



DECEMBER, 2023

# THE TURRENTINE NEWSLETTER



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# Post Harvest Market Update

By Steve Fredricks

The market for bulk wine and grapes was in excess after the large 2018 and 2019 harvests. That market condition was effectively corrected by a reduction in supply from smaller crop sizes in 2020, 2021, and 2022 as opposed to an increase in consumer sales.

The 2023 harvest is finally over with the last grapes harvested in early December. While specific 2023 tons crushed numbers won't be available until the Crush Report is released in early February, we do have substantial market data from transactions we facilitated and from current bulk wine supply and demand trends. Regardless of the final tons crushed numbers, market dynamics indicate that overall yields per acre on the tons harvested and delivered were generally more than what wineries were planning for or wanted. The larger crop this year combined with the reduction of consumer demand caused by inflationary pressure, demographic changes, reduced consumption, competition, and global anti-alcohol efforts became more evident and effectively pushed the market back to excess as described in the [Turrentine Wine Business Wheel](#).

Buyers and sellers are now more aligned in their understanding that the market is in excess, which helps move the market forward. The market is not just waking up to this excess or the challenges to consumer sales, though—work has been going on for some time to adapt to it. Wineries have been trying to expand the market for

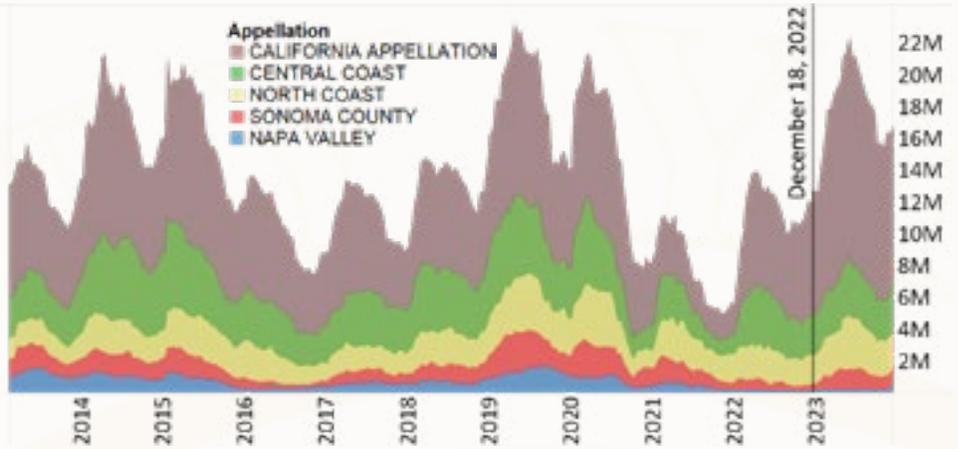
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wine by developing and innovating new targeted products such as lower alcohol wines, no alcohol wines, organic wines, sustainable wines, new labels, and new packaging while negociants have recently tried to create new and inexpensive brands. Some growers in the southern hemisphere are choosing to not farm acres in 2024 to reduced supply, and in the northern hemisphere, many growers and wineries have begun to remove acres. There is still a long way to go in this excess market, but to repeat, we are not starting from the beginning. The wine industry has faced many cycles and many challenges that seemed insurmountable, but it is resilient.

**Figure 1 - California Statewide Bulk Gallons Available**



Bulk gallons available statewide, all regions, all varieties. Source: Turrentine Brokerage

The following market update is a harvest recap by region from our grape brokers followed by an update on the early trends in the bulk wine market from the bulk wine brokers as we look toward 2024.

## Grape Market

### North Coast

*By Christian Klier*

The 2023 growing season throughout the North Coast started out positive with significant rain events making up the difference from the previous two years of drought and excess heat. This gave growers and wineries great optimism for healthier crops when looking forward to the 2023 growing season.

Uncertainty began during bloom when conditions were cold and damp; this led to some concerns on how the crop would set. Additionally, there was concern about how late bloom and set were occurring, especially in cooler coastal growing zones. This led to an offset of bloom timing.

When harvest finally began, we had a large crossover of white varietals and red varietals ripening at or near the same time. This caused bottlenecking for wineries having to receive white and red grapes simultaneously. When everything ripened, wineries could not find enough space to process all fruit, which tested logistics for both growers and wineries during harvest.

Harvest started with Sauvignon Blanc in Lake and Mendocino Counties coming ripe first. The crop was larger than the prior two drought years, mostly the result of ample rain fall last winter and spring. We did see overage tons available and most of this fruit was gladly accepted by the contracted wineries. The Sauvignon Blanc harvest in Napa and Sonoma followed close behind, but appeared to be more of an average Sauvignon Blanc crop as wineries were still looking for additional fruit post-harvest.

Mendocino County Chardonnay, in a rare occurrence, was delivered before most of Sonoma County and Napa Valley fruit due to higher degree days farther north. The crop was healthy, and any overages seemed to be welcomed by contracted wineries. The crop in Sonoma County and Napa Valley was significantly delayed due to plenty of water and a persistent cooler weather pattern resulting in significant sizing.

The Pinot Noir crop was delayed and ripened at the same time as Chardonnay and Lake County and Mendocino County Cabernet Sauvignon. As a result, wineries began to experience a serious lack of tank space availability, and prioritized

getting all of their Chardonnay needs met, including any overage tons. We did not see the same interest in overage or uncontracted Pinot Noir tons in any of the North Coast counties. Many growers struggled to even find custom crush facilities to take in Pinot Noir. Unfortunately, this resulted in some Pinot Noir in Sonoma County, Napa Valley, and Mendocino County being left on the vine.

While crews were trying to harvest all the late ripening Chardonnay and Pinot Noir, Cabernet Sauvignon, Zinfandel and other red blenders came mature, which led to additional gridlocks at wineries. Cabernet Sauvignon in all North Coast counties sized during this time as well, which put pressure on all uncontracted fruit. There was strong demand for Napa Valley Cabernet Sauvignon. Where there were overages in Napa Valley, buyers had interest and were willing to make offers. The lower pricing reflected a level of fatigue the industry was experiencing based on a long harvest and diminishing casegood depletion rates. Demand for Cabernet Sauvignon was significantly lower in all other North Coast regions, which led growers to utilize custom crush facilities or leave more fruit on the vine.

A byproduct of a cooler growing season and heavier crop meant older, virus-infected sites were challenged to meet Brix parameters leading buyers to reject grapes from these locations. In the past, there was a market for low-Brix Napa Cabernet Sauvignon at a discounted price, but this year wineries were not interested because other ripe overage tons were also available at a discounted price.

It is important to call out the significant lack of interest in all North Coast counties, including Napa Valley, for red blender varieties such as Zinfandel, Syrah, Merlot, Cabernet Franc, Malbec, Petit Verdot, and Petite Sirah compared to the last two years. Part of the reason for the lower interest in the red blenders was the availability of additional Cabernet Sauvignon grapes.

While this was a difficult year and an even more challenging harvest, wineries have reported exceptional quality in the 2023 vintage. Longer hangtime allowed the fruit to fully ripen and express phenolics with balanced acid and pH. This is a dramatic difference from the previous two years where we saw high-Brix, low phenolics, and significant pyrazines, which were challenging for winemakers to overcome.

## Central Coast

*By Audra Cooper*

To say the Central Coast growing season had challenges is an understatement, but it should also be stated there were multiple bright spots as well. The year started out with abundant rains filling rivers and streams, in some cases overflowing them, and filling soil profiles for much of the first half of the growing season. While the rains were welcomed after years of draught, they did not come without challenges such as flooded fields, taking out vines, and serious delays in re-entry to many vineyards. Mildew pressure in many parts of the Central Coast was at an all-time high, and was not just specific to the springtime—it remained a serious threat all the way up to harvest.

Following the rains, the region had unseasonably cool temperatures in late spring and summer. This, coupled with a late start to bud-break and an extremely prolonged bloom phase, caused one of the latest seasons (if not **the** latest season) on record for the Central Coast.

Concerns about whether this crop could get to the finish line based on timing and minimum Brix requirements became the talk of the industry as we approached mid-summer. The doubts continued until we saw accelerated ripening in late-September through October. This beautiful hangtime weather was a welcomed surprise and resulted in one of the brightest spots of the year. Many had the feeling it could be the vintage of the past decade for wines made from grapes harvested during this time frame. Despite negative weather such as frost events and rain, some of the Paso Robles Cabernet Sauvignon held up well enough to continue to crush through early-December.

Still, many grapes were left on the vine. There were three factors that led to this reality. The first was a lack of demand for new grape purchases. Following the harvest of 2022, contract re-signs were slower than they had been the prior year but still altogether decent, especially with some wineries adding tonnage or other varieties to their contracts with growers.

But as the calendar turned to May, demand for re-signs and consideration for new purchases dwindled, causing grapes to remain unsold and left in the field for 2023. The second factor that led to grapes being left on the vine was crop size. Between rain and a cool growing season, there was significant sizing which resulted in excess fruit. Much of this excess was neither sold nor added to existing contracts because buyers held firm on contract maximums. The third factor, although less of an issue in the Central Coast as compared to the San Joaquin Valley, was rejections due to mildew, rot, and/or not meeting Brix parameters.

With grapes left on the vine, it is very difficult to gauge just how many tons were harvested versus what was left out in the field; however, it does appear stating at least an average crop would be reasonable for the Central Coast. Please note, had it not been for unharvested fruit plus the reduction of weight in late-harvested reds, we could have easily seen a 5 to 20 percent increase from long-term average yields, depending upon the variety and sub-region of the Central Coast.

The year 2023 was challenged in so many ways, but there were many silver linings. Some of these might be difficult to see or accept based on the severity of challenges. One of the biggest silver linings is the quality of wines possible for the 2023 vintage; some say they might be some of the best we've seen in 10 years. Another silver lining, but a much more difficult one to accept, pertains to the tonnage left on the vines; though this situation is not optimal, with grapes left on the vine the industry will see less Central Coast excess on the bulk wine market and less hangover for wineries going into 2024.

The industry has a lot of work ahead for the 2024 grape market. There is no time to waste on marketing fruit for sale or considering the best opportunities for strategic grape purchases. Please call us early and often with your 2024 market needs.

## San Joaquin Valley

*By Mike Needham*

Across the San Joaquin Valley, winter rains refreshed soil profiles to start the season—a welcome change after multiple years of drought conditions. The added water helped invigorate large canopies, but, when paired with cooler weather, it also pushed bud break out between two to four weeks from last year. Once vines emerged, growers were challenged to keep vines protected from mildew and rot, and the lack of warmth made it harder for sulfur to protect vines.

Unfortunately, this did lead to significant mildew and rot issues that had to be addressed as the year progressed. A delayed harvest for white varieties stepped on the toes of red varieties being harvested. This led to a challenging and compacted harvest, which strained logistics.

Yields were all over the board this year. Sites that were not affected by rot or mildew produced good yields, but not all sites were so lucky. Some growers needed to drop crop to ease the mildew pressure. White varieties such as Sauvignon Blanc and Chardonnay did see some larger yields in certain areas in the Valley, and overages were listed and purchased at discounted prices. There was less late-season demand for red overage varieties.

In addition to rot, there were multiple reasons grapes were left on the vine in 2023. Being a later-ripening year, some grapes did not meet minimum Brix. Lack of demand also kept grapes on the vine, with red varieties more impacted than whites. Even with price softening late in the season, buyers did not return to the market for most red varieties that were available.

Among grapes that did make their way to a tank, we are hearing reports of good quality. Color seems to be good on red varieties this year. We also are hearing about good pH and acids in the wines—surely the result of a cooler and longer growing season. We will have good quality wines to go out to the consumer, which is great news!

If you have been driving around the Valley post-harvest, you probably have seen vineyards being pushed out. From what we are hearing, companies that remove vineyards are booked out for the next year. The hope is that these moves will bring us closer to balance in the coming years amid less-than-optimal consumer demand trends. Depending on the size of the operation, 2024 will be the last year for growers to burn removed vineyards in parts of the Valley. Hopefully this will incentivize growers to remove blocks that have had viruses or other issues, as those grapes will have a very hard time finding a home over the next few years.

# Bulk Market

The bulk wine market slowed throughout the year and has continued to be slow following a grueling harvest season where many wineries got more supply than they planned from 2023 grapes, particularly for red varieties. There was more winery demand for white wine grapes throughout the season than red, and the same demand dynamics have been and are being felt on the bulk wine market.

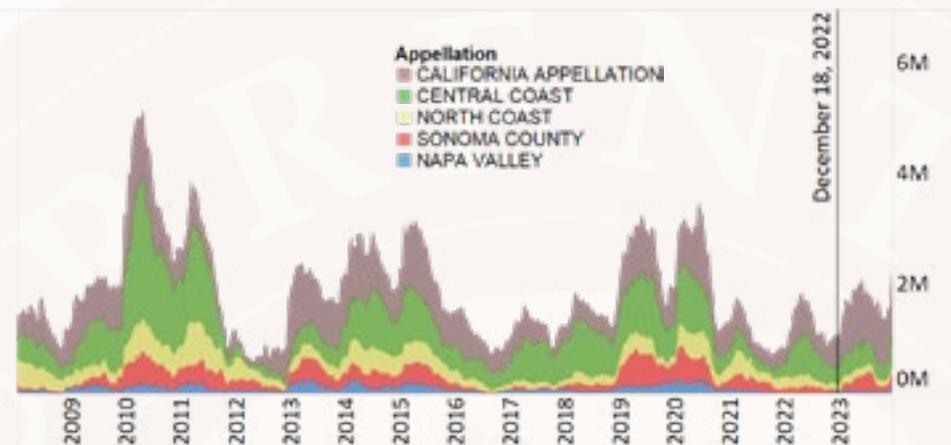
Buyers are moving more slowly to assess needs for wine and are continuing to be cautious with how much they are buying by opting for smaller quantities and only purchasing for immediate needs. Generally, they know they can be patient in this market.

The new listings for 2023 vintage wine began to increase bulk gallons in mid-November. As of December 18th, there were 2.8 million 2023 vintage gallons of actively for sale. Volumes will continue to increase and, due to the later harvest, it will take additional time for many wines to be listed. The 2023 vintage wines that have come to the market so far have been mostly California Appellation whites, but we have seen more coastal whites and a few reds recently listed as well.

## Chardonnay

- Supply of bulk Chardonnay actively for sale has increased in recent weeks as 2023 vintage lots continue to come to the market. As of December 18th, there were more than 2.2 million gallons available statewide.
- Sonoma County Chardonnay demand remains moderate with buyers slower to act on 2023 lots. Prices softened throughout the season, with recent deals on V22 between \$14.00 and \$16.00 per gallon.

**Figure 2 - Chardonnay Bulk Gallons Available**



Chardonnay bulk gallons available statewide, all regions. Source: Turrentine Brokerage

- The increase and supply from last year is certainly an opportunity for wineries to expand their blends, which has been difficult the last few years.
- More than 1.1 million gallons of California Appellation Chardonnay were actively for sale as of publication. Nearly 350,000 gallons of that amount are from the 2023 vintage.
  - There is limited early demand for 2023 vintage lots. Buyers have been slower to act this year than they were last year at this time or even just a few months ago. Recent sales of 2022 and 2023 vintage lots have been between \$4.00 and \$7.00 per gallon.
- The market for Central Coast and Mendocino County wines continues to be slow. There has been little demand from buyers for 2022 and 2023 vintage wines actively for sale. We are listing more 2023 wines daily.

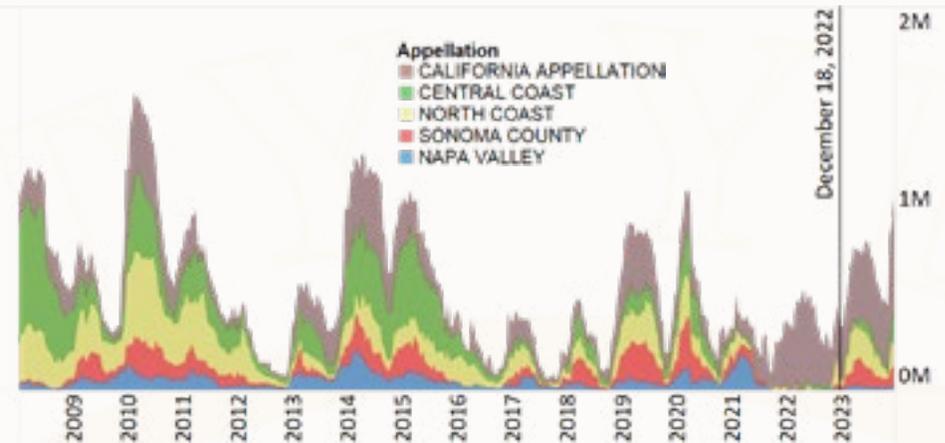
## Sauvignon Blanc

- There is demand for 2023 Napa Valley Sauvignon Blanc, but that demand is not as strong as it was last year at this time. The early buyers have shown interest in paying between \$20.00 and \$23.00 per gallon, but the price will most likely be softening very early in 2024.
- Demand has been softer for Sonoma County wines compared to the last two years.
- At this point, there is little demand for Lake and Mendocino Counties and Central Coast Sauvignon Blanc, but that could increase as wineries are able to assess inventories and needs.
- 2023 vintage California Appellation supply continues to come to the market with buyers showing little interest.

Recent sales for 2023 vintage wines have been between \$3.00 and \$6.00 per gallon. There are ample supplies of 2022 California Appellation Sauvignon Blanc still on the market, which will be difficult to move at this point.

- There are some good opportunities from all regions of California for buyers who have not been able to get the Sauvignon Blanc they wanted over the last few years.

**Figure 3 - Sauvignon Blanc Bulk Gallons Available**

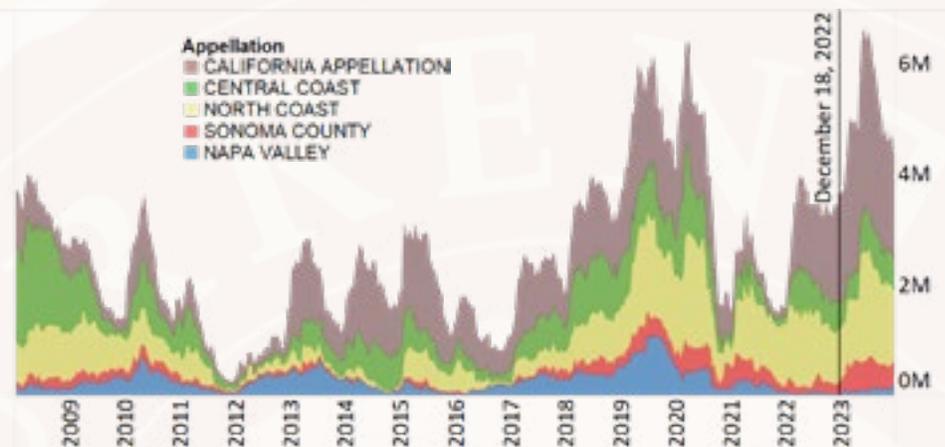


Sauvignon Blanc bulk gallons available statewide, all regions. Source: Turrentine Brokerage

## Cabernet Sauvignon

- Demand and pricing for Napa Valley wines softened throughout 2023. There is still moderate demand for 2022 vintage lots, and buyers are focusing on value. Wines are staying on the bulk market longer, with recent sales between \$32.00 to and \$45.00 per gallon.
- Supply of Sonoma County Cabernet Sauvignon wines have been in excess of demand all year. Active buyers are mostly interested in lots from the sub-appellations.
- Supply of Lake and Mendocino County Cabernet Sauvignon actively for sale continues to be in excess of demand, with multiple vintages remaining on the market. Despite lower asking prices, buyers have yet to show any interest.
- The price range for recent sales of Paso Robles Cabernet Sauvignon is lower than it was earlier in the year, but the prices have not dropped to the same degree as they have in other regions. As of publication, there were 175,000 gallons of wine on the market. We already know of a considerable amount of 2023 that will be coming to the market in the next few months. Let us know if you are interested because the best quality lots will most likely be sold early in the new year.
- Supply of Lodi Cabernet Sauvignon actively for sales has decreased throughout harvest, but this is still a large amount of supply historically. Demand has been soft and buyers are generally only interested in paying below \$4.00 per gallon. Similar to Paso Robles, we have considerable volumes of 2023 that will be coming to market early in 2023.

**Figure 4 - Cabernet Sauvignon Bulk Gallons Available**



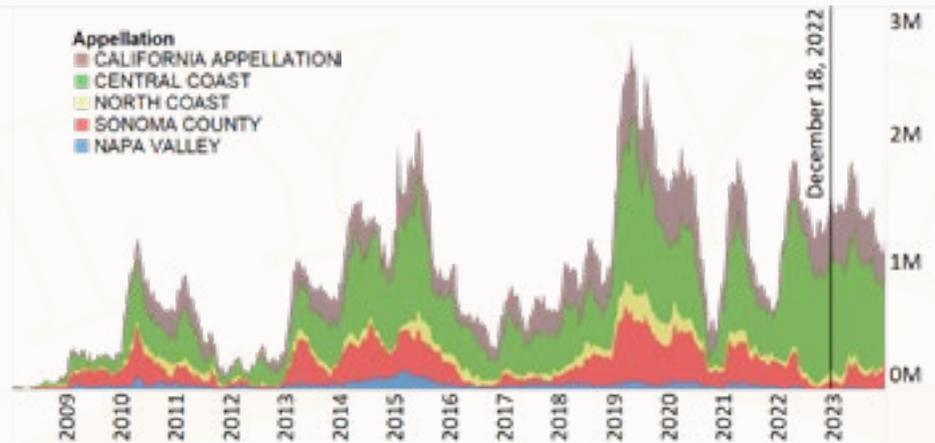
Cabernet Sauvignon bulk gallons available statewide, all regions. Source: Turrentine Brokerage

## Pinot Noir

- Russian River Valley Pinot Noir began the year as a hot item, but as the season progressed and the crop became more apparent, demand and prices began to decrease and are approaching a Sonoma County price range. Currently, demand is moderate to low, with recent interest in the mid-teens per gallon.
- The supply of Mendocino County Pinot Noir actively for sale has been in excess of demand all year. If buyers are interested, they most likely can get the wine for California Appellation prices.

- The market for Pinot Noir from the sub-appellations of the Central Coast Pinot Noir has shown a bit more vigor than the greater Central Coast and Mendocino County, but not significantly so. Inventory is building with multiple vintages actively for sale. Demand remains very soft. Recent prices have been between \$3.00 and \$10.00 per gallon.
- California Appellation Pinot Noir has been very quiet all year. We have not seen urgency from buyers or most sellers for some time.

**Figure 5 - Pinot Noir Bulk Gallons Available**

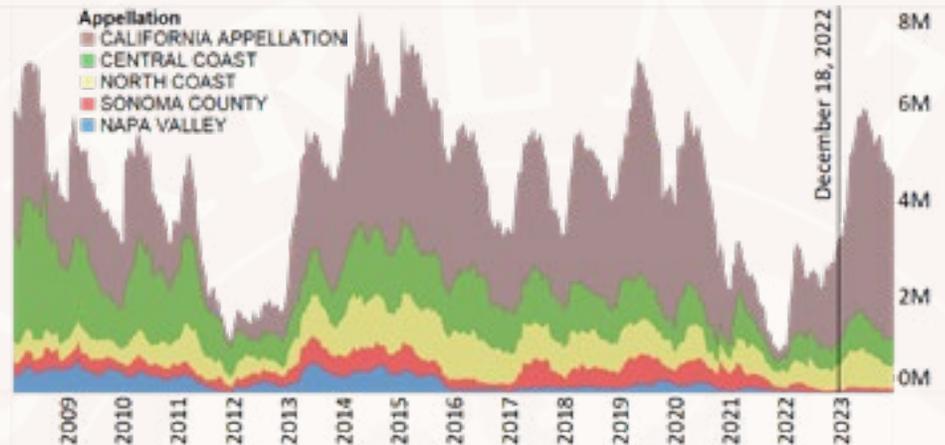


Pinot Noir bulk gallons available statewide, all regions. Source: Turrentine Brokerage

## Other Red Blenders

- Wines from Napa Valley had been the lone bright spot for red blenders, primarily Merlot. Demand for other red blenders was moderate. Supply of 2022 Napa Valley wines is tight with fewer than 10,000 gallons available. Recent prices have been between \$18.00 and \$33.00 per gallon. There will likely be greater availability for red blenders moving forward, and with more opportunities for buyers to secure Cabernet Sauvignon, prices for red blenders are likely to soften moving forward.

**Figure 6 - Red Blenders Bulk Gallons Available**



Zinfandel, Merlot, Syrah, Petite Sirah, Petit Verdot, and Malbec bulk gallons available statewide, all regions. Source: Turrentine Brokerage

- Earlier in the year demand for red blenders from the other regions of the state was categorized as moderate to low, and it has been quite difficult to find interested buyers for a number of months now. Recent prices of Sonoma County lots have generally been between \$10.00 and \$18.00 per gallon, but the lack of demand in the rest of the regions has converged prices at California Appellation levels for larger volumes.

## Conclusion

While the growing season and harvest were challenging amid a difficult market transitioning to excess, there are silver linings that are easier to see as we enter a new year. The first of these (as noted in the introduction) is that wineries have already begun the process to evolve and innovate to compete for consumers. A number of wineries approached 2023 with a plan to not be oversupplied after harvest, and in many cases, contracted for smaller volumes. Even though yields per acre were strong there is a probability that wineries have inventory more in balance, so they may be back in the market sooner rather than later. Additionally, lower bulk wine prices throughout the past year have brought negotiant buyers back into the market, and retail buyers seem to be warming to the idea of lower priced wines. Lastly, these lower bulk wine and grape prices could provide reprieve to impacted winery margins. Despite all of these silver linings, we realize many

difficult decisions have yet to be made and a lot of work still needs to be done.

With the markets clearly in excess, we continue to facilitate deals and help everyone through these challenging times. If you have anything you are looking to purchase or sell, or want to talk over your strategy for 2024, please reach out to us early to give yourself and us the best chance at completing a sale.

All of us at Turrentine Brokerage hope you have a wonderful holiday season drinking great wine we look forward to working with you in the new year.

## Turrentine on the Road



Steve Fredricks will be presenting the bulk wine and grape market update at the:

**Unified Symposium**  
**State of the Industry**

January 24<sup>th</sup>, 2024

Please come visit Booth #515 and say hi.

**SONOMA COUNTY**  
**WINEGROWERS**  
**DOLLARS & SENSE**

**MARC CUNEO & CHRISTIAN KLIER**  
**WILL BE GIVING AN UPDATE ON**  
**THE BULK WINE AND GRAPE**  
**MARKETS ON JANUARY 31<sup>ST</sup>**



Don't miss the

**DRIVE Strategic Planning Seminar & Workshop**

January 9<sup>th</sup>, 2024 at  
Vina Robles  
Vineyard & Winery,  
Paso Robles, CA



# Turrentine Crop Contest

Enter your best guess in the category '2023 Statewide Total Wine Grapes' for a chance to win the Grand Prize! The Grand Prize Winner will receive a plaque and a YETI Tundra Ice Cooler! YETI Ice Coolers are known for their legendary toughness and ice retention, perfect for chilling wine bottles, hunting, fishing, tailgating, or any outdoor adventure. Winner will get to choose their color! Click here to learn about our Grand Prize: <http://yeti.com/tundra-105-cooler/>

How the Grand Prize Winner will be selected?  
The actual number for the 2023 Statewide Total Wine Grapes will be taken from the Final Crop Report, Table 2, Total Wine Grapes. Winner will be chosen by selecting the closest number without going over.

Other category winners will receive a 1st place plaque and a bottle of Champagne!

Please turn in all entries by January 31, 2024.



**ENTER NOW**

## Market Opportunities

Turrentine Brokerage is always working to find opportunities for our clients. We believe firmly in a personalized approach tailored to each client's specific needs and unique position.

Give us a call at (415) 209-WINE

### Bulk Market

#### Needed

- '21/'22 Napa Valley red blenders
- '22 Russian River Valley/Sonoma Coast Pinot Noir
- '23 Russian River Valley/Sonoma Coast Chardonnay
- '23 California Appellation Pinot Grigio
- '22/'23 Paso Robles Cabernet Sauvignon
- '23 Monterey County Pinot Noir
- '23 Monterey County Chardonnay

#### Available

- '22 Napa Valley Cabernet Sauvignon
- '21/'22 Sonoma County Cabernet Sauvignon
- '21/'22 Lake and Mendocino County Cabernet Sauvignon
- '22 North Coast Sauvignon Blanc
- '21/'22 Central Coast Pinot Noir from various regions
- '21/'22 Central Coast Cabernet Sauvignon
- All '21/'22 California Appellation red wines
- '22/'23 California Appellation Chardonnay
- '22/'23 California Appellation Sauvignon Blanc
- '22/'23 California Appellation Dry White



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### **BULK WINE BROKERS**

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### **STRATEGIC BRANDS**

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