

## Vintage year, as fine wines uncork 12%

Research shows that if you bought a bottle in the 80s, returns are now sparkling



Vintage wine: A fine investment too. Photograph: Garry Weaser/Guardian

Investors who had the foresight to put their money into fine wine in the late 80s have been enjoying some vintage returns of 12% a year, claims research out this week.

Liv-ex.com, the global fine wine exchange which monitors the prices achieved by sales around the world, says the sparkling returns they have offered over the last two decades have left many rival investments looking distinctly corked.

Researchers at Liv-ex, whose indices have, until now, tracked wine prices back to 2001, spent hours poring over data going back to 1988. They concluded that the average prices of the world's best wines – mostly reds produced by the great French chateaux – have seen an average annual compound growth of 12.6% since then.

James Miles, director of Liv-ex, says: "The launch of this new index – the most comprehensive ever produced – allows detailed analysis of long-term price trends for the first time and proves that fine wine has a 20-year record of generating strong returns." He said the index has increased from 16 points in January 1988 to 209 points in May 2009 (the index was based at 100 in January 2004).

Those who had their money invested in the FTSE 100 share index over the last decade have seen portfolios fall an average 0.9% each year.

Jack Hibberd, research manager at Liv-ex, says the real boom in wine prices occurred after 2005. "During the early 2000s prices were flat, but after 2005 they raced away as investors woke up to the fact that wine had become seriously undervalued." He says the boom continued last year until the credit crisis sent prices crashing 22% "peak to trough". "They have already recovered 5% in recent months. "This is helped by huge demand from bargain-hunting Asian investors who have been greatly helped by the recent collapse in the pound's value," he says.

**Miles Brignall** The Guardian, Saturday 27 June 2009