



# BAYLEYS VITICULTURE MARKET UPDATE

## Biggest trends



### Sauvignon Blanc is the main cash cow

Market remains primarily focused on securing supply of Sauvignon Blanc grapes. Given global consumer demand has continued to outstrip supply, with this years yield volume said to be "about average", quality is expected to provide for one of the best vintages in recent years. Production capacity remains a key driver of value.



### Spread of offering remains attractive

Vineyards producing a range of quality varieties remain attractive. Being typically smaller, production is focused on quality. Specialist organic production or leveraging the established sustainability practices by the wine industry provide opportunity, particularly for high-end brands wanting to achieve a premium and/or differentiated product offering.



### Vine replacement a focus

Many vineyards are now approaching 30 years. Where production is reducing or becoming uneconomic, redevelopment or 'refreshing the asset' with new plantings is occurring. CapEx and/or operational advantages are key considerations, particularly where vines have tighter spacing and able to drive productivity gains.

## Outlook for the next 12 months



### Focus on securing supply for growth export markets

Strong demand forecast in the US market in the medium term remains, and alongside constrained supply of land available in Marlborough, vineyard buyers will continue to focus on securing supply of Sauvignon Blanc. Expansion is expected into regions where scaled development opportunity exists for Sauvignon Blanc, Pinot Gris and Pinot Noir.



### Hands off investment will remain attractive

Given the relatively scalable and systemised nature of vineyards, it provides opportunity for a wider investor pool. Contract management remains competitive and provides opportunity for smaller through to corporate buyers, as they adjust to a higher cost of debt environment.



### Lifestyle purchasers will remain persistent

Activity from lifestyle purchasers is expected to remain, particularly in the \$2.5M to \$5.0M price range. The opportunity to generate passive income alongside the lifestyle amongst the vines will continue to appeal to those searching for a home and supplementary income.



## BAYLEYS VITICULTURE SALES



Bayleys Viticulture Unconditional sales (1 April 2022 to 31 March 2023)

## NEW ZEALAND VITICULTURE MARKET TRENDS

Data: Bayleys Insights & Data, CoreLogic 1 January 2022 to 31 December 2022

**\$99m**

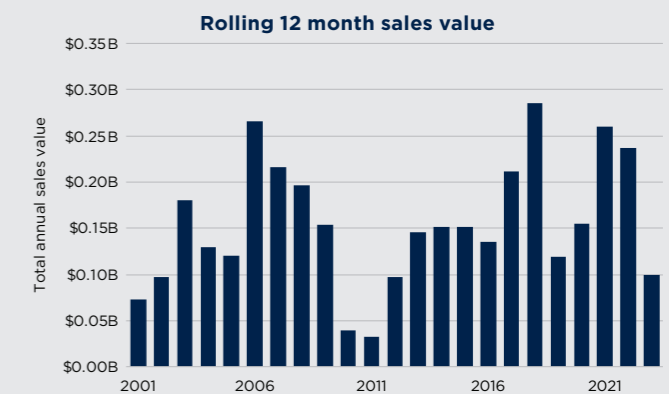
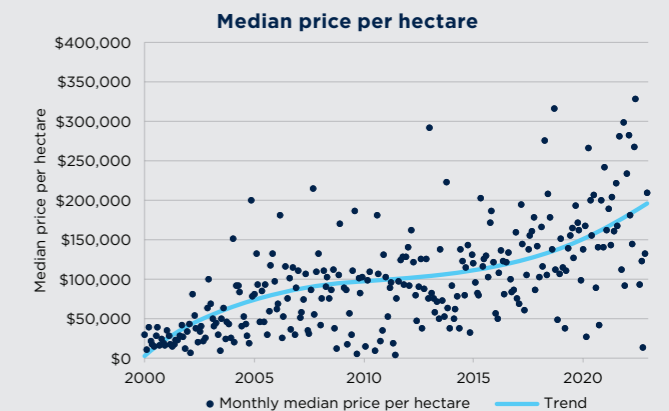
Land value sold (down 58% from \$234m)

**673ha**

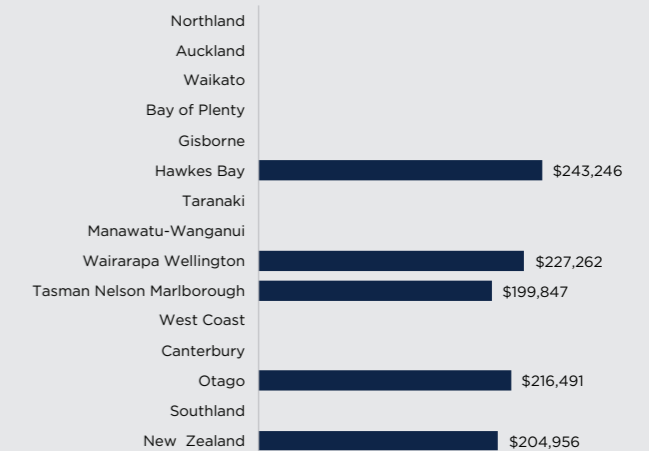
Land sold (down 73% from 2,495ha)

**29**

Vineyards sold (down 61% from 74)



### Average price per hectare by region (2023)



### Land area sold by region (2023)

