

## 2014 Auction recap

2014 was a year of retrenchment and change in the wine auction industry. Overall volumes were relatively flat at a +1.70 % change over 2013. This, however, hides significant shifts in consumer behavior, as U.S. sales were up 25.6% at US\$ 158.2m (54.15% of the total), while sales in Europe (principally the UK, but also including the EU) were down by 26.04% at the equivalent of \$42.85m (14.2% of the total), and sales in Hong Kong slipped 10.55% to US\$ 102.47m (31.64% share) under the pressure of the continued austerity measures in Mainland China. The other bright spot for the industry was a modest increase in online, which surged 16.01% to US\$ 44.85m, to bring the overall market to a total for the year of US\$ 348.37m, +3.34%.

The spring season was marked by strong volume and moderate prices. The trends evident throughout 2013 were confirmed here: burgundy wine is the most popular category, and prices generally are still at record levels, although the prices attained at auction for the very top wines are beginning to plateau. Prices for Bordeaux wines continue to recover slowly after a significant correction that took place from the middle of 2011 through the beginning of 2013. Auctions in Asia are still the dominant secondary market for fine and rare wine, and interest is slowly building here for a more diverse range of wines. However, prices reached a plateau at the end of the second quarter of 2014 and the summer was a fairly quiet “wait and see” period.

The fall season was marked by caution, as the total number of sales globally declined from 48 in the first half of the year to 44 in the second half. The total number of lots was nearly the same: 44,177 in the back half as compared to 44,048 in the first six months. However, these were lower value lots: the total net was \$131,655.09 in the fall as compared to \$158,113,366.68 in the first six months.

Throughout the fall, Burgundy continued to dominate the news. According to Jamie Pollack at Zachys, Burgundy was 41% of the market in their US sales, and a remarkable 52% of the total in Hong Kong. Bordeaux trailed, both in volume and in prestige. Certain right bank properties such as Pétrus, Le Pin and Lafleur have out-performed the Bordeaux market as a whole, and Bordeaux producers harbor hopes for a return to favor. Hart Davis Hart attempted to buck the Burgundy trend with a Bordeaux-only sale featuring consignments direct from Cheval Blanc, Montrose and Pichon Lalande as well as an exciting variety of private vendors, with overall results solidly within the presale estimate.

Times were difficult for Bordeaux in the primary market, however, as yields were down and quality was modest in comparison to 2009 and 2010. These two landmark vintages, which have now shipped to the market, also set landmark prices. As some buyers hedged on their commitments in light of difficult economic and trading conditions in Mainland China, the Bordeaux trade is now saddled with high inventory levels both of good vintages that are more expensive than one might hope, and lesser vintages that are not the bargains that one would expect.

In spite of robust sales of Burgundy at auction, they have also suffered in the primary market with continued problems of lowered yield and weather-related damage. In spite of lowered volumes, however, prices surged. The yield for the charity was 443 barrels, the lowest since 1981, yet sales topped EUR 6 million, leading to widespread consternation among the old guard as private clients throughout the world continued to drive prices higher in every vintage.