

2009 Bordeaux: sale of the century?

It was hailed as the best vintage for years – even decades. But will

2009 Bordeaux turn out to be a good investment, asks **JOHN STIMPFIG**

With the exception of 1982, Bordeaux 2009 is now the most expensive vintage on the market from the past three decades – but don't expect to make any money from it.

The release prices for the top 22 châteaux were, on average, 48% up on 2005 and a whopping 213% on 2008. But perhaps the most astonishing statistic is how those same 22 châteaux's 2009s stack up against all the current market prices of the major back vintages. For instance, the as-yet-untasted 2009s are now trading at a 30% premium to the 2005 vintage, and a shade above the price of the 2000s. As a consequence, most investment professionals think 2009 will not be a good investment vintage.

'It might turn out to be okay in absolute terms some years down the track,' says Chris Smith, investment manager at the Wine Investment Fund. 'But at the moment it looks very poor value against the back vintages.'

Price drops

Take 2009 Margaux, for instance. 'Right now, the 2009 is selling for £9,000,' says Smith, 'whereas you can pick up the 2000 for £8,800. Not only does the 2000 have a perfect 100-point score from Robert Parker, but it is physically available and has 10 years in bottle. It's pretty obvious where the upside lies.'

So, where are the 2009s going to go from here? 'My best guess is that that the very top wines will either plateau at best or fall very gradually over the next few years,' he continues.

The bad news for investors is that this process might have already begun thanks to volatile secondary-market trading. A case in point is Lafite, which yo-yoed up to £13,500 in July before settling at just over £11,000 – a most un-Lafite-like drop of 20%.

Some merchants, including Corney & Barrow sales director Oliver Hartley, believe that the same fate could befall the likes of the Mouton and Margaux 2009s. Much of this could now depend on the châteaux themselves, which have controversially held on to considerably more stock in 2010 than in previous



campaigns. Many claim that the move is a cynical attempt to manipulate prices upwards, but if this fails to materialise, there will be less incentive for the châteaux to hold on to the wines. And if that scenario occurs, they may decide to drip-feed them into circulation sooner rather than later, an outcome which could also have damaging implications. Firstly, it would depress prices further and infuriate customers and investors who

'There have been howls of anguish over the aggressive prices of the very top 2009 wines'

have bought at the top of the market. Secondly, some of those customers might also decide to dump their purchases back onto the market, causing prices to soften yet further.

'From a pure investment angle, 2009 is a pretty rotten investment right now,' says Gary Boom, managing director of Bordeaux Index.

'I wouldn't be surprised if prices don't come off a little bit,' he adds. 'At best, I think they will plateau for the next two years. So, if you are thinking about investing in the 2009s, you should really wait and see how things develop. Having

A case of 2009 Margaux costs £9,000, just £200 more than 12 bottles of the 2000

said all that, its time will certainly come; providing the quality is as good as we all think it is.'

Best since 1961?

Although there have been howls of anguish from parts of the UK trade in response to the aggressive prices of the very top 2009 wines, some merchants have been less critical. According to Stephen Browett of Farr Vintners, 'the wines were extremely expensive and are certainly fully priced. But if you believe, like Parker and [Steven] Spurrier, that this was the best vintage since 1961, then the prices are correct.'

Moreover, not everyone was so downbeat on the top 2009s as investments. At Vanquish Wine, head of fine wine Richard Brierley is optimistic that some of the most sought-after 2009s might move up again in price in 2012 when the wines become physical, largely thanks to demand from Asia and an improving economic climate. 'But this isn't guaranteed, and will probably only extend to the usual suspects, such as the Lafite stable and the first growths. Over the longer term, though, I am sure these wines will prove their worth, both to drinkers and investors.'

TIMELINE: ALL THE KEY DEVELOPMENTS FROM THIS YEAR'S *EN PRIMEUR* CAMPAIGN

Left or Right?	Global demand began building to an unprecedented level – when Farr Vintners published its online report, the website crashed, while Berry Bros & Rudd received 12,000 wishlists by the end of May. By then, Robert Parker had given an unprecedented 22 wines a potential perfect 100-point score, compared to just nine in 2005. Nobody was in any doubt that this was going to be a stratospherically expensive vintage. Still, many in the trade were nervous. In May, Liv-ex's James Miles wrote that the campaign was on a knife-edge, especially if Asia didn't come in as expected.
Phoney war	The campaign kicked off on 21 April with Sauternes producers leading the way. By contrast, red Bordeaux refused to follow suit and the month played out like a phoney war, with everyone waiting for the bigger guns. 'It was a painfully slow start,' said Simon Davies at Fine + Rare Wines. Still, those early wines that did come out sold well. Most were between 10%–20% up in euro terms, and 40% up for UK collectors buying in sterling. But by the end of May and even into June 'it was still not clear whether the campaign was going to work,' recalls Davies.
The turning point	The floodgates opened in early June after Vinexpo Hong Kong as Giscours, Sociando-Mallet, Haut-Batailley, Larcis-Ducasse and Cantemerle all appeared, but the turning point for Davies was on 7 June, when the serious wines started to emerge. 'After that, the phones never stopped ringing and the emails never stopped coming,' he said. Some merchants were working weekends on top of 16-hour days. By 17 June, Haut-Bailly, Smith-Haut-Lafitte and Domaine de Chevalier came out, followed by Léoville-Barton (£750), prompting another huge response. The tide had turned.
Panic hits	For Berry Bros' Simon Staples, Pontet-Canet was the 'catalyst' to much of the 'ensuing bedlam.' 'It came out much much cheaper at £900 a case, rather than the £1,200 which we expected,' he said. 'Suddenly, some of the Bordelais appeared to panic and rushed to get out their prices.' But Ducru came out too high, he said, and didn't sell. 'Ducru's misfire meant that Cos d'Estournel probably came out cheaper (or less expensive) than anticipated.' It sold well at £2,400 per dozen – still not cheap at £200 a bottle. Berry's alone sold more than 1,100 cases in short order.
Prices up, up and away?	Some châteaux tripled and even quadrupled prices on their 2008s, prompting howls of indignation. Then at the end of June, the first growths finally released their first tranche offer at €550–€600 a bottle (compared to around €140 the previous year) but the second and third tranches moved up sharply – Lafite moved up to €900 and finally to €1,200. Haut-Brion and Mouton went on sale at around £8,000 a dozen, while Cheval Blanc released a trickle of cases at £8,500 – Berry's refused to recommend it customers at this price. Even so, it still sold 50 cases.
En primeur profits	Merchants and négociants with good allocations had a hugely successful and profitable campaign – Bordeaux Index sold £15m worth of wine in June alone. Farr reported selling 30,000 cases, worth a massive £53m (at an average of £1,760 per case). '95% of the wines which we bought have been sold,' claimed Farr's Stephen Browett in early July. This compares very favourably with all other previous <i>en primeur</i> campaigns. For instance, last year, the company sold just 12,000 cases worth £10.7m. In 2005, it sold a similar number of cases (29,600) at £24.7m.
Merchants' frustrations	According to various reports, allocations of the very top wines were down by 50% for Lafite and 30% for Mouton, Margaux and Latour – one merchant was furious with the way the top châteaux 'cynically held back stock to manipulate the price, and then release it later to maximise profits'. Another was 'seriously pissed off with the puny amounts of wine offered'. Simon Staples at Berry's also criticised the Bordelais for (once again) making the campaign so excruciatingly drawn out. 'By the end of June, customers were bored and tired.'
Asian disappointment	Despite the eye-watering prices, the Bordelais were disappointed that the anticipated demand from Asia failed to materialise. 'Sales at Bordeaux Index's Hong Kong office accounted for no more than 10% of the overall group sales of this vintage,' said MD Gary Boom. 'With Hong Kong now the second-biggest fine wine market in the world, this figure seems anomalous.' Oliver Hartley at Corney & Barrow also noted that a few UK customers were buying to speculate. 'There is a great awareness by UK investors that they can sell the wines to Asia in a few years' time.'
The view from America	US merchants have reported that the vintage has had a mixed reception, where 2009 polarised around the top-scoring wines or those that offered the most value for money. In other words, not unlike the UK, US buyers were buying more of the value wines from the vintage rather than the blue-chip châteaux. According to Jeff Zacharia at Zachys in New York: 'Some wines did not do well initially. But with the high prices of the top wines, they are taking a second look.'

Conclusion

As with every *en primeur* campaign, its success or failure always boils down to one thing: price. So, were the release prices reasonable? Or, were the Bordelais, as Robert Parker succinctly put it, 'stupid and arrogant' in their pricing?

There is no question that some wines have been astonishingly expensive, but

others have been entirely reasonable. Browett at Farr wasn't the only merchant to think that the Bordelais had priced it correctly, based on the way the wines had sold. Berry Bros' Simon Staples admitted that that Bordeaux has 'judged the market more or less to perfection'.

Others were aghast. One unnamed UK merchant said: 'If the Bordelais believe

correct pricing means pricing at the very lip of the precipice, they have done well. If they aim to give their customers a return on their purchase, they have failed miserably. Of my top 20 customers, 17 have bought nothing. Nor will they. Apply that nationally and Bordeaux is digging a vast hole for itself. Unless it plans to relocate to Asia...' **D**