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Bordeaux Investment Fund Issues Warning

RareWine Invest Advises Investors to Steer Clear of 2023 En Primeur

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Mads Jensen, CEO of the RareWine Group

In a surprising departure from convention, RareWine Invest has taken a step back from the bustling activity of Bordeaux's 2023 En Primeur, opting instead to caution investors about the murky waters of this year's offerings. As other wine investment funds dive

headlong into the annual ritual of securing early releases of Bordeaux wines, RareWine Invest's reluctance speaks volumes about the shifting dynamics in the wine investment landscape.

En Primeur, a tradition deeply embedded in Bordeaux's wine culture, allows investors and connoisseurs to purchase wines early—before they are bottled and released to the broader market. This system has historically benefited both winemakers and buyers, offering the former crucial cash flow and the latter, potentially lower prices and early access to promising vintages.

However, the luster of En Primeur is tarnishing. The 2023 vintage comes with a projected 30% slash in prices, a defensive move aimed at rekindling interest in a system that has been losing its appeal amidst broader market challenges and evolving consumer tastes.

Why the Caution?

The primary concern revolves around demand—or the lack thereof. The Bordeaux market is currently experiencing a stagnation in interest, a trend exacerbated by an abundance of high-quality back stock available at competitive prices. For instance, notable vintages such as the 2021 Chateau Haut-Brion and Chateau Angelus are trading at prices that rival, or even undercut, those of the discounted 2023 offerings.

Economic factors compound these challenges. The cost of borrowing has surged, tripling since 2020, and storage costs have similarly risen, putting additional pressure on the viability of the En Primeur model.

Quality is another pressing issue. While Bordeaux is renowned for its standout vintages, the initial feedback on 2023 suggests a lackluster year, further dampening enthusiasm for investment.

Mads Jensen, CEO of RareWine Group, summarizes the sentiment succinctly, emphasizing a need to prioritize financial prudence over personal affinity for Bordeaux. The vintage, he notes, does not make a compelling case for investment, with preliminary ratings indicating mediocrity at best.

Analyzing the Numbers

RareWine Invest's approach is methodical and data-driven. Their analysis spans the top 23 chateaus (excluding icons like Petrus and Latour), revealing that even with price reductions, the 2023 vintage offers limited appeal. This is illustrated through their 'Fair Value Methodology', which compares the expected prices of the 2023 vintage against those from 2016 to 2022. The findings? The price per quality point for 2023 is less attractive than previous years, indicating a poor investment return prospect.

It's not all doom and gloom. Certain chateaus, like Cheval Blanc and Montrose, might still present good buys if their prices are reduced significantly enough to trigger interest. However, the broader picture remains challenging, with more attractive investment opportunities likely found in past vintages or other wine regions.

Furthermore, rare exceptions like Petrus and Le Pin, which operate under different allocation and sales models, may continue to hold their value and appeal due to their scarcity and established market desire.

Shifting Consumer Tastes and the Future of Bordeaux

As global consumer preferences evolve, Bordeaux finds itself at a crossroads. Trends towards lighter, more sustainable diets may favor wines that offer a lighter profile than traditional Bordeaux blends. This shift calls for a strategic reassessment of the types of wines produced and offered under the En Primeur system.

Investing in En Primeur 2023 is fraught with risks. While the allure of potentially lower prices is tempting, the broader market dynamics, coupled with economic and qualitative factors, suggest a cautious approach. For those looking to invest, it might be wiser to explore older vintages or other wine regions that offer better value and investment stability.

As Bordeaux struggles to redefine its place in the modern wine world, the 2023 En Primeur may well be remembered as a pivotal moment—either as a wake-up call that spurred necessary changes or as a missed opportunity to adapt to a rapidly changing marketplace.