

## **Terroir tactics**



Properties with vineyards on the market include the Meeker Estate vineyard in San Miguel, California (\$8.95m), on sale with Wilson & Co. Sotheby's International Realty

A fine wine may be relied on to appreciate steadily over the years but the vineyards that produce them are far more volatile, according to the first index of value, launched on Saturday, with the most expensive linked to appellation rather than the rooms in the château.

For many buyers of the more luxurious properties in traditional winemaking regions of France and Italy, the grapes are just part of the attraction – an added bonus to share with friends should the wine be even passably palatable.

Indeed, agents say that most wealthy vineyard owners are “lifestyle” buyers seeking a holiday house with a few hectares of vines, although there are those who take it more seriously, even if this means building up a team to work the land on their behalf.

The better-known owners of vineyards range from Sting and Trudie Styler to Kenzo Tsujimoto, chairman of Japan's Capcom Group.

One traditionally popular area is France's Bordeaux region, which produces the expensive wines favoured by the growing number of wealthy in Asia. Vineyards rarely change hands in areas producing the best quality wines, however.

Matthew Hodder-Williams of Knight Frank's French desk says: “Buyers in the south-west of France are often entrepreneurs and business people. While they like the idea of owning a lifestyle vineyard, their instinct is to make it pay for itself. But unless you can afford to employ people to help, you shouldn't expect it to be commercially viable.”

One such entrepreneur is Bruno Conci, an Italian businessman who with his wife, Roz, is selling a 12th-century vineyard estate near Siena that they acquired 23 years ago. They began with the aim of producing enough wine for family and friends, and ended up selling Chianti Classico to high-end establishments around the world, including

London's Savoy hotel. They bolstered the 250-acre Fattoria Argiano estate with olive groves, and 12 holiday apartments for wine tourists.

Planting vines can be a more risky but potentially more profitable strategy, even if they can take several years to develop. This can be easier in new-world wine regions, where parcels of cheap land are available and where building costs are low, with few planning restrictions.

Matt Ridgway, director of Chile Investments, an investment consultancy focusing on real estate, believes Chile offers among the world's most diverse terroirs, for example, with scope to develop an estate to meet the owner's exact requirements.

But vineyards are by no means a guaranteed success, with many aspiring winemakers finding the cost punitive.

According to Viticulture, a group that provides advice for amateur winemakers, the joke that the way to acquire a small fortune is to start with a large fortune and buy an English vineyard has more than a grain of truth in it.

Ken Kinsey-Quick, who works for a boutique fund management firm, bought a 35-acre estate in Surrey three years ago on which he planted 15,000 vines. There are some key factors to remember, he says, including whether the soil type is appropriate and finding the right grapes.



A 19th-century property near the village of Grimaud, close to St Tropez, France (€11.4m), on sale with Knight Frank

Kinsey-Quick says that the UK climate has shifted in recent years to replicate that of the Champagne region in the 1950s, which means it is possible to produce excellent sparkling wines. He experimented and planted half the estate as chardonnay and another quarter as pinot noir, with the fourth quarter a mixture of classic Bordeaux grapes. "There was a chance to create something that was commercially successful," he says, "although it is really a hobby that pays for itself."

However, his family has now had to move unexpectedly back to his native South Africa, which means he has put the property on the market for £3.25m.

Knight Frank's Bill Thomson, who is advising vineyard sales in Italy, says: "It does require a certain sort of person. I've known several buyers to change their minds and sell up when they realise just how much effort is required, often with little prospect of covering costs."

For Kinsey-Quick, the process was made easy by hiring a company that oversaw finding the root stock and the grapes, as well as looking after the planting and maintenance of the vines. He says that wine-growers can send grapes to a winery for production.

A homeowner serious about making money out of their land will need to choose the quality and type of their grape wisely. [Jancis Robinson](#), the FT's wine expert, points to the Bordeaux area, where she says that the property's appellation should be the first concern rather than how pretty the house is for anyone serious about wine quality and the eventual selling price.

"A wine in the Entre-Deux-Mers region, which is lovely, will only fetch a small fraction of a wine within one of the highest-ranked communes such as Pauillac, St-Julien, Margaux, St-Estèphe, Pessac-Léognan, St-Émilion and Pomerol," she advises.

There is certainly no guarantee that the land will hold its value on its own merits. Knight Frank and Citi Private Bank will next month launch the first index of global vineyard prices in its annual Wealth Report, showing what £5m would buy in different parts of the world.

Bordeaux is more than twice as expensive as other main wine-growing regions at an average of \$642,000 (£402,000) per hectare, compared with \$296,000 per hectare in the Napa and Sonoma valleys in California and the \$259,000 per hectare for land in Montalcino in Italy. In these areas, £5m would buy a classic château-style six-bedroom home in Bordeaux, a ranch-style house in California or a farmhouse in Italy.

At the other end of the price spectrum, a hectare of vineyard in Mendoza, Argentina, or in the Costa Brava in Spain would cost just \$27,000 – while a £5m kitty could buy a large five-bedroom house with spa.

However, it is only these more emerging countries that have shown growth in prices over the past year. Knight Frank says that average prices in most established vineyard territories have fallen by between 15 per cent in the main French regions, to 25 per cent in California.

Colchagua Valley in Chile and Mendoza in Argentina are the only areas to have seen price growth, by 8 per cent and 13 per cent respectively, and territories such as the Western Cape of South Africa and Mallorca in Spain held values steady.

The performance of South American vineyards comes off a relatively low base of values as well as a burgeoning reputation in quality from Chile and Argentina.

Knight Frank puts the price falls in many areas down to the fact that the market grew so fast during the boom. Price also moves with house prices and bulk wine prices. In the US, property values outside urban centres generally fell last year, exacerbating a drop in the value of grapes to the lowest level since 2006.

Global grape and wine supply has also been rising over the past decade in Europe, and a fall in post-credit crunch demand at the more expensive end of the market has taken prices for vineyards backwards.

Even so, lifestyle buyers tend to be priced out of the top end of the market by commercial operations.

Napa Valley in the US is only for the immensely wealthy, but Washington or Oregon are more in the price range favoured by the lifestyle producer. In Europe, Bordeaux, Champagne and Montalcino are dominated by commercial growers but Chianti or the Var are popular.

There are other ways to buy into the lifestyle without the hassle of running your own vineyard. One way is to buy a property on one of several fully serviced residential vineyard schemes around the world, although some of these are in effect hotels that offer an allocation of bottles.

For many this will be enough, giving a few weeks in the sun with the advantage of testing some straight-from-the-barrel Pinot. Others will want to take the plunge of buying the land and getting their hands dirty.



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The first index of global vineyard prices shows potential buyers where to buy worldwide. By Dan Thomas

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**Vintage Properties** with vineyards on the market include, clockwise from main: the Meeker Estate vineyard in San Miguel, California (\$3.95m), on sale with Wilson & Co. Sotheby’s International Realty, a villa near Radda in Chianti, Tuscany (€14m) and a 19th-century property near the village of Grimaud, close to St Tropez, France (€11.4m), both on sale with Knight Frank

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Dan Thomas is the FT’s property correspondent



### The Knight Frank vineyard index

Location	Typical property	Land area (hectares)	Of which vines	Price change since 2010	Reputation/pedigree	Vineyard values (\$ per ha)	Producer property would suit
Bordeaux, France	Six bed chateau	4-32	2-30	▼14%	★★★★★	\$642,000	🏠🍷
Napa Valley, US	Five bed, ranch-style, pool	14	12	▼25%	★★★★	\$296,000	🏠🍷
Montalcino, Italy	Small four bed farmhouse	10	5	▼18%	★★★	\$259,000	🏠🍷
Chianti, Italy	Six bed and staff house	30	5	▼16%	★★★	\$128,000	🏠🍷
Var, France	Historic seven bed house	10-15	2-3	▼15%	★★★	\$104,000	🏠🍷
W Cape, S Africa	Cape Dutch-style & outbuildings	20-30	10-15	0%	★★★	\$82,000	🏠🍷
Hawkes Bay, NZ	Large, modern residence	20-40	15-30	▼23%	★★★	\$74,000	🏠🍷
Australia	Large, modern residence	110	30	▼11%	★★★	\$59,000	🏠🍷
Central Chile	A self-built luxury home	1,000	160	▲8%	★★★	\$49,000	🏠🍷
Mallorca, Spain	New-build five bed country house	3	3	0%	★★★	\$44,000	🏠🍷
W Algarve, Portugal	Large quinta, pool, staff accom	10	8	▼13%	★★★	\$37,000	🏠🍷
Oregon, Texas, US	Six bed ranch-style	40-50	20-30	▼20%	★★★	\$37,000	🏠🍷
SE England	Period house & outbuildings	50	25	▼3%	★★★	\$32,000	🏠🍷
Costa Brava, Spain	17th-century, five bed house	60-70	10-20	▼10%	★★★	\$27,000	🏠🍷
Mendoza, Argentina	Modern, five bed, pool, spa	60	30	▲13%	★★★	\$27,000	🏠🍷

All measurements are quoted in metric  
1 ha = 2.47 acres, 1 sq m = 10.76 sq ft  
Source: Knight Frank

**Key**

- World renowned (5 stars)
- Excellent (4 stars)
- Established (3 stars)
- Emerging (2 stars)
- Type of producer:
  - Hobby (🏠)
  - Boutique (🍷)
  - Commercial (🏢)