

Decanter
PREMIUM

**DECANTER PREMIUM
COLLECTOR'S GUIDE:
NAPA VALLEY**



California is a vast treasure trove for wine lovers and the top Cabernet Sauvignon-driven wines of Napa Valley, in particular, are increasingly prominent on the fine wine market.

Spend even just a few days in California wine country and you'll be struck by the diversity of wines on offer, from niche varietal bottlings to the depth and breadth of Cabernet Sauvignon-driven styles.

Standout vintages like 2016 and 2013 have generated significant press, but current-release Cabs from the more challenging 2017 vintage also display precision in the cellar and terroir-focused approach.

'Even in a hot vintage like 2017, Opus [One] can deliver balance and sculpted elegance,' said Decanter's Jane Anson, after a recent tasting.

Some merchants see Napa Valley as a rising star of the international fine wine market. 'We've backed Napa to be the next big thing,' said Giles Cooper, buyer at BI Fine Wine & Spirits.

While this report focuses largely on Cabernet-driven wines, and particularly those of Napa Valley, it would, of course, be remiss of this article not to at least mention the many other avenues open to collectors in California.

Decanter experts have shone a light on beautiful, age-worthy Pinot Noir and Chardonnay wines being produced in cooler areas, from parts of Santa Barbara County to Sonoma's Russian River Valley and also Anderson Valley further north.

Zinfandel has found new vigour, with fresher elegant styles sitting alongside traditional heavyweight wines. Paso Robles, known in particular for its Rhône varieties but also Cabernet, has been tipped as an area to watch, while the progress of Syrah is fascinating to track across Sonoma County, too.

Beyond that, how about new takes on Nebbiolo from fruit grown in Mendocino County, skin-contact Vermentino or exciting expressions of Gewürztraminer and long-lived Riesling?

You'll even find Ribolla Gialla in Napa Valley, while trials began at Larkmead Vineyards last year to understand how Touriga Nacional and Tempranillo – among others – might help producers adapt to climate change.



Mature Zinfandel grapes



Vermentino grapes

COVID-19 AND RETAIL SALES

The year 2020 will likely go down as one of the most challenging for many producers.

Although the impact of Covid-19 has been tough, however, some retailers also say the availability of hard-to-find wines has increased.

Shaun Bishop, CEO of JJ Buckley, said, 'California is selling very well right now, driven mostly by two factors – retail wine buyers are seeing a much wider offering of top California wines, as restaurant and winery sales are temporarily slow, due to the Covid restrictions.

'And secondly, many French and Spanish wines sales are down, due to the 25% [import] tariffs which have resulted in much higher prices, and hence a shift to California.'

Ryan Woodhouse, domestic buyer at US merchant K&L, noted that he has been able to offer customers palettes of highly rated Kistler (Sonoma) Chardonnay wines that would normally only be sold via restaurants and bars.

He said that, in general, K&L has seen buyers return to classic names this year, such as Heitz or Beaulieu Vineyard (BV) Georges de Latour.

A NOTE ON WILDFIRES

It must also be highlighted that there have been devastating wildfires in some areas in recent 

Photographs: Marco Bacci/Alamy Stock Photo; Design Pics Inc/Alamy Stock Photo

weeks. At the time of writing, the Glass Fire had damaged several Napa wineries, as well as homes, forcing thousands of people to evacuate.

There have, however, been remarkable displays of resilience.

‘All is not lost,’ said Chris Howell, winemaker and general manager at Cain, which saw its winery destroyed alongside the homes of three families living at the property.

‘What remains are the amazing people of Cain, a large number of friends, supporters and customers of Cain, most of the magnificent Valley Oaks, much of the 90-acre (36ha) Cain Vineyard, and the wines, all safely stored in south Napa.’

Such positivity cannot mask the difficult reality faced by communities or wineries, but it perhaps reflects the sort of proactive approach that has put this region’s wines on the international stage in recent decades.

1976 AND ALL THAT

Napa, and California wine in general, remain relatively young players on the fine wine scene



Above: Rob Davis

Top Napa Valley producers: Caymus Vineyards; Joseph Phelps; Shafer Vineyards

– even if a good number of vineyards trace their history back to the 19th century. Inglenook, which has been restored to former glories by Godfather director Francis Ford Coppola, was founded in 1879, for instance.

There have been several seminal moments, from legendary winemaker André Tchelistcheff releasing the first Georges de Latour Private Reserve Cabernet Sauvignon in 1941 to the work by professor Harold Olmo at UC Davis to create the ‘Oakville Selection’ that cemented Cabernet Sauvignon as a focal point.

Tchelistcheff mentored several aspiring winemakers, from a certain Robert Mondavi to, in the 1970s, a young winemaker named Rob Davis at the newly formed Jordan Vineyard & Winery in Sonoma County’s Alexander Valley. Davis recently left Jordan after 43 years of making its wines.

As breakthrough moments go, however, the 1976 Judgement of Paris hosted by Steven Spurrier on 24 May certainly showed the wider world how California Cabernet and Chardonnay could mix it with the best of Bordeaux and Burgundy in a blind tasting.

It also possibly triggered an existential crisis among several prominent French wine critics.

Wines in this tasting have been named among the 101 items that ‘made America’ by the US Smithsonian Institute. They include the overall winner among the reds, Stag’s Leap Wine Cellars’ ‘SLV’ Cabernet Sauvignon 1973 produced by Warren Winiarski. Of the whites, Chateau Montelena Chardonnay 1973 won overall, beating top Burgundy.

TOP PRODUCERS TODAY: A SNAPSHOT

The 10 most searched for Napa Valley wines on Wine-Searcher are:

- Opus One
- Caymus Vineyards Cabernet Sauvignon
- Dominus Estate
- Screaming Eagle Cabernet Sauvignon
- Harlan Estate
- Joseph Phelps ‘Insignia’
- Caymus Vineyards ‘Special Selection’ Cabernet Sauvignon
- Shafer Vineyards ‘Hillside Select’ Cabernet Sauvignon
- Silver Oak Cellars Cabernet Sauvignon
- Scarecrow Cabernet Sauvignon



In Sonoma County, the top 10 are:

- Silver Oak Cellars Cabernet Sauvignon (Alexander Valley)
- Jordan Winery Cabernet Sauvignon
- Ridge Vineyards Geyserville
- Kistler Vineyards 'Kistler' Chardonnay
- Marcassin Estate Chardonnay
- Peter Michael 'Les Pavots' Estate Red
- Vérité 'La Joie'
- Beringer Vineyards, Knights Valley Cabernet Sauvignon
- Ridge Vineyards Lytton Springs
- Aubert Wines 'Lauren Vineyard' Chardonnay

This really only touches the surface of the options available, even in the world of Cabernet-led and Chardonnay wines, and trade buyers themselves can find it difficult to keep track of newer names.

NAPA WINERY DEALS

Investors have come from far and wide, but the arrival of wine families from Bordeaux has been notable in the last few decades.

There is Opus One, founded in 1978 by Baron Philippe de Rothschild (Mouton) and Robert Mondavi, and Dominus, established in 1983 by Christian Moueix (of Petrus fame).

More recently, the owner of Château Latour, François Pinault, bought the highly regarded Araujo Estate in 2013 from Bart and Daphne Araujo, renaming it Eisele Vineyard Estate. The Araujos now have Accendo Cellars, another name to know.



Top Sonoma County producers: Silver Oak Cellars; Ridge Vineyards; Beringer Vineyards

In January 2020, the Cathiard family of Château Smith Haut Lafitte bought a Napa vineyard estate lying at the base of the Mayacamas mountains and originally founded in 1885. It will be interesting to see how this project develops.

Other recent deals in Napa include:

- The Lawrence family and Carlton McCoy Jr bought Heitz Cellar (2018)
- The same buyers bought Burgess Cellars (2020)*
- Constellation bought cult producer Schrader Cellars (2017)
- Louis Roederer bought Diamond Creek (2020) (having bought Pinot specialist Merry Edwards in Sonoma's Russian River Valley in 2019)
- E&J Gallo bought Pahlmeyer winery (2019)
- Chanel bought St. Supéry winery (2015)
- The Schottenstein family took 100% control of Mayacamas (2017)

**Burgess Cellars winery was destroyed in the Glass Fire in September 2020. At the time of writing, the family said they were determined to rebuild and that the vineyards largely survived unscathed.*



The 1976 Judgement of Paris hosted by Steven Spurrier



Alexander Valley vineyards, Vérité

NAPA CAB: KNOW YOUR STYLE

‘There is massive stylistic diversity out there’, said Ryan Woodhouse, domestic buyer at the California-based K&L merchant. Both he and Giles Cooper, at BI Fine Wine & Spirits, advised new collectors to taste as broadly as possible to see where their palate sits.

Alongside a greater focus on terroir-driven wines, terms like restraint, elegance and freshness have chipped away at the big, bold and super-ripe Napa Cab stereotype of the last 20 years or so.

Retailers have noticed the trend in sales. ‘We continue to see a move to somewhat more restrained and focused style’, said JJ Buckley’s Bishop. ‘Wines like Eisele, Dominus, Vérité, Kapcsandy, and the stable of wines from Jean-Charles Boisset are doing well.’

For some, it is a return to winemaking styles of old; for others, it is also recognition for how things have always been done.

Producers like Corison and Spottswoode in St. Helena, or Mayacamas with its long-standing commitment to neutral oak in the Mt. Veeder AVA, are among those known for pared-back Cabernet styles.

This can create different impressions of vintages between producers. A cool 2011 growing season was widely regarded as

challenging, for instance, yet Cathy Corison believes conditions played right to her wines’ natural strengths.

Among the newer names to know in Napa, Decanter contributor Elin McCoy has highlighted Ashes & Diamonds, rising star Massimo Constanzo, and the Macdonald brothers making Cabernet from the historic To Kalon vineyard.

She said the latter ‘reflects the new sensibility of both power and restraint and the push toward organic and biodynamic viticulture in the valley’.

BUYING THE WINES: HOW TO APPROACH THE MARKET

Direct sales are a significant part of the California fine wine scene.

‘Sixty-one percent of sales come direct for a small winery, whether that’s tasting room or [winery] club sales,’ said Rob McMillan, executive vice president and wine division founder at Silicon Valley Bank.

He said that the economic impact of Covid-19 had also pushed more wineries into online selling, as well as virtual tasting programmes with collectors – something he has long advocated for.

Disclaimer: Please note that this report has been published purely for informational purposes and does not constitute financial or investment advice. The report includes Wine-Searcher monthly global average retail prices in US\$ to provide a consistent point of comparison, as well as data and opinion from other trade sources. All of this information is subject to change, and the prices and availability of wines cited will vary between countries, currencies and retailers. *Decanter* and the editorial team behind this report do not accept liability for the ongoing accuracy of its contents. Seek independent and professional advice where necessary and be aware that wine investment is unregulated in several markets. Please be aware that prices can go down instead of up.





Bill Harlan,
Harlan Estate

Trade body Napa Valley Vintners hosted an ‘en primeur-style’ sale from 8 to 10 September, linking through to new releases from the 2016, 2017 and 2018 vintages at its winery members’ websites, for example.

Winery mailing lists offer some of the best opportunities to acquire new-vintage releases or acquire rarer, older wines.

Some cult wines are well-known for having waiting lists, including Harlan Estate, Screaming Eagle, Scarecrow, Schrader, Peter Michael and Sine Qua Non, the vaunted Central Coast estate especially known for its use of Rhône grape varieties.

Wines are often small-production; Screaming Eagle is reported to make between 500 and 850 cases, for instance.

Ridge Vineyards (Santa Cruz Mountains) sells a portion of its renowned Monte Bello en primeur, via merchant partners. ‘We sell roughly half of our production en primeur with 20% of the total production dedicated to our international en primeur programme and 30% to our domestic retail-based programme,’ said Heidi Nigen, Ridge’s director of marketing.

‘The en primeur price has always ended up to be a significant discount versus the final release price.’

Giles Cooper, buyer at BI Fine Wine & Spirits, said traditional models were shifting as more wineries sought to reach out to new collectors internationally. ‘They’re looking at how they can expand their distribution.’

Several top names sell a portion of their new-release wines to international merchants via Bordeaux Place. Opus One has done so since 2004, and other names include Sonoma’s Vérité, Napa’s Inglenook Rubicon, Joseph Phelps Insignia and Quintessa, plus L’Aventure from Paso Robles.



CLOSER LOOK AT PRICES

Things have come a long way since Diamond Creek’s Al Brounstein released his Lake Vineyard Cabernet 1978 at \$100-a-bottle. This was still considered rare in September 1989, wrote the Washington Post that year, noting Opus One was \$50 and Dominus \$35.

Photograph: Olaf Beckmann

Ridge's Monte Bello Vineyard



said, Vérité's 'La Joie' has stayed fairly stable at just under \$400-a-bottle ex-tax, for example.

WEAKER PRICING IN 2020?

Some market observers say prices for top California wines look a little weaker overall in 2020.

'Given that overall demand for all fine wine, including top California Cabs, is down due to Covid-19 restrictions on restaurants, bars, hotels, and winery visits, prices are a little soft,' said Shaun Bishop, CEO of US merchant JJ Buckley.

'However, I see that due only to the current situation and I think based on retail demand for these wines, we will see prices firm up again as soon as these businesses can open.'

SVB's McMillan said that a 'more fragile consumer' in the wake of current economic concerns could drive prices down. But, he also said that luxury wine producers would avoid discounting wherever possible. 'There will always be wealthy people who want to buy the best,' he added.

Woodhouse questioned whether the 2017 vintage wines would struggle to find their place sandwiched between the strong 2016 📩

Several highly regarded, small-production 'cult' wines command lofty prices today – with names like Screaming Eagle and Harlan Estate more expensive than Bordeaux first growths.

The average global retail price of a 'Bordeaux red blend' from Napa Valley has risen by around 30% in the last five years, to average \$193 per bottle ex-tax in September 2020, according to Wine-Searcher data.

Here is how a small selection of top-tier Cabernet Sauvignon and Cabernet-driven wines have fared in the last five years, based on Wine-Searcher's average global retail price (ex-tax) for all vintages.

- Dominus Estate, up by 40% to \$271 per bottle (September 2020)
- Harlan Estate, up by 34% to \$1,100 per bottle
- Scarecrow, up by 45% to \$831 per bottle
- Ridge Monte Bello (Santa Cruz Mountains), up by 31% to \$230 per bottle
- Screaming Eagle, up by 26% to \$3,649 per bottle
- Opus One, up by 37% to \$411 per bottle
- Joseph Phelps Insignia, up by 24% to \$255 per bottle

While these figures are clearly a broad generalisation and will vary between vintages, they give you a sense of the progression.

Wine-Searcher's data also says the average price of 'Bordeaux red blends' from Sonoma County has broadly doubled in the past five years, backing up reports of greater interest in the region's Cabernet-dominant wines. That



Dominus Estate

and 2018 crops. However, he said Dominus 2017, released earlier this year, 'went gangbusters for us and did really well'.

LOOKING FOR VALUE

There are plenty of options further down the price ladder.

'If you're a savvy shopper there are great wines to be had and you don't have to spend an absolute fortune,' said K&L's Woodhouse, adding \$40 to \$50 can be enough to get a great bottle.

One example is Smith-Madrone, founded in Napa Valley's Spring Mountain area by Stuart Smith in 1971, which recently released its 2016 Cabernet Sauvignon at \$58, with only 1,375 cases produced.

Decanter's Elin McCoy rated the wine 94 points and described it as 'very much a mountain Cabernet, with classic structure, cassis and graphite aromas, and deep, savoury red fruit flavours with hints of mint'. She also noted the longevity of the estate's Riesling wines.

Many other cellar-worthy Cabernet-driven wines can be found somewhere between the \$100 and \$150-a-bottle mark.

Cain Five was at \$129 ex-tax (Wine-Searcher global average retail price, all vintages), for example. Corison Cabernet Sauvignon was at \$114 ex-tax, with 2017 recently released on the winery website at \$100 – even if its 'Kronos' single-vineyard Cabernet is more expensive. 📄



UPS AND DOWNS on specific wines

The figures below are based on Wine-Searcher global average retail price per 75cl bottle, excluding tax, from October 2015 to September 2020 unless otherwise stated. Data sourced on 14 October 2020.

UPS



Corison, Kronos Vineyard Cabernet Sauvignon, Napa Valley 2011

This single-vineyard Cab has limited availability and has risen by 57% in the last five years to \$239.



Opus One, Napa Valley 2012

This vintage from one of the top names has risen by 74.5% over five years to average \$438.



Ridge Vineyards, Monte Bello, Santa Cruz Mountains 2007

The 2007 Monte Bello has risen by around 59% in the past five years, to \$239.



Screaming Eagle, Cabernet Sauvignon, Napa Valley 2005

The 2005 vintage of this small-production wine was up by 66% over five years to average \$4,129.



Scarecrow, Cabernet Sauvignon, Rutherford, Napa Valley 2012

This cult wine has risen by almost 29% over the past five years to \$691, albeit only available in limited quantities.

DOWNS



Vérité, La Muse, Sonoma County 2007

This Merlot-dominant wine was rated 99 points by Decanter in 2019 but has seen a mixed price performance over five years, down by around 7% to \$416.



Harlan Estate, Napa Valley 2012

Several vintages have shown price gains but the 2012 was down by around 10% over five years, albeit still averaging \$1,076.



Spottswoode, Family Estate Grown Cabernet Sauvignon, St. Helena, Napa Valley 2010

Another top producer, but the average price of this 2010 Estate Cabernet was down by nearly 9% over five years to \$319.



Heitz Cellar, Cabernet Sauvignon, Napa Valley 2011

Heitz Martha's Vineyard bottling averages above \$200-a-bottle, while Heitz Cabernet is generally under \$100. The 2011 has dipped by 6% to \$47 over five years.



Schrader Cellars, Beckstoffer To Kalon Cabernet Sauvignon, Napa Valley 2014

The 2013 vintage price has risen in the past year, but the 2014 has dipped to \$367. It was also down by 18% since October 2016, albeit with limited availability.

Mayacamas released its Cabernet Sauvignon 2016 in September 2020 at \$135. When reviewing the 2015 vintage recently, sommelier and Decanter contributor Matthew Luczy said of the wine, 'The classic Mayacamas mix of dark fruits, svelte tannins and saline character is here in full force, and this vintage is a perfect candidate to spend decades in the collection of any serious wine lover who values balance, craft and expression.'

It's also worth digging into a winery's portfolio. For instance, Eisele Vineyard Cabernet Sauvignon 2016, rated 98 points and lauded as 'excellent' by Decanter's Jane Anson, averaged \$561-a-bottle on Wine-Searcher.

The winery's 'Altagracia' 2017, comprising 82% Cabernet Sauvignon with Cabernet Franc and Petit Verdot, was priced at \$137, but was still rated at 93 points and should drink well for another 16 years.

Looking to other regions, K&L's Woodhouse highlighted Paso Robles as an area to watch. 'Paso



L'Aventure

Screaming Eagle

has had a really good few years,' he said. 'There's now an appreciation that they can rival Napa.'

Paso-based L'Aventure's Estate Cuvee, which blends Syrah and Cabernet Sauvignon with a smaller amount of Petit Verdot, averaged around \$111-a-bottle ex-tax, according to Wine-Searcher.

'Owner Stephan Asseo has deftly brought out opulent swathes of redcurrant and raspberry fruits laced with liquorice and cigar that is both striking and moreish,' said Anson after tasting the 2018 vintage.

THE INVESTMENT SCENE: HOW BIG IS THE SECONDARY MARKET?

Only a narrow band of California wines have traditionally been considered investment-grade options.

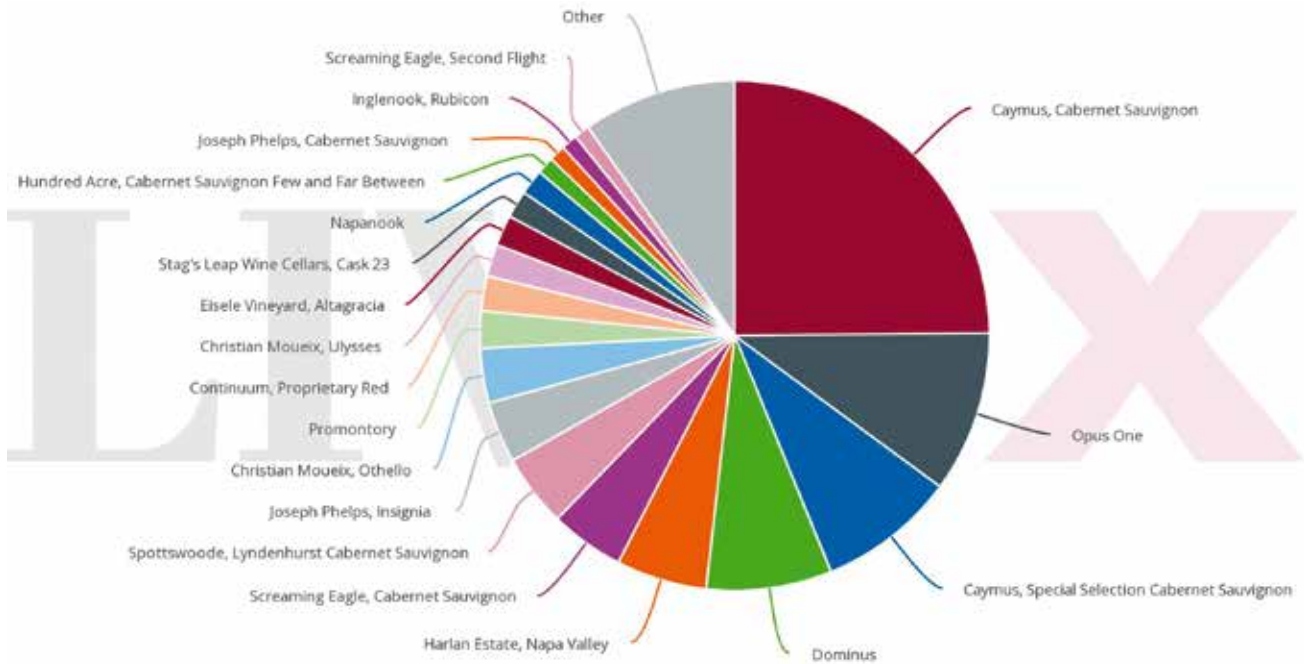
US wines accounted for 2% of Sotheby's wine and spirits sales across auction and retail in 2019, albeit up from 1% in 2018, and the 10 best-selling producers constituted a fairly classic list:

- Screaming Eagle (33% of US wine sales by value)
- Harlan Estate (24%)
- Opus One (7%)
- Dominus (6%)
- Ridge (4%)
- Sine Qua Non (3%)
- Scarecrow (2%)
- Heitz Cellar (1%)
- Colgin Cellars (1%)
- Joseph Phelps (1%)

Price softness at retail level (see above) has also been seen on the secondary market recently. The Liv-ex California 50 index – tracking 10 vintages each of Screaming Eagle, Harlan Estate, Ridge Monte Bello, Opus One and Dominus - has dipped versus two years ago, for instance.



SHARE OF NAPA VALLEY TRADE BY VOLUME 2020 ytd



That said, the index has doubled in value over the last decade and there are signs that California's strength in depth is starting to filter through to secondary market trading.

Liv-ex said US wines overall had doubled their share of trades by value on its online global marketplace in 2020, peaking at 8% in July.

Napa Valley accounts for the vast majority of trades. While Opus One used to dominate, trading has expanded to include a broader array of names (see chart).

Liv-ex cofounder Justin Gibbs said 2016 was the most traded US vintage by value in the past 12 months. However, trading was markedly lower on preceding vintages. Gibbs said this reflected limited supplies on the secondary market, which might prove a 'lid' on California's future potential market share.

Auction house Zachys sold \$2.95m-worth of California wines via its '600,000+ point California Collection' online sale in May this year. That made California the third best-selling region at Zachys in the first six months of 2020, with \$4.33m in sales versus \$7.97m for Bordeaux and \$14.2m for Burgundy.

Charles Antin, head of auction sales at Zachys, said, 'I'd say in general the appetite out there is huge. In some ways, the market is

bifurcated in a very general unscientific way between old school and new school.

'In the old school, I'd put wines like Heitz, Ridge, Mondavi, Mayacamas. In the new school Screaming Eagle, Marcassin [Sonoma Pinot and Chardonnay specialist], Colgin [and] Harlan. Though admittedly some of those in the "new" school are not particularly "new" wineries I am talking specifically about the auction market.'

Auction demand still largely comes from the US, but Screaming Eagle is strong in Asia, he said. Older wines from specific vintages with top ratings see strong demand, he added.

GOVERNING PRINCIPLES

Professional storage with temperature and humidity control is especially important if you have one eye on selling for returns, and costs must be factored in.

As ever, there are no guarantees when it comes to wine investment. Check up-to-date prices carefully when making decisions, and prices vary between merchants.

When buying older vintages, find out as much as possible about the wine's provenance and condition. **D**

Chris Mercer is a freelance journalist and former editor of Decanter.com who has written about the global fine wine market for more than a decade