

Wine buyers defy credit crunch

The wine industry is celebrating one of its best weeks ever, after thousands of investors turned to fine wine to escape the turmoil in the stock markets.

By Harry Wallop, Consumer Affairs Correspondent

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Berry Bros & Rudd, wine merchants to the Queen, said that it is on track to record the best year in its 310-year history. It has sold £60.5 million-worth of wine since April, a £5 million increase on the same period last year.

It has been helped by booming trade last week – up by 20 per cent on the same week a year ago.

Its performance was matched at Christies, the auction house, which sold £1.65 million worth of claret and Burgundy over just two days, with the 2000 vintage of Chateau Lafite-Roshchild fetching the equivalent of £910 a bottle.

Wine experts said the unprecedented week had been fuelled by investors seeking an alternative home for their savings, as well as City workers choosing to drown their sorrows in style.

Joss Fowler, in the fine wine department of Berry Bros, said: "A lot of people just don't understand what is going on in the financial markets. But fine wine is easy to understand. It's a tangible investment which tends to go steadily up in value as time goes on. I think a lot of people took comfort in that fact last week."

Live-ex, a research company that runs a fine-wine index, estimates that prices of the best vintages have increased by 50 per cent since the start of last year – in sharp contrast to the stock market, where prices have fallen by 15 per cent.

Unlike most investments, people do not have to pay capital gains tax when they sell their wine, which has made it increasingly attractive in recent years.

Berry Bros said many of its customers were not exceptionally well-heeled, but ordinary wine lovers who enjoyed buying a couple of cases each year – one to drink, and one to hold as an investment.

Its stellar week was fuelled by selling 1,000 cases of Chateaux Lynch-Bages 2006 in the space of 24 hours – a vintage, the company admits, that was "mediocre", but good enough value to attract even struggling City workers.

Jonathan Ray, the Daily Telegraph wine writer, said: "I think one of the aspects of this downturn is that people are eating out less. And when they do go to a restaurant they resent paying expensive prices for cheap wine.

"Why not buy a steak from the supermarket and drink good wine cheaply at home?"

A bottle of Chateau Lafite-Rothschild 1986, considered one of the best wines of the twentieth century, was selling for just £40 a bottle when it first went on sale. If you can track one down now, a bottle will set you back at least £1,000.

"As each year goes on, there are fewer and fewer bottles in circulation. So the longer you keep it, the rarer it becomes," said Mr Fowler. "That just isn't the case with a Damian Hirst. He can always knock out another spot painting."



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Photo: JIMMY GASTON

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