years.

Spring, 5 years.

25. Seeding pasture and alfalfa

Highly variable life results; data lacking.

26. Power plants.

Coal, 25 years.

Nuclear, 25 years (after 13-year construction period).

Hydro, 30-50 years.

27. Feeder cattle

On forage plus grain, 17 mos. to slaughter.

On forage alone, 36 mos. to slaughter. That's six times the feeding time for hogs.

A high grain price raises the incentive to speed the cycle, but it also causes shifting to more forage, which slows the cycle.

28. Commercial passenger aircraft: over 20 years. Safety becomes a serious question after 10 years of materials fatigue.

29. Water in soil: about a week, varying a lot with type of soil, and cultural practises. In some dry-farmed areas of the high plains, fields are used only every other year: soil water received in the fallow year is actually conserved from that year to the next.

Water in deep aquifers: 5-20 years. (It takes 3 years for mountain weather in the San Bernardinos to affect ground water in the Bunker Hill groundwater basin (around junction of I-10 and I-210) from which Riverside draws its water.

Again, this varies a lot. It may take hundreds of years to recharge the Ogallala Aquifer now being overdrafted in the high plains from Nebraska to west Texas.

30. Houses: 40-65 years of economic life, i.e. the period before the original carcass is drained of its economic value. This is confusing because there is a geriatric phase, and for some housing an after-life after heavy remodeling, rehab, or conversion. Old mansions are divided into flats and apartments. Old warehouses, lofts, barns, garages, and even silos may be converted to housing: in 1947 some people were living in converted chicken coops. An average period of investment may

always be calculated, using elaborations of techniques developed in the major Appendix. Think of the carcass as a plastic milk carton, slowly drained of its value content while using as much refrigerator space as ever, then partly refilled with fresh milk for another investment cycle. Just don't let anyone tell you it is the "same house." It is more like the fabled indestructible axe that lasted 25 years with only three new heads and seven handles.

31. Retail furnishings and fixtures: short! You see them come and go every week.

32. Home appliances (consumer capital)

	Years (+/-)
Blender	6
Clothes dryer	12
Clothes washer	12
Dishwasher	8
Fan	6
Freezer	17
Disposal	6
Hair dryer	5
Microwave	9
Fridge	17
TV	
<36"	10
>36"	5
Vacuum cleaner	6
VCR	6

33. Sturgeon, Caspian Sea. Takes up to 18 years to reach maturity; can live 100 years, and grow to 1.5 tons. Are anadromous. L.A. Times, 28 Aug 93, p.1.

34. Persian rugs. A good one may last over 100 years, with reasonable care.

35. Bleaching cotton cloth. Before 1800, it took 6-8 mos.! Berthollet, Henry, Ridgway and others lowered time to a few days. Atwood:190. Imagine the savings of capital.

36. Race and riding horses. LAT 23 Dec 93 C7

There are some yearling races. Serious racing begins at 2 years or so. Meantime there is a lot of culling, sending young, healthy animals to feedlots, i.e. for slaughter. About half

never make it to the races, at age 3. After that, the racers are still culled regularly.

Owner's annual cost of upkeep est. \$20,000/year. (Not clear what all that entails. Elsewhere, article cites daily rates of boarding horses at ca. \$10/day.) Only about 11% earned that much.

Fullgrown thoroughbred weighs 900-1300#. Slaughterhouses pay up to \$1/#.

1992, 244,000 horses slaughtered in U.S. for human consumption offshore. Japan and France, like the steaks. Latin America. Other parts used for pet food, leather, etc. Bone meal used in fertilizer.

37. Shelf-lives are limited because some things:

- get stale
- spoil
- rot
- rust
- wilt
- mildew
- wither
- settle
- lose potency
- are pilfered
- etc.

38. LAT 22 March 94 D1,3

Bill Gates and Craig McCaw are forming new firm, Teledesic, to link whole globe with phone, video, and data services. Would use 840 satellites.

These are Low Earth Orbit (LEO) satellites, at 435 mi. up. Least K cost; shortest life. Gravity pulls each one out of orbit every 8 years or so. (Does it then crash on earth? Self-destruct?)

NASA operates higher satellites with 12-15 year lives, 23,000 miles up. Hughes is proposing these, too. Slight signal delay results.

39. Old building, s.w. corner, Van Buren and Magnolia, Riverside: 85 years and still standing. No wonder that corner is half dead. It took a fire to stimulate renewal of the s.e. corner, and what a difference!