SAFER ANNUAL RURAL LAND MARKET STUDY

Last month the Fédération Nationale des SAFER published its annual analysis of the French rural land market.

The main headline for the vineyard market was a return to pre-pandemic levels of activity, with all of the main indicators recovering lost ground – number of transactions, surface area changing hands and value of transactions –and, in the case of the number and value of transactions, exceeding the levels seen in 2019.

		Evolution 2020/2021
Number of transactions	**9,410**	**+ 14.6%**
Surface area	**17,400 ha**	**+ 19.3%**
Value	**€1,094m**	**+ 27.1%**

The number of transactions was 2.1% above the level recorded in 2019 and the surface area was just 4.9% below the record of 18,300 hectares seen in 2019. The total value of transactions breached the €1 billion mark for the second time after the record of €1.226 million set in 2017. The 2017 figure was the result of several exceptional sales, including the sales of Clos de Tart in Burgundy, Château Troplong Mondot in Saint-Emilion, Domaine de Nalys in Châteauneuf-du-Pape and Clos Rougeard in the Loire Valley. While there were slightly fewer high-profile sales in 2021, two Grand Cru Classé estates changed hands in Bordeaux, Château Beauséjour Duffau-Lagarrosse in Saint-Emilion and Château Lafon Rochet in Saint-Estèphe.

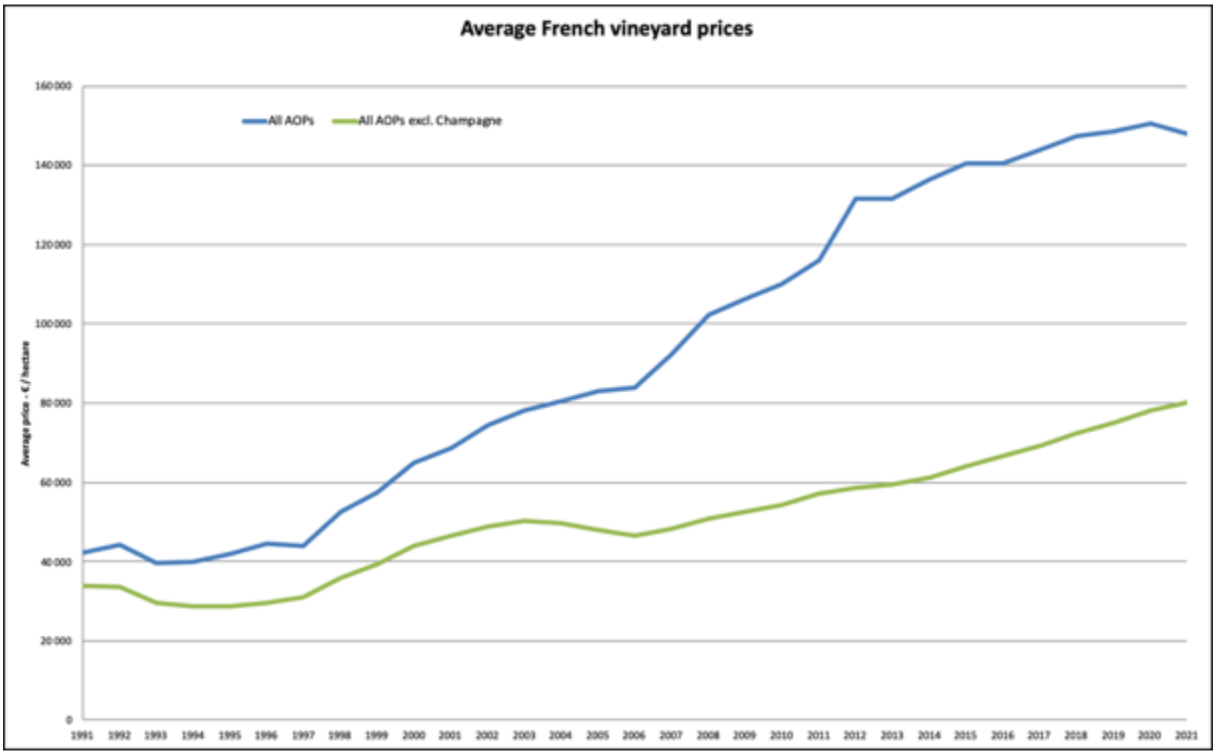
On a regional level Bordeaux saw a rebound in activity in terms of all of the market indicators:

	Number of transactions	Evolution 2020/2021	Surface area (ha)	Evolution 2020/2021	Value (€m)	Evolution 2020/2021
Alsace - East	760	+ 10.6%	200	- 1.1%	17	- 15.2%
Bordeaux - Aquitaine	880	+ 30.0%	3,100	+ 34.6%	351	+ 51.7%
Burgundy - Beaujolais - Savoie - Jura	1,020	+ 7.3%	1,000	+ 8.0%	139	+ 0.7%
Champagne	880	+ 20.4%	200	+ 27.9%	184	+ 29.0%
Charentes - Cognac	650	+ 13.0%	2,400	+ 52.5%	88	+ 72.4%
Languedoc-Roussillon	2,220	+ 14.1%	5,400	+ 10.4%	77	+ 17.6%
South West	180	+ 26.8%	700	+ 52.8%	9	+ 40.2%
Loire Valley	1,410	+ 22.0%	1,800	+ 24.0%	35	+ 28.9%
Rhone Valley - Provence	1,370	+ 4.1%	2,700	- 0.4%	194	- 8.3%
All France	**9,410**	**+ 14.6%**	**17,400**	**+ 19.3%**	**1,094**	**+ 27.1%**

While market activity increased in 2021 the average price per hectare for AOP vines decreased slightly on a national level, from €150,500 to €147,900, largely as a result of a 5.6% fall in prices in Champagne. Excluding Champagne, average prices increased by 2.4% from €78,100 to €80,000. Non AOP vines also registered a small gain.

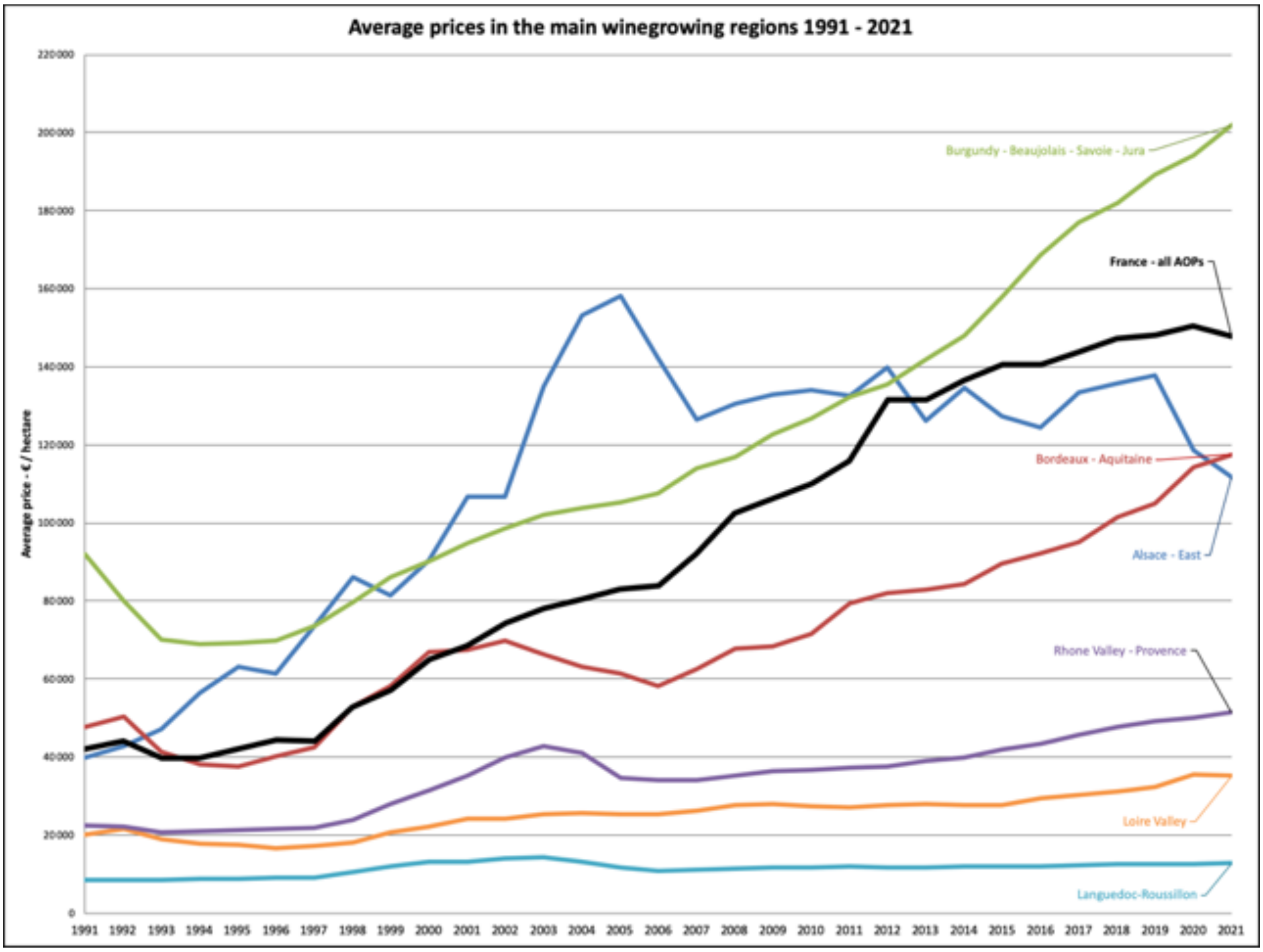
	2020 €/ha	2021 €/ha	Evolution 2020/2021
AOP	150,500	147,900	- 1.7%
AOP excluding Champagne	78,100	80,000	+ 2.4%
Non AOP	14,500	15,000	+ 3.4%

The SAFER report noted that, with the exception of two inflections of about 1% in 2006 and 2013, the average price of French AOP vineyards increased every year between 1997 and 2018, rising by 2.4 times over this period. Excluding Champagne, the average price of AOP vineyards established a new high in 2021, having increased by 47% since 2006, driven largely by the increase in the price of vineyards in the most prestigious appellations.



These trends are apparent in the regional breakdown:

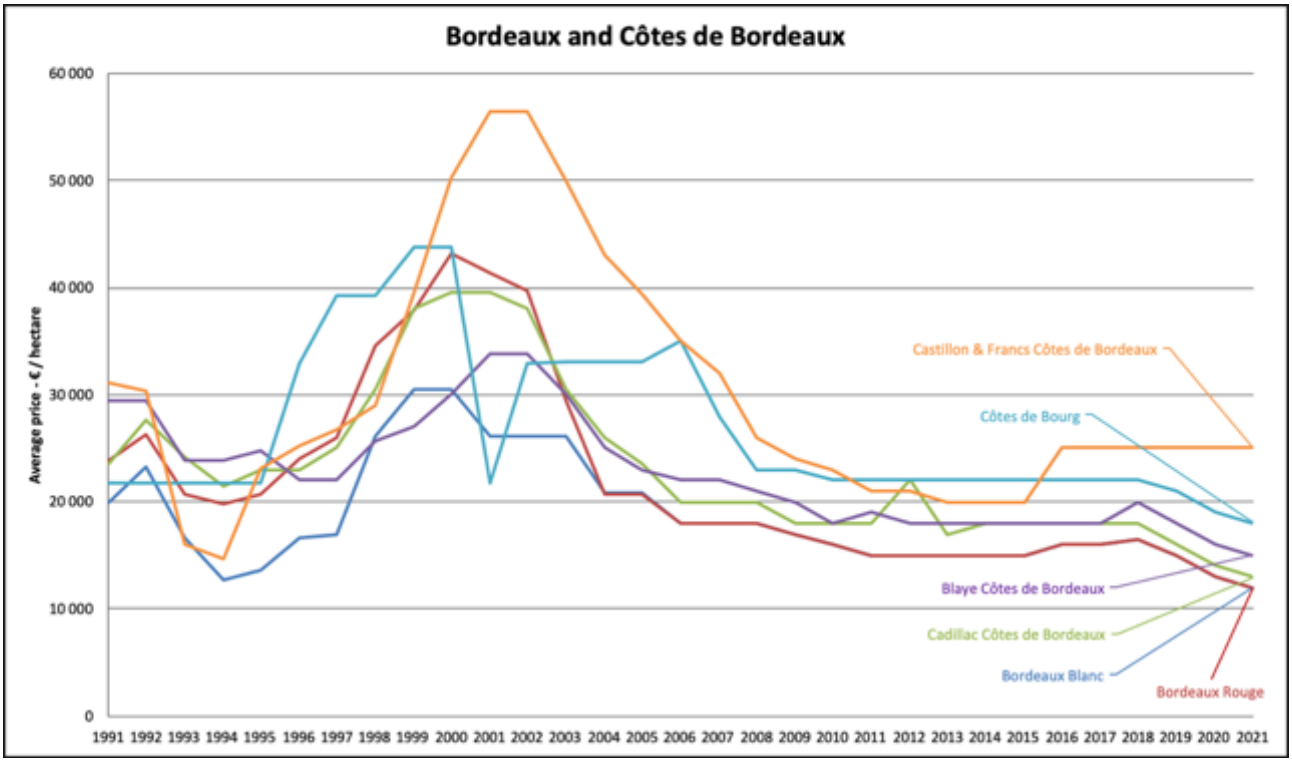
	2020 €/ha	2021 €/ha	Evolution 2020/2021
Alsace - East	118,500	111,800	- 5.6%
Bordeaux - Aquitaine	114,400	117,500	+ 2.7%
Burgundy - Beaujolais - Savoie - Jura	194,100	201,900	+ 4.0%
Champagne	1,102,200	1,040,600	- 5.6%
Languedoc-Roussillon	12,500	12,800	+ 2.5%
South West	12,900	12,900	+ 0.5%
Loire Valley	35,500	35,200	- 0.7%
Rhone Valley - Provence	50,200	51,400	+ 2.4%
All AOPs	**150,500**	**147,900**	**- 1.7%**
All AOPs excl. Champagne	**78,100**	**80,000**	**+ 2.4%**



In Bordeaux, as across the rest of France, the increase in the average price per hectare was driven by continued demand for the most prestigious appellations, with other areas showing no movement or small declines.

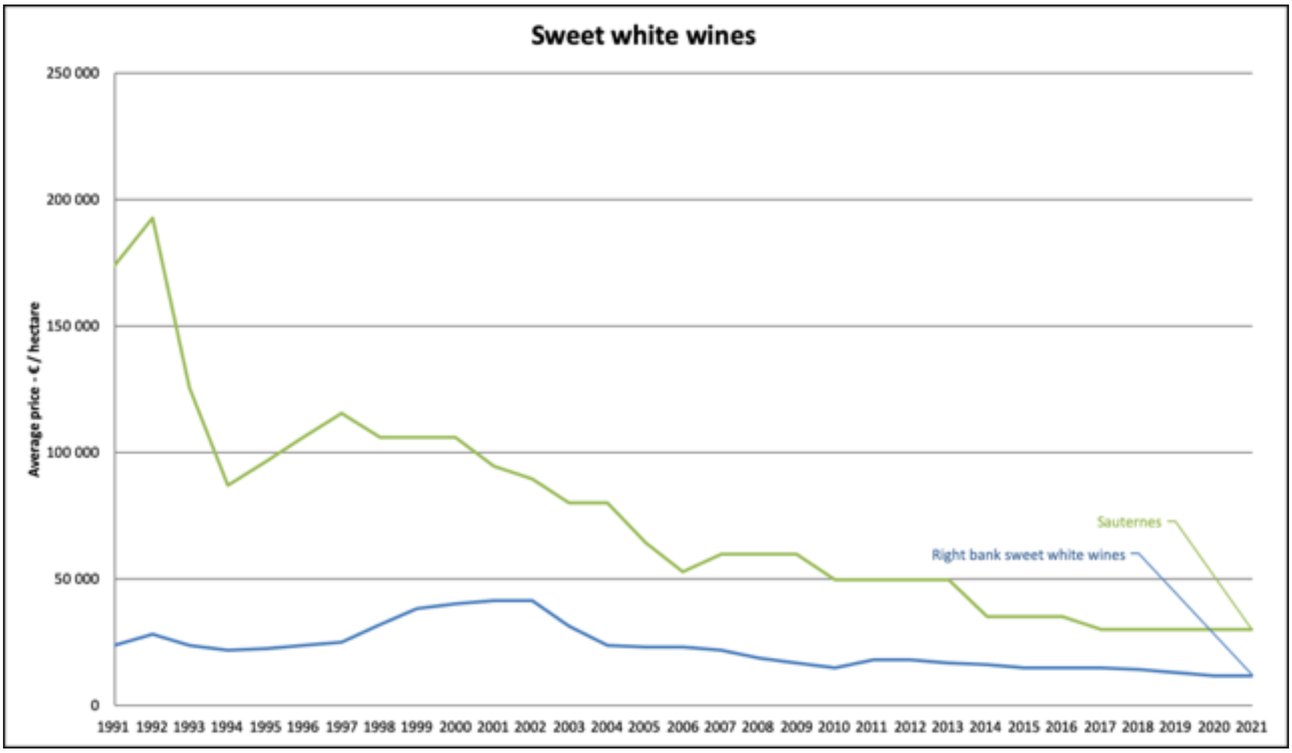
Prices in the generic **Bordeaux** appellations fell again in 2021 to an average of €12,000 per hectare. However, well located, organically certified parcels were relatively unaffected by this decline and continued to change hands for up to €21,000 per hectare. Non-organic vineyards in good condition and situated on good quality soils also continued to attract a premium, selling for between €14,000 and €20,000 per hectare. However, parcels situated on more ordinary terroir or in areas known to be prone to spring frost sold for no more than €12,000 per hectare and even as little as €4,000 per hectare, depending on their condition.

On a more positive note the SAFER reported that properties with architecturally attractive buildings remained sought after by investors, particularly those with smaller vineyards. They also noted renewed interest from local players towards the end of the year, as buyers perceived the market to have bottomed out.

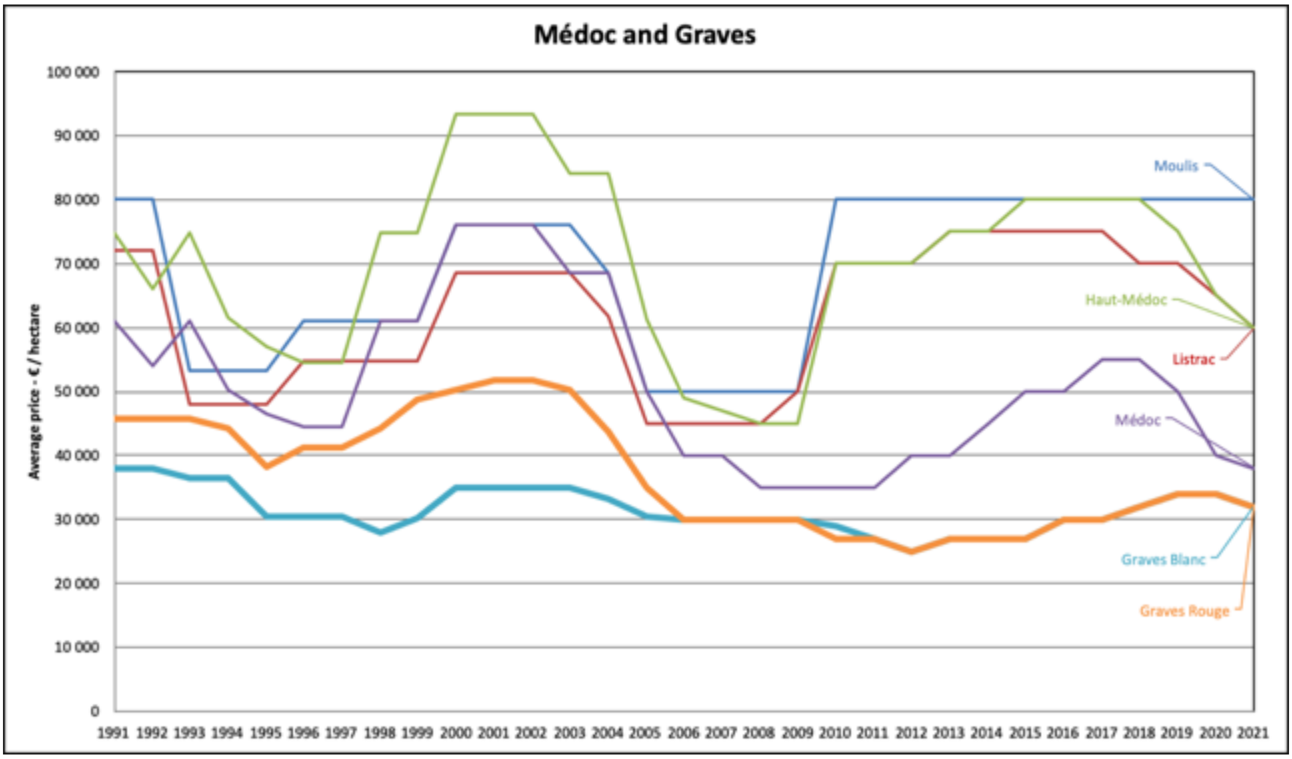


Prices in the **Côtes de Bordeaux** appellations followed a similar path to the Bordeaux AOPs. Cadillac, Blaye and Bourg saw a decline of 6% overall. Cadillac Côtes de Bordeaux vines changed hands for an average of €13,000 per hectare, with the equivalent figure being €15,000 in Blaye Côtes de Bordeaux and €18,000 in Côtes de Bourg. Thanks to interest from growers in neighboring Saint-Emilion, Castillon Côtes de Bordeaux bucked the trend of declining prices, with the average price stable at €25,000 per hectare and the best sites selling for up to €35,000 per hectare.

South of Bordeaux the picture is very mixed. A very tight market with extremely limited supply and strong demand continued to push up prices in **Pessac-Léognan**, where the average price per hectare increased by 8% to €650,000. However, in the larger **Graves** appellation there was a small drop in the average price to €32,000 per hectare. While parcels situated on the best gravel terroir continued to change hands for €45,000 per hectare, those situated on sandier soils in the lower areas more at risk of frost struggled to find buyers at €20,000 per hectare. Further south in **Sauternes** prices remained stable at €30,000 per hectare while in the other sweet white wines appellations, such as **Loupiac** and **Sainte-Croix-du-Mont**, where growers continue to struggle to find markets for their wines, average prices were also unchanged at around €12,000 per hectare.



On the Left Bank the generic **Médoc** and **Haut-Médoc** appellations registered a third consecutive year of declining prices, falling to €38,000 and €60,000 per hectare respectively. The SAFER noted that local buyers with strong distribution were taking advantage of this weakness to acquire additional vineyards. **Listrac** also saw a small decline in the average price to €60,000 per hectare, while in **Moulis** it remained stable at €80,000 per hectare.



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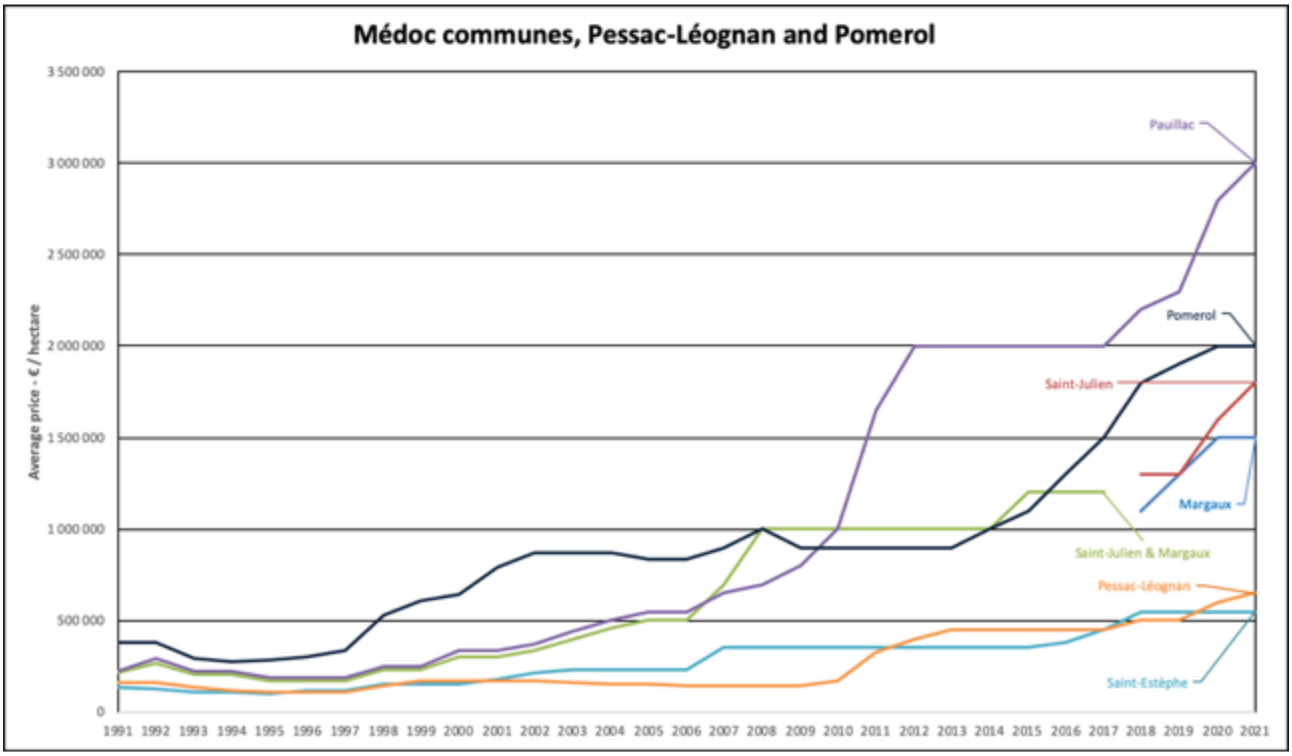
In the more prestigious communal appellations, where demand continues to outstrip supply, prices continued to be well supported. **Margaux** saw the average price remain at €1,500,000 per hectare, while some vineyards changed hands for €2,500,000 per hectare. The average price increased slightly to €1,800,000 per hectare in **Saint-Julien** and to €3,000,000 per hectare in **Pauillac**, where the most sought-after parcels on the best terroir fetched up to €4,000,000 per hectare.

The SAFER observed that the small number of operators able to acquire vines at these price levels still manage to maintain a good level of profitability, thanks to the price at which they are able to sell their wines. In addition, the number of small owners likely to cease their activity and dispose of their vineyards is decreasing from year to year, which suggests that the rise in prices in these sectors is likely to continue.

Although the average price in **Saint-Estèphe** remained stable at around €550,000 per hectare, the gap between the least and most sought-after terroir increased, with the former changing hands for around €350,000 per hectare and the latter for up to €1,200,000 per hectare, or even more in the case of vines belonging to a Grand Cru Classé estate.



The right bank vineyards around the town of Libourne registered little movement in prices. The SAFER noted the continued attraction of **Saint-Emilion** to investors but also a more selective approach to purchases. While the average price remained around €300,000 per hectare, vineyards in the less popular sectors fell slightly, to around €230,000 per hectare, while intense competition for the best terroir saw prices reach €3,800,000 per hectare and even exceed €5,000,000 for the sale of well-known Grand Cru Classé estates.

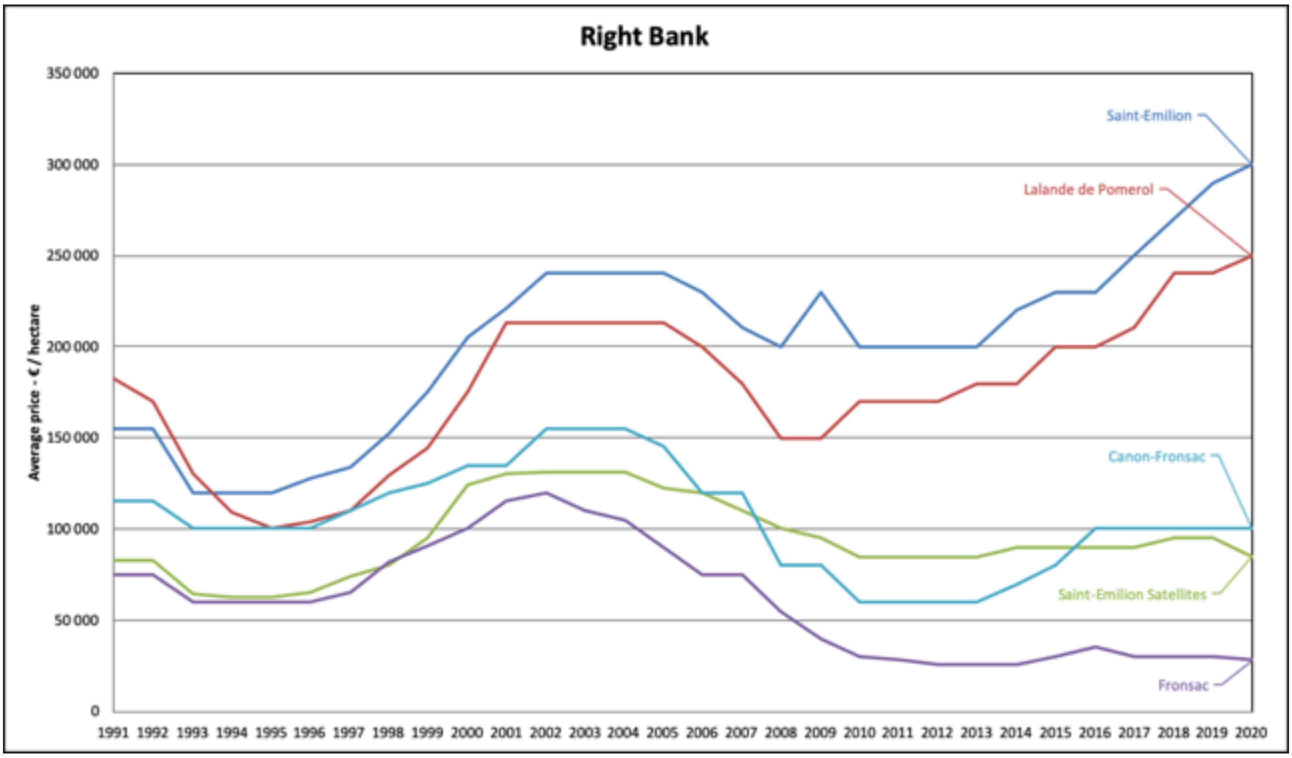
In the neighboring Saint-Emilion Satellites the best sites in **Montagne** Saint-Emilion still find buyers at €120,000 per hectare while the less favorable sites in **Lussac** or **Puisseguin** struggle to sell at an average price of €65,000 per hectare. The tiny **Saint-Georges** Saint-Emilion appellation maintained a price of €150,000 per hectare given the extremely rare occurrence of a vineyard changing hands.

The average price of **Pomerol** vineyards remained at €2,000,000 per hectare. However, according to the SAFER "location is king", with vines in the areas that are home to the most well-known names reaching values in excess of €7,000,000 per hectare, while those in the least attractive sectors remain at around

€1,200,000 per hectare. However, the SAFER noted that for those growers who wish to expand their range this level of pricing is accepted as the cost of gaining entry to such a renowned appellation.

Interest also remains strong in the **Lalande-de-Pomerol** appellation, from both local and external investors, producing a dynamic market and an average price that has settled at around €250,000 per hectare.

Vineyards in the **Fronsac** appellation have lost some appeal in recent years with prices again declining slightly to €25,000 per hectare, although the best vineyards still sell for close to €60,000.



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