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Australian Wine Production Surges in 2025 as Sales Stall and Stockpiles Grow 5%

Industry faces mounting surplus with supply outpacing demand, raising concerns for producers amid sluggish domestic and export markets.

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Australia’s wine industry is facing a challenging period as national wine production in 2025 outpaced sales, causing stock levels to rise by 5%, according to the Australian Wine Production, Sales and Inventory Report 2025 released by Wine Australia. The report highlights a growing imbalance between supply and demand, with global wine consumption continuing to decline and remaining below global production. This trend is expected to persist over the next five years, further complicating the outlook for Australian producers.

The report shows that total Australian wine production from the 2025 vintage reached 1.13 billion liters, or 126 million 9-liter case equivalents. This figure is 9% higher than in 2024 but still 7% below the 10-year average of 1.22 billion liters. Red wine production increased by 15%, while white wine production rose by just 2%. Red wine regained its position as the dominant category, accounting for 52% of total production after falling behind white wine in the previous year.

Peter Bailey, manager of market insights at Wine Australia, explained that the increase in production was anticipated following an 11% rise in grape crush in 2025, with nearly 90% of the additional volume coming from red varieties. Despite this growth, production remains below historical averages and follows two consecutive years of increases after a significant low in 2023.

Sales figures for Australian wine remained almost unchanged from the previous year at 1.08 billion liters (120 million cases). Export sales made up 59% of total sales by volume, up one percentage point from last year, while domestic sales accounted for the remaining 41%. Export volumes grew by 3% to reach 638 million liters, driven largely by renewed demand from mainland China. Exports to China increased by 53 million liters to a total of 85 million liters over the past year, marking the first full financial year since tariffs on Australian wine were lifted.

However, Bailey noted that exports to China are still less than half their peak levels from 2017–18. The difference in export volume compared to that peak equates to about 130,000 tonnes of mostly red winegrapes. He said it is unlikely that exports will return to those highs due to changes in both the Chinese market and global conditions.

On the domestic front, sales declined by 3% to 443 million liters—7% below the decade average and the second-lowest level since 2007–08. Bailey pointed out that domestic sales have been gradually declining since peaking in 2016–17, dropping by about 57 million liters over that period. At the same time, export markets have become more difficult, compounding the overall decline in demand.

The combination of increased production and stagnant sales resulted in a surplus of about 52 million liters (6 million cases) in 2024–25. To align with current sales levels, Bailey said annual vintages should be around 1.5 million tonnes; anything above this risks further inventory buildup.

The national stock-to-sales ratio (SSR) rose by 4% in 2024–25 to reach 1.9—15% above its decade average—driven by a rise in inventory. There is now an estimated excess of around 262 million liters of wine in stock, equivalent to about 375,000 tonnes of grapes. To reduce this surplus, future vintages would need to fall below the current production threshold.

The increase in SSR was most pronounced for still white wines, which saw a jump of 19% to reach an SSR of 1.59—also well above its long-term average—due to declining sales and rising inventory. In contrast, the SSR for still red wines decreased slightly but remains elevated compared to historical norms.

Bailey suggested that recent increases in white wine production may have been an over-correction following two years of strong demand when global supply was low. He emphasized the importance of accurate data on vineyard plantings and removals to help balance supply and demand more effectively. The National Vineyard Register Project aims to provide such data and is managed by Wine Australia with government support.

Wine Australia has updated its Grape Price Indicators Dashboard with new figures from both domestic and international sources, including recent reports from OIV and Ciatti Global Market. The Domestic Sales Dashboard has also been refreshed with current sales and inventory data.

The full Australian Wine Production, Sales and Inventory Report 2025 is available online through Wine Australia’s website.