

Decanter
PREMIUM

Collector's Guide: WHISKY

An in-depth guide to the rare whisky market – the essential names to know, bottles to have on your radar, expert advice on building a collection and the key factors to consider when buying

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The Hanyu playing card labels are a limited edition of Ichiro's malt whisky

Until relatively recently, collecting whisky was a passion play, the province of a small group of liquid enthusiasts who would travel the globe to track down rare expressions from favourite distilleries. Now we live in a world of exclusive whisky auctions, investment funds and new releases boasting five-figure price tags.

People collect whisky for many different reasons. For the most part, and for most of those taking part, it remains what it was: a hobby. But it is one that excites high passion and that – especially today – requires a certain degree of financial wherewithal.

We've already had the first million-pound bottle of whisky at auction – more than one, actually – and we've seen a single cask change hands for £16m. The picture from the headlines is one of a rich person's hobby, with whisky in the same class as fine art, antique cars and luxury watches.

As enthusiasts gaze nostalgically back to the days when you could buy a bottle of Black Bowmore for a little over £100 in Oddbins, it's worth remembering that value has always been a relative

concept. Yes, that same bottle of Black Bowmore will now set you back nearly £30,000, but there's still good whisky out there for most, if not all, budgets – whether that's a few thousand pounds, a few hundred, or less.

A GLOBAL PASSION

Collecting is intensely personal and subjective. A single malt adored by one

individual may be anathema to another. For every peat freak who fetishises smoky whisky, there's someone else who would much rather savour a richly Sherried dram.

Nor is this now exclusively a story of Scotch. While single malts such as The Macallan and Dalmore dominate the luxury whisky scene, some of the highest auction prices are now paid for cult Japanese distilleries including Karuizawa and Hanyu. Meanwhile, whiskies from the US, Ireland and beyond are increasingly popular with collectors.

Whoever you are, and whatever you collect, there are only a few golden rules. Never stop learning about whisky; never pass up the opportunity to taste something new, because you may find a new favourite; and don't forget to have fun.

AUCTION REPORT

The whisky auction scene has been transformed in recent years. What was previously the tiniest of niches for all but the most specialist of auction houses has now become a multi-million-pound business.

The largest houses, such as Sotheby's ▶



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Sotheby's October 2019 whisky auction where The Macallan Fine & Rare 1926 sold for a record-breaking £1.5m

and Christie's, employ spirits specialists and organise whisky-only auctions and distillery collaborations. A crop of online operations has also sprung up, including the likes of Whisky Auctioneer, Whisky Hammer and Whisky.Auction.

According to Sotheby's Wine & Spirits Auction Report 2021, The Macallan ranked seventh in the house's top 10 producers across all wine and spirits, having amassed total receipts of \$2.8m (£2.3m) in the course of the year, lifting it above the likes of Château Mouton and Château Lafite. Meanwhile, spirits sales (mostly, but not entirely, whisky) at Sotheby's have risen from an annual total of \$4m (£3.2m) in 2017 to \$22m (£18m) in 2021, equating to 16% of the house's total auction receipts.

As demand for rare whisky has skyrocketed, auction houses are going direct to distilleries to organise one-off sales and collaborations. In 2021 alone, Sotheby's worked with The Macallan, Bowmore, Diageo's Prima & Ultima programme, The Dalmore and Gordon & MacPhail's release of an 80-year-old Glenlivet bottling.

LATEST HIGH-PROFILE SALES

The trend has continued and diversified during 2022. In June, Sotheby's auctioned two casks from cult 'ghost' (closed) distilleries Port Ellen and Brora, filled in 1979 and 1982 respectively, sourced via Diageo's private Casks of Distinction programme. The pair of casks – which also included collaborations with artist Ini Archibong and photographer Trey Ratcliff – fetched £875,000 each.

In March, Sotheby's New York saleroom hosted the record-breaking, \$1.63m (£1.33m) sale of two collections of bourbon and American rye whiskey. Nearly 100% sold, and with 75% of lots fetching more than their pre-sale high estimates, the sale's highlights included the \$43,750 (£35,870) paid for a bottle of LeNell's Red Hook Rye 24 Year Old Barrell #4, and the same sum paid for a 'double vertical' (12 bottles) of Pappy Van Winkle's 2020 and 2021 releases.

A broader interest in whisky at auction has been building for several years but acquired serious momentum thanks to a remarkable run of sales involving bottles of 60-year-old

Macallan taken from a cask filled in 1926. From spring 2018 to late 2019, a number of these came to the market, fetching ever-increasing sums that culminated in the record-breaking £1.5m paid for a bottle of The Macallan Fine & Rare 1926 at Sotheby's in October 2019. The headline-grabbing sales stoked an already increasingly dynamic rare whisky market.

BUYING WHISKY: HOW TO APPROACH THE MARKET

As the rare whisky scene evolves, the market is gradually becoming more sophisticated, giving collectors several potential routes to purchase. These include the primary market – new whisky releases from distillery owners and independent bottlers – and the secondary market of auctions and private sales.

Increasingly, brand owners are selling direct to private individuals, generally at the top end of the market, involving one-off bottles, sets and, in some cases, maturing casks of whisky. New distilleries often establish cask purchase ▶

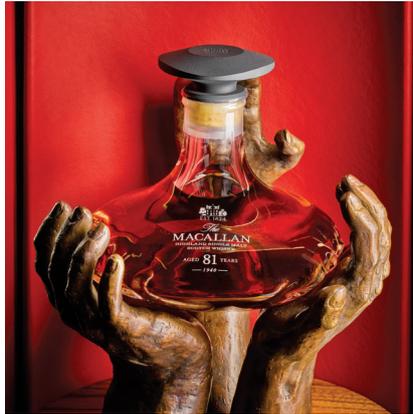
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programmes as they wait for their first whiskies to mature, enabling people to buy a cask of immature whisky for bottling at a later date. Costs for the latter vary widely, and it's important to read the small print relating to extra payments for bottling, labelling, delivery, taxes and insurance.

On the primary market, retailers and online specialists are the main sources of rare and collectable new releases, although these are also increasingly available direct from the brand owner, either at the distillery in question or online. The rare whisky boom has led to a never-ending conveyor belt of new releases – and it can be hard to keep up. Online retailers such as The Whisky Exchange and Master of Malt, as well as specialist whisky publications/websites, are good sources of information here.

NOTABLE RELEASES

There have been a succession of rare and collectable whisky launches in 2022. Some are one-offs, such as The Macallan Reach 81 Year Old – the oldest single malt yet released – featuring 288 decanters of a whisky distilled in 1940, priced at £92,000 each. If that seems expensive, one of the decanters was sold by Sotheby's in October 2022 for £300,000,



The Macallan Reach 81 Year Old – the oldest single malt yet released – featuring 288 decanters of a whisky distilled in 1940, priced at £92,000 each

almost three times its pre-sale estimate.

Distillers with larger stocks of aged whisky offer rolling annual programmes of releases, such as Diageo's Prima & Ultima initiative. The third tranche of releases in 2022 included eight single malts aged for 28–48 years that were either the first or last of their kind, from a 1981 Brora to a 1980 Port Ellen. Each set of eight bottles was priced at £36,500 and this year, for the first time, individual bottles were made available for sale.

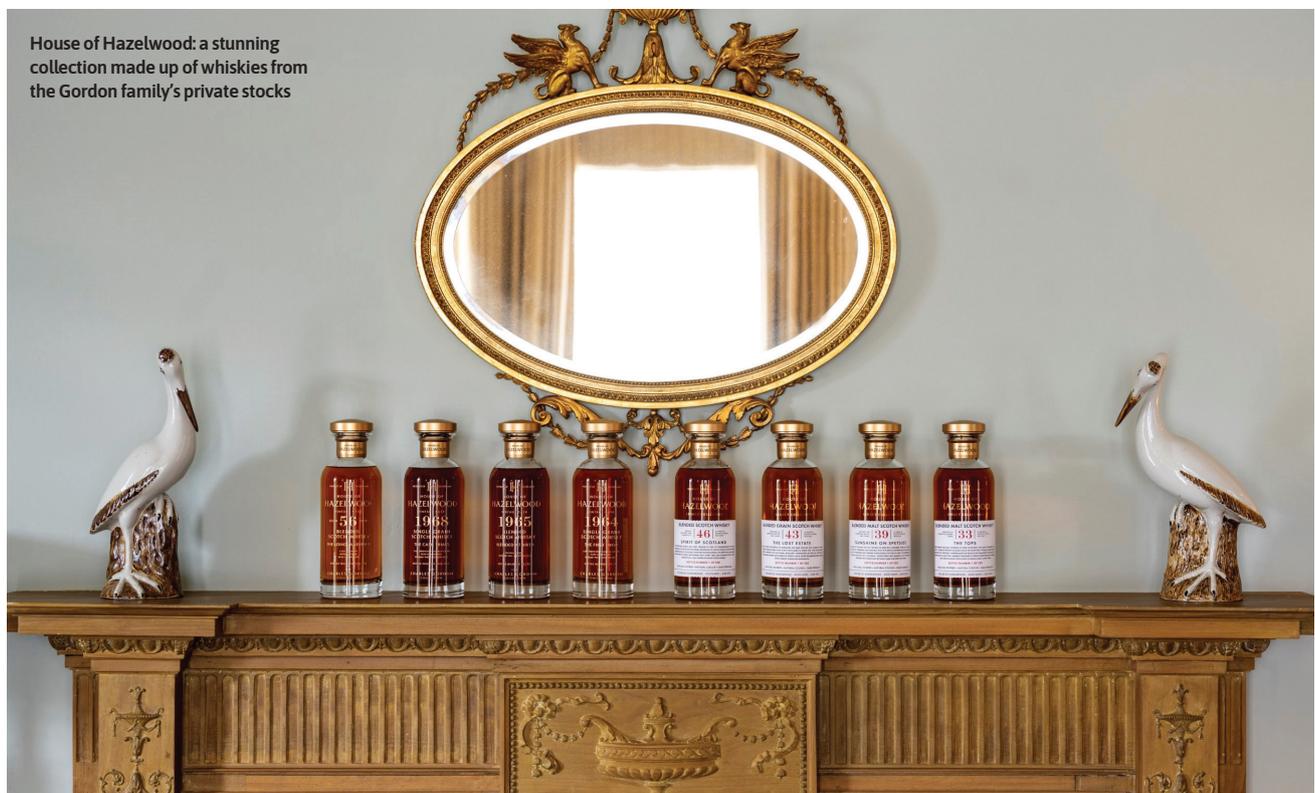
The creation of Prima & Ultima as a vehicle for Diageo's rarest releases has led to the democratisation of the company's

other annual programme, Special Releases. This year's eight whiskies – seven single malts and one single grain, aged for between 10 and 26 years – range in price from £105–£275 a bottle.

This year has also seen the launch of House of Hazelwood, another rolling programme of releases taken from the large private stocks of the Gordon family, owner of Balvenie and Glenfiddich distiller William Grant & Sons. Two tranches have emerged so far, with an emphasis on tiny quantities (typically a few hundred bottles) of blends, blended malts and grains.

These whiskies don't have the cachet of a distillery name attached to them, but they offer a point of difference, great age and excellent quality. Prices range from just under £1,000 to almost £5,000 a bottle.

Independent bottlers can also be a good source of competitively priced, good-quality aged whisky. Gordon & MacPhail has accumulated vast stocks of aged Scotch whiskies, with recent releases including an 80-year-old Glenlivet priced at £80,000 and, in 2022, a bottling of what is believed to be the last remaining cask of Milton single malt (the previous incarnation of Strathisla) for £50,000. Other reliable 'indies' include Cadenhead's, Adelphi and Signatory.



House of Hazelwood: a stunning collection made up of whiskies from the Gordon family's private stocks



Ardbeg distillery, Port Ellen, Islay

AUCTIONS AND FAKES

Auction houses are another obvious source of rare and collectable whisky, whether through high-profile sales from the likes of Sotheby's, Christie's and Bonhams, or via online specialists including Whisky.Auction, Whisky Auctioneer or Whisky Hammer.

Auction trends in whisky, however, are notoriously volatile (see 'The investment scene' below), with the sums paid for the same whisky varying depending on the profile of the sale and the number of interested buyers. A close knowledge of the market is a must.

Fakes are also a constant worry. Established collectors and experts reckon that each large-scale online sale has several fake bottles in it – either outright counterfeits or suspected 'refills' (where an empty bottle is refilled with a different whisky). It is, therefore, vital to have a sound knowledge of the market – or faith that the auction business in question can be trusted for its competence and integrity.

CASK SALES

There has always been a trade in casks of maturing Scotch whisky, but until recently this was usually a business-to-business transaction, or a private 'cask

swap' between distillers. Now there is a range of options for consumers, with casks being offered at auction, via private cask purchase schemes from the distillers themselves, or even through private third-party sales and investment schemes.

Distillers have been swift to target wealthy private clients with direct cask purchase schemes, such as Diageo's Casks of Distinction programme. Such transactions are by their nature private, but the practice hit the headlines in July 2022, when a 1975 cask of Ardbeg was sold by distillery owner Moët Hennessy to an Asia-based collector for £16m.

Under the terms of the deal, the collector will receive 440 bottles of Ardbeg over the next five years – 88 bottles a year of whisky aged for 46, 47, 48, 49 and 50 years, equating to a cost of more than £36,000 a bottle. It's fair to say that such a transaction is highly unusual – and that the sum paid raised many eyebrows in the industry. The record for a whisky cask sold at auction currently stands at less than £1m.

TRADING GUIDELINES

While buying a cask of whisky direct from the distiller has a degree of security and reassurance, the broader trade in

whisky casks is a minefield. A whisky cask is essentially an open container (it has an easily removed bung), making it easy for the unscrupulous to defraud the unwary, and making it difficult to be 100% sure of what the cask contains.

A number of cask investment schemes have also sprung up in recent years, some of them promising huge returns on investment. Often these claims are based on unrealistic projections drawn from a time when whisky prices were far lower, and aged whisky was an undervalued commodity. Remember that there is no such thing as a guaranteed return on investment.

Casks can also be a logistical nightmare, in terms of taking delivery of the cask – or of the bottles that have been drawn from it. This was part of the reason why The Macallan ceased its 'en primeur' programme whereby customers could acquire newly filled casks of single malt – because getting the final product to the customer is a fiendishly complicated business.

For more information on cask purchases, the Scotch Whisky Association has a useful guide to the dos and don'ts: <https://www.scotch-whisky.org.uk/media/1738/personal-investment-in-a-scotch-whisky-cask-june-2020-final.pdf> ▶

THE INVESTMENT SCENE

The idea of whisky as an investable asset is still new, making the assessment of long-term trends and returns extremely difficult. There is a notable contrast with fine wine here: high-end whisky releases tend to be made in comparatively tiny quantities – typically no more than a few hundred bottles at a time – compared to the thousands of cases released each vintage by, say, a top Bordeaux estate. Put simply, the volumes in the fine whisky marketplace are dwarfed many times by those for fine wine.

This difference is highlighted by data compiled by the fine wine (and spirits) marketplace the Liv-ex. The first Scotch whiskies were traded on Liv-ex as recently as 2016 and, since then, trade has increased 26-fold (figures to late 2021). The total sum of Scotch traded on the exchange in 2021 was greater than the previous five years combined, in terms of both volume and value.

However, Scotch whisky's share of trade in late 2021 was only 0.3% and, in December 2022, there were only 76 live offers for Scotch whisky, covering distilleries including Glenfarclas, The Macallan, Dalmore, Bowmore and Ardbeg. There were also 12 live offers for Japanese whiskies such as Karuizawa, Hanyu and Yamazaki.

'The whisky market is an illiquid, specialist market dominated by single-cask releases, making it challenging to trade on the secondary market,' Liv-ex pointed out in late 2021. 'This makes pricing for those involved a considerable challenge.'

ASSESSING THE MARKET

Perhaps a fuller picture can be provided by a specialist index. Rare Whisky 101 compiles various indices from UK auction prices, with numbers going back a decade. Its Apex 1000 index, which provides the broadest view of the market, has risen by more than 425% from its inception at the end of 2012 to the end of November 2022.

During the mid- to late-2010s, the index regularly rose by 28%-30% each year, but this was a time when rare whisky was widely seen as an undervalued asset. More recent trends are far less spectacular. The Apex 1000 rose by 7% in 2020, and by 13% in 2021,



A bottle of Springbank 1919 (one of only 24 released) sold at auction for £180,000 in February 2020

but – at the time of writing – it has declined slightly when measured over a one- and three-month period to the end of November 2022.

This may have been caused by a worsening global economic picture, but the general trend is one of slower growth and periodic small declines as the market for rare whisky matures and moves beyond its initial phase of strong growth.

The auction market was also recently assessed by Scottish investment bank Noble & Co, in a report suggesting that the value of bottles sold had risen by 21% over the past 12 months, with volumes up 23% (implying, incidentally, that the average sum paid per bottle had fallen over that timescale).

The report highlights the performance of Campbeltown single malts (with auction sales up 98% on 2021) and of

Lowland malts (up 42%). Such figures sound impressive, but they come with the important caveat that auction volumes of Scotch whisky remain tiny when compared to wine – especially in small-production regions such as Campbeltown and the Lowlands. As such, price movements and the increased traffic of bottles of a particular single malt coming to auction can have a disproportionate effect.

The prices paid for individual bottlings can also vary hugely from sale to sale. To take one example, a bottle of Springbank 1919 (one of only 24 released) sold at auction for £180,000 in February 2020; less than two years later, the same whisky fetched only £120,000. It remains very hard, if not impossible, to extrapolate general market trends from individual sales or auctions. ▶

STORING YOUR BOTTLES

Whisky isn't wine, even if many of the factors that can affect the quality of the liquid during storage are similar in both cases. Let's get the most obvious difference out of the way first: don't store whisky horizontally, store it vertically. Direct contact between spirit and cork can cause the cork to deteriorate, as well as potentially tainting the whisky.

As with wine, however, light and temperature are crucial factors in whisky storage. Direct light – especially sunlight – can, over time, change the colour of the whisky and even 'dumb down' its flavour. Higher temperatures, meanwhile, may cause whisky to expand in the bottle, forcing the cork up and damaging the closure.

Humidity is also sometimes an issue: excessively damp conditions will eventually damage the label and any outer packaging. Sometimes, unsightly mould

will form, or labels and cartons will tear more easily. Not only is this unsightly, but it will detract from the value of the bottle should you wish to sell it.

There's also an aesthetic element to storing any collection, with one of the joys being the ability to peruse and browse through the bottles. Options will depend on the size of your collection and your budget – from a simple cupboard to a more luxurious glass-fronted cabinet. More valuable bottles might benefit from the reassurance of professional storage – although this, of course, robs the collector of the pleasure of seeing their bottles.

Also, don't forget insurance. Given the current state of the rare whisky market, ensuring you have adequate cover to replace your collection, should the worst happen, is a must. Whether you can find those prized bottles again, of course, is another matter...

WHAT WHISKY SHOULD I BUY?

In whisky, there are multiple answers to this deceptively simple question. Perhaps the most straightforward response is to buy what you like, even if you're building a collection and have half an eye on a financial return. That way, if the market suffers a downturn, you can at least take pleasure in drinking your purchases.

Collecting is an intensely personal and subjective business. Some take the 'broad and shallow' approach – collecting one bottle from every single malt Scotch distillery, for instance. Others go 'narrow and deep' – hunting down every last bottling for a favourite distillery.

The following is a by no means exhaustive list of some of the most collectable names in whisky, loosely collected under various themes...

● **'Ghost' distilleries:** Closed distilleries have an obvious cachet, and supply is inherently limited as scarce stocks are bottled and consumed. Some, including Brora, Port Ellen and Rosebank, are at various stages of restarting production, but their historic expressions remain highly prized. Other Scotch 'ghost' names to look out for include Glenury Royal, Lochside, Glenugie, St Magdalene, Millburn, Littlemill, Ladyburn and Convalmore. Among Japanese whiskies, Karuizawa and Hanyu have a similar status.

● **Today's big names:** Several operational distilleries are in high demand, both for their historic bottlings and new releases. The Macallan – which has spearheaded the luxury whisky boom – is pre-eminent, but as the market expands, the roster of collectable names grows ever longer. Springbank, Dalmore, Bowmore, Ardbeg, Talisker, Laphroaig, Glenfarclas, Glendronach and Glenfiddich are examples from single malt Scotch; aged expressions from Yamazaki in Japan are also especially prized.

● **The Islay boom:** When the first Black Bowmore was released in the early 1990s, the signature Islay style of peated whisky wasn't especially fashionable – Ardbeg almost closed altogether before its resurrection in 1997. Now the smoke/camphor/iodine palette of peaty whisky flavours is hugely popular around the world, and the output of Bowmore, Ardbeg, Laphroaig and Lagavulin is in



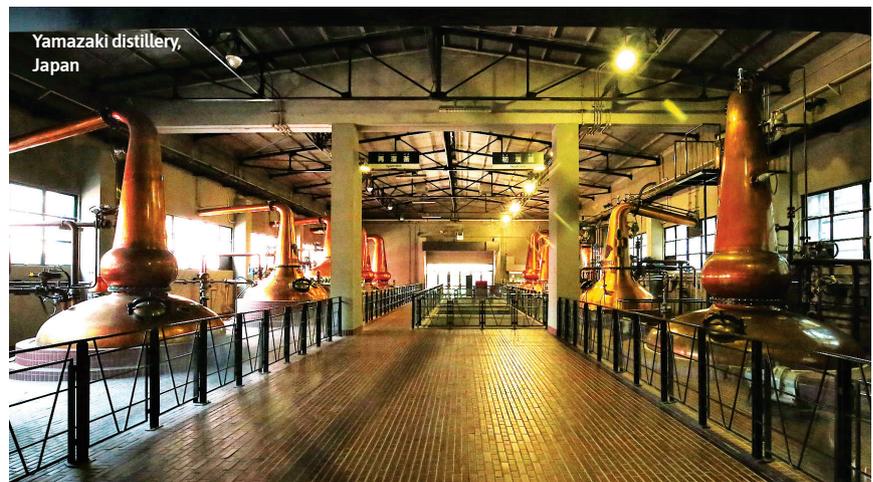
Talisker is the oldest working distillery on the Isle of Skye



great demand. Look out too for newer bottlings from Kilchoman, plus Port Charlotte and Octomore (both produced at Bruichladdich).

● **Campbeltown redux:** Once known as ‘Whisky City’ and home to dozens of distilleries a century ago, the remote outpost of Campbeltown almost ceased to exist in whisky terms but the survivors are now led by collectors’ darling Springbank, backed up by Glen Scotia and Glengyle. Now more distilleries are planned, with a full-on Campbeltown renaissance on the horizon – and historic bottlings that showcase the oily, pungent regional style are much fought-over.

● **New arrivals:** Much attention is understandably devoted to antique bottles and ‘ghost’ distilleries, but today’s whisky startups could well be tomorrow’s savvy investments, both in



terms of liquid quality and financial value. Some of these – Daftmill in Fife and remote Ardnamurchan in the western Highlands – have already acquired quite a following. Study

production quality and flavour profile closely before taking the plunge.

● **Independents’ day:** Independent bottlers are the négociants of whisky, buying new, young or mature spirit and bottling it, often at highly competitive prices when compared to the distilleries’ own output. This is a hugely varied part of the market where detailed knowledge and experience are vital; dependable names include Gordon & MacPhail, Cadenhead’s, Douglas Laing, Signatory and Adelphi. Older bottlings from Italy’s Samaroli have a cult status.

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