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The ripe time to buy a vineyard in Bordeaux

Hugo Cox

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Despite the influx of Chinese buyers the cost of buying a château has barely moved since 2008



A 10-bedroom château as well as several cottages on the edge of the city of Bordeaux, with 60 hectares of vineyard, producing about 400,000 bottles per year, €22m

Hong Kong property magnate Edwin Cheung got into wine in 1984. Friends in “so-called high society” were talking up Bordeaux and Burgundy, so he bought a few dozen cases. Soon he was hooked. A decade later, he was the first Chinese member admitted to the Commanderie of Bordeaux, the French region’s exclusive tasting society. Finally, in 2013, he bought an estate.

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It was one property deal he didn't get to first. The China buying boom for Bordeaux châteaux had begun three years earlier following the presentation of the well-reviewed 2009 vintage, according to Michael Baynes, head of local agent Maxwell-Storrie-Baynes, an affiliate of Christie's International Real Estate.

Not all Baynes' visitors were looking in earnest — “we ended up playing guide to a few Chinese tourists”. By 2016, however, Chinese had bought 150 Bordeaux estates, he estimates, a good portion of the 20 to 25 annual sales of Bordeaux vineyards with swanky château homes.

“You can make a small fortune in wine, but it helps to start with a large one” goes the adage. Since China's middle class developed a taste for Bordeaux, this quip looks outdated. One of Baynes' clients heads a leading Chinese conglomerate. Its research department has estimated that, by 2025, 300m Chinese will be ready to pay between €30 and €50 for a bottle of Bordeaux.

At these numbers, the economics look tasty. Typically wine in France costs a euro and a half to make and another euro or so to bottle, label and box. “After taxes and shipping to China you're in for between €7 and €10 per bottle,” says Baynes. The estates popular with his Chinese clients yield 100,000 to 400,000 bottles per year, which should sell for €40 a throw. “They will pay for themselves in two to three years.”

Entrepreneurial exporters are one half of the China story; property trophy hunters are the other. Owning a French vineyard estate signals social prestige. Commercially, too, a winery can shower angel dust on the most unlikely of products, from diesel to drain pipes — a photo in the chairman's office, insignia woven into marketing materials, free wine for key employees.





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in 2008-2009, many were repossessed. “Italy is still littered with half-built or badly run wine estates, most of which are in the hands of the banks,” he says. Enterprising bargain hunters might try Podere del Vino, a three-bedroom farmhouse with 13 hectares, near Todi, in Umbria. It includes extensive vines and a fully functioning winery and is for sale with Knight Frank for €999,995.



Stellenbosch, South Africa

More recently, exchange rates have helped turn fortunes. In 2014, average premium vineyard property prices in Stellenbosch, South Africa, lost 10 per cent according to Knight Frank, as wine production costs spiralled. International interest, in part thanks to a weakening rand, has lured international buyers. The best estates in Stellenbosch, Franschhoek and Paarl can command more than \$12m, says George Cilliers of Sotheby’s International Realty in Cape Town, half of whose customers are from abroad. In Bordeaux, it is producers who are capitalising on currency shifts. Many of Bordeaux’s finest wines are priced in sterling. Since the Brexit vote on June 23 sent the pound plummeting, the Liv-ex Fine Wine 50 — which tracks the region’s finest recent vintages — has risen 9 per cent. Wine merchants report July sales were the best for five years.

Maxwell-Storrie-Baynes is selling a 10-bedroom châteaux on the edge of the city of Bordeaux, with 60 hectares, producing about 400,000 bottles per year, as well as several cottages, for €22m. In Provence, half an hour from the TGV station at Aix-en-Provence, Wine Objectives are selling Lourmarin, a seven-bedroom 18th-century house with an 18ha vineyard for €4.2m.



Romond, with 12 hectares, \$2.92m

In Bordeaux, the heart of the action finds Chinese owners conspicuous by their absence. Collected on the prestigious “left bank” — the area south and west of the Gironde estuary — are Bordeaux’s finest names, including Margaux, Saint-Julien and Saint-Estèphe. Estates are small; sales are rare and pricey. A rating system implemented by Emperor Napoleon III had the leading wine buffs of the day rank France’s finest reds by area, ascending from fifth to first growth. For estates in the third and better, prices today fetch north of €100m, agents say.

On the face of it, the absence of Chinese buyers here appears to be about economics. Average Bordeaux vine prices are about €18k per hectare; the priciest recent Burgundy sale reached €20m per hectare, says Dakin. But the market for the finest wines is tiny compared with normal Bordeaux so “there is no investment wisdom in purchasing at the top end for commercial reasons,” says Baynes. For prestige chateau buyers from China, too, the Bordeaux name is enough; there is little need to add an extra zero for trophy assets.





Four-bedroom house, near St Emilion, with 30-hectare vineyard, €3.177m

However, there may be more to it than that. “I know there are Chinese investors looking to buy,” says Dakin. “But [these estates] are more likely to go to the big French insurers, banks and major industrialists, before they’re even shown to the second drum of investors.”

This may be as much about keeping the top wine teams happy as running a closed shop. The rarefied breed of noses, pruners and agri-chemists are the premiership footballers of the wine industry – highly sought after, tremendously paid and carefully ranked in league tables. The best estates can take two years to sell; if information leaks out, rivals will come poaching for key personnel, risking doom for the vineyard. “If you lose the top three staff members, you’re dead; even losing one can put a spanner in the works,” says Baynes.

Bordeaux’s finest châteaux aren’t the only ones relying on their experts. Most Chinese buyers know little about fine wine, says Cheung, who sees a lot of speculation in recent Chinese buying.

He is not here for investment gains, however. If he was, he would have sold some of that old wine. Among that first foray as a rookie in 1984, he collected four cases of Château Lafite Rothschild at \$230 a throw. At the peak of the market in China, friends were offering him \$55,000, he says. He declined. In all, he has drunk one case and is looking forward to working his way through the next three.

Buying guide

What you can buy for . . .

€1m A four or five-bedroom farmhouse with 20 hectares of vineyards in Languedoc or Provence

€3m An 18th-century Bordeaux château with six to eight bedrooms, a winery and vineyards of 20ha

€10m A 70ha wine farm, with a modest four-bedroom stone country farmhouse in Stellenbosch, South Africa

Photograph: Edwin Remsberg/Getty Images

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