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French Properties Values Halve as Asset-by-Asset Sales Replace Traditional Methods

Plummeting profitability and tighter credit drive sellers to split estates, with some properties losing over €3 million in value

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The value of French wine estates is falling as the wine industry faces a prolonged economic crisis. Experts in vineyard transactions are now shifting their approach to property valuation, focusing on individual assets rather than traditional methods that considered overall economic value or comparisons with previous sales. This change is leading to lower prices for properties on the market.

Until recently, the standard practice for valuing a wine estate involved averaging three methods: economic value, asset-by-asset evaluation, and comparison with similar recent sales. The ongoing crisis has made the asset-by-asset method dominant. Michel Veyrier, manager of Vinea Transaction Languedoc, explained that with profitability close to zero or even negative for many vineyards, economic value no longer makes sense. The comparative method is also less relevant because falling prices mean past sales are not reliable indicators.

Veyrier cited the example of a 100-hectare estate in Aude that has been for sale since 2021. The owners initially listed it at €4.7 million, but Veyrier's estimate was €3.7 million. After four years without a buyer, the property may soon sell for between €1.5 and €1.7 million.

One solution for sellers is to split their property into separate lots: selling the house with a few hectares of land apart from the vineyards, which are often uprooted before sale. Local zoning laws that prohibit new construction in agricultural areas help maintain the value of existing houses. Farmland also retains some value, typically not dropping below €8,000 to €10,000 per hectare. Some buyers are interested in diversifying into crops like olives, almonds or pomegranates, while others plan to plant trees.

In Bordeaux, the situation has also become more difficult since June 2023. Véronique Laveix, manager of Quatuor Vignobles, said that valuations now use only the lowest recent prices as references. She noted a sharp drop in demand—four times fewer inquiries than before—but said there are still serious buyers in the market. The value of vineyards has halved in just a few years, even in prestigious appellations. Houses on these properties continue to attract buyers.

Laveix criticized banks for their role in slowing down transactions. She said banks frequently call sellers to check on progress but are reluctant to lend to buyers unless they can provide at least 50 percent of the purchase price themselves. In one recent case, a seller lent €500,000 directly to a buyer over five years at 2 percent interest on a €1.5 million sale because bank financing was not available.

A winegrower from Côtes du Rhône described his own experience preparing to sell his estate in the coming months. He and his buyers evaluated each asset separately and decided to split up the property for sale. He sold his 20 hectares of vines at €13,000 per hectare to three neighbors and managed to get a fair price for his equipment. His main asset was his renovated farmhouse, which he expects to sell for €750,000 after investing €80,000 in renovations financed by a family loan when banks would not help. To increase its value further, he included part of his olive grove with the house—even though he was attached to those trees—because he felt sentimentality had no place in today’s market conditions.

The shift toward asset-by-asset valuation reflects broader changes in France’s wine industry as producers and sellers adapt to lower profitability and tighter credit conditions. The trend is likely to continue as long as economic pressures persist and traditional valuation methods remain out of step with current realities.