

FT Wine Buying & Investing



Life after Parker
Can anyone else reach his level of influence?

CRITICS GIVE THEIR VIEWS Page 4

Hong Kong hangover
British merchants face local challengers

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Saturday December 17 2016

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‘More currency traders than merchants’

Sterling’s fall is complicating life for the UK trade, says Jonathan Ray

As sterling tumbled on June 24, following the UK’s vote to leave the EU, anything priced in pounds suddenly became much cheaper for international buyers – and wine was no exception. (It is traded in pounds even though it is mostly produced in France.) Jamie Graham of merchants Brunswick Fine Wines & Spirits reports that callers on that morning from Asia and the US were desperately keen to buy wine and even offered to pay up front to take advantage of the plummeting UK currency. Buyers using euros effectively enjoyed a 12 per cent discount and those using dollars 15 per cent.

“This high demand for fine wines and spirits continued throughout the summer and for the next few weeks beyond,” says Mr Graham. “The initial jump has now died away noticeably, although we are still seeing some interest across all sectors, especially at the very top end.”

Of course, a cheap pound is not good news for UK companies trying to buy abroad. “Sterling fell through the floor after Brexit,” says Mr Graham. “But since it has partially recovered against the euro, it means it’s easier for UK merchants to restock. In addition, sterling remains weak against the US dollar and so wine lovers in the US and in Hong Kong, whose dollar is pegged to that of the US, can still find relative value in the UK if they’re canny.” Mr Graham has visited Hong Kong since the referendum to meet wealthy potential customers.

Amanda Skinner, director of wine merchant Private Cellar, reports strong sales abroad. “After demand from the Far East came to a stuttering halt in mid-2011, there was a lot of overpriced stock out there,” she says. “It has taken some time to sell through the system. Clearly by June 2016, that stock was sold and they were ready to restock.”

The mid-2011 fall came after a decade of Asian-led demand. The Liv-ex index of 100 fine wines rose 265 per cent between December 2003 and its peak in June 2011, when the release of a poor Bordeaux vintage and Chinese monetary tightening took effect. China’s crackdown launched in late 2012 on corrupt “gifting”, which often involved expensive bottles of wine, kept the index subdued. (See charts on page 2)

Private Cellar says its overseas trade



Red, white and blue: prices are changing to match the pound’s new level — Fabio Nodari / EyeEm/Gettyimages

sales remain strong. With demand not just for first growths but across the board – mid-range Bordeaux, Burgundy, Rhône and Italy – Ms Skinner thinks that it is bona fide drinkers and not just investors who are buying.

As in other industries, from food to watches, manufacturers will reset prices to match sterling’s new level, says Joss Fowler of merchants Renaissance Vintners. “We’re more currency traders than wine merchants now,” he says. “One could argue that the fine wine market has been in the doldrums for a few years and that this is the beginning of a recovery. This may well be the case but the past few months have been about currency and not much else.”

This becomes more significant over the next few months as new wines are released – 2015 Burgundy in January next year and 2016 Bordeaux in April – and sterling nurses a loss of 10 per cent from its pre-referendum price.

Both wines seem strong, reports Tom Cave of Berry Bros & Rudd. “Red Burgundy in particular is being talked about as one of those once-a-decade superstar years for which true Burgundy lovers will pay plenty. Although early reports suggest prices will be high . . . in a vintage as fine as this, wines from all levels will be delicious.”

Mr Fowler suggests that these

Continued on page 5

‘The past few months have been about currency and not much else’



Oksana Kutcheruk, Prima ballerina from the National Opera Ballet of Bordeaux



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FT Wine Buying & Investing

'Legendary' wines from Bordeaux have left a bitter taste in investors' mouths, if not in drinkers'



Harvesting grapes by hand at Chateau Lafleur in the Bordeaux region
Photo: Tim Graham/Getty Images

Bordeaux Legends 50

Angelus	00
Ausone	98, 00
Cheval Blanc	82, 90, 95, 98, 00
Conseillante	90
Haut-Brion	89, 90, 95, 98, 00
Lafite Rothschild	82, 86, 96, 98, 00
Lafleur	00
Latour	82, 90, 96, 00
Leoville Las Cases	96, 00
Leoville Poyferre	90
Margaux	82, 90, 96, 00
Mission Haut-Brion	82, 89, 90, 00
Montrose	90
Mouton Rothschild	82, 86, 98, 00
Pavie	00
Petrus	82, 89, 90, 95, 98, 00
Pichon Lalande	82
Pin	98, 00

Bordeaux 500 (selected)

First Growth 50	Right Bank 50
Haut-Brion	Ausone
Lafite Rothschild	Cheval Blanc
Latour	Lafleur
Margaux	Petrus
Mouton Rothschild	Pin
Second Wines 50	Right Bank 100
Bahans/Clarence Haut-Brion	Angelus
Carruades de Lafite	Clinet
Fortis Latour	Clos Fourtet
Pavillon Rouge	Conseillante
Petit Mouton	Eglise Clinet
Sauternes 50	Left Bank 200
Climens	Beychevelle
Coutet	Calon Segur
Suduiraut	Cos d'Estournel
Rieussec	Ducru Beaucaillou
Yquem	Duhart-Milon

Sub-indices and components of the Liv-ex Fine Wine 1000
Only French wines listed. All wines are the ten most recent physical vintages unless otherwise specified. Champagne varies by brand.



Champagne 50

- Bollinger, Grande Annee
- Krug, Brut
- Louis Roederer, Cristal
- Louis Roederer, Cristal Rose
- Moët & Chandon, Dom Perignon
- Moët & Chandon, Dom Perignon Rose
- Philipponnat, Clos Goisses
- Pol Roger, Sir Winston Churchill
- Ruinart, Dom Ruinart
- Salon, Mesnil
- Taittinger, Comtes Champagne
- Taittinger, Comtes Champagne Rose

Burgundy 150

- Red**
- Armand Rousseau, Chambertin
 - Comte Vogue, Musigny VV
 - Jean Grivot, Clos Vougeot
 - Lambrays, Clos Lambrays
 - Ponsot, Clos Roche VV

- White**
- Bonneau Martray, Corton-Charlemagne
 - Comtes Lafon, Meursault Charmes*
 - Lafaille Pul Mont Clavoillon
 - Leflaive, Batard-Montrachet
 - Bouchard, Chevalier-Montrachet

Domaine de la Romanée-Conti

- Echezeaux
- Grands Echezeaux
- Richebourg
- Romanee-Conti
- Romanee-Saint-Vivant
- Tache

* Until 09

Rhone 100

- Southern Rhone**
- Beaucastel, Chateaufeuf Du Pape
 - Clos Papes, Chateaufeuf Du Pape
 - Janasse, Chateaufeuf Du Pape VV
 - Pegau, Chateaufeuf Du Pape Reservee
 - Vieux Telegraphe, Chateaufeuf Du Pape

Northern Rhone

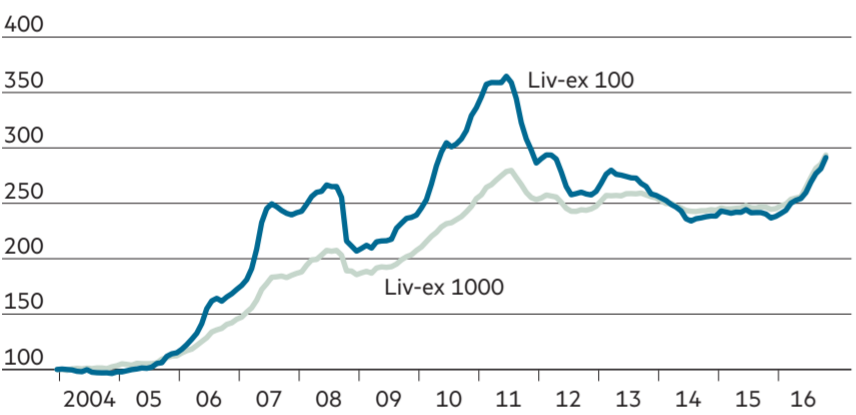
- Chapoutier, Ermitage Pavillon
- Jean-Louis Chave, Hermitage
- Guigal, La La's (aggregated)
- Jaboulet, Hermitage Chapelle
- Guigal, Cote Rotie Ampuis



Champagne vineyard in Hautvillers, where the monk Dom Perignon produced his champagne.
Photo: Francois Nascimbeni/AFP/Getty Images

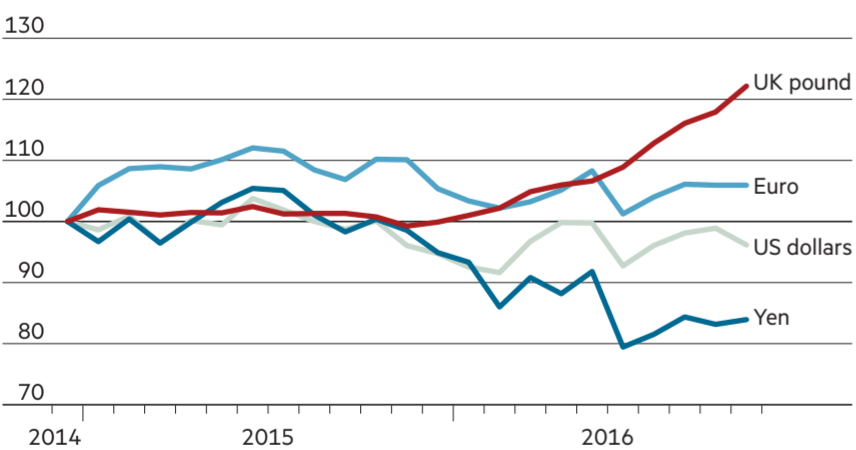
After years of outperformance the Fine Wine 100 index has settled at the lower level of the broader market

Performance of the Liv-ex Fine Wine 1000 and 100 indices, rebased (Dec 2003 = 100)



UK fine wine investors have been boosted by weak sterling

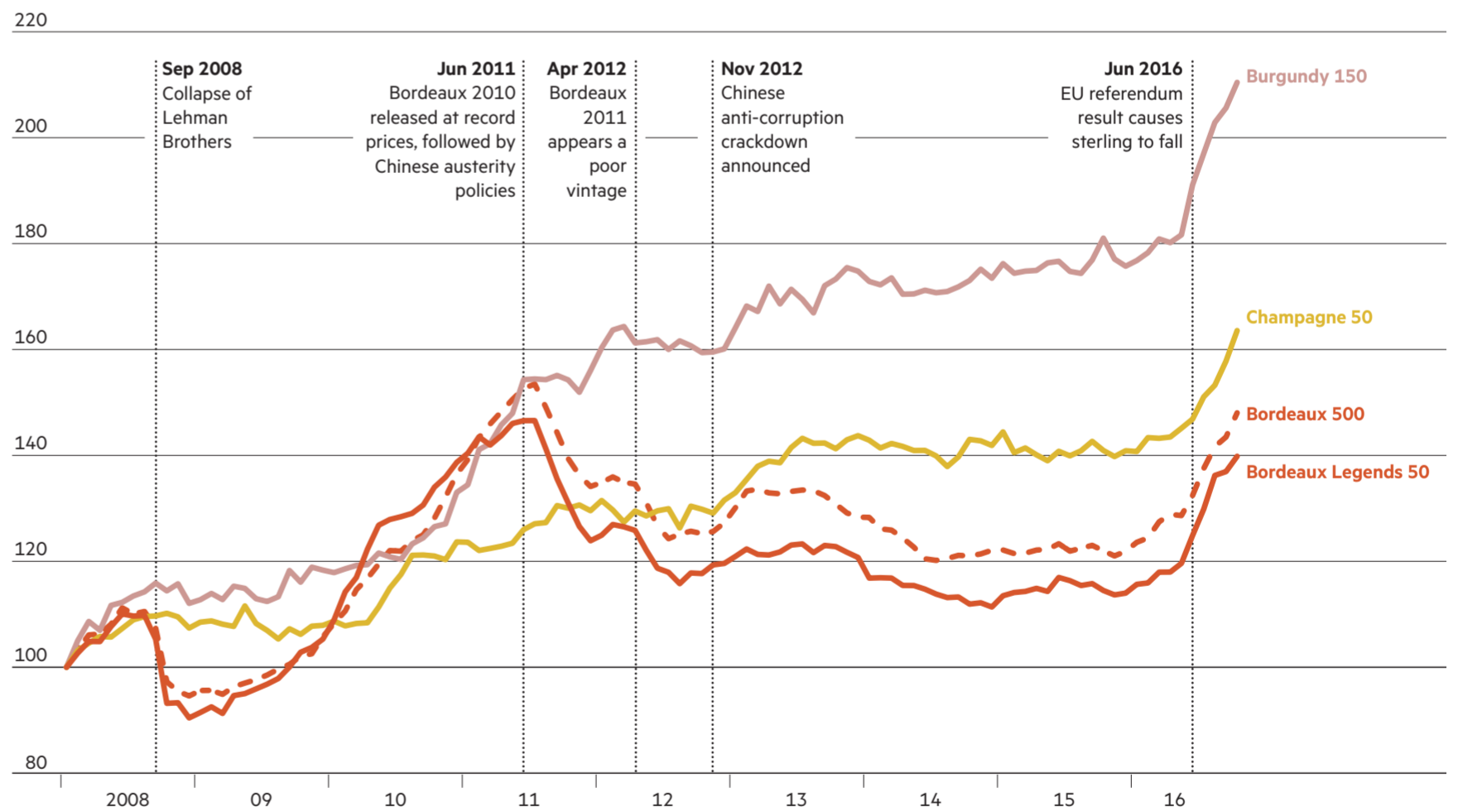
Liv-ex Fine Wine 100 index performance by currency rebased (31 Dec 2014 = 100)



FT graphic Source: Liv-ex

The most prestigious chateaux have lagged far behind Burgundy since 2008

Performance of the indices by region, rebased (Jan 2008 = 100)



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They may have royal warrants but UK names face some stiff competition, says *Debra Meiburg*

British merchants take stock in Hong Kong

It is 10,000km from Bordeaux to Hong Kong but for two decades now English fine wine merchants have helped Asian wine lovers solve the problem of distance. Berry Bros & Rudd and Farr Vintners were among the earliest to establish full-time businesses in Hong Kong in the late 1990s, alongside a handful of Chinese merchants. A decade later, market deregulation and the abolition of duties were catalysts for other European merchants to set up shop.

Although relations have been convivial, competition is fierce. Some reported being disappointed by their entry into Hong Kong but those who endured were rewarded. Imports of wine in 2015 reached HK\$10.8bn (\$1.4bn), more than six times the value in 2007, according to research from the Hong Kong Trade Development Council. Euromonitor International forecasts the Chinese market will grow 7 per cent in volume each year to 2020. Today, well over a dozen of Hong Kong's 350 importers are English and include some of the most prestigious brands.

This healthy market, bursting with skilled local merchants who have access to the world's best wines, begs the question of whether Hong Kong still needs England's experts.

For collectors, the argument for trusting the English is compelling. The top merchants have reputations and relationships that extend over more than 300 years. BBR, which was founded in 1698, holds royal warrants for supplying wine to the Queen and Prince Charles. Justerini & Brooks, founded in 1749, has an office in Hong Kong and holds a royal warrant. These merchants gain privileged access to wine at key times, such as when en primeur vintages (wines before they are bottled) are put on sale.

Amanda Longworth, BBR's head of marketing and wine services in Hong Kong, says the company's reach extends beyond en primeur campaigns to unique fine wine parcels (one-off sales): "BBR has more than 9m bottles in warehouses in the UK. This opens up a world of wines generally unavailable in Hong Kong."

"Buying from a UK merchant is like being a kid in a candy store," says Mathieu Thibaut, Asia general manager of merchants Corney & Barrow.

Hong Kong's wine collectors are significant players in the global luxury market and, according to a survey for the *Guide to the Hong Kong Wine Trade* (which I edited), they represent some 57 per cent of merchants' sales. Jo Purcell, managing director for Asia at Farr Vintners, says collectors represent the bulk of her business: "Our private customers are big buyers in their own right, some bigger than many wholesale accounts."

Private collector Roland Muksch buys more than half of his wine from English merchants. "The range of wines on offer is broad and there is a lot of depth in vintages," he says. It is also an inducement to him that the merchants will keep his wines in their UK "cellars" (bonded warehouses) for years and that their online platforms, such as BBX (Berry Brothers Exchange), facilitate trading.

The weak pound makes it especially attractive to buy from Britain: "The UK offers a price advantage of around 20-40 per cent," Mr Muksch estimates.

Ms Purcell concurs: "For volume buyers who are cellaring there, long-term, purchasing from an English merchant makes economic sense."

Cru World Wine benefits from the buying power of its global network, which has its roots in England. "UK merchants bring rich history and depth of relationships that are very helpful to Cru when it comes to sourcing and allocations," says Sabrina Hosford, Hong Kong-based global head of retail sales and marketing for the online platform.

Well-kept collections and access to en primeur wines are one thing but English merchants lack the advantage of speed. They can manage weekly or monthly air freights upon request and for a fee but sea shipments can take four to six weeks, a delay that deters some buyers. Hong Kong-based merchants have overcome this obstacle with local logistics and a wider selection of wines to hand.

Jason Ginsberg, director at merchants Ginsberg+Chan, says: "Almost all our customers work with the UK trade, but they come to us when they need wines to drink immediately."

His clients appreciate the personal touch: "Local and regional customers like dialogue, tips on where to eat and what to drink and they are always looking for deals."

'One can see English merchants as a pillar of tradition in this somewhat confused region'

What local merchants lack in depth, they make up for in diversity. Unrestricted by overseas decisions, local merchants can adapt to and drive market demand. "There are a lot of fabulous wines from around the world that local wine merchants are distributing," says Ms Longworth of BBR. "We wouldn't have natural-wine bars if the market was only run by UK wine merchants." (Natural wine is made without chemicals and with minimal technological intervention.)



Taking a long view: English expertise is still valued — Dale de la Rey/AFP/Getty Images

Established in Hong Kong in 2001, boutique merchant Altaya Wines has found a way to work harmoniously with English merchants. Founder Paulo Pong says that, following an initial period of "aggressive pricing" from the overseas merchants, they now compete in a "friendly manner".

"Altaya is an importer and wholesaler, so we sometimes work with merchants to distribute our wines to their private clients."

Yvonne Cheung, director of wine at Swire Hotels, which operates luxury hotels in Hong Kong and China, buys more than half her stock from local merchants but values the different qualities of both types of merchant. "The English present themselves as providing authenticity, a history of professionalism," she says.

"The Hong Kong merchants present themselves as smarter, more efficient, competitive," she says.

Even if English and Hong Kong merchants now work in harmony, obstacles to their further success loom. Antonio Koo, managing director of wine retailer and wholesaler Ponti Trading in Hong Kong, predicts wine trading platforms, like those offered by BBR and Liv-ex, might be the downfall of some English merchants' physical businesses. They have greater transparency, immediacy and connection to other collector-traders, he says.

Auction houses such as Christie's and Sotheby's pose a potential threat. They sold a total \$513m of fine wine in Hong Kong in 2016. "The biggest impact on merchants will be the auction houses who are very important now in Hong Kong given the volume they do," Mr Koo asserts.

While Ms Cheung questions English merchants' relevance to wholesale and retail customers, she accepts their

importance in Asia. "There is something of great value in seeing English merchants as a pillar of tradition in this somewhat confused region. They have such mixed and powerful histories, but somehow they have made mercantilism feel positive here, especially in wine," she reflects. "The English have presented themselves as a consistently amiable, wine-loving group of 'commercialisers', even amid the most brutal of commodity trading."

Corkers! What top sommeliers are drinking

Ronan Sayburn, Master Sommelier
Head of wines at private members' club
67 Pall Mall, London

I usually buy a bit of en primeur Bordeaux, Rhône and Burgundy each year from Uncorked or from Flint Wines — not *grand cru* wines for investment but village-level Meursault from Domaine des Comtes Lafon and Gevrey-Chambertin from Domaine Dujac aux Combottes for drinking in a few years. In Bordeaux I go for Chateau Feyt-Clinet and Alter Ego de Palmer. I buy from the Wine Society about whom I used to be quite snuffy, thinking them pricey and conservative. In fact, they offer great wines at great prices and a wide selection too, and so I'm very pleased I had a closer look at them.



Sara Bachiorni
Head sommelier at restaurant Chez Bruce, London

Last night I opened a bottle of 2014 Puligny-Montrachet, Domaine Blain-Gagnard, which was rather good with my home-cooked chicken breast and sautéed mushrooms. In general, I drink Riesling and white Burgundy at home but anything interesting is always very welcome. I bought several Grosses Gewächs Rieslings to lay down recently and there are various different reds in my tiny cellar too. I don't think many of us sommeliers can afford a proper cellar at home and so, sadly, there is little space to lay down fine bottles. As for where I buy my everyday wines, there are some lovely independent shops I rely on for last-minute purchases.

Selene Genovesi
Head sommelier at the Pig Hotel, Devon

I am Italian, so I do occasionally go for white wines from my motherland, purely because I might recognise a not-very-well-known indigenous grape or remote producer. I buy good wines from the local independents and also from Waitrose which we all know has a wonderful selection. Lidl has a very interesting portfolio at the moment, too. I found not only a very decent blend of Chardonnay and Inzolia there, but also a fairly drinkable Amarone della Valpolicella, believe it or not. However, I also enjoy full-bodied red Spanish wines and Californian and Australian Cabernet Sauvignons. In the first instance I have found a few examples in Waitrose and Tesco.



Yohann Pinol
Head sommelier at Wiltons, London

I trained in Tain-l'Hermitage, so love northern Rhône Syrah, especially wines such as St Joseph "Cuvée du Papy" from Stéphane Montez and St Joseph "Reflet" from François Villard, which I had with venison au poivre the other night. Spectacular! I like the second wines of top Bordeaux chateaux: more affordable than the *grands vins* but well made and easier to drink young. As for fine wine, I have laid down some Côte-Rôtie Lancement from Stéphane Ogier, some Chave Hermitage and a few Chateau de Beaucastel Chateaufort du Pape, Vega Sicilia Unico and Penfolds Grange. But they are in France, out of temptation's way!

Interviews by Jonathan Ray



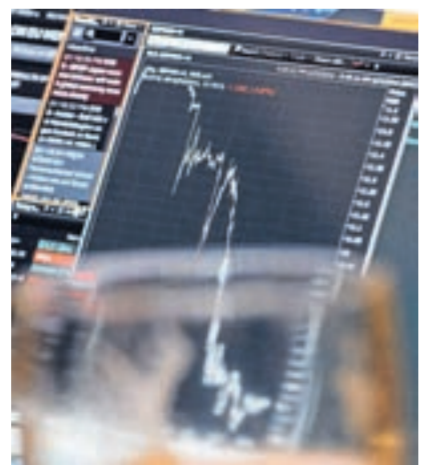
'More currency traders than wine merchants'

Continued from page 1

Burgundy and Bordeaux sales are important to watch. "If the quality is there and it sells [to consumers], then it can give the market a kick-start," he says. "If it doesn't sell, though, then it can put us back in said doldrums."

Toby Herbertson, fine wine buyer at merchants Goedhuis & Co, agrees. For him, the 2016 Bordeaux en primeur (wine futures) campaign will be the bellwether. "Bordeaux takes up the majority of the market... and a bad en primeur campaign can really put the mockers on things."

It is not a scene of total despair for



wine merchants. According to Jamie Graham of Brunswick, a case of 12 bottles of 2005 Chateau Lafite Rothschild that was selling in January 2016 for about £3,600 is now worth around £4,650, while a case of 1996 Chateau Mouton Rothschild that was £5,800 in January is now £8,800.

Mr Herbertson is divided between fear and hope. "Long term, who knows what's going to happen, especially if in a post-Brexit world we find trade tariffs imposed?"

"But we shouldn't be too alarmed. Sterling is going up and there's still a reasonable amount of stock."

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WILKINSON VINTNERS EXCEPTIONAL WINES FROM STOCK

Vintage	Wine	*Score	Format	Stock	IB Case ex. VAT
1945	Ch Mouton Rothschild	100	Bottle	1b	£108,000.00
1961	Ch Haut-Brion	100	Magnum	1cs 0m	£48,000.00
1961	Ch Latour	100	Imperiale	1	£56,000.00
1961	Ch Latour	100	Jeroboam	2	£42,000.00
1975	Ch La Mission Haut-Brion	100	Imperiale	1	£13,200.00
1975	Ch La Mission Haut-Brion	100	Double Magnum	1 dm	£18,000.00
1982	Ch La Mission Haut-Brion	100	Bottle	1cs 0b	£9,400.00
1982	Ch Latour	100	Bottle	5cs 0b	£16,800.00
1982	Ch Mouton Rothschild	100	Bottle	1cs 0b	£12,250.00
1982	Ch Pichon Lalande	100	Bottle	6cs 0b	£7,200.00
1986	Ch Lafite	100	Bottle	4cs 0b	£12,000.00
1986	Ch Lafite	100	Magnum	2cs 0m	£13,250.00
1986	Ch Leoville Lascases	100	Bottle	4cs 0b	£3,800.00
1986	Ch Mouton Rothschild	100	Bottle	9cs 0b	£8,800.00
1986	Ch Mouton Rothschild	100	Magnum	1cs 0m	£8,800.00
1989	Ch Clinet	100	Bottle	3cs 0b	£7,200.00
1989	Ch Haut-Brion	100	Bottle	14cs 0b	£18,000.00
1989	Ch La Mission Haut-Brion	100	Jeroboam	1	£8,400.00
1990	Ch Beausejour-Duffau	100	Bottle	2cs 0b	£10,000.00
1990	Ch Margaux	100	Bottle	2cs 0b	£9,500.00
1996	Ch Lafite	100	Bottle	3cs 0b	£9,600.00
1996	Ch Lafite	100	Magnum	3cs 0m	£9,400.00
2000	Ch La Mission Haut-Brion	100	Bottle	7cs 0b	£5,280.00
2000	Ch Lafleur (Pomerol)	100	Bottle	3cs 0b	£12,800.00
2000	Ch Margaux	100	Bottle	1cs 0b	£8,100.00
2000	Ch Margaux	100	Magnum	2cs 0m	£7,950.00
2000	Ch Pavie	100	Bottle	3cs 0b	£4,995.00
2003	Ch Lafite	100	Bottle	3cs 0b	£9,200.00
2003	Ch Lafite	100	Magnum	1cs 0m	£9,250.00
2005	Ch Haut-Brion	100	Bottle	2cs 0b	£6,600.00
2005	Ch Haut-Brion	100	Double Magnum	1cs 0dm	£6,750.00
2009	Ch Clinet	100	Bottle	1cs 0b	£2,295.00
2009	Ch Cos d'Estournel	100	Bottle	3cs 0b	£2,500.00
2009	Ch Ducru-Beaucaillou	100	Bottle	1cs 0b	£2,400.00
2009	Ch Haut-Brion	100	Bottle	7cs 0b	£6,650.00
2009	Ch La Mission Haut-Brion	100	Bottle	1cs 0b	£4,900.00
2009	Ch Leoville Poyferre	100	Bottle	3cs 0b	£1,940.00
2009	Ch L'Evangile	100	Bottle	3cs 0b	£2,900.00
2009	Ch Pavie	100	Bottle	8cs 0b	£3,250.00
2009	Ch Pontet-Canet	100	Bottle	20cs 0b	£1,780.00
2009	Ch Pontet-Canet	100	Magnum	1cs 0m	£1,780.00
2009	Ch Smith Haut Lafitte, Rouge	100	Bottle	1cs 0b	£2,200.00
2009	Clos Fourtet	100	Bottle	1cs 0b	£2,200.00
2009	Le Pin	100	Bottle	2cs 0b	£37,500.00
2010	Ch Montrose	100	Bottle	1cs 0b	£2,200.00
2010	Ch Pavie	100	Bottle	5cs 0b	£3,360.00
2010	Ch Pontet-Canet	100	Bottle	11cs 0b	£1,775.00

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IB = in bond per case 12 bottles, 6 magnums or 24 half bottles
Imperiales and Jeroboams are priced per item.

FT Wine Buying & Investing

Parker leaves a pointed legacy

Ratings The question is whether anyone can succeed the world's most influential critic, reports *Alan Livsey*

The internet, coupled with smartphone portability, provides so much information at our fingertips that a world of wine experts is there for us. Apps such as Vivino or websites like Wine Searcher offer reviews from experts as well as enthusiasts, along with price history. Liv-ex, with its indices, offers long-term price data.

It was not always so, of course. A few decades ago, not many consumers had the depth of knowledge of, say, a Hugh Johnson or a Jancis Robinson, accumulated over decades of tastings and estate visits. Haughty restaurant sommeliers made diners tremble.

For those oenophiles interested in earning a return on their wine, however, no person has influenced the market more than US critic Robert Parker. Much to the initial dismay of some of his peers, he simply distilled his conclusions — on the finest wines of Bordeaux — into a number, rating them out of 100.

Bordeaux is vital to the wine trade and Mr Parker is vital to Bordeaux. Through his newsletter, the Wine Advocate, Mr Parker displayed his knack for sometimes controversial predictions, such as his positive call on the 1982 Bordeaux vintage, and laid the foundation for three decades of adulation and imitation by the wine community. Mr Parker's 100-point rating for Chateau Haut-Brion 1989 — reiterated on six separate tastings over the years — means this commands a significant premium on other Haut-Brion vintages. Its market price is 139 per cent above the 2005, the next highest of the last 20 vintages. He eschewed advertising from the wine trade to maintain independence.

Once he had established his reputation, no merchant or wine investor dared ignore him. When Mr Parker wrote in November 2014 that he had



Drinking by numbers: Robert Parker pioneered a ratings system that could move the market — Camera Press/Andrew Crowley/Telegraph

scored the well-regarded, but lower ranked, Haut Bailly 2009 at 100 points, its case price jumped 45 per cent in three days.

By scoring a maker's vintage between 50 and 100 points, an industry-wide ranking for all fine wine developed. Top-rated wine effectively sold itself or — if burdened with a score below 85 — not. Other critics had to follow and provide an exact score, even when a range of points might not be fair to the wine. Some have copied the 100-point scale; a minority keep it to 20 points.

This year Mr Parker decided to stop the gruelling annual review of the Bor-

When he scored the Haut Bailly 2009 at 100 points, its case price jumped 45 per cent in three days

deaux en primeur market — wine futures — from the spring tastings. It was at these that Mr Parker could make or break a vintage. He is not disappearing entirely, though, and will review other wines of Bordeaux and California.

Replacing him is difficult and not just due to his disproportionate influence on buyers' opinions. The world of wine has changed in the past decade and, in a way, the pendulum has shifted back towards the merchants. "Customers increasingly ask for help in that indeterminate area between 85 and 96 points [good to very good]," says Dan Jago, chief executive of London's Berry Bros & Rudd wine merchants.

Still, a number helps consumers more than purple prose from writers. As Ms Robinson, the FT's own wine critic, puts it, "Who really gets up in the morning and tells themselves that they simply must find a wine that tastes of fennel seed, grilled watermelon and gardenia?"

A numerical rating system is important for merchants and investors. Rising prices throughout the 1980s and 1990s encouraged collectors to morph into investors.

Between 1987 and the beginning of the new millennium the Liv-ex Fine Wine 100 Investable index gained over 14 per cent on a compounded annual rate. Its growth this year — up 24 per cent — has left the FTSE All-Share index for dust, more than doubling it.

Burgundy boom continues in saleroom

Auctions The days of mania for Bordeaux have passed, writes *Hugo Greenhalgh*

When the gavel came down for the final time, the sale total stood at just under \$22m. More than 20,000 bids from 740 people competed for the 2,729 lots up for sale from US billionaire Bill Koch's wine cellar. Sotheby's sold every single bottle offered over three days in May, perhaps the most significant wine auction of the year.

At the high end, buyers — both Chinese and from around the world — are looking to Burgundy. "Individuals who purchased cases for under £1,000 just seven or eight years ago are now seeing these same cases valued at up to £10,000," says Gary Boom, chief executive of fine wine merchants Bordeaux Index.

Yet he feels the Burgundy boom may be overstated: "Burgundy will never displace Bordeaux in volume terms as there simply isn't enough wine from Burgundy to go around. However, top Burgundy remains the most sought-after wine in the world and this, allied with the very small production volumes of the past four or five years, has driven prices ever higher."

It is a case of availability, says Max Lalondrelle, fine wine buying director at merchants Berry Bros & Rudd.

"Burgundy only represents a fraction of the Bordeaux turnover both in sales by volume and value."

The days of the mania for Bordeaux have passed — at one point in 2011, Bordeaux first growth was nudging £12,000 a case; today it would cost approximately £4,000, according to Liv-ex figures. Bordeaux is gradually returning to favour, though. Chateau



Gevrey-Chambertin, Clos St Jacques, 2012, up for auction at Sotheby's in November

Margaux 1996, seen as a "bellwether" wine, is 40 per cent more expensive than at the start of the year, with a 12-bottle case now selling for approximately £6,200, according to wine-searcher.com.

Buyers from Asia, who partly fuelled the mania, remain visible in the market. Reports last year suggested that the Chinese had bought more than 100 Bordeaux vineyards. China is the fifth-largest consumer of wine in the world, consuming 2.1bn bottles in 2015, up 3.2 per cent on 2014, according to the International Organisation of Vine and Wine.

In November, Sotheby's sold a private continental collection for just under £900,000 — nudging slightly ahead of the presale estimate. "Great chateaux from outstanding vintages including 2000, 2005, 2009 and 2010 were fiercely fought over," says Stephen Mould, Sotheby's European head of wine, of the overall sale. "Elsewhere, red Burgundy from Domaine de la Romanée-Conti, Armand Rousseau, Dugat-Py and de Vogüé was in high demand, while collectors pursued white Burgundy from Domaine Leflaive and other growers with equal passion."

Chris Smith, investment manager at the Wine Investment Fund, says investors and buyers need to look beyond the headlines. "There are always headline-catching auctions around the world but these constitute a very small percentage of overall turnover in the fine wine market, most of which is traded by merchants and funds such as ourselves."


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Laurent-Perrier
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