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CAN ONE STILL BUY A VINEYARD ?

BY NICOLAS DE ROUYN

The answer is yes. Of course. It is however a universe which gathers in the same swirl the exceptionally highly-priced 2005 Primeurs (more than 500 /bottle for Bordeaux's First Growths, something never seen before), the uprooting of vines in every French vineyard, the rise of the New World on the global wine market which plays different rules than ours, record sales of great vineyards in Bordeaux and the Rhône, the general rise in quality and the general decrease in consumption of alcohol in all its shapes with wine as its first victim and the wine grower as the next. Despite everything, properties do change hands. Would-be winegrowers knock everyday at the doors of our *ès-vineyards* experts. What is clear is that the situation is difficult to comprehend. We have asked five experts in vineyard transactions to give their opinion on the market. *Sirs, over to you...*
Excerpts of the interview with stéphane paillard...

Is the present French viticultural crisis responsible for the market slowdown or, on the contrary, does the large number of vineyards available for sale create new vocations ?

SP : Indeniably, the crisis is going to affect the transaction market in the long run but with marked differences according to the market segment and client base. From a seller's point of view, the two segments of the market that Emile Garcin and I have always been working with – ie that of vineyard properties and that of terroirs and vineyards brokering – are very marginally affected as offers on exceptional terroirs and properties are always very limited. From a buyer's point of view, we have outpaced the move from an historically French demand towards a decidedly international one in opening offices in Moscow, London, Brussels, Dublin and Stockholm, amongst other cities. It has allowed us to maintain a sustained offer for these two segments of the luxury viticultural market, which are the only two areas guaranteeing a consolidation of assets in the long run.

Has the crisis provoked an overall decrease in price ?

SP : The limited offer aimed at these two segments of the market that I am dealing with, combined with a sustained demand at every level of budget, has not resulted in a price decrease. It has helped to stabilise the regular rise that we have known these last nine years.

Who buys ? Is there a typical profile for these buyers ?

SP : Europeans mainly, with a growing number of British and Scandinavians and the emergence of new investors from Russia and Asia. Very often, these are wine lovers with a life-long dream of owning a vineyard.

What is the most important thing for your customers ? The quality of a building or the potential of the terroir ?

SP : When we are broking rare vineyards, the terroir of course. Its position at the heart of its appellation, cru, or clos even, is the main deciding factor. For a wine property, real-estate quality is paramount. The search centers around the easy access of the property to international airports and TGV stations, its location at the heart of a preserved countryside which also benefits from a qualitative social environment. Nevertheless, the main deciding factor will be the atmosphere from the estate itself. To succeed in his or her search, a buyer must feel at home. In our approach, the quality of the existing buildings is secondary ; indeed, we can offer our clients a « turnkey » service and a 12-month architectural rehabilitation programme with guaranteed quotations. Besides the bespoke service, it essentially ensures that a quality restoration will consolidate the invested assets, and their liquidity should the property be sold on. Even more so when the property's marketing is geared predominantly towards the real-estate segment of the market.

In your opinion, is the expression « to buy a label for the price of a house » accurate ? Does it reflect the real motivation of potential purchasers ?

SP : It was true in the 1990s, which were marked by a certain concern towards the legacy aspect of an investment, particularly with the vineyards of Bordeaux. On either segment of the market I am working with, and which are presently the most active, it no longer reflects the motivation of our purchasers. For a « Résidence du Vin », the main motivation of buyers is almost sensorial : their goal is to satisfy, through the purchase of a property, a dream of well-being and the pleasure of accessing a new way of life based around the vineyard. To help fulfil this mission, our role is to listen to our potential buyers very carefully and



in a sustained fashion in order to understand what often remains unsaid or unclearly defined. Thus can succeed the marriage between the soul and the potential of a particular vineyard. This « watch-making » work goes hand in hand with a limited number of visits and can, if necessary, take place over a protracted length of time.

To what degree do you accompany your clients ? To the notary's office ? To the US based wine importer's ?

SP : It is up to the purchaser – It varies from a simple negotiated transaction to the delivery of a « turnkey » property having required legal restructuration whilst taking into account the specificities of agricultural regulations towards the buyer's situation, staff recruitment according to the purchaser's availability towards the project, the restructuration of the vineyard and winery, the buildings' restoration in answer to the buyer's way of life.

Is the emergence of a new wave of wine-growers and wine-makers, called « néo-vignerons », a good thing for the French vineyard ? What do they bring to the trade ?

SP : These investors are vivifying. They carry over with them a different market culture, the pragmatism which made them successful in their own field. There is always the risk, when Ego prevails, and for projects already showing a deficit, to witness the production of a wine « made with money ». This can be momentarily destabilising for other vineyards which market their production on the local market.

Can we expect a wave of re-sales from submerged or bored « néo-vignerons » caused by the difficulties inherent to wine-production ?

SP : These investments run in cycles – typically a period, or a share of life, of between 8 and 15 years. I do not think that economic vagaries change what is specific to each and everyone of us.

Is the frenzy which accompanied the 2005 Primeurs campaign of a nature to give you confidence in the future ?

SP : It reminds us of the duality, always exacerbated in times in crisis, between luxury and exceptional products and the remainder of the market, be it the wine market or that of vineyard properties.

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