

# Investing in Wine: Now May Be the Time



Richard Paterson for The New York Times

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**MARKET LULL** The prices of investment-quality wines like this 2005 Château Lafite Rothschild, pictured in the New York wine shop McAdam Buy-Rite, have fallen with the poor economy, leading experts to say that there are bargains to be found.

EVERY time [David Weinstein](#) swirls wine in a glass, you could say he is managing his assets.

Mr. Weinstein, a New York dealer in French art glass, is a wine collector, for investment as well as pleasure. He owns approximately 1,000 cases of wine, primarily red Bordeaux. Like all investors, Mr. Weinstein has been watching his market in the last eight months, which wine-collecting experts agree has experienced falling prices of 20 to 40 percent.

“When you have fluctuations, you weather the storm, or start to drink, or buy more,” Mr. Weinstein said on the telephone last week, with wise acceptance. “Buy more” is what wine-collecting experts, including wine-fund managers, traders, auction specialists, retailers and collectors, are saying. Though there is disagreement about the size of the price correction in the market, and the bargains to be had, experts agree that it is a good time to buy investment-quality wines. And though prices fell in the last four months of 2008, prices in the first four months of 2009 were heading back up.

The time to act, experts say, is now, particularly if you collect wine and want to fill previously expensive gaps in your collection. The biggest corrections have affected some of the biggest wines, whose prices were correspondingly steep during the booming wine-investment interest of the last several years, including wines classified as “first growth” Bordeaux like Château Margaux, Mouton Rothschild, Latour and others. And recent regional soft spots, like the market for [California wines](#), represent a chance to “buy high” and pay less too.

“It’s a great time to buy wine, the best time in a decade,” said Charles Curtis, who is in charge of [Christie’s](#) North American wine department. “People we’ve never heard of are jumping into the market, taking advantage of the lull to get into collecting, now that they have access.”

In addition to kinder prices, the availability of desirable vintages is better too, especially younger ones — 1982 and after. And though investment-quality wines still range in the hundreds to thousands to tens of thousands of dollars a bottle, according to Jamie Ritchie, who is in charge of [Sotheby’s](#) North American wine department, “for the same dollars, you can drink a lot better now.”

Mr. Ritchie said more collectors were buying for consumption right now. And at auction, he added, the smaller buyer now has more opportunity, as big-ticket, big-invoice collectors have retreated.

One of the wine world’s most important collectors, , chief executive of the [Chesapeake Energy Corporation](#), a natural gas producer, recently came to auction to sell, in fact. Mr. McClendon was caught in a cash crunch last fall. His 9,000-bottle wine collection came to sale at [Sotheby’s](#) in two parts, in New York in March and in Hong Kong in April. The sales realized close to \$9 million, well above the \$5 million presale estimate.

Mr. McClendon’s collection was strong on the large, fat-cat bottles like magnums, melchioris, imperials and methuselahs — anything over the standard 750 milliliters. Larger formats are actually a better value at the moment, Mr. Ritchie of Sotheby’s said, as collectors concentrate on more economical bottles and half-bottles. Though falling prices kept many collectors from selling, reducing the amount of wine on the market, returning prices in the last four months have produced an uncomfortable volume of wine to sell, said Charles Curtis of Christie’s.

This too might be an opportunity for buyers. Mr. Curtis said that Bordeaux like [Château Mouton Rothschild 1982](#), typically \$1,000 a bottle, were trading at a 30 percent discount. Drink up. And less illustrious vintages, like 1988, were “trading for a song,” he said. “Those wines are dirt cheap.” (It might be worth noting that one man’s dirt is another man’s truffled soil.)

Wines that were sold as investment “futures” by the Bordeaux chateaus — wine sold before it was bottled — also represent an opportunity now, as investors seek to sell while prices for the wines, now bottled and available, deflate from prices set several years ago by the speculation.

The 2006 vintage, now being delivered, has not increased in value from the original offering, and its price could fall, said Geoffrey Troy, the owner of [New York Wine Warehouse](#), a retailer and an auction partner with Christie’s. The 2005 vintage, widely acknowledged to be one of the best in the last 30 years, is now a substantial bargain — for anyone who didn’t speculate on it.

“The 2005 vintage got badly hit,” said Miles Davis, a partner in [Wine Asset Managers](#), a London-based manager of funds invested in the wine market and one of a growing class of funds devoted to wine as an investment commodity.

“IT started trading in ’06, went physical in ’08,” Mr. Davis said. “There were fantastic price rises — then it suffered the biggest fall.” (Wine Asset Managers, in a report issued in April, noted a correlation between the number of billionaires — down 30 percent in a year, according to Forbes magazine — and the wine market’s price correction, which the fund put at 22 percent.)

One of the wine world’s leading indicators, [Liv-ex 100 Fine Wine Index](#), an exchange that calculates monthly the price movement of 100 fine wines, including the top Bordeaux, puts the market recovery in 2009 at 4.1 percent, though year to year it is down 17 percent.

Anthony Maxwell, who works with Liv-ex, said that he thought that wine, though its investment activity represented \$3 billion internationally, should never be more than 10 percent of an investor’s portfolio. He added that it was not a market worth entering for less than \$50,000.

One long-term opportunity for a collector to consider might be the rapidly developing interest by the Chinese in fine wines. Hong Kong has become the capital of high-roller collecting. Sotheby’s held its first Hong Kong wine sale ever — part two of the McClendon collection — in April; Christie’s returned to Hong Kong last year with regular sales after a seven-year hiatus. [Acker, Merrill & Condit](#), a retailer and wine auctioneer, is doubling its live sales there this year.

Chinese collectors are spending substantially on investment-quality wine, adopting it as a luxury good and a mark of prestige. The big difference in the new Chinese wine investment market? They’re drinking it.

Collecting and consumption by the Chinese could affect the availability and value of great wines, which can survive and mature for decades, farther down the road. Buying the right labels is, in effect, a layaway plan — if you can afford to compete now.

David Sokolin, chief executive of [Sokolin](#), a wine retailer and brokerage in Bridgehampton, N.Y., sees emerging collecting markets like China, Brazil and Russia as part of a democratization of the appreciation of fine wine generally. Because of the Internet, he said, it’s anybody’s game to play.

“Where you had to be part of a privileged class to learn 10 years ago, technology allows everyone to know about wine now, at light speed,” Mr. Sokolin said. “There’s a new wine intelligentsia, and it formed online.”

He mentioned [Robert Parker](#), the influential wine critic, and his 100-point rating system. Mr. Parker’s unexpectedly positive reviews recently of the 2008 vintage — an average of 94.7 for the top 30 scores — bounced the trading price for 2008 Lafite, which was released for sale as futures during the last two months, by 75 percent overnight.

“A kid in Asia can go to Parker’s site and look at the points,” Mr. Sokolin said of the global cellar, “even if he can’t read the reviews.”