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Analysts say the U.S. wine market is showing early signs of recovery

California oversupply still drags on prices, with Turrentine carrying 25 million gallons, Napa bulk wine at $12 a gallon

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Financial analysts at the 2026 Wine Industry Financial Symposium said on Tuesday, Nov. 10, that the U.S. wine business is showing early signs of improvement, even as oversupply, weak bulk demand and cautious consumers continue to weigh on the market.

The message from the opening session was measured: the industry has not yet reached a bottom, but some indicators suggest that recovery may be closer than many producers expected. Audra Cooper, vice president at Turrentine Brokerage, said there were “some positive highlights” but also “a lot of work to be done.”

Cooper focused on grape tonnage and the bulk wine market, which remain central to the industry’s outlook. She said she still expects California’s 2025 crop to be near 2.3 million tons, a level she had projected a year earlier. She also said weather patterns tied to an expected El Nino could contribute to a lighter crop in 2027. In her view, the next two harvests will be critical in determining how quickly the market can rebalance.

The grape and bulk market, she said, is still moving slowly. Some appellations, including Napa Valley, Santa Lucia Highlands and Russian River Valley, have shown stronger demand than many other regions. As the 2026 harvest ended, Cooper said spot market grape prices showed some upward movement, but not enough to point to a broad recovery across California.

She said Sonoma County finished the harvest with higher grape prices than Napa Valley, a reversal that surprised some attendees. According to Cooper, Sonoma did not face the same degree of late-season cleanup, while excess inventory in Napa appears to have pushed some sellers to discount.

Among varietals, Sauvignon Blanc and other white wines, aside from Chardonnay, have continued to attract buyer interest. Cooper said those wines appear to be moving from a passing trend toward a more established place in the market, with more planting and grafting in the Central Coast and North Coast. But she also warned against overreacting to one bright spot and expanding plantings too quickly.

The larger problem remains old inventory. Cooper said demand for bulk wine from 2024 and earlier vintages is very weak, and that if those gallons are not cleared within eight to 12 months, the progress made through vineyard removals could be undermined. She said about one-third of Turrentine’s current inventory has no real marketability or use.

Turrentine is carrying about 25 million gallons of inventory, up from 20 million a year earlier, she said. That supply overhang has pushed prices down sharply, including in premium areas. Napa bulk wine has fallen to $12 a gallon from $16.25 a year earlier, according to Cooper. Sonoma bulk pricing is down to $7 a gallon, while some interior regions are as low as $3.50 a gallon.

Those declines are painful for sellers, but they are also part of the reset now taking shape in California. Cooper said the bulk market likely still needs about another year before it reaches a true bottom. For the broader beverage business, that matters because lower California bulk prices can affect sourcing strategies, margins and competitive pressure across wine portfolios, including in segments that compete directly with imports in retail and restaurant channels.

Consumer demand remains another source of pressure. Danny Brager, a beverage alcohol consultant at 3 Tier Beverages and Azur Associates, said the amount of noise inside and outside the industry can make it difficult for producers to focus on what drinkers are actually saying through their purchases. When the data is isolated, he said, a small number of categories are still performing well.

Brager pointed to Napa Valley Cabernet priced above $50, Oregon Pinot Noir, non-alcoholic wine and ready-to-drink products as areas posting positive growth. But he warned producers not to chase every trend without considering scale. Wines priced above $100 are consumed by only about 4% of the population, he said, and non-alcoholic wine still accounts for just 0.5% of wine sales.

He said buyers are sending a clearer signal on value and convenience. Continued strength in whites, imported wines and wine-based RTDs suggests price is influencing more purchase decisions. He also noted that sales of wine in formats smaller than 750 milliliters were up more than 7%.

That increase, Brager said, may reflect tighter budgets, moderation or both. He contrasted wine’s small-format business with other alcohol categories: about 70% of beer products and 24% of spirits are sold in smaller formats, compared with only 5% of wine sales. With one-person and two-person households now making up more than half of U.S. households, he said the format gap is becoming harder to ignore.

Brager urged wineries not to dismiss younger consumers, especially those now buying flavored RTDs. He said many of those drinkers are likely to move toward other categories as they age, and wine needs to be ready to capture them when their tastes and incomes change.

Data presented by NIQ Beverage Alcohol Vertical Director of Thought Leadership Kaleigh Theriault supported that argument. She said Gen Z is approaching alcohol more intentionally than older generations did, but that does not mean the cohort is rejecting wine. Many legal-drinking-age Gen Z consumers still live with their parents, she said, and are often drinking what is already being brought into the home.

Theriault said Gen Z led all age groups when respondents were asked whether they expected to consume more or less alcohol in the coming year, with 44% indicating higher consumption, followed closely by millennials. Boomers, by contrast, were more likely to moderate. Even so, she said younger consumers are not entering the category quickly enough to fully offset the losses created when older consumers cut back or leave the market.

She said Gen Z is still increasing its wine spending year over year, though not at the pace the industry would like. In her view, the generation cannot yet be judged too harshly, because it will take several more years before the market gets a fuller picture of its long-term behavior.

At the same time, Theriault said wine faces broader economic pressures that go beyond generational change. About one-third of respondents in recent consumer research said they were cutting back on alcoholic beverage purchases to save money. Compared with a year earlier, the share of consumers who describe themselves as financially insecure has risen by double digits.

That backdrop is changing how shoppers define value. Theriault said wine is still strongly associated with quality, but the category may need to adjust how it presents value to consumers. In her view, value is not simply a low price. It also depends on convenience, perceived quality and whether the product feels necessary in everyday life.

She said mass merchandise chains and club stores are attracting more beverage shoppers because, while spending per trip may be higher, the cost per unit is lower. As households make fewer shopping trips and try to stretch budgets, wine is ending up in the cart less often. “Wine has not lost relevance,” Theriault said. “It’s losing occasions.”