



Vintage Wine Market Update – July, 2022

As discussed in our update last November, 2021 was undeniably a challenging vintage. It has become known as the miracle vintage as the savoir-faire of winemakers made all the difference. If one knows where to look, there will definitely be some very tasty bottles to buy. This vintage is often described as aromatic, fresh, low in alcohol and well balanced. White wines are showing very well across all appellations.

2021 is also a vintage where properties with financial resources played a decisive role. Chateaux had to invest both money and labour into a vintage that in the end produced very low yield.

With the *en-primeur* campaign now drawing to a close, it is fair to say that, in general, the 2021 vintage for Bordeaux does not offer value for money and did not attract excited buyers. Save for a few of the best wines such as Carmes Haut-Brion, Cheval Blanc, L'Évangile, Figeac, which might offer potential increase in value, the rest offers little financial interest at this stage.

Fine Wine Prices Continue to Increase

Prices continue to increase, despite an initial sudden drop at the beginning of the COVID pandemic. Liv-ex indices have maintained their steady climb. In 2021, the Liv-ex 100 (100 of the most sought-after wines on the secondary market) rose by 22%. Since our last report, Liv-ex Champagne 50 and Burgundy 150 prices have risen an additional 9% and 14%, respectively.

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Italy and California wine prices also continued their steady climb.

Increased global wealth, coupled with wine-drinking being perceived as one of the few authorized pleasures during prolonged COVID-related social restrictions and lockdowns, led to a surge of interest in fine wine.

A new and increasingly important factor pushing up prices is the effect of climate change on wine production. Burgundy, for example, already known for its smaller crops, has been heavily impacted by a combination of hotter, dryer growing seasons and extreme climatic incidents such as destructive hail or late frost.

Auction Market

Despite the pervasive social restrictions due to the COVID pandemic, global auction revenues increased more than 50% from 2020. 2021 was, by far, the best year in terms of sales for auction houses, big and small, with revenues from live and online wine auctions reaching USD 582 million. 2022 looks to be another promising year, with the major auction houses such as Acker, Sotheby's, Christie's and Zachys already recording increased sales in Q1. Acker, the largest in terms of revenue over the past two years, forecasts a further increase of 8-10% this year.