

Press Review - La Libre Belgique

## BRICK-COLOURED WINE

By CHARLOTTE MIKOLAJCZAK

**T**he French winery market has acquired a new type of investors: former industrialists having changed direction. Southern France – where bricks and mortar are worth just as much or more than vineyards – has learnt to exploit this detail. Prerequisite : be passionate.

Up until the 80s, a wine estate was basically considered a work tool. Wine estates were appealing – to both private and institutional investors – because of their vines and their wine production; the “inhabitable” part of real estate, castle or not, used to represent a mere 20% of the winery’s total value.

This is still the case in well-implanted wine-growing regions such as Bourgogne and Bordelais. However, this is no longer true in regions where grand crus (top ranking wines) are no longer made, such as in Provence, where the demand mainly targets the ‘ornamental’ aspect of wineries. A little over twenty years ago, of a new breed of investors emerged: industrialists from Northern Europe (France, Switzerland, Great Britain, Belgium, Holland, Germany and Scandinavia), 50-somethings, young retired business people or individuals looking to change direction, passionate about wine and bricks & mortar too of course, but even more so by the idea of creating a small company with the goal of setting up a family based project and ready to invest their own capital (acquisition of winery on a human scale).

“Your troubles must not outweigh your pleasure” explained Stéphane Paillard – the wine expert turned wine-broker 15 years ago – from the Saint-Remy de Provence Wine Board (a subsidiary associated with the Emile Garcin Real Estate Agency). Translation: there is no point in taking on 60 or 80 hectares of vines when 20 will suffice to break even, with costs being entirely covered by sales of the product.

### Authentic AOC wineries

In Provence, this turnaround dates back to the 80s and heightened in the following decade. Why? “A strong real estate market concentrating an international demand”, replied Stéphane Paillard, who nevertheless specified that “like the Languedoc-Roussillon or the Vallée du Rhône areas (except the Château-neuf-du-Pape area), Provence never really managed to attract institutional investors”.

Thanks to the added value of “bricks and mortar”, these wineries have been able to capture a new clientele. “In Provence, the real estate value is behind almost 80% of all winery



*The Château Aurelia, a XVIII century country abode presiding over an estate of 35 hectares, is currently for sale.*

transactions”, the wine-broker said. “The craze has begun rubbing off on regions that are not as suitable for such business, but in rather symbolic proportions: representing 1 to 2% of transactions in Bourgogne and a maximum of 5% in Bordelais”.

This does not mean that the Wine Board’s portfolio is full of propositions. The segment only represents one niche of the real estate market in Provence. Moreover, the agency exclusively deals with top-of-the-line products, more specifically with what Stéphane Paillard calls “wine residences”.

“This is the name I have given to such estates”, he said. A wine residence is “a small estate – 4 to 20 hectares – in a great location and completely free of unattractive views, noise or poor architectural aspects...” And the cost of such a place? “Considering the working capital, restoration work on the house and restructuration of the production tool all together, you’d need between 3 and 6 million euros on the Provencal market. Elsewhere, in regions where real estate is prized to a lesser degree, prices would start off from 2 million euros”. An amount that is more or less considered “guaranteed”, with the agency’s priority being able to secure the liquidity of the investor’s investment in terms of resale.

At the same time, the Wine Board provides the investor with a first-class, turn key service, as well as assistance in all legal, tax and architectural aspects involved in the acquisition, not to mention... oenological expertise. “Which more than often refers to the personalisation of their production,” concluded Stéphane Paillard. “The red, white and rosé side of things can be changed, as can the type of wine, to make it more structured, more feminine, ...” It goes to say however, the winery itself is never rechristened. In Provence, the key word is elegance, not ego.

## LE BUREAU VITICOLE

*Siège social : 45, Boulevard Victor Hugo - 13210 Saint Rémy de Provence - France  
Tel : 00 33 (0)810 811 316 - Fax : 00 33 (0)490 92 48 09 - E-mail : bv@bureauviticole.fr*