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Habitat Weine will stop growing wine after filing for insolvency.

The closure reflects a deepening squeeze on German vintners from falling consumption, rising costs and cheaper foreign competition.

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A wine cooperative in western Germany is shutting down its wine-growing operations after entering insolvency proceedings, adding to signs of strain across the country’s wine market as consumption falls, costs rise, and cheaper competition intensifies.

Habitat Weine eG, based in Rümmelsheim in the state of Rhineland-Palatinate, said on its website that it had to file for insolvency and would stop viticulture entirely. According to the cooperative, a local court ordered provisional insolvency administration at the end of August. The business was founded in 2021 and has about 180 members.

The closure is another sign of pressure on German producers, including cooperatives that were meant to spread risk and create scale. For the broader drinks industry, the case points to a shift in alcohol demand that may affect not only wine producers but also retailers, restaurants, caterers, and other beverage categories competing for the same consumer spending.

Habitat Weine was built around organic production. Its model called for profits to be reinvested in operations and nature conservation around the vineyards rather than paid out to members. Even with that approach, the cooperative said it could not stay afloat.

Wolfgang Bender, 38, a winemaker whose family has been in the business for four generations and who has been involved in the project, told BILD that weakening demand played a direct role. He said a survey of the cooperative’s customers found that about 20% no longer drank alcohol at all. He also said the group’s main catering partner sharply reduced purchases. According to Bender, orders fell from 150 pallets of wine, with 504 bottles on each pallet, to 27 pallets, even though the event venue’s level of business stayed the same.

National data shows the same trend. The German Wine Institute, known by its German initials DWI, said people age 16 and older in Germany drank 21.5 liters of wine per person in the 2024/25 wine year, down from 22.2 liters a year earlier. The institute has linked the decline in part to demographic change, with younger consumers reaching for wine less often than older generations did.

Frank Schulz of the DWI told BILD that the industry is trying to attract younger customers through new campaigns. Even so, concerns inside the sector are growing that the decline could deepen as older consumers leave the market. BILD reported that some researchers expect overall wine consumption could eventually fall by as much as 50% if those long-term demographic patterns continue.

At the same time, producers say the market is still carrying too much supply. Bender told BILD that since 2010, about 450 additional hectares of vineyard area have been developed in Germany each year. He estimated that this has added production potential of roughly 23 million liters annually. In his view, that extra output has helped flood the market with low-cost industrial wines and made it harder for distinctive, higher-quality bottles to stand out.

That imbalance has fed discounting pressure across the trade. German winemakers have described the current environment as a battle of rebates, with lower prices squeezing already thin margins. For small and midsize producers, the mix of weak demand and excess supply can quickly become unsustainable.

Habitat Weine is not the only business under pressure. BILD reported that Winzer von Baden eG, a cooperative founded in 1935 with about 900 members, is also among the operations stepping back from wine production. A state winery in Saxony-Anhalt with a history going back nearly 900 years is facing difficulties as well. In Rhineland-Palatinate, Weingut Huf, a winery that had been run by four generations of the same family, has also filed for insolvency.

The pressure is not only coming from German consumers drinking less wine. Producers also face stronger competition from abroad. Schulz told BILD that foreign rivals often operate with much lower energy and labor costs. German producers must also cope with the country’s relatively high minimum wage, which raises expenses in a labor-intensive business.

Bender said the problem goes beyond sales and pricing. He argued that wine culture in Germany has weakened and that many restaurants no longer offer compelling wine lists outside top-end dining. He told BILD that he often chooses beer instead. That kind of consumer substitution matters for the beverage market because when wine loses relevance in restaurants and events, spending can shift toward beer or nonalcoholic drinks rather than disappear entirely.

Climate risk is adding another layer of uncertainty. Bender said greater investment in the agricultural landscape would be needed to deal with growing water shortages and the effects of climate change. Without that, he warned, viticulture in his area could

disappear within 20 years.

For Germany’s wine regions, the combination of lower consumption, oversupply, foreign competition, high domestic costs, and climate pressure is now hitting cooperatives and family businesses at the same time. Habitat Weine’s decision to stop growing wine shows how quickly those forces can overwhelm even newer ventures that were designed around organic farming and reinvestment rather than short-term profit.