

SAFER ANNUAL RURAL LAND MARKET STUDY

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

The national picture

After a significant rebound in the market between 2020 and 2021 last year saw a much smaller increase in the number of transactions - +1.1% vs + 14.6% - and in the surface area changing hands - +5.4% vs +19.3%, while the value of transactions decreased by 7.9%, from €1.094 billion to €1.008 billion.

		Evolution 2021/2022
Number of transactions	9,490	+ 1.1%
Surface area	18,400 ha	+ 5.4%
Value	€1,008 m	- 7.9%

According to the SAFER the increase in the number of transactions was primarily driven by the sale of parcels of vines without buildings in the Loire, Champagne and the Burgundy/Beaujolais regions. The number of transactions was the second highest recorded in 30 years, driven by significant activity in the Languedoc-Roussillon, which accounted for 20% of all sales of wine estates in 2022.

On a regional level, Bordeaux saw small decreases in the number of transactions and the surface area sold and a significant decrease (-36%) in the value of those transactions:

	Number of transactions	Evolution 2021/2022	Surface area (ha)	Evolution 2021/2022	Value (€m)	Evolution 2021/2022
Alsace - East	720	- 5.5%	210	+ 30.1%	23	+ 29.8%
Bordeaux - Aquitaine	860	- 1.9%	3,110	- 1.0%	224	- 36.0%
Burgundy - Beaujolais - Savoie - Jura	1,060	+ 3.9%	1,050	+ 3.4%	102	- 26.6%
Champagne	960	+ 8.7%	210	+ 12.5%	209	+ 13.1%
Charentes - Cognac	610	- 6.3%	2,040	- 13.3%	65	- 25.9%
Languedoc-Roussillon	2,120	- 4.3%	5,450	+ 1.8%	108	+ 40.4%
South West	190	+ 2.8%	930	+ 32.7%	14	+ 47.7%
Loire Valley	1,560	+ 10.8%	2,280	+ 26.4%	42	+ 20.4%
Rhone Valley - Provence	1,400	+ 2.0%	2,990	+ 12.9%	222	+ 14.4%
All France	9,490	+ 1.1%	18,400	+ 5.4%	1,094	- 7.9%

The average price per hectare of AOP vines increased by 2.3% on a national level, from €147,900 to €151,200 Euros per hectare, with increases in all areas, with the exception of Bordeaux and Corsica. Excluding Champagne, average prices increased by 2.1%, from €80,000 to €81,600. Non AOP vines also registered a small gain.

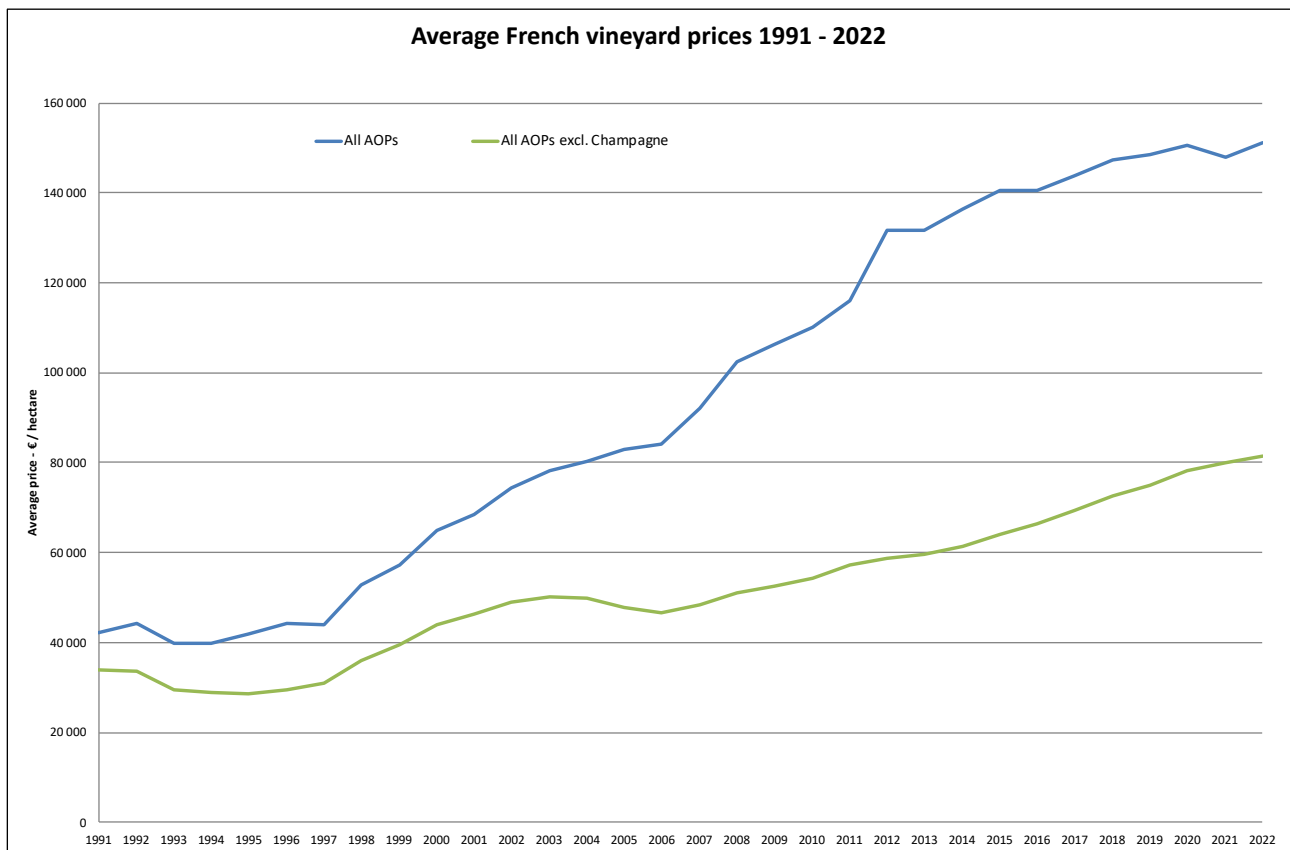
	2021 €/ha	2022 €/ha	Evolution 2021/2022
AOP	147,900	151,200	+ 2.3%
AOP excluding Champagne	80,000	81,600	+ 2.1%
Non AOP	15,000	15,300	+ 1.9%

SAFER ANNUAL RURAL LAND MARKET STUDY

Excluding Champagne, the average price of AOP vineyards increased by 39% between 2006 and 2022, driven by the continued increase in the price of vineyards in the most prestigious appellations. In 2022 this was most noticeable in the Côte d'Or and also in Sancerre and Châteauneuf-du-Pape, although Bordeaux did not make the same contribution as previously, with prices in the regions's top appellations remaining largely unchanged:

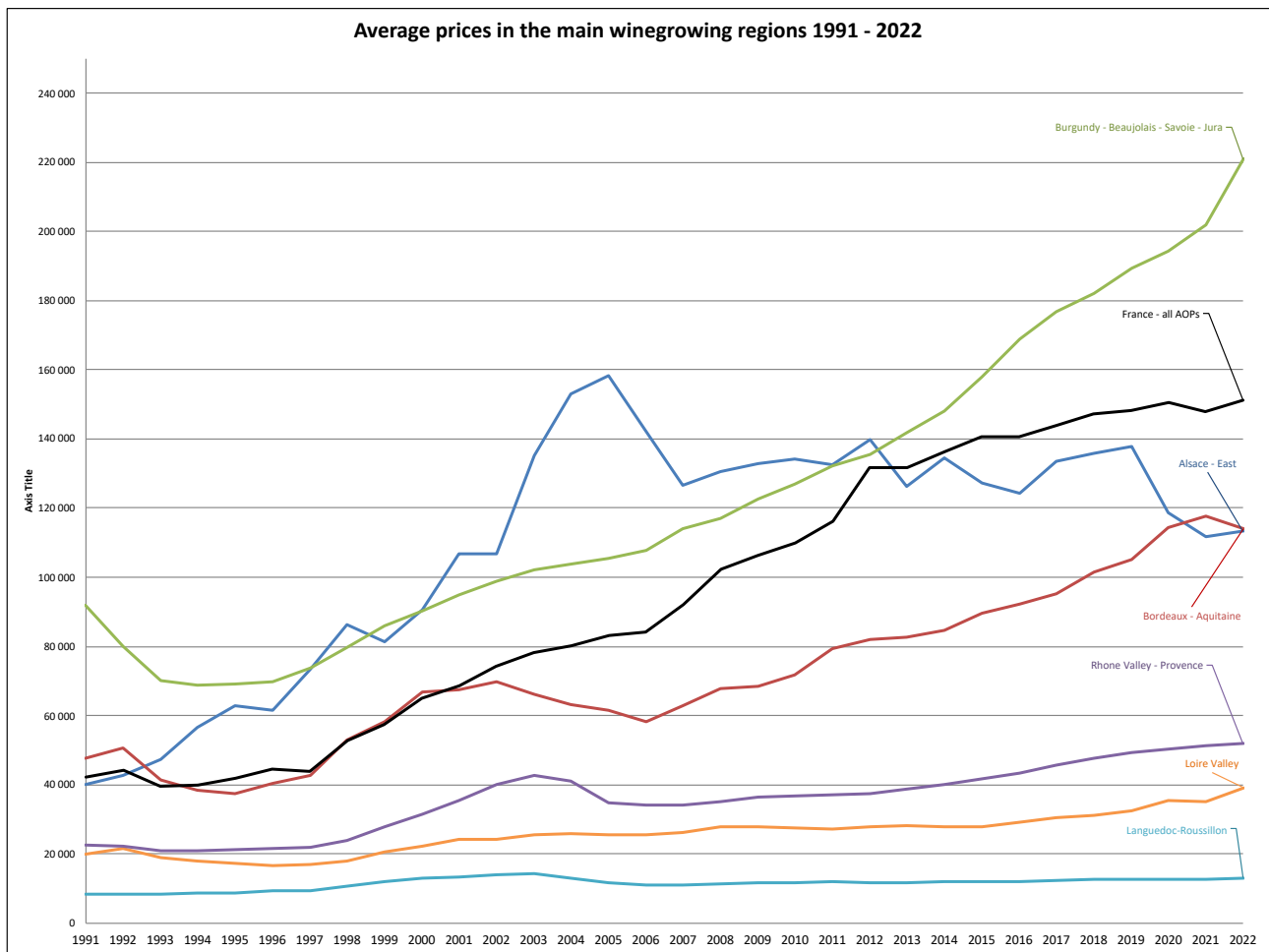
	2021 €/ha	2022 €/ha	Evolution 2020/2021
Alsace - East	111,800	113,200	+ 1.3%
Bordeaux - Aquitaine	117,500	114,000	- 3.0%
Burgundy - Beaujolais - Savoie - Jura	201,900	220,900	+ 9.4%
Champagne	1,040,600	1,065,700	+ 2.4%
Languedoc-Roussillon	12,800	13,000	+ 1.4%
South West	12,900	14,000	+ 7.9%
Loire Valley	35,200	39,200	+ 11.1%
Rhone Valley - Provence	51,400	51,800	+ 0.8%
All AOPs	147,900	151,200	+ 2.3%
All AOPs excl. Champagne	80,000	81,600	+ 2.1%

Source: Groupe Safer-SSP



Source: Groupe Safer-SSP

SAFER ANNUAL RURAL LAND MARKET STUDY



Source: Groupe Safer-SSP

The Bordeaux market

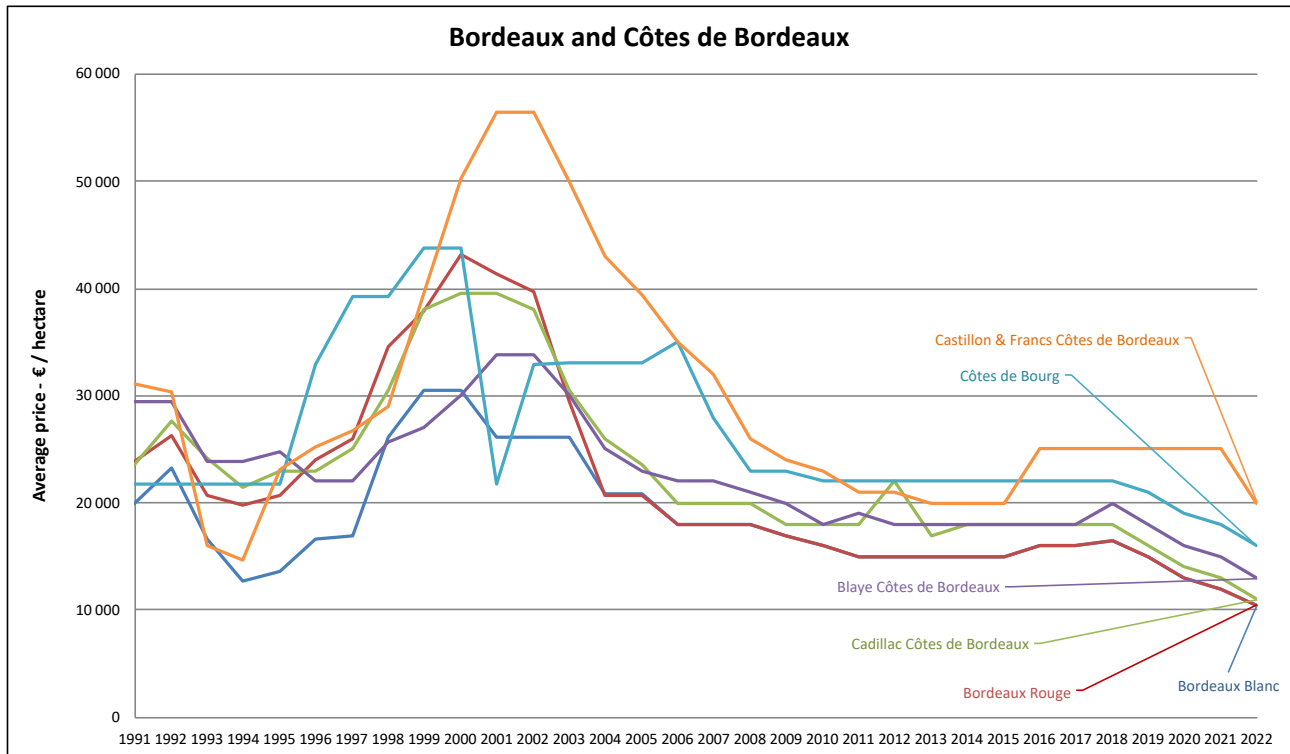
After 15 years of consecutive increases, the average price per hectare of Bordeaux vineyards decreased by 3% in 2022, in contrast to most other French wine regions. The SAFER point to difficulties in the sales of generic AOP Bordeaux and Côtes de Bordeaux wines as the main factor behind this decline, noting that AOP Bordeaux vineyards have lost more than a third of their value in four years (-36%) and that, unlike in previous years, this has not been offset by corresponding gains in the region's most prestigious appellations, such as Pauillac and Pomerol.

The market for vineyards in the **Bordeaux** and **Côtes de Bordeaux** appellations continued to deteriorate in 2022 with consequent further decreases in prices. The average price of a hectare of AOP Bordeaux vineyards was €10,500, with the most well-placed parcels achieving a maximum price of €21,000 per hectare while those parcels deemed to be of poor quality or prone to frost struggled to find buyers above €4,000 to €6,000 per hectare. The SAFER went so far as to say that the latter vineyards are really only of interest to buyers looking at alternative land uses to viticulture and thus the cost of pulling out the vines weighed further on values. They also noted that a number of vineyards remained unsold, with the consequent negative impact on surrounding vine health and the overall rural landscape.

The situation in the **Côtes de Bordeaux** is similar, with prices falling by approximately 15% in Cadillac, Blaye and Bourg, to €11,000, €13,000 and €16,000 per hectare respectively. Prices in **Castillon Côtes de Bordeaux**

SAFER ANNUAL RURAL LAND MARKET STUDY

also fell, to an average price of €20,000 per hectare, although the best vineyards still attracted buyers at €35,000 per hectare.

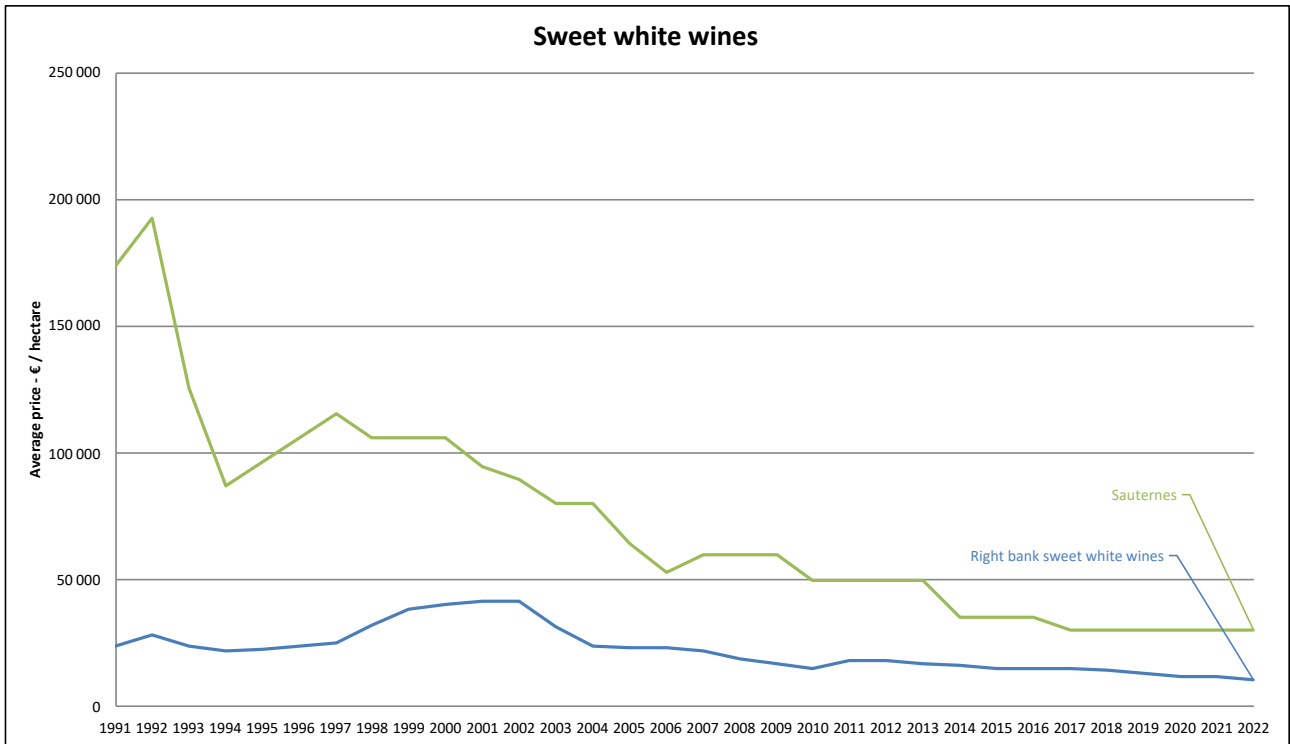


Source: Groupe Safer-SSP

Pessac-Léognan reversed recent its recent steep gains, with the average price per hectare falling for the first time since the creation of the appellation, from €650,000 to €500,000 per hectare. In the neighboring **Graves** appellation average prices fell back further, from €32,000 to €27,000 per hectare. However, buyers continued to be highly selective, with the best plots changing hands for €40,000 per hectare while those situated on sandy soils or sites more at risk of frost struggled to find buyers above €15,000 per hectare.

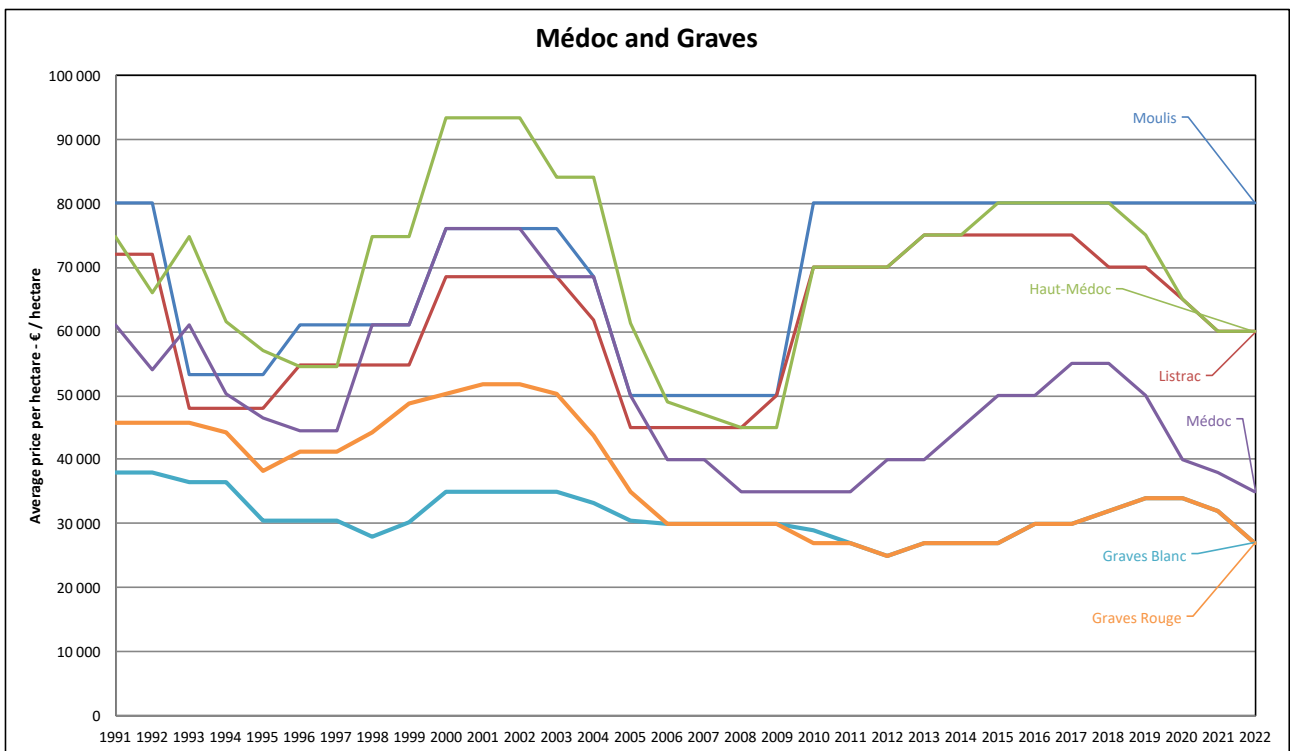
The market in **Sauternes** remained complicated although prices remained stable at €30,000 per hectare, while in the other sweet white wine appellations, such as **Loupiac** and **Sainte-Croix-du-Mont**, the difficulties in the sweet white wine market saw prices fall to the level of generic AOP Bordeaux vineyards, with an average of €10,500 per hectare.

SAFER ANNUAL RURAL LAND MARKET STUDY



Source: Groupe Safer-SSP

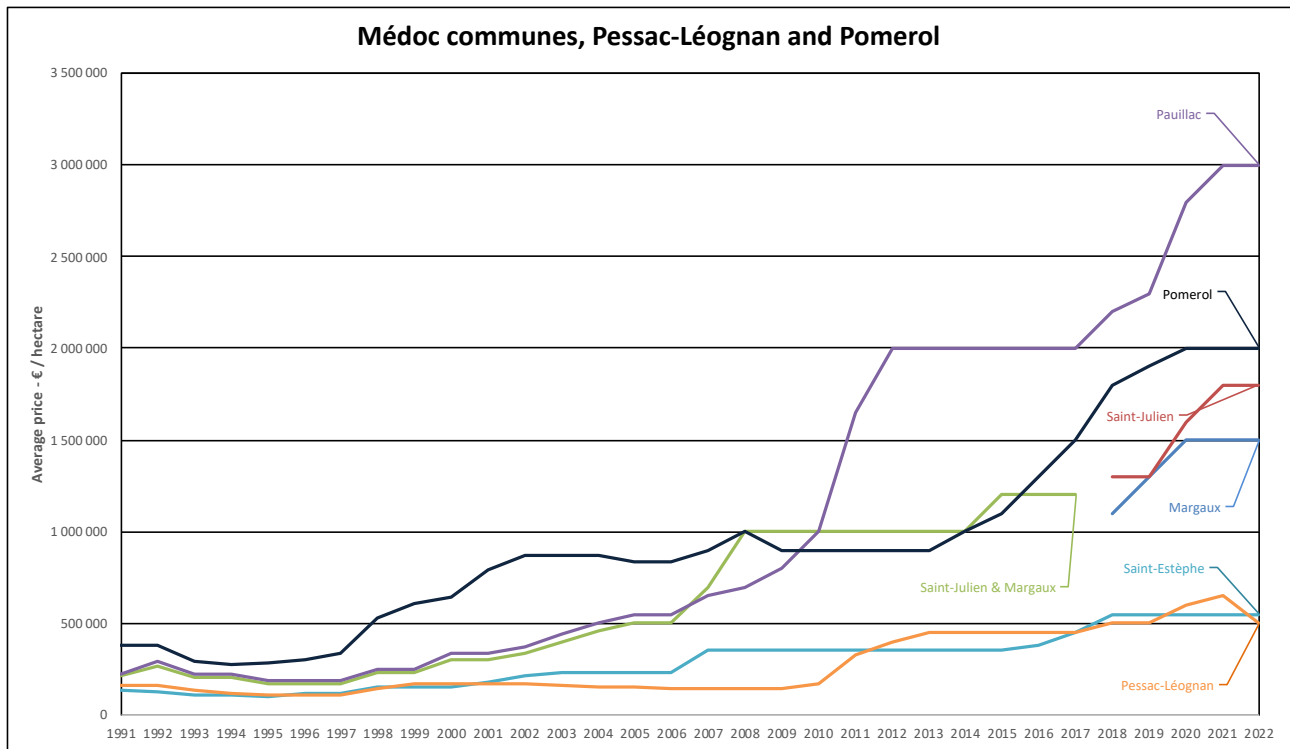
In the **Médoc** appellation average prices continued to fall to €35,000 per hectare while prices in the **Haut-Médoc** appellation remained stable at €60,000 per hectare. Prices were also stable in the **Listrac** and **Moulis** appellations. As in 2021 the SAFER pointed to local buyers with strong distribution taking advantage of this price weakness to acquire significant areas of additional vineyards.



Source: Groupe Safer-SSP

SAFER ANNUAL RURAL LAND MARKET STUDY

The SAFER did not register any changes in average prices in the communal appellations of **Margaux**, **Saint-Julien**, **Pauillac** and **Saint-Estèphe** although they noted that while the average price per hectare remained at €1,500,000 in Margaux, some vineyards changed hands for €2,500,000 per hectare. Similarly, in Saint-Estèphe, there remains a significant gap between the price of the best and worst terroir, ranging from €350,000 to €1,200,000 or more when the vineyards belong to a Grand Cru Classé estate.



Source: Groupe Safer-SSP

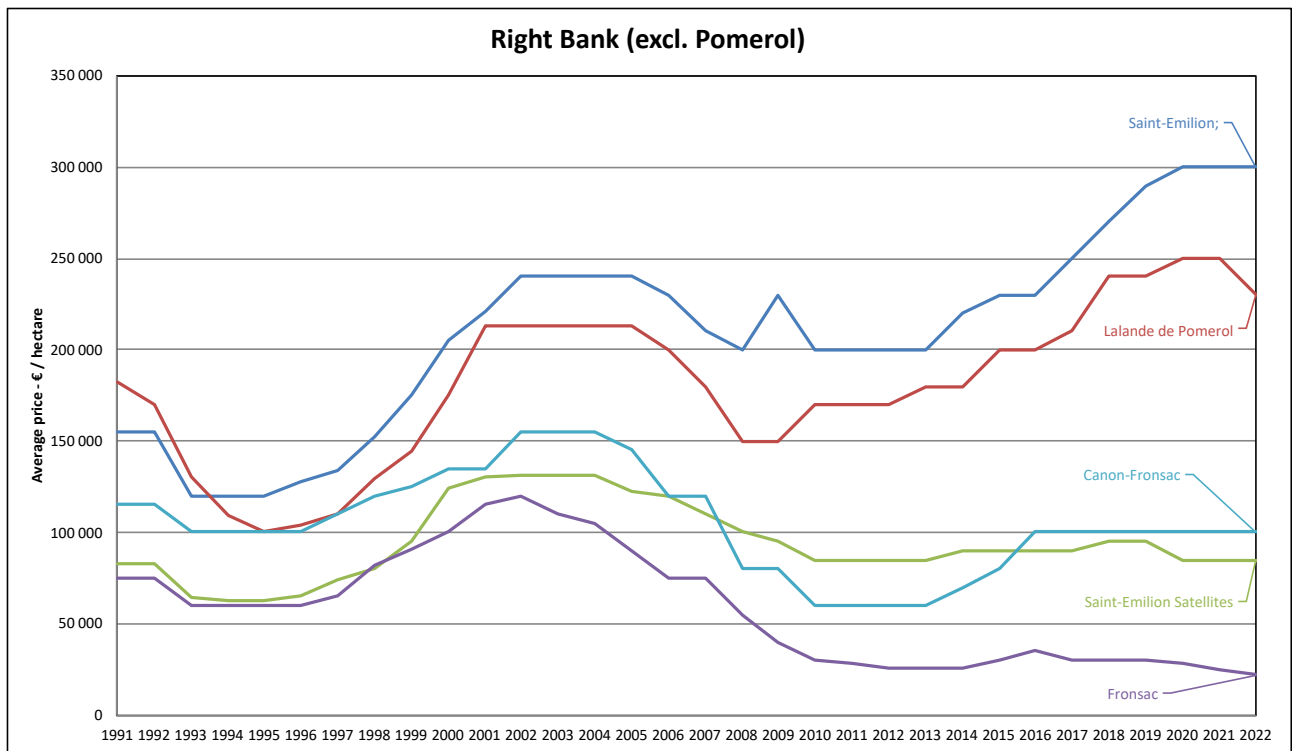
The situation on the Right Bank also remained relatively unchanged in 2022. The average price in **Saint-Emilion** was €300,000 per hectare for a third consecutive year although the SAFER noted that buyers remained highly selective in terms of the quality of the terroir. Vineyards in the least sought-after areas were priced at just €200,000 per hectare, while on the best terroir prices were €3,800,000 for unclassified vineyards and more than €5,000,000 for well-known Grand Cru Classé estates.

In the Saint-Emilion Satellites there was a similar picture. While the average price per hectare remained stable at €85,000, more sought-after sites in **Montagne** and **Saint-Georges** Saint-Emilion sold for €120,000 and €150,000 per hectare while less favorable sites in **Lussac** or **Puisseguin** sold for as little as €65,000 per hectare.

The average price of **Pomerol** vineyards was unchanged, at €2,000,000 per hectare, although location continued to have a significant impact on prices, with the best vineyards trading at up to €7,000,000 per hectare, with those in the least attractive sectors selling for €1,350,000 per hectare. Prices in **Lalande-de-Pomerol** fell slightly to an average of €230,000 per hectare, although the top parcels still achieved prices in the region of €350,000 per hectare.

On the other side of Libourne the **Fronsac** appellation experienced a further decline in prices, from €25,000 to €22,000 per hectare, while **Canon Fronsac** vineyards maintained an average price of €1000,000 per hectare.

SAFER ANNUAL RURAL LAND MARKET STUDY



Source: Groupe Safer-SSP

Alexander Hall
www.vineyardintelligence.com

6 June 2023