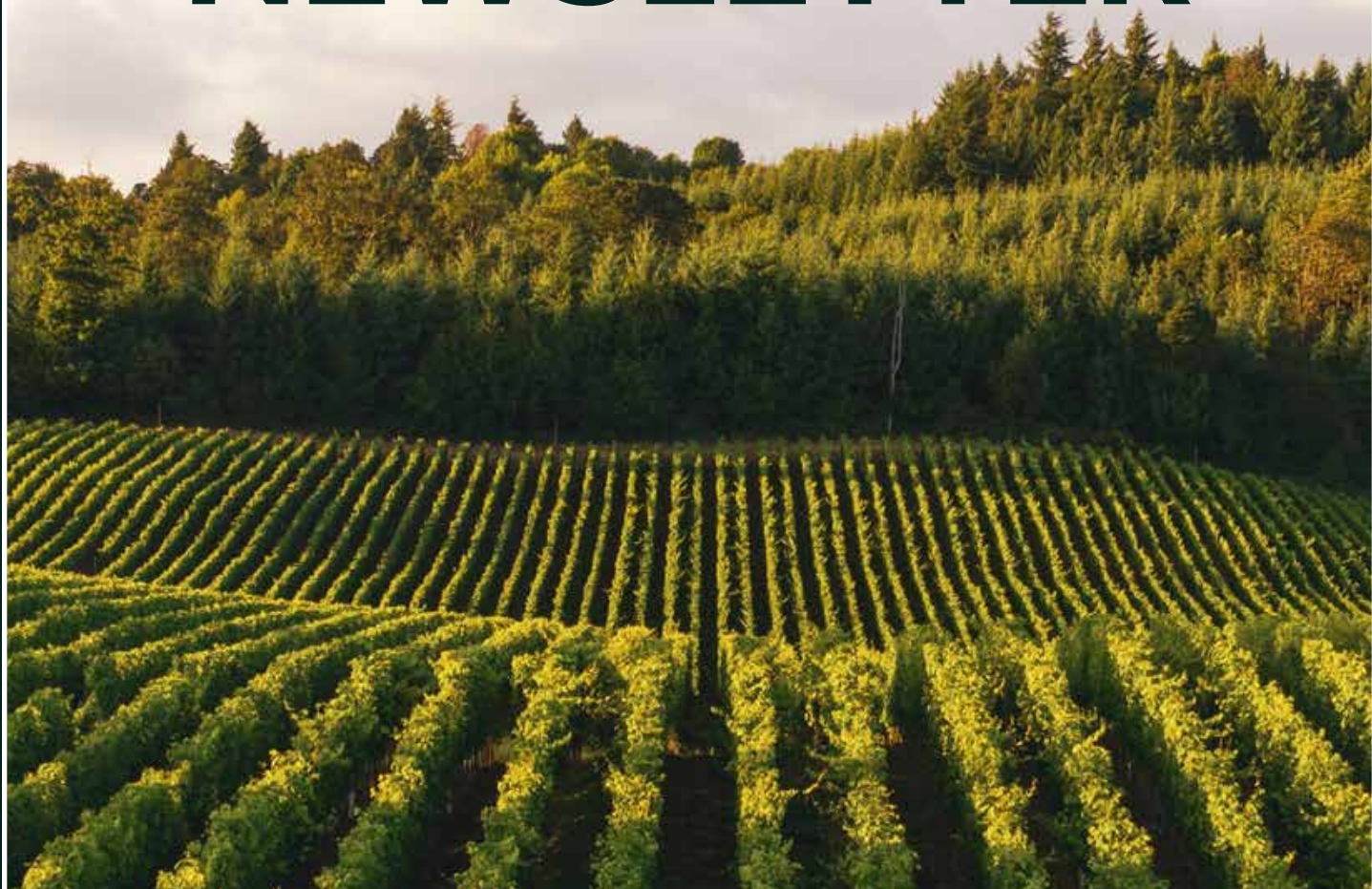




EST. 1973

FEBRUARY, 2025

THE TURRENTINE
NEWSLETTER



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2.84; 20 Year Floor

By Steve Fredricks

As we have reported over the last several days, the California's 2024 wine grape harvest was significantly lower than recent years, representing the smallest crop since 2004. This decline is attributed to a reduction in grape acreage, lack of demand for grapes, and statewide heat waves, with the heat having an especially strong impact on the crop size in the Central Valley and the Central Coast.

White grapes crushed were nearly equal to reds in 2024 with a difference of just 33k tons between them. For perspective, going back through 2000, red grapes were on average about 500,000 tons greater. This signifies weak grape and wine demand, acreage removals for red grapes, and a consumer preference shift toward white wines. The majority of this difference in tons crushed was due to the fewer red grapes harvested in the southern interior and in the Central Coast. Central Valley white varieties available late

Figure 1 - Tons Crushed by Region; 2024 v. 2023

| | Tons Crushed 2024 | Tons Crushed 2023 | Net Gain/Loss | Equivalent Gallons | % Change | 2024 % Δ to 5-Year Avg. |
|-------------------|-------------------|-------------------|---------------|--------------------|----------|-------------------------|
| North Coast | 483,424 | 571,159 | -87,736 | -14,476,000 | -15% | 3% |
| Central Coast | 340,865 | 526,670 | -185,805 | -30,658,000 | -35% | -29% |
| Northern Interior | 752,958 | 985,985 | -233,028 | -38,450,000 | -24% | -19% |
| Southern Interior | 1,190,659 | 1,501,859 | -311,200 | -51,348,000 | -21% | -27% |

Source: CDFA Preliminary Grape Crush Report, 2024

in the season were sold for use in concentrate.

Of the key grape varieties where there was a significant reduction in tons crushed, Cabernet Sauvignon had the most notable decrease compared to both last year and the five-year average. Sauvignon Blanc, particularly in the Central Coast, was impacted by heat leading to lower yields. There was also a decrease in tons crushed due to heat for Central Coast Pinot Noir and, to a lesser extent, Chardonnay.

Figure 2 - Tons Crushed by Variety; 2024 v. 2023

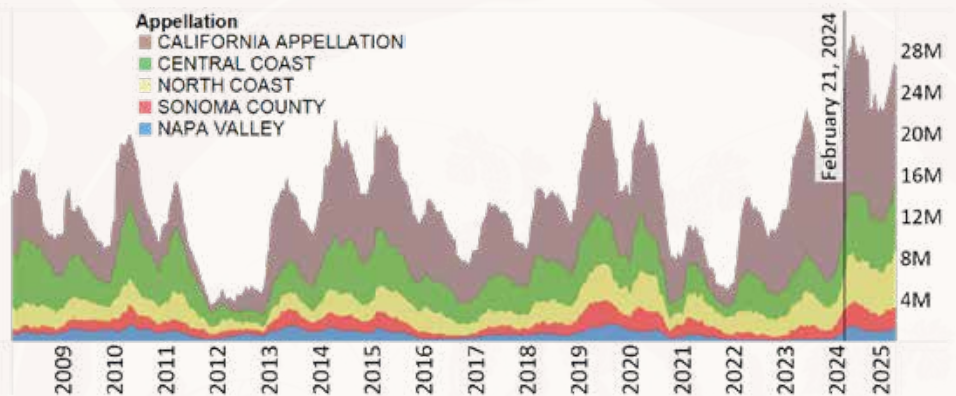
| | Tons Crushed 2024 | Tons Crushed 2023 | Net Gain/Loss | Equivalent Gallons | Percent Change | 2024 % Δ to 5-Year Avg. |
|--------------------|-------------------|-------------------|---------------|--------------------|----------------|-------------------------|
| Cabernet Sauvignon | 447,919 | 647,692 | (199,773) | (32,962,000) | -31% | -22% |
| Chardonnay | 524,111 | 652,763 | (128,652) | (21,228,000) | -20% | -12% |
| Pinot Noir | 213,394 | 288,052 | (74,659) | (12,319,000) | -26% | -17% |
| Sauvignon Blanc | 136,980 | 160,864 | (23,884) | (3,941,000) | -15% | 3% |
| Pinot Grigio | 190,393 | 234,158 | (43,764) | (7,221,000) | -19% | -14% |
| Zinfandel | 198,296 | 232,854 | (34,559) | (5,702,000) | -15% | -33% |
| Merlot | 129,213 | 181,080 | (51,867) | (8,558,000) | -29% | -31% |
| Petite Sirah | 66,696 | 86,991 | (20,295) | (3,349,000) | -23% | -26% |

Source: CDFA Preliminary Grape Crush Report, 2024

Despite the historically record low demand for grape contracts in 2024, the preliminary average price per ton is the second highest on record, surpassed only by 2023. This seemingly paradoxical situation is due to the majority of grapes being under a multi-year contract signed in previous years, some of which include price escalation clauses, and the fact that fewer tons were contracted in 2024 with tons going unharvested or custom crushed by growers. These unsold and unharvested grapes are not included in the Crush Report’s calculation of average prices, resulting in artificially high district average prices.

Despite a very light crop, the industry will continue to face ongoing oversupply issues in the near future. This is perhaps best illustrated by Turrentine’s statewide bulk wine graph, which shows near record volumes actively for sale. Even before the 2024 vintage lots were starting to be listed in October, roughly 22 million gallons were available—more than at the peak of any of the last 20 years, except for 2023 and after the record 2018 harvest (nearly 4.3 million tons crushed). The industry is still correcting via acreage removals and trying to gauge the current level of consumer demand to find a new equilibrium. Further bulk wine and casegood inventory reductions are likely, and we are seeing increased discounting by wineries for both bulk wine and casegoods to accelerate this process. However, until consumer sales stabilize, or even rebound, continuing challenges are likely.

Figure 3 - California Statewide Bulk Gallons Available



Bulk gallons available statewide, all regions, all varieties. Source: Turrentine Brokerage

Bulk Market

By Steve Robertson, Marc Cuneo, and William Goebel

The following bulk market update is updated from the last newsletter, published on January 23rd with updated graphs and reflecting the new volumes. All changes are noted below in **bold** text. The tonnage numbers from the Crush Report reinforced many of the trends we were seeing with early bulk wine listings and the slight increase in demand for bulk wine, especially Pinot Grigio.

Bulk gallons actively for sale in the new year have steadily increased to nearly **27** million, skewed heavily to reds. The increase has come from **6.4** million gallons of 2024 vintage wine listed, and 2023 and older vintage gallons have remained flat since November. Last year at this time (and despite the later harvest), there were **8.7** million gallons of 2023 vintage

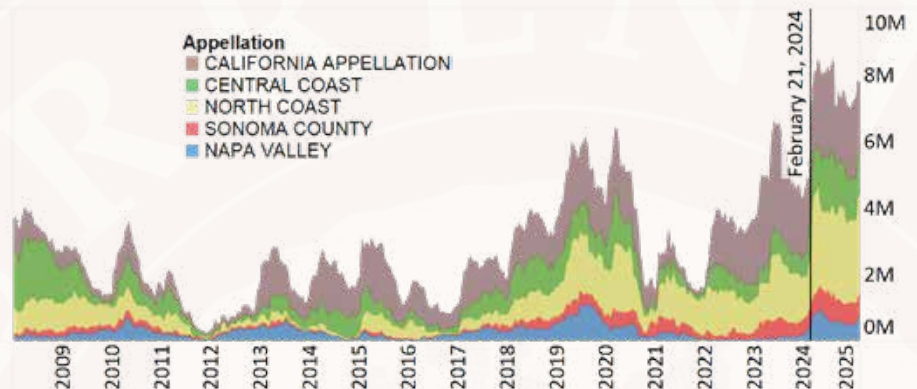
wine available. We are confident (**due to the smaller crop**) this is an early sign of fewer gallons of 2024 vintage supply making its way to the bulk market. However, even if the 2024 vintage brings just half the gallons to the bulk market as were listed for the 2023 vintage, it is still likely that more gallons could be available than last year at some point in the next several months.

While supply actively for sale remains high to begin the year, the number of active buyers in the market and the number of gallons brokered through Turrentine Brokerage has increased compared to last year at this time; however, this doesn't necessarily mean prices are increasing. The lower-end of the market seems to have firmed up, but prices are still low. Meanwhile, at the higher-end, lower asking prices are starting to get a few more deals done now that buyers can blend and bottle 2023 vintage red wines and ship directly to retail shelves. It is worth noting that times of oversupply intersect with cutting expenses. As such, efforts to invest in improving bulk wine quality may be curtailed leading to a lower percentage of lots actively for sale that meet your quality standards. **The earlier you are in the market, the higher the probability you will be able to find what you need.**

Cabernet Sauvignon

- Supply of Napa Valley Cabernet Sauvignon actively for sale has remained steady around 500k gallons for the last few months. **2024 lots are now being listed.** Buyers are focused on 2023. Recent sales have been between \$10.00 to \$25.00 per gallon with price largely a function of quantity and quality.
- Sonoma County supply has remained similarly steady, with roughly 650k gallons actively for sale for the last several months. There continues to be very little demand, and the prices for recent sales have been between \$8.00 to \$15.00 per gallon. **2024 Sonoma County lots are not coming to the market as early as Napa Valley lots.**

Figure 4 - Cabernet Sauvignon Bulk Gallons Available



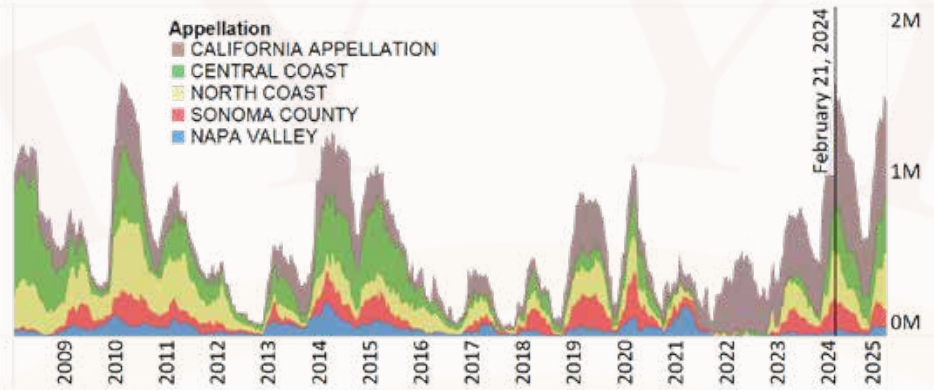
Cabernet Sauvignon bulk gallons available statewide, all regions. Source: Turrentine Brokerage

- North Coast Cabernet Sauvignon bulk actively for sale continues to be in excess of demand with 3 million gallons on the market. Buyers have generally been only interested when wines are priced comparable to California Appellation. **Early indicators are for good volumes of 2024 to be on the market soon.**
- Central Coast supply is also historically high at 1.2 million gallons available, and so far, buyers have only been interested in value deals. The very light yields per acre in Paso Robles in 2024 will also likely mean fewer sellers **and fewer gallons** of 2024 wine offered for sale compared to 2023 wine. There have been a few deals for 2023 vintage Paso Robles lots, but demand has continued to be soft at the lower asking prices—**even after the Crush Report confirmed the 42% decrease in tons crushed.**
- California Appellation supply recently increased to 2.4 million gallons actively for sale. Buyers have been difficult to find, and despite the low asking prices, volume deals are infrequent. Fortunately, the early indicators are that wineries will have fewer gallons of 2024 wines available for sale **due to the efforts to reduce inventory and the reduction in tons crushed.**

Sauvignon Blanc

- Due to the combination of recent increases in bearing acres leading to more tons and moderating consumer sales growth, bulk supply of Sauvignon Blanc exceeds demand in all regions. **In spite of the low yields per acre, especially in the Central Coast, wineries seem to already have the 2024 inventory needed.**

Figure 5 - Sauvignon Blanc Bulk Gallons Available



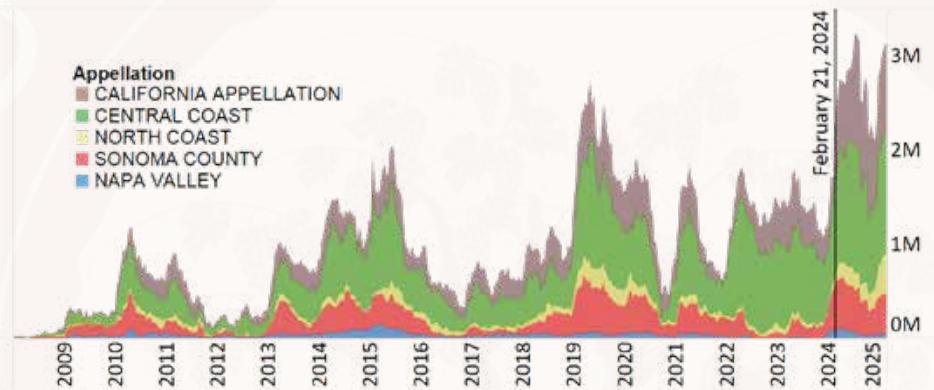
Sauvignon Blanc bulk gallons available statewide, all regions. Source: Turrentine Brokerage

- Sonoma County Sauvignon Blanc volumes increased to 150k gallons in mid-December **and have come down slowly in recent weeks.** Buyers have been slow to act on the 2024 vintage as they were slow to purchase 2023 wines.
- North Coast and Central Coast Sauvignon Blanc volumes have increased to **350k** and **335k** gallons, respectively. There has been minimal activity thus far for these new listings, and recent sales have been between \$4.00 to \$8.00 per gallon.
- California Appellation Sauvignon Blanc supply is now north of 600k gallons with gallons continuing to increase. There have been deals done, but not enough to impact what has been listed. Recent sales have been between \$3.00 to \$6.50 per gallon for 1 to 3 truckload volumes.

Pinot Noir

- Sonoma County Pinot Noir volumes are relatively modest at 400k gallons actively for sale, but this is still too much for buyers to absorb. The buyers that are in the market are only interested in smaller lots.
- North Coast and Central Coast demand is similarly soft with a few recent deals of 2023 vintage done between \$5.00 to \$7.00 per gallon. If a seller has to move a large volume, prices for 2023 or 2024 lots will likely be much lower. Between the two regions, supply is heavily skewed towards the Central Coast with **1.3** million gallons available compared to the **420k** available in the North Coast.
- There are now 900k gallons actively for sale of California Appellation Pinot Noir and supply continues to exceed demand.

Figure 6 - Pinot Noir Bulk Gallons Available



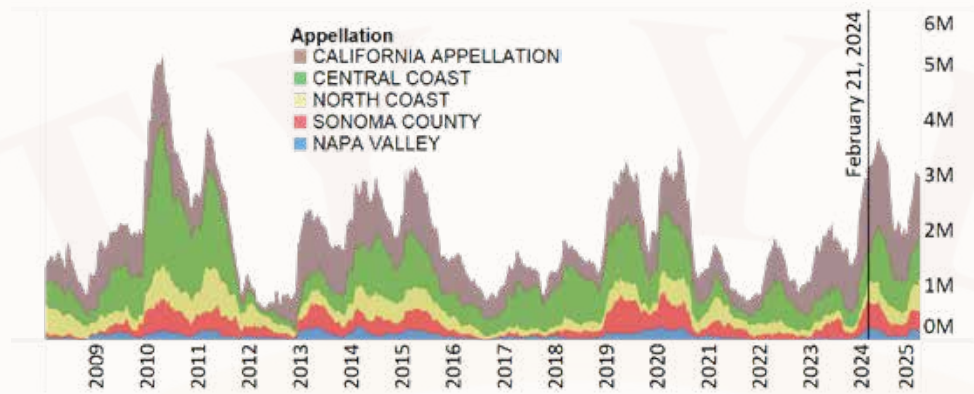
Pinot Noir bulk gallons available statewide, all regions. Source: Turrentine Brokerage

Chardonnay

- There are currently 340k gallons of Sonoma County Chardonnay actively for sale, with very little demand to speak of. Buyers are mostly focused on 2024 vintage at this point, and are moving slowly to commit to any purchases.

- North Coast supply is now at 500k gallons available and Central Coast listings total **700k** gallons. Like Sonoma County, the market for 2024 vintage Chardonnay has been slow to start throughout the coast, and we expect offering prices to be sub-\$5.00 per gallon, particularly for larger volumes.
- California Appellation Chardonnay supply has spiked to **1.3** million gallons. Sellers are offering a significantly smaller volume of 2024 wine compared to 2023 wine. Demand remains soft for both 2023 and 2024 lots.

Figure 7 - Chardonnay Bulk Gallons Available



Chardonnay bulk gallons available statewide, all regions. Source: Turrentine Brokerage

Conclusion

Trying to match the acreage base to shifting varietal demand amid tight capital, near historic inflated district average grape prices, and a glut of bulk wine has the future feeling very bumpy. This confluence of factors which impacted California's 2024 wine grape harvest summarize the challenging picture for the industry as of late. However, actions have been taken to regain some semblance of market equilibrium. On the supply side, these efforts were realized in the 20-year low crop size and will be a net positive in the long-term as it will help expedite the transition from oversupply. Despite this, strategic acreage removals and further inventory reductions are still necessary depending on varietal and region.

On the demand side, wineries and negociants have also been working hard to compete for interest from consumers through improved marketing efforts, developing new brands at new price points, and discounting; however, the results of all of these efforts will take some time to ripple through the market and be felt by the industry.

The challenges in getting new products in front of consumers is tougher than ever, but wineries are trying. In addition, marketers and public policy organizations are working hard to promote a positive image for wine. We all need to do our part, so we encourage you to find the efforts that resonate with you and lend your support to them. We are all wine salesmen right now.

The California wine industry has a rich history of resilience, and this period of correction also presents opportunities for creative wineries and negociants with new products at new price points to capture consumer interest. Those wineries that can adapt, innovate, and aggressively compete for market share will not only weather this storm but emerge stronger on the other side. Now is the time for strategic planning, renewed focus on marketing and consumer engagement, and a commitment to quality that will resonate with a changing market. Call us early to help strategize your buying and selling needs that can align your business for success as the markets recalibrate.



Ep 42: Good News in the 2024 CA Crush Report with Steve Fredricks





Unlocking the 2024 Grape Crush Report

YouTube Recording available soon via:
[California Ag Net YouTube Channel](#)



Audra Cooper



Mike Needham



Christian Klier



Eddie Urman

GROW WEST[®]

Sonoma County: February 25th
Mendocino County: February 26th



WiVi Central Coast | March 13, 2025
Paso Robles Event Center



March 16-18
2025

Düsseldorf
Germany



ProSpirits

DISCOVER THE TASTE OF TOMORROW.

Turrentine will be represented by:
Steve Fredricks, Bryan Foster, & William Goebel



DRIVE

A Strategic Planning and Teamwork Seminar + Workshop for the Wine Industry

March 26, 2025

Pavilion on the Lake
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Atascadero, CA 93422

What is the campaign about?

Share & Pair Sundays is a 2025 Spring-to-Summer campaign that celebrates the delicious marriage of wine and food. The campaign encourages consumers to get together on Sundays to enjoy wine, food, and friends. Share & Pair Sundays begins March 23 (the first Sunday of Spring) and goes through May 25. Ten Sundays in all.

For more information about how you can participate and support, please visit:

www.cometogetherforwine.com



Share & Pair Sundays

By Come Over October™

Market Opportunities

Turrentine Brokerage is always working to find opportunities for our clients. We believe firmly in a personalized approach tailored to each client's specific needs and unique position.

Give us a call at (415) 209-WINE

Grape Market Available

Napa Valley Cabernet Sauvignon
Napa Valley Chardonnay
Napa Valley red blenders
Sonoma County Cabernet Sauvignon
Sonoma County Chardonnay
Sonoma County Sauvignon Blanc
Sonoma County red blenders
North Coast Cabernet Sauvignon
North Coast Chardonnay
North Coast Sauvignon Blanc
North Coast red blenders

Paso Robles Grenache Blanc in truckload quantities
Central Coast Albariño, small lot
Willow Creek & Adelaida Cabernet Sauvignon
Willow Creek & Adelaida Syrah
Willow Creek & Adelaida Mourvedre
Cabernet Sauvignon throughout the San Joaquin Valley
Chardonnay throughout the San Joaquin Valley
Merlot throughout the San Joaquin Valley
Zinfandel throughout the San Joaquin Valley
Pinot Grigio throughout the San Joaquin Valley
Sauvignon Blanc throughout the San Joaquin Valley

Bulk Market Available

'24 Sauvignon Blanc from all regions
'24 Chardonnay from all regions
'21-'24 Central Coast Pinot Noir
'24 California Appellation Pinot Noir
'22/'23 Napa Valley Cabernet Sauvignon
'22-'24 Sonoma County Cabernet Sauvignon
'22/'23 Lake and Mendocino County Cabernet Sauvignon
'21-'23 Central Coast Cabernet Sauvignon
'22/'23 Willamette Valley Pinot Noir
Spirits: Brandy, Whiskey, & High-Proof



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