

Wines that are over-, and under-, priced

2 Jul 2004 by JR

Well, it has happened. Thanks to the extraordinarily high price increases recently announced by the top producers, the Bordeaux market has now irrevocably split into wines for drinking (most) and wines for trading (a tiny but important elite). The only reason it matters that the first growths and the rest of the most fashionable 2003 red bordeaux actually taste good is so that they can earn a decent score from the points-givers who sway the market. Most of these wines will sit in warehouses for most of their lives, passing from one cash-hungry owner to another.

The odd bottle will be opened in the dining rooms of the châteaux themselves and, very occasionally, at highly priced tasting events. But very few people on this planet will feel comfortable about opening a bottle of 2003 when it is ready to drink in 10 or 20 years' time which cost in 2004, long before bottling and storing was paid for, almost £200 a bottle.

As reported here as long ago as the beginning of April, the best of Bordeaux 2003s came from the Pauillac/ St Estèphe boundary. Duly châteaux such as Lafite, Cos d'Estournel and Montrose have come out with quite exceptional price increases. Cos's release price on to the Bordeaux *place*, the official Bordeaux merchants' marketplace, was €90 a bottle, even more than the €57 asked for Cos 2000 on release, and a 150 per cent increase on the previous year's release price of €36. The wine is now selling on the UK fine wine market at well over £800 a case with its neighbour Montrose (wine of the vintage, as I reported) now commanding £1,000 a case even though it was released at a much more modest €45.50 a bottle.

And these heavily-sought wines are 'mere' second growths. The most popular first growths such as Lafite have been selling for £2,000 a case, sometimes in complicated 'tied' deals whereby a buyer of Lafite is forced to buy wines from other, sister properties (not that this is so awful in the case of Duhart Milon 2003).

But these fashionable wines have been released almost two months after the Bordeaux 2003 campaign's first releases, whose prices were relatively modest. Just up the road from Cos, Montrose and Lafite in the Médoc appellation, owners of much more modest estates are currently being offered as little as one euro a bottle for wine in bulk to be bottled with a château name by a merchant bottler. Nowhere else in the world is there such a disparity of price between the most and least fashionable representatives of a wine region.

So, top of my list of wines that are currently overpriced is **top bordeaux 2003**. Prices here are inflated partly by producer ego but also by the collective hysteria that grips the fine wine buying public every few vintages - and it is not as though the 2003 vintage will go down in the history books as a great one.

There are other reasons why wines are overpriced however. Other obvious candidates as overpriced wines are **Piedmontese reds**, Italy's famous Barolo and Barbaresco in particular. The prices of these have been inflated for years by what looked like insatiable demand from visitors to the cellars here in north west Italy from Germany and to a certain extent Switzerland, and strong demand from the United States, not least its plethora of ambitious Italian restaurants. This demand, together with a string of superior vintages, encouraged Piedmontese producers to impose ever higher prices. Except that German demand has shrivelled with the German economy. American demand has shrunk now that the dollar-euro exchange rate is so disobliging. And the two most recent vintages were by no means so great. Piedmontese cellars are therefore full of unsold stock but, *la bella figura* being what it is in Italy, remarkably few producers are prepared overtly to reduce their prices.

There is a similar problem in many a **Tuscancellar**, which will soon be aggravated by the fruits of extensive new plantings, particularly on the Tuscan coast, although Tuscany was not quite such a popular destination for thirsty German weekenders.

Some wines are overpriced because of excessive local enthusiasm for them. A prime example of this is **fine Greek wine**, an oxymoron no more as I shall be reporting soon. Many good wines are made in Greece today, and some bad ones also enjoy unaccountably high reputations within Greece. But as wine has become a fashionable interest for Greeks, so the more popular winemakers have been emboldened to push their prices to heights that seem unwarranted in an international context. A few exporters are knowledgeable enough to be a little more modest, but not many.

For exactly the same reason, extreme modishness at home, **top Spanish wines** seem expensive once they are exported. Wine is now a legitimate interest with many young, and not so young, Madrileños and Barcelonans. But as in so many youthful wine markets, most practitioners follow third party recommendations, and often exactly the same third parties at that. So the handful of officially sanctioned great Spanish wines such as L'Ermita from Priorat and Dominio de Pingus from Ribera del Duero sell for as much as a first growth bordeaux, with a history that can be measured almost in minutes rather than centuries.

And no discussion of overpriced wines can ignore **upper end California wine**. Admittedly there is, at last, feverish activity at the cheap end of the market. So great is the grape glut in California today that some of the cheapest wines in the world are special bottlings based on the California bulk market, sometimes even shipped in bulk to Europe. In fact these new labels have provided a new stimulus to wine bottlers in such unlikely locations as Irlam, Corby and Newcastle-upon-Tyne in the UK. But from the middle of the market upwards, a very substantial proportion of California wine on sale today looks absurdly expensive.

The best wines of California do, as Robert Mondavi (now in his 90s) predicted all those years ago, "belong in the company of the finest in the world", but that is no reason why all the others should think they have earned a premium price. California wine producers were spoiled by buoyant demand during the dot.com boom but much of the formulaic Cabernet and Chardonnay on sale today at \$50 a bottle really should be \$30 at most in view of the quality available elsewhere - often in a very similar style.

Which brings us on to the much more interesting topic of which wines of offer today are underpriced. For my suggestions, see below.

UNDERPRICED WINE CATEGORIES

Top bordeaux 2002s

Better AC red bordeaux and Médoc

Languedoc

Sicily and Puglia

Basic Spanish red

Most Portuguese

All eastern European wine (except Tokaji)