

collector's news

Hong Kong collectors look for home comforts

Nobody really knows, but it's estimated there could be as many as 500,000 cases of wine belonging to Hong Kong collectors and drinkers sitting in UK storage, not to mention an equivalent amount around the rest of the world.

That's clearly quite a lot of wine. And, not unnaturally, the question exercising many of its owners is what to do with it ever since Hong Kong removed import duty earlier this year. Should they keep it where it is, or ship it home? And if they do, will there be facilities ready to receive it?

There are arguments for and against keeping it overseas, but they tend to depend on who you talk to. Like most London merchants, Adam Brett-Smith of Corney & Barrow recommends that customers continue to keep their immature fine wine in the UK, and ship or air freight it over when required. This is the way Hong Kong collectors have always managed their cellars.

Nick Pegna, MD of Berry Bros & Rudd in Hong Kong, points out that one of the reasons for doing this is cost. Berrys is one of the few merchants which has set up its own

long-term storage facilities in Hong Kong, and currently charges £23 per case, compared with £9 at its UK bonded warehouse. (BBR's HK rate also includes insurance for full replacement value, which often needs to be factored in to other HK providers' prices.)

Then there's the issue of resale. Although the latest sale room prices in HK have been extremely strong, there is still the UK perception that stock shipped and then stored there isn't as good as stock stored in the UK – and won't necessarily command the same premiums. 'It's the same problem that besets US stock with its strip labels,' says Pegna. 'Perhaps this stigma will go away in time, but not in the short term.' It is, therefore, extremely ironic that Hong Kong has one of the world's best independent, professional, fine wine storage providers in Crown Wine Cellars, which keeps wine on behalf of Bordeaux Index, Bonhams, and Goedhuis, to name but a few. Indeed, co-founder Greg De'eb asserts that Crown's showcase Shouson Hill site (an underground World War II



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munitions site) is even superior to Octavian, while its other sites are just as good as the UK facility.

'It's not just quality, it's also economics,' he says. 'Firstly, storage charges starting at £9 per case are extremely competitive with the likes of Octavian, while transportation in a reefer costs as little as £1 per bottle from the UK to HK. Secondly, if you are selling wine at auction here, there is no seller's premium. To date, prices

achieved here have been 5%-10% higher than retail prices in the UK and much higher than those in the US. So, it's a win-win situation.'

But what about the question of capacity? Crown has already opened two facilities and has another one due by the end of the year, giving an extra capacity of more than 30,000 cases. And should more fine wine flow in, Crown has other suitable sites. 'Our plan is to remain ahead of the curve by always having 5,000-10,000 cases of excess capacity,' says De'eb. 'Obviously, not everyone is going to bring in all their wine over the next year. Nonetheless, we now have a stream of private people relocating their entire collections lock stock and barrel over here.'

The same goes for Watsons, which has also seen a number of 'huge private collections coming to Hong Kong', says fine wine manager Eric Desgouttes. However, it has relatively little spare capacity, and so is planning to open a larger facility for up to 100,000 extra cases.

Meanwhile, De'eb believes the trend to move wine over will quicken. 'I think we will see in excess of 100,000 "collectable" cases coming into Hong Kong over the next 18 months,' he predicts. Six months ago, you could have argued that Hong Kong had a storage problem. But not for much longer.