

2018 Market Review

The following data is taken from the SAFER's annual review of the rural property market.

Market activity

France:

In 2018 the SAFER registered **decreases in all of the main measures of activity** in the French vineyard market. The number of sales was down by 7.5%, the area sold by 0.4% and the total value of transactions fell by 31%. However, 2017 was an exceptional year for vineyard transactions, with several very high-value transactions, including Clos de Tart in Burgundy, Chateau Troplong Mondot in Saint-Emilion, Domaine de Nalys in Châteauneuf-du-Pape and Clos Rougeard in the Loire. Despite not achieving the highs of 2017, 2018 still saw a greater surface area sold and a higher total value of transactions than 2016:

	Number of sales	Area sold (ha)	Total value (M€)
2016	9,190	15,580	783
2017	9,460	16,900	1,300
2018	8,750	16,800	844
2018 vs 2017	-7.5%	-0.4%	-31.1%

Bordeaux:

In the Bordeaux region the number of sales increased by 2% between 2017 and 2018, and the area sold increased by 15%. However, **the total value of transactions fell by 21%**, reflecting the smaller number of high value transactions by comparison to 2017.

	Number of sales	Area sold (ha)	Total value (M€)
2016	708	2,936	249.4
2017	723	3,208	277.2
2018	736	3,700	218
2018 vs 2017	+2%	+15%	-21%

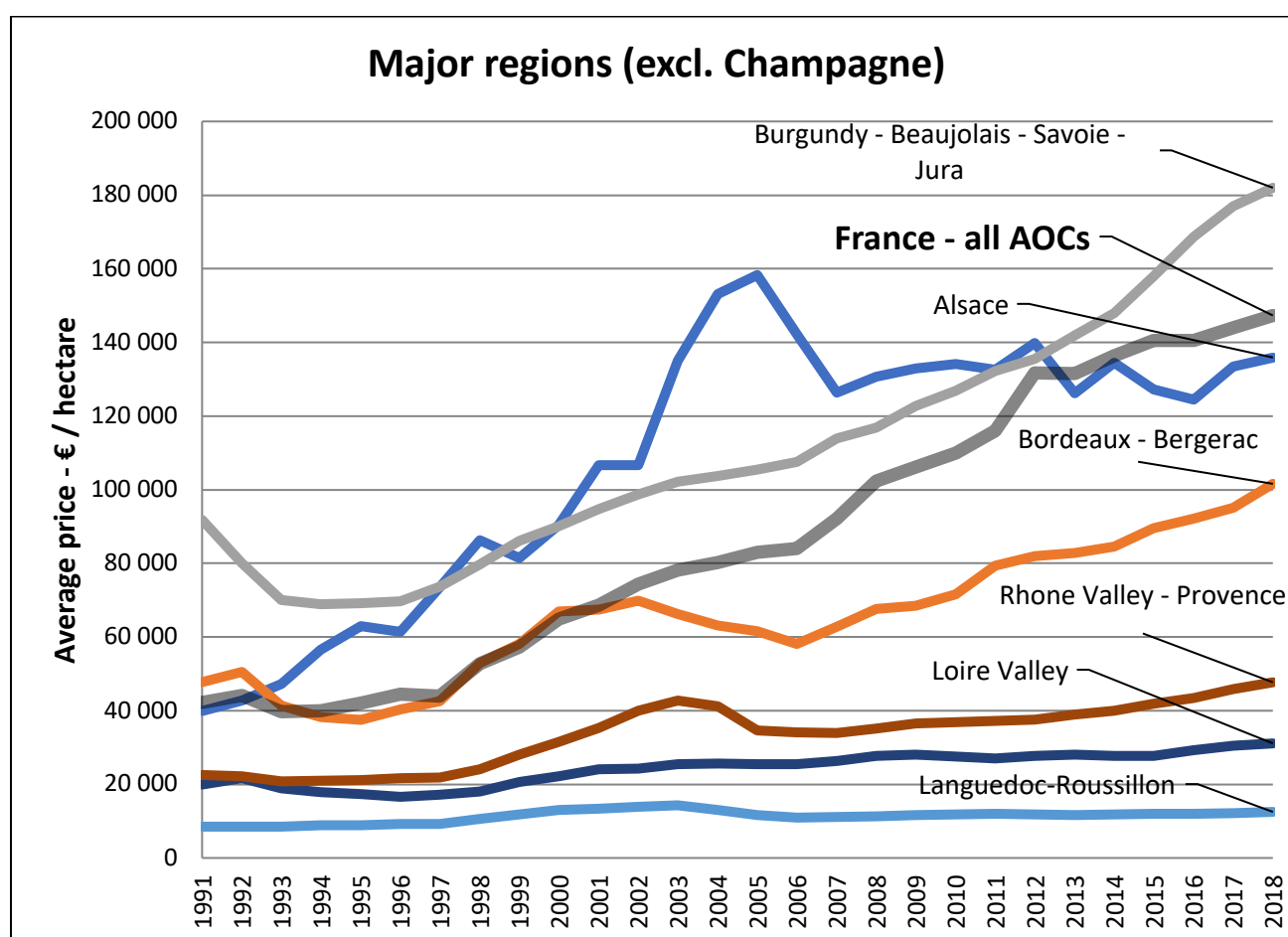
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Vineyard prices

France:

Prices remained stable in 2018, registering a modest 2% increase from 2017, with the average price paid increasing to 147,300 Euros in 2018.

	1991	2017	2018	2017-2018	1991-2018
France - all appellations	42,200	143,900	147,300	+2%	+232%
France - all appellations excl. Champagne	33,919	69,343	72,500	+5%	+145%
Alsace	39,900	133,400	135,900	+2%	+121%
Bordeaux - Bergerac	47,800	95,100	101,600	+7%	+152%
Burgundy - Beaujolais - Savoie - Jura	91,800	176,900	182,000	+3%	+161%
Languedoc-Roussillon	8,500	12,200	12,500	+2%	+36%
Loire Valley	20,000	30,400	31,100	+2%	+87%
Rhone Valley - Provence	22,500	45,800	47,700	+4%	+121%
Champagne	181,400	1,122,500	1,129,600	+1%	+287%



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Bordeaux:

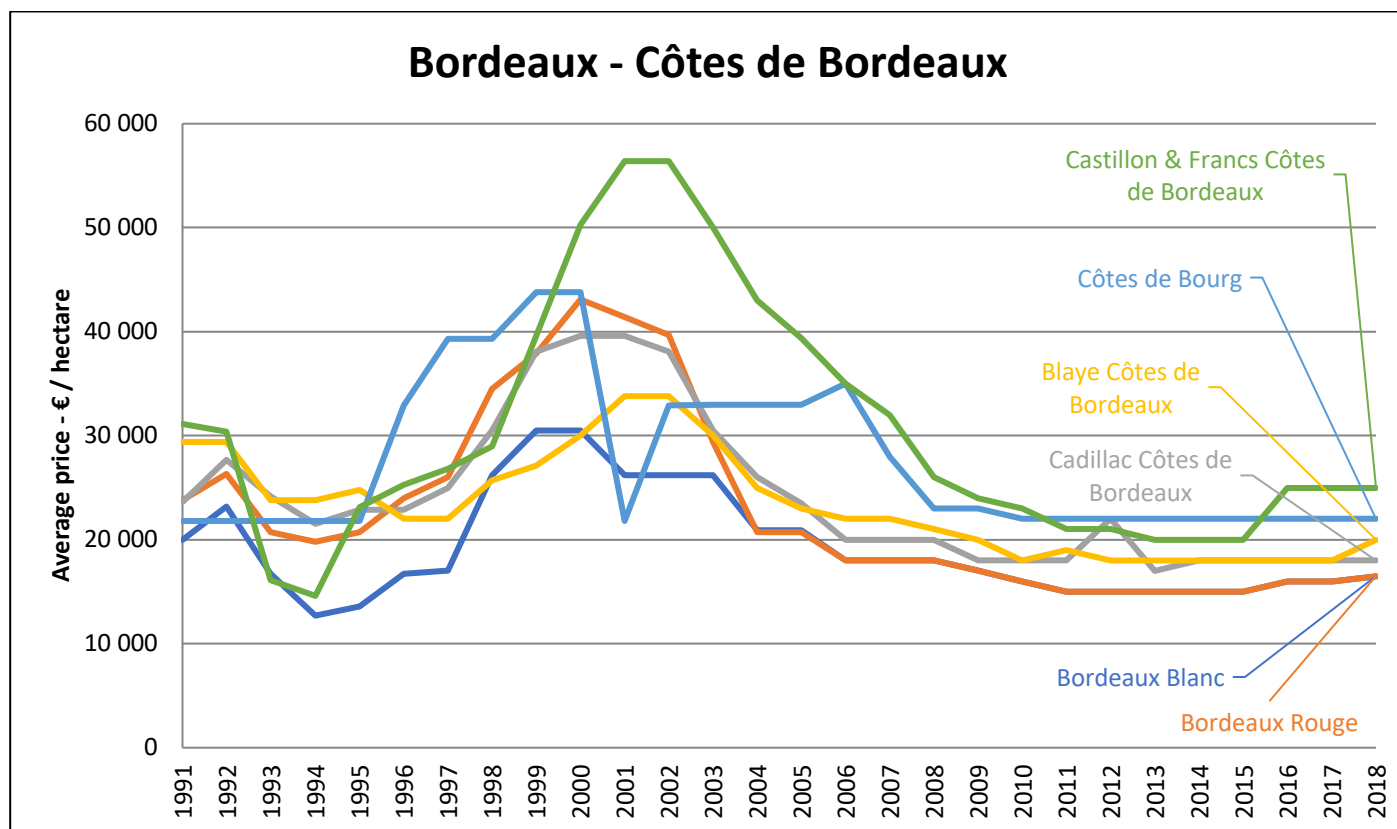
The average price per hectare across all Bordeaux appellations increased by 7% in 2018 to 101,600 Euros. This increase was driven by higher prices in some of the region's most prestigious appellations, notably Pauillac (+10%), Pomerol (+20%) and Saint-Estèphe (+22%).

In spite of a difficult economic environment, prices in the less prestigious appellations largely held their ground, while both Pessac-Léognan and Graves registered increases, as did Saint-Emilion, Lalande-de-Pomerol and the Saint-Emillion satellites.

	1991	2018		% change		
	Average	Average	Min	Max	2017-2018	1991-2018
Bordeaux Blanc	20,000	16,500	6,000	26,000	+3%	-18%
Bordeaux Rouge	23,800	16,500	6,000	26,000	+3%	-31%
Cadillac Côtes de Bordeaux	23,600	18,000	8,000	26,000		-24%
Blaye Côtes de Bordeaux	29,400	20,000	8,000	35,000	+11%	-32%
Côtes de Bourg	21,800	22,000	8,000	30,000		+1%
Castillon & Francs Côtes de Bordeaux	31,100	25,000	15,000	40,000		-20%
Sauternes	173,600	30,000	12,000	150,000		-83%
Graves Blanc	38,100	32,000	10,000	50,000	+7%	-16%
Graves Rouge	45,700	32,000	10,000	50,000	+7%	-30%
Pessac-Léognan	165,900	500,000	400,000	630,000	+11%	+201%
Fronsac	75,000	30,000	23,000	60,000		-60%
Canon-Fronsac	115,000	100,000	40,000	150,000		-13%
Saint-Emilion	155,000	270,000	220,000	3,000,000	+8%	+74%
Satellites Saint-Emilion	82,600	95,000	85,000	110,000	+6%	+15%
Lalande de Pomerol	181,900	240,000	200,000	300,000	+14%	+32%
Pomerol	378,000	1,800,000	1,200,000	3,600,000	+20%	+376%
Moulis	80,000	80,000	65,000	110,000		
Listrac	72,000	70,000	50,000	90,000	-7%	-3%
Haut-Médoc	74,900	80,000	60,000	125,000		+7%
Médoc	61,100	55,000	30,000	75,000		-10%
Margaux		1,100,000	800,000	1,400,000		
Saint-Julien		1,300,000	1,000,000	1,600,000		
Pauillac	222,000	2,200,000	2,000,000	2,500,000	+10%	+891%
Saint-Estèphe	138,400	550,000	400,000	1,000,000	+22%	+297%

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Bordeaux and Côtes de Bordeaux:



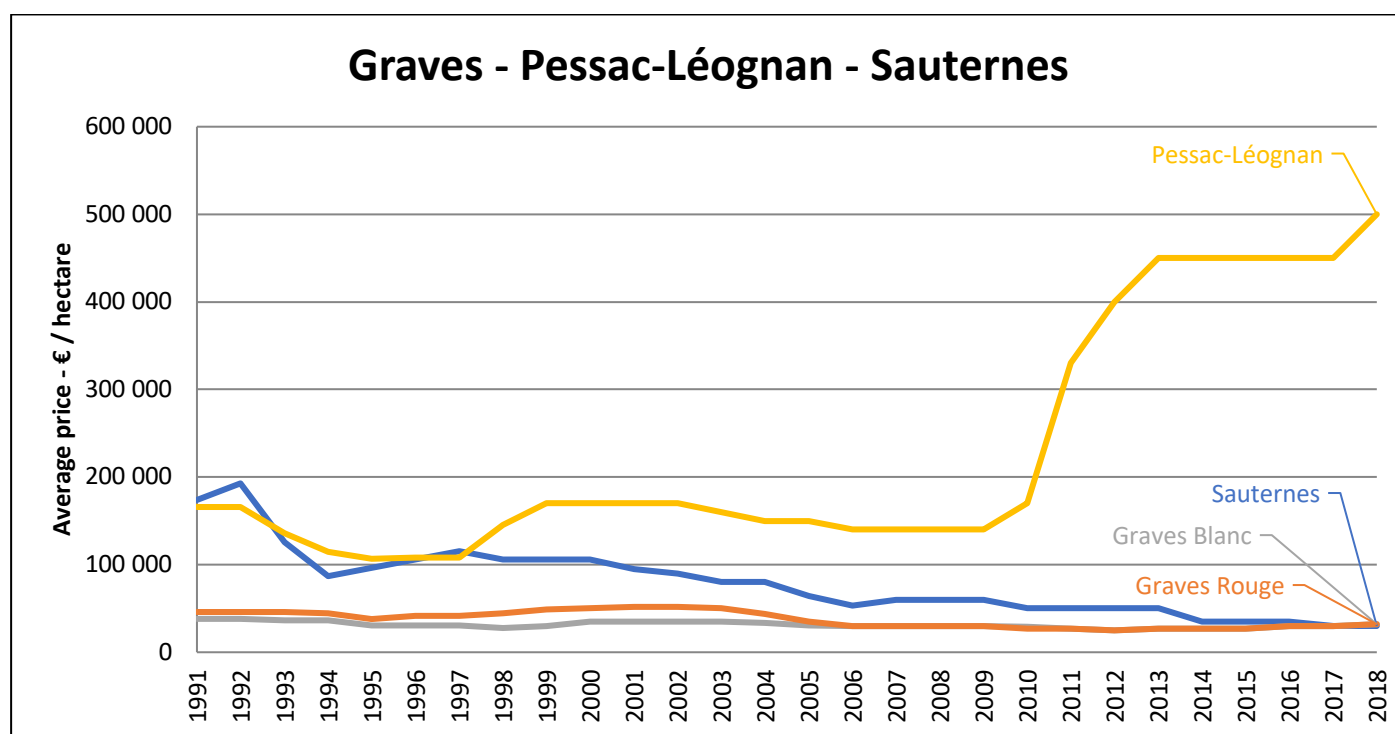
In spite of a difficult economic environment, prices in these appellations held their ground. Generic **AOC Bordeaux** vineyards (approximately 50% of the entire Bordeaux vineyard area) registered a small increase in the average price to 16,500 Euros per hectare, with the best parcels reaching as much as 26,000 Euros per hectare.

Prices in the **Côtes de Bordeaux** appellations remained flat, except for Blaye Côtes de Bordeaux, which registered a small increase. Average prices in these appellations in 2018 were between 18,000 and 25,000 Euros per hectare, with the highest prices recorded in Castillon Côtes de Bordeaux, at 40,000 Euros per hectare.

The SAFER noted that prices in these appellations have been supported by demand for properties with attractive buildings, particularly from foreign buyers, although current evidence would suggest that this interest is diminishing. Coupled with a challenging economic environment, this is likely to put downward pressure on vineyard prices in these appellations.

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Graves, Pessac-Léognan and Sauternes:



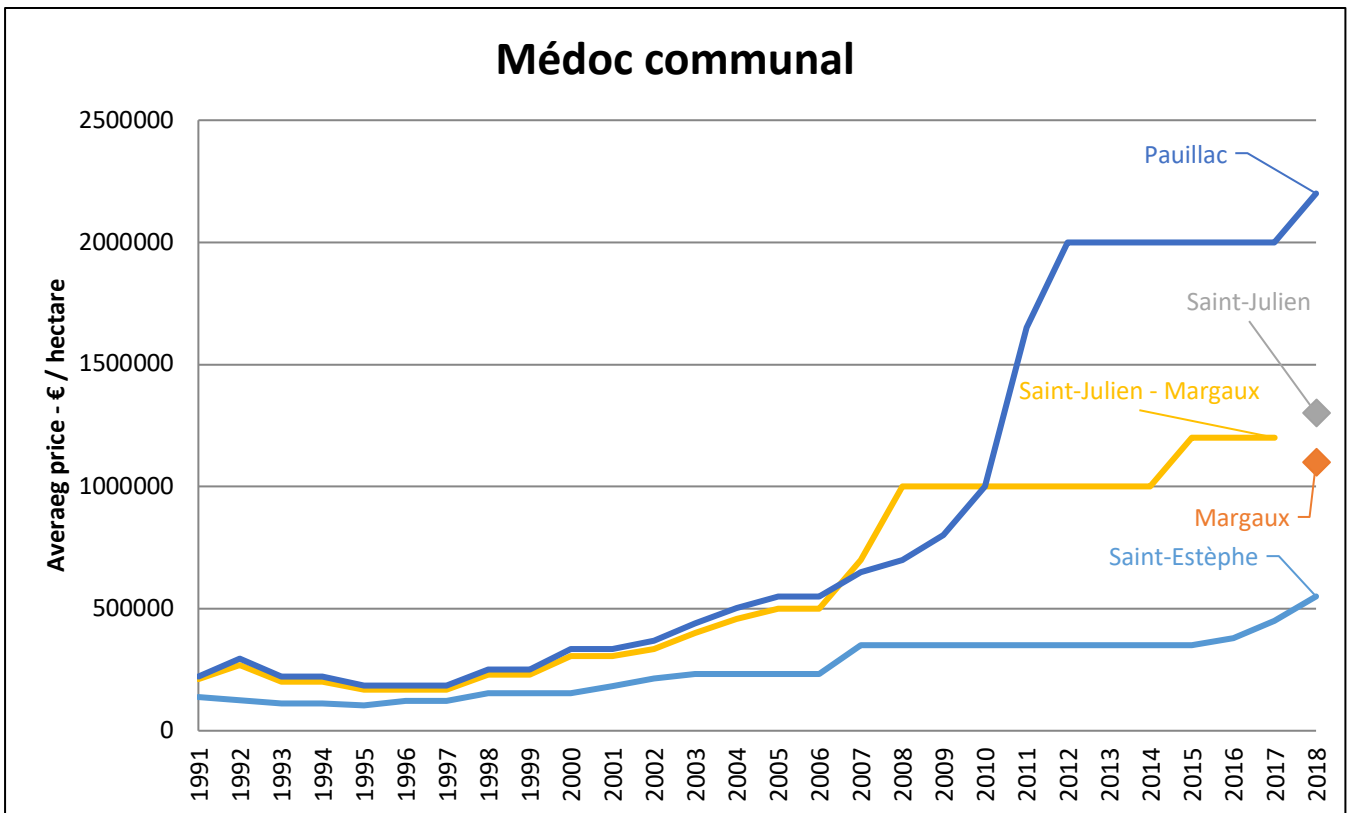
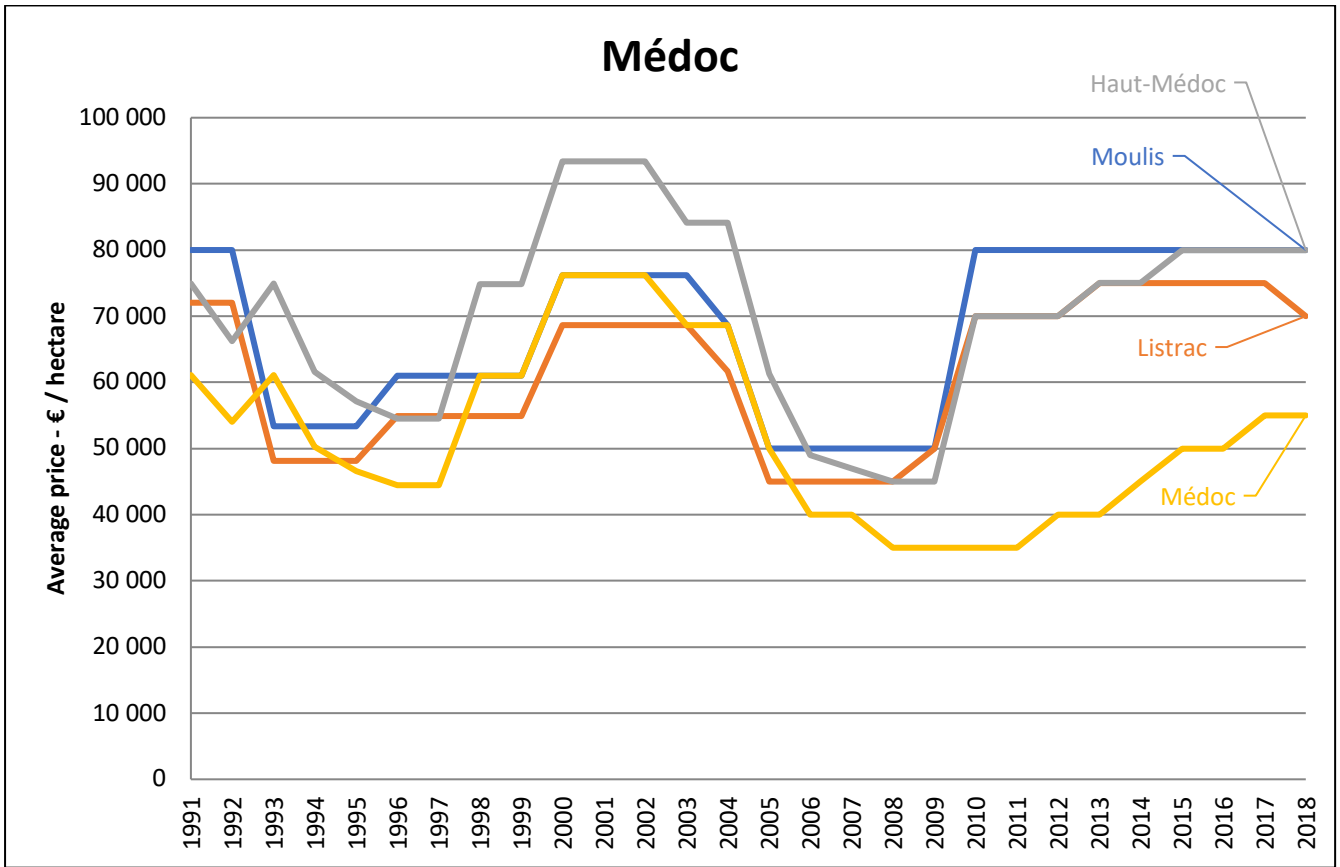
Prices in **Graves** increased slightly, to 32,000 Euros per hectare, reflecting the consistency of demand for Graves wines over the long term.

Prices in **Pessac-Léognan** continue to pull away from the surrounding appellations, registering a further 11% increase in the average price per hectare in 2018, to 500,000 Euros. This equates to a 200% increase since 1991.

While prices in **Sauternes** were stable, at 30,000 Euros per hectare, demand remains very weak in all of the sweet wine appellations, in spite of continuing efforts to rekindle consumer interest in sweet wines and various initiatives to increase wine tourism in the region.

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Médoc:



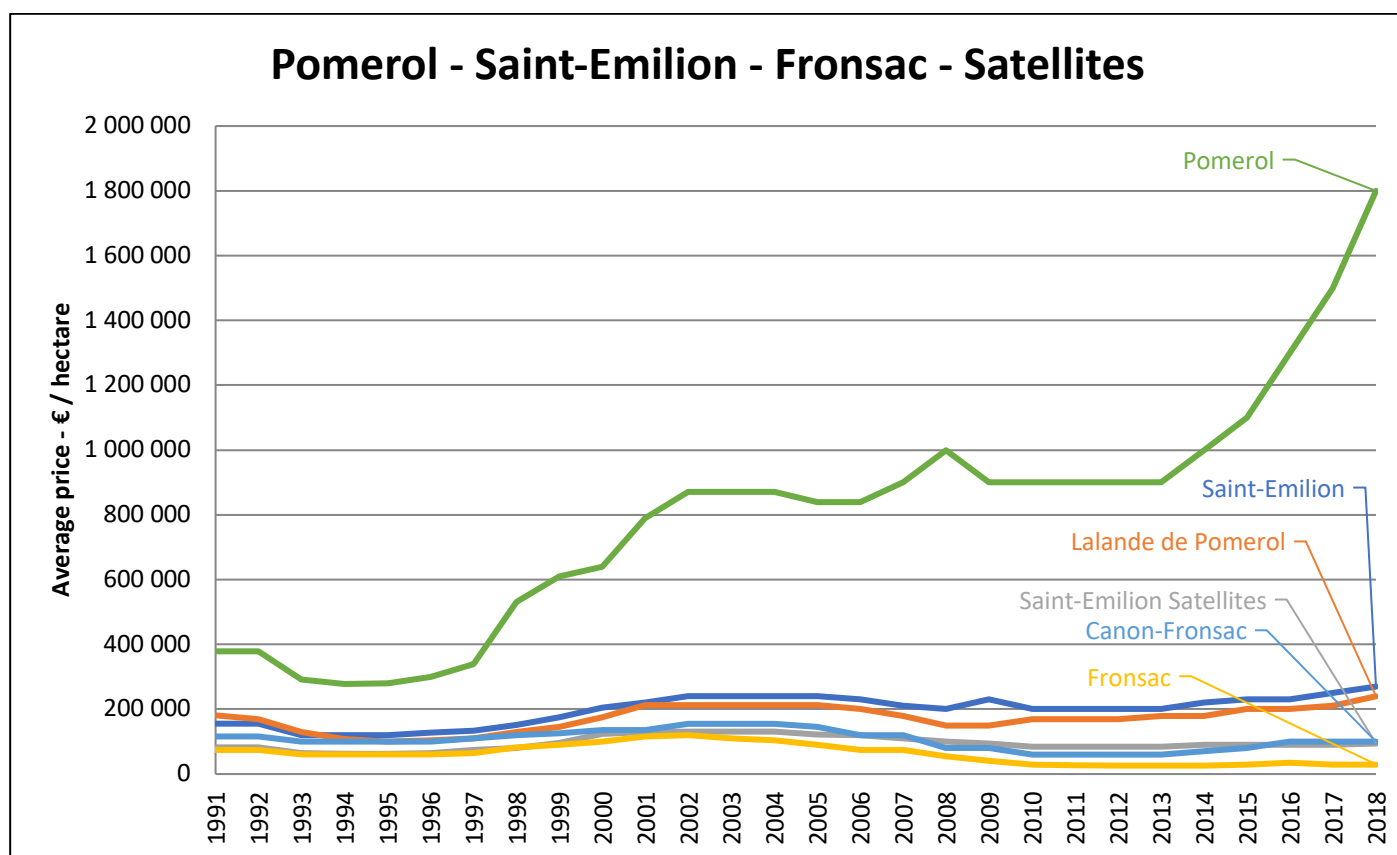
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The prices of vineyards in the Médoc reflect the contrasting reputations of the different appellations.

Prices in the **Médoc, Haut-Médoc, Lustrac and Moulis** have been relatively stable over the long-term, reflecting the limited fluctuation in the prices of the wines from these appellations. The average price of vineyards in these appellations in 2018, at between 55,000 and 80,000 Euros per hectare, is little different to 1991.

By contrast, the price of vineyards in the communal appellations of **Margaux, Saint-Julien, Pauillac and Saint-Estèphe**, have increased almost every year over this period, with the average price per hectare in Pauillac having increased by almost 900% since 1991. The reputation and price of the wines, particularly the Grand Cru Classé estates, coupled with a scarcity of opportunities to invest, continues to drive prices upwards. Saint-Estèphe had the highest year-on-year increase of any Bordeaux appellation in 2018, with the average price per hectare increasing by 22% to 550,000 Euros.

Pomerol, Saint-Emilion, Fronsac and the Satellites:



With the exception of Fronsac and Canon-Fronsac, where prices were stable, the Right Bank appellations around the city of Libourne all saw increases in the average price per hectare in 2018, as both existing vineyard owners and new investors sought to buy properties or parcels of vines.

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Acquisition opportunities in **Pomerol** remain extremely rare, the imbalance of supply and demand pushing prices up 20% to an average of 1,800,000 Euros per hectare in 2018, with a highest recorded price of 3,600,000 Euros per hectare. The neighbouring appellation of **Lalande-de-Pomerol** also continued to attract investors, with the average price increasing 14% to 240,000 Euros per hectare.

Prices in **Saint-Emilion** continued to increase in 2018, even though the market was calmer than in 2017, when six Grand Cru Classé estates changed hands. The average price per hectare increased 8% to 270,000 Euros, although the highest recorded price was 3,000,000 Euros. Investors continue to seek out smaller, less well-known and more affordable properties, as well as prime assets in the best locations.

The relative affordability of vineyards in the **Saint-Emilion satellites** by comparison with Saint-Emilion itself, helped to underpin demand for vineyards in these appellations, where vineyards sell for on average one third of the price of vineyards in Saint-Emilion, at 95,000 Euros per hectare.

On the other side of Libourne, in **Fronsac** and **Canon-Fronsac** prices were flat, as recent interest from Asian buyers tailed off.