vinetur

Half of California’s wine grape crop enters harvest without contracts

Wine sales have fallen more than 20% in five years, leaving growers to take losses or leave fruit on the vine.

Monday, October 5, 2026



California wine grape growers are entering the current harvest with too much fruit and too few buyers after a sharp drop in wine consumption left much of the state’s crop without contracts.

KQED reported that growers in California wine country, which produces about 80% of U.S. wine, are struggling to sell grapes as consumer drinking habits shift and wine sales keep falling. The station said wine sales have dropped by more than 20% over the past five years. Wine Business also reported that the amount of California wine entering the U.S. market has fallen by about 25%.

The downturn is creating a hard choice for growers at a critical point in the season. Newser reported that roughly half of California's wine grape crop entered harvest without purchase contracts. That has left many farmers deciding whether to leave grapes on the vine, pick them even if it means taking a loss, or begin moving land into other crops.

"It's just sickening," Bill Berryhill, a third-generation wine grape farmer, told Newser. "You raise a beautiful crop, and it's a really nice vintage this year, and you drop it on the ground. It's sad. All your work is just down the toilet."

The oversupply problem follows a period when demand briefly moved in the opposite direction. Newser said California wine sales peaked during the pandemic, when lockdowns pushed consumers to stock up. Since then, sales have declined steadily as younger adults have pulled back from wine, citing health concerns and tighter household budgets.

The result is a market that is shrinking in volume even as consumers spend more money on the product. Wine Business reported that total wine sales by value rose 3% to more than $115 billion, while market volume fell 4% to 362 million 9-liter cases. That means fewer bottles are being sold, but at higher average prices.

Industry data also point to strain inside the production system itself. According to Wine Economist, the total number of U.S. wineries is down 3% so far this year. That decline, while modest, suggests weaker demand is reaching beyond retail sales and affecting the number of operating businesses in the sector.

Adam Beak, managing director and head of wine and spirits at BMO, said the industry is facing a deeper change rather than a short pause in demand. "What we're seeing isn't a pause — it's a reset," Beak said, according to the report. "Higher prices are keeping

overall market value elevated, but they’re masking a structural slide in consumption: fewer people are drinking wine, and they’re doing it less often.”

He also said that supply is shrinking, distribution is changing, and direct-to-consumer sales are no longer growing the way they once did. In his view, wineries that adapt their pricing, packaging, and route to market will be better positioned than those waiting for consumer behavior to return to earlier patterns.

For growers, those broader market shifts are turning into immediate financial pressure. Wine grapes are a long-cycle crop that require years of investment before a vineyard reaches steady production. Farmers cannot quickly change output the way other agricultural sectors can, and leaving fruit unpicked means losing revenue after months of labor and input costs. Harvesting without a buyer can also deepen losses if the price offered does not cover production and picking expenses.

That pressure is especially important in California because of the state’s weight in the wine business. When demand weakens there, grape prices can come under further strain across major growing regions, and wineries may be pushed to reduce capacity, delay expansion, or change sourcing plans. Because California sits at the center of U.S. wine production and is a major supplier to the broader beverage trade, prolonged imbalance between supply and demand could ripple through distributors, retailers, and related alcohol categories as companies reassess inventory and consumer strategy.

The current gap between supply and contracted demand also raises questions about how quickly acreage may need to adjust. Some growers may decide to remove vineyards, replant with more resilient varieties, or shift into other crops that offer firmer demand. Those decisions are costly and take time, especially in regions where land, water, and labor are already expensive.

At the same time, the market signals are mixed enough to complicate planning. Higher shelf prices have kept total revenue relatively strong, but they have not reversed the drop in drinking frequency. That makes it harder for growers and wineries to know whether the downturn will stabilize at a lower level or continue to erode the base of regular wine consumers.

For now, many growers are facing the season with uncertainty rather than clear orders. In a business where contracts often determine whether a crop turns a profit, the absence of buyers is forcing farmers to make decisions that would have been hard to imagine only a few years ago, when wine demand looked far stronger and grapes were still a reliably profitable crop.