

## Buyers Compete In Sellers Market

It is that time of year again. After record rains this winter we can look forward to a robust summer and fall season. Buyers have a spring in their step as the Sellers Market advances. Historically low interest rates continue and a limited quantity of quality inventory maintains upward pressure on pricing. Whether it is an in-town fixer, country cottage or deluxe vineyard estate, buyers are in the hunt. This includes both luxury / 2nd home lifestyle buyers and vineyard / winery buyers. The market is hot.

## What Are Buyers Looking For?

Sellers often ask, what are buyers looking for? In this market, they seem to be looking for everything. But, many characteristics of desirable properties include a mix of excellent location, beautiful setting, easy access to creature comforts, privacy, quality improvements, premium finish and appointments. This drives top dollar. Styles range from Mediterranean, Modern, Craftsman, French Country, Shack Chic, Millennial Menagerie... you name it, wine country has it all... and then some. It could be the gourmet kitchen, expanded great room with extra high ceilings and rustic wood beams, or maybe it is the wine cave / cellar, the heated infinity pool or serene Zen garden. Likely it is a combination of these and other elements. In short: location, quality and condition.

## Current Real Estate Values

So what are the current real estate values in wine country? The latest information shows continued price increases across the board. Even the median home price in Sonoma County has doubled in the last five years. Focusing more on the land aspect, we highlight several components: site value, vineyard value and plantable land value. These numbers have a dramatic range between Napa and Sonoma Counties, different towns and associated appellations. Lifestyle buyers drive the luxury real estate numbers higher in chic boutique towns like Healdsburg, Saint Helena, Yountville, Sonoma and Sebastopol, while



wine industry players continue to pay up in premium grape growing regions. Let's take a quick look at the numbers.

### Vineyard / Site Values

County	Land Use	Value Range / Acre
<b>Napa Prime</b>	Modern Vineyard	\$300,000 - \$400,000
	Plantable Land	\$200,000 - \$250,000
	Home Site	\$2,000,000 - \$5,000,000
<b>Napa Secondary</b>	Modern Vineyard	\$120,000 - \$300,000
	Plantable Land	\$50,000 - \$200,000
	Home Site	\$300,000 - \$2,500,000
<b>Sonoma</b>	Modern Vineyard	\$90,000 - \$170,000
	Plantable Land	\$45,000 - \$100,000
	Home Site	\$0 - \$3,100,000

The biggest demand continues to be for Cabernet Sauvignon and Pinot Noir. As a result we are seeing growers take advantage of favorable grape prices by planting Cabernet and Pinot in areas normally associated with other varietals. This is especially noticeable in parts of the Napa Valley where modern Cabernet Sauvignon vineyards provide substantially higher returns than the Merlot or Sauvignon Blanc vineyards that have been replaced. The Oak Knoll region, just

south of Yountville, is one such area where Cabernet Sauvignon is finding a new home.

But tradition continues to have merit. In Napa County, Cabernet Sauvignon is king throughout the valley where vineyard acreage has sold in the \$400k / acre range. On the Sonoma side, things are more diverse. In the Sonoma Coast, Russian River, and Green Valley areas, Pinot Noir and Chardonnay reign supreme. Recent history points to a high watermark price of \$170k / acre for a Pinot Noir vineyard on the Sonoma Coast. Up in the Alexander Valley, Cabernet Sauvignon is top dog. Over in the Dry Creek Valley, Zinfandel and Sauvignon Blanc come to mind. Even so, many varietals grow to perfection throughout the North Coast. Every time I open one of our local wines I am reminded that we are surrounded by abundance.

It is also important to note that traditional AVA value techniques are being blurred based on specific vineyard performance and production. If a vineyard located in a 2nd tier location produces top tier quality fruit and receives top dollar, then that vineyard value skews higher. This is an example of breaking away from the traditional AVA value model.

### Luxuriate

When looking at the high-end / luxury real estate market for properties over \$3m in Sonoma and Napa Counties, we can see there has been good movement in that segment. During the time period from April 2016 – April 2017, 41 estates / properties sold for \$3m or more in Sonoma County. In Napa County during the same time period, 39 estates / properties sold for more than \$3m. As price increases the number of sales decline. Only 3 estates / properties sold for more than \$8m in Sonoma County during the last year. In Napa that number was 4.



VineyardAndWinerySales.com

### Sales of \$3,000,000+

April 2016 - April 2017

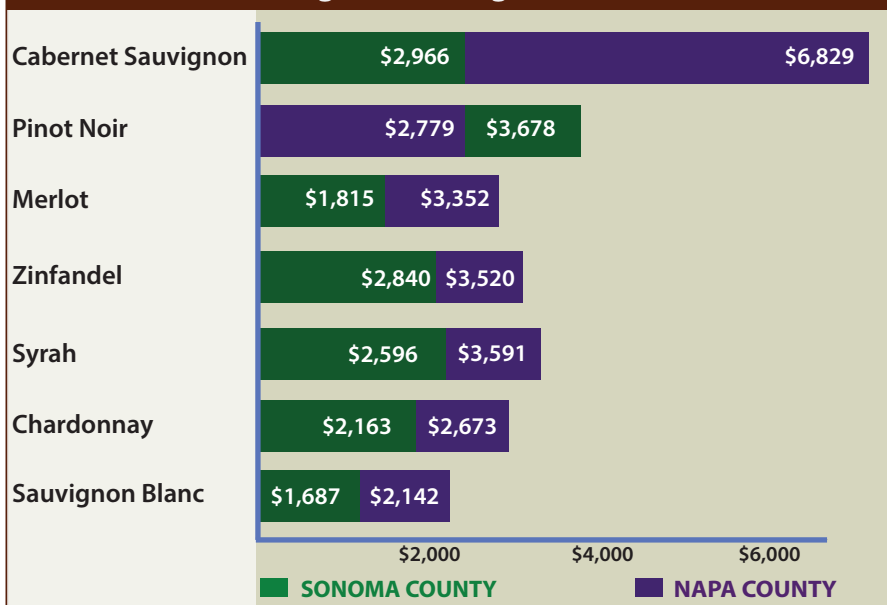
Napa	39	13	4
Sonoma	41	12	3
Sales Price	\$3m+	\$5m+	\$8m+

### Grape Prices Climb

Real estate is not the only thing that continues to climb in Sonoma and Napa Counties. Wine grape prices maintain their upward ascent. Prices across the board are up from the previous harvest with the county average price for Cabernet Sauvignon coming in at an average of \$6,829 / ton in Napa County, up from \$6,288 in 2015. Meanwhile, closer to the coast over in Sonoma County, Pinot Noir averaged \$3,678 / ton, up from \$3,525. These are healthy gains for both varietals. Visit our website [www.vintroux.com](http://www.vintroux.com) for more details.



### 2016 Weighted Average Price Per Ton



If anything we have a tight market for wine grapes. As it becomes more difficult to plant new vineyards and as suitable land becomes scarce, we find ourselves in a constrained market. The result is that grape prices are supported by scarcity and the known quality of our region. The continued increasing demand for premium wines made in Napa and Sonoma counties bolsters value and reputation. For the wine market in general, demand is outpacing supply. This allows wineries to flourish with healthy sales and cash flow, and also provides a solid underpinning for our local real estate market.

**Sellers Needed**

Then there are the rocks, dirt, wind, rain, sun and grapes: the wine! All of these elements bring people together and create an essential pillar of wine country. The combination of excellent lifestyle, a world class wine region, easy access to a booming economy and exciting cities makes Sonoma and Napa a no-brainer for the well to do. Whether they are in it for the lifestyle or business, wealth from all over the globe seeks out the dream in a special place we call home, wine country. In other words, now is an excellent time to buy or sell.

If you are a buyer and would like to know more about the current market, do not hesitate to call. If you are a seller and would like a market evaluation of your property, please feel free to call or email. I have buyers!

Have an amazing Spring & Summer!

*David Ashcraft*

**Fun Facts**

● **Record Breaking Rain!**

By mid April, Santa Rosa had more than 57 inches of rain, the wettest year on record since record keeping began in 1902

● **Healdsburg Bonanza**

Population of 11,500 has 25 restaurants, 30 hotels - motels - B&Bs, and more than 40 downtown tasting rooms.

● **Gallo Buys Large Napa Valley Vineyard For \$180,000,000**

600+ acre Napa Valley Stage Coach Vineyards (a source of wine grapes for 90± wineries)

● **North Coast (Napa, Sonoma, Mendocino & Lake Counties) Vineyard Acreage**

140,000 Acres

● **Sonoma County Vineyard Acreage**

65,000± Acres

● **Napa County Vineyard Acreage**

45,000± Acres

● **4.25 Billion Bottles of Wine**

The amount Americans consumed in 2016. US is the biggest wine consumer for the sixth year running.



**Howell Mountain Appellation**

Income Producing, Long Term Lease, 32.5 Acre Vineyard  
Asking \$6,500,000



**View Estate Building Site - Napa Valley**

Amazing Views, Utilities, Well & Hobby Cabernet Sauvignon Vineyard  
\$1,625,000



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Estates  
Vineyards  
Wineries



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## The Vintroux Report v4.1

## Real Estate Trends and Analysis



**Premier Destination Vineyard & Winery Potential**  
 87± Acres in Sierra Foothills, Close Proximity to Hwy 50 (High Traffic Flow), Extensive Infrastructure, Premium Vineyard, DTC Opportunity  
**\$9,750,000**

**Plantable, Horses, Subdivide - Lake County**  
 330± Acres, Hidden Valley Lake, 50 - 60 Acres Plantable, Potential to Subdivide, Barn, Well & Utilities  
**\$1,950,000**