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Signorello Estate Passed to Its Lender After a Napa Valley Foreclosure Auction Drew No Acceptable Bid

The failed sale of the rebuilt winery highlights a California wine downturn fueled by weak demand, debt burdens, rising rates

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A foreclosure auction in Napa Valley on Tuesday, November 10, underscored how sharply the wine business has turned after years of weaker demand, heavy borrowing and rising financing costs.

Signorello Estate, a well-known Napa winery that rebuilt after the 2017 Atlas Fire, passed to its lender, American AgCredit, after no acceptable bid emerged at auction, according to KQED. The outcome capped a long and costly effort by the winery's owners to return to the market after the fire destroyed the property.

The case has become one of the clearest examples of the pressure now building across California wine country. Several wineries in Napa and other premium regions have closed, entered bankruptcy or faced foreclosure this year as the industry struggles with a mismatch between supply and demand. Analysts and lenders told KQED that more distress is likely if sales do not improve soon.

Ray Signorello Jr., who co-founded the winery with his father in 1977, said the problems reach far beyond one business. He told KQED that the industry is in difficult shape and that more failures are likely. He described the downturn as a structural change rather than a short slump.

That distinction matters because wineries have often survived past weak periods by cutting costs, restructuring debt or selling to a new owner until the market improved. This time, industry veterans say, fewer buyers are stepping in and lenders are less willing to wait.

Signorello Estate took on about $37 million in debt to rebuild after the fire, KQED reported. When the loan was secured in 2018, U.S. wine sales were still increasing. By the time the winery reopened in 2024, however, the market had weakened substantially.

The problem is rooted in a broader change in consumer behavior. Wine consumption has been declining steadily, while production remained high. Older consumers, especially baby boomers, are drinking less as they age, and younger adults are not replacing them at the same rate. That shift has left many wineries with more inventory than the market can absorb and has weakened confidence that producers can generate

enough cash to service their loans.

Dan Aguilar, a retired banker who worked with California wineries for three decades, told KQED that even strong brands have become vulnerable. He said bank foreclosures and winery bankruptcies are a sign of how serious conditions have become, because in earlier downturns many producers were able to find another way out or sell to a new owner before reaching that point.

That safety valve appears weaker now. Rob McMillan, head of the wine division at First Citizens Bank and author of its annual State of the U.S. Wine Industry Report, told KQED that creditors have grown tired of trying to work through distressed situations as some wineries run out of cash flow.

Debt costs have made the problem worse. Some wineries that extended loans taken out during better years later faced much higher interest rates, in some cases rising into double digits, according to the report. For producers already carrying large inventories and slower sales, those increases have tightened cash even further.

The financial strain is also affecting how wine assets are valued. A Napa winery once would have attracted broad interest from investors or competing operators, especially in a prestigious region. But with demand down and margins under pressure, potential buyers have become more selective. That can leave lenders holding properties they expected to sell more easily and can force a reassessment of what wineries, vineyards and brands are worth in the current market.

For the beverage sector, the fallout goes beyond one luxury wine region. The Napa downturn shows how weaker alcohol demand can move quickly from tasting rooms and case sales into credit markets, real estate values and ownership changes. If the pressure continues, it could speed consolidation in the U.S. wine business as stronger companies, lenders or investment groups take control of distressed assets while smaller operators struggle to remain independent.

McMillan told KQED that, painful as the current wave of bankruptcies and foreclosures is, it also reflects an industry shrinking toward a level more in line with demand. In his view, that process is necessary before the remaining wineries can return to healthier

profits.

That adjustment could take time. McMillan said he expects the industry to recover and California wine sales to resume growth in 2029 and 2030. Until then, he told KQED, consumers may continue to see unusually attractive prices as wineries work through excess stock and compete for a smaller pool of buyers.