



2025 Calaveras Winegrape Alliance

State of the Industry -

Winegrape Supply

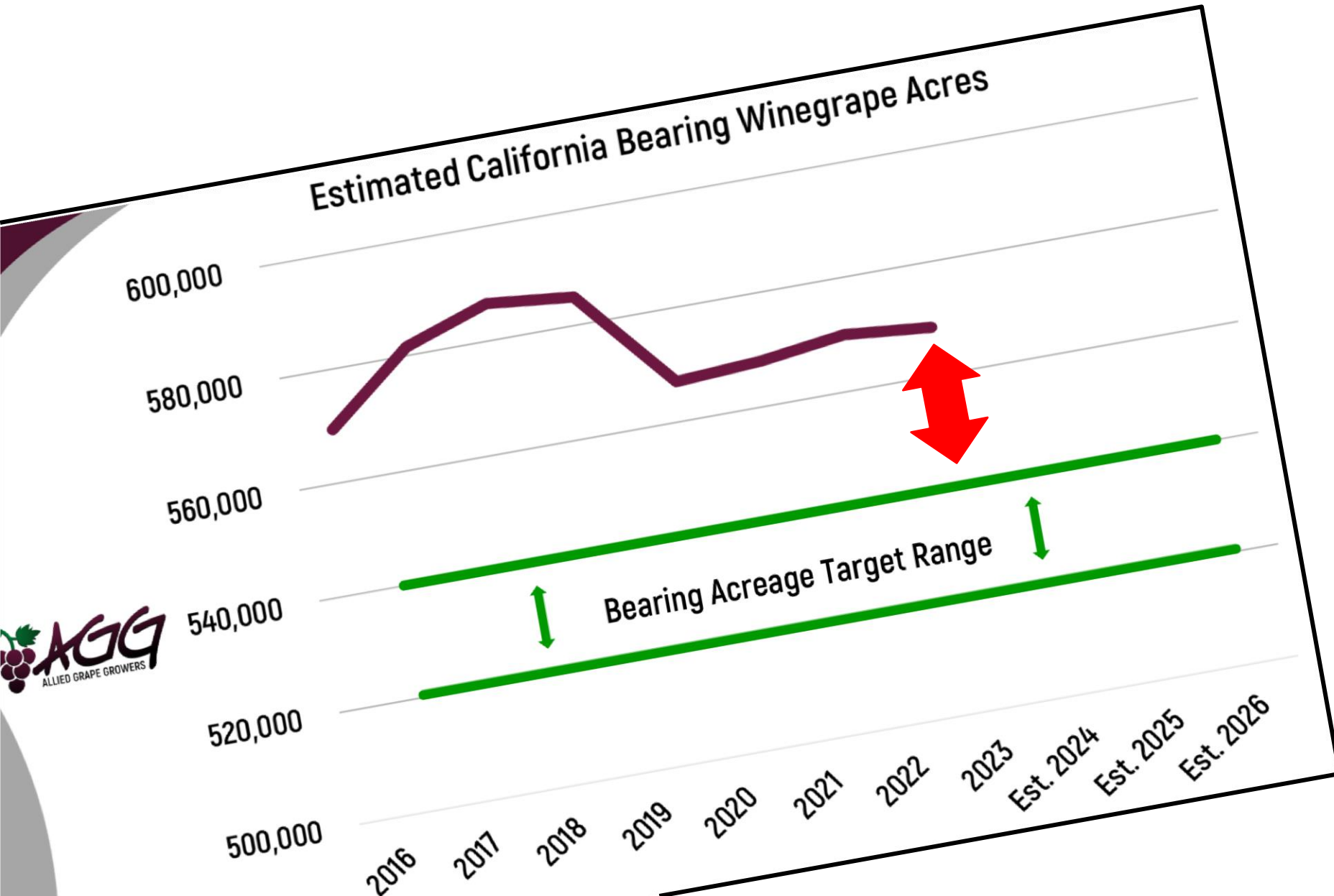
Kyle Collins
Allied Grape Growers
March 7, 2025

What's in Store?

- Talking points (setting the stage a bit)
 - Revisiting 2024
 - Supply needs, given current demand & trends
 - Producer concerns (Growers & Wineries)
- Grapevine Nursery Shipment Data:
 - 2024 Winegrape Plantings
 - Segment reviews: Forecasting supply trends
- Summing It Up - Summary and Conclusions

Revisiting 2024

Throwback Slide – 2024 Unified



" +/-50,000 acres need to be removed to reduce our bearing acres by 30,000 (almost 20,000 acres are newly bearing in 2024)."

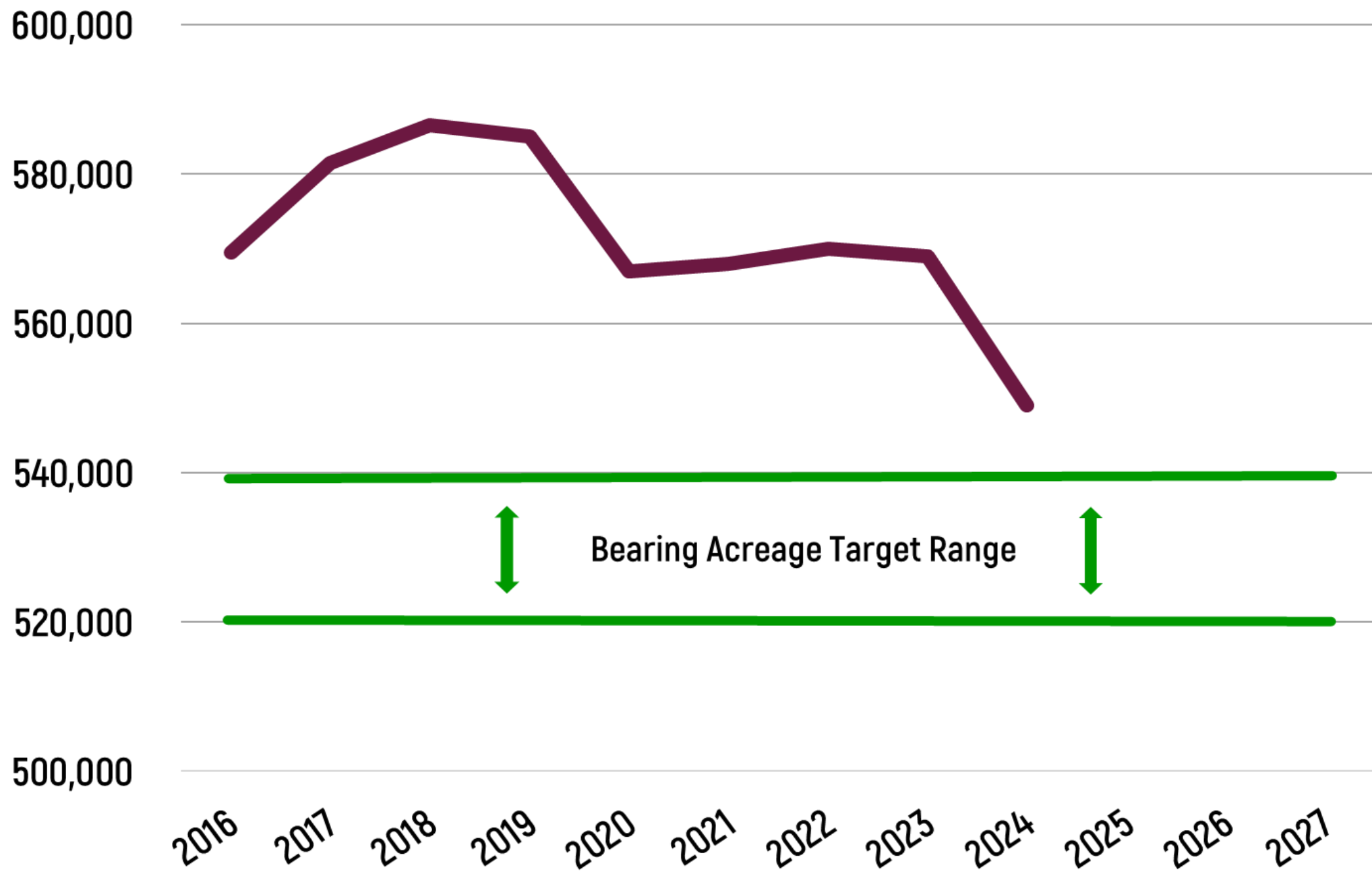




*California winegrape growers did
not remove 50,000 acres last year.*

Between the '23-'24 harvests AGG estimates 37,500 acres were pulled, with 17,500 acres coming into production. The net reduction was 20,000 acres (a 3.5% bearing acreage reduction)

Estimated California Bearing Winegrape Acres



Sierra Foothill Harvest

Variety	2023 Tons	2024 Tons	Tons Delta	2023 Avg Price	2024 Avg Price	Price Delta
Chardonnay	326.7	300.4	-8.1%	1,862.19	1,795.42	-3.6%
Sauvignon Blanc	544.7	246.6	-54.7%	1,117.73	1,645.35	47.2%
Barbera	797	446.6	-44.0%	1,823.06	1,862.88	2.2%
Cabernet Franc	263.3	186	-29.4%	1,868.93	1,892.72	1.3%
Cabernet Sauvignon	2,086.80	1,320.40	-36.7%	1,522.77	1,542.69	1.3%
Merlot	277.2	205.8	-25.8%	1,808.44	1,814.23	0.3%
Petite Sirah	381	202.2	-46.9%	1,835.16	2,001.21	9.0%
Primitivo	205.4	83	-59.6%	1,712.87	1,671.11	-2.4%
Syrah	620.1	376.3	-39.3%	2,047.00	2,084.10	1.8%
Zinfandel	2,544.80	1,560.20	-38.7%	1,738.29	1,806.78	3.9%

Neighbor's Harvest

Variety	2023 Tons	2024 Tons	Tons Delta	2023 Avg Price	2024 Avg Price	Price Delta
Chardonnay	133,509.40	95,317.00	-28.6%	586.62	554.4	-5.5%
Chenin Blanc	3,100.10	2,442.00	-21.2%	446.39	442.45	-0.9%
Pinot Grigio	72,381.70	54,145.50	-25.2%	597.35	564.82	-5.4%
Sauvignon Blanc	36,195.60	32,031.90	-11.5%	569.85	527.22	-7.5%
Viognier	8,514.70	6,693.90	-21.4%	557.64	565.26	1.4%
Barbera	1,198.30	375.5	-68.7%	696.26	839.93	20.6%
Cabernet Franc	1,255.90	893.6	-28.8%	859.86	865.07	0.6%
Cabernet Sauvignon	160,211.80	117,111.30	-26.9%	673.9	660.71	-2.0%
Merlot	51,239.60	39,917.90	-22.1%	583.91	574.7	-1.6%
Petit Verdot	8,434.30	4,053.80	-51.9%	637.53	676.81	6.2%
Petite Sirah	30,259.80	25,801.70	-14.7%	694.03	661.89	-4.6%
Pinot Noir	43,706.50	32,002.80	-26.8%	628.9	611.06	-2.8%
Primitivo	114.3	102.6	-10.2%	572.75	428.95	-25.1%
Syrah	10,800.50	8,727.20	-19.2%	610.4	539.55	-11.6%
Zinfandel	76,697.50	66,022.50	-13.9%	657.6	625.93	-4.8%

*Supply Needs,
Given Current Demand
and Trends.....*

Consumer Wine Shipping Report

DIRECT-TO-CONSUMER WINE SHIPPING IN 2024

A challenging year with significant declines in volume and value

Largest recorded drops in volume and value

Volume -10% YoY to 6.4M cases

Value -5% YoY to \$3.94B

US Wine Market - 9L (millions)

to an Account

NBC NEWS TRUMP DAY 4 POLITICS U.S. NEWS

Wine sales drying up as Americans turn elsewhere

DATA GRAPHICS

SEARCH NEWS

California | US Regions | Global Regions

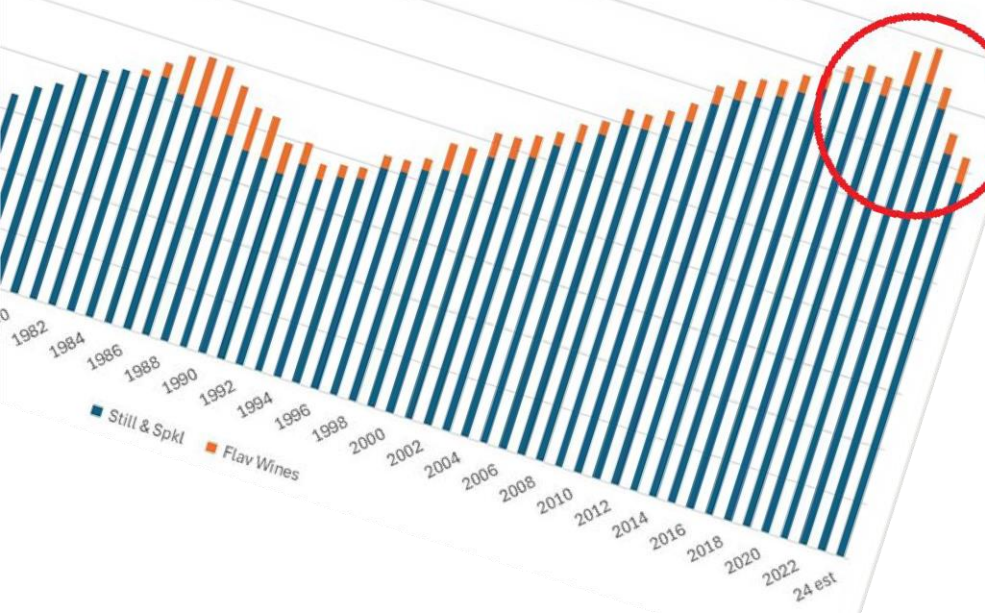
Wine sales continued a multiyear decline in 2024, which experts attribute to shifting consumer concerns, new competition and economic forces.

DTC Shipment Volume Falls 12%

Dec 22, 2024

Facebook X LinkedIn Email

Join our partners Wine Club



Global wine production falls to lowest level since 1961

Global wine production has plummeted and drought ravaged vineyards

Martin Green
December 2, 2024

Facebook Twitter Pinterest

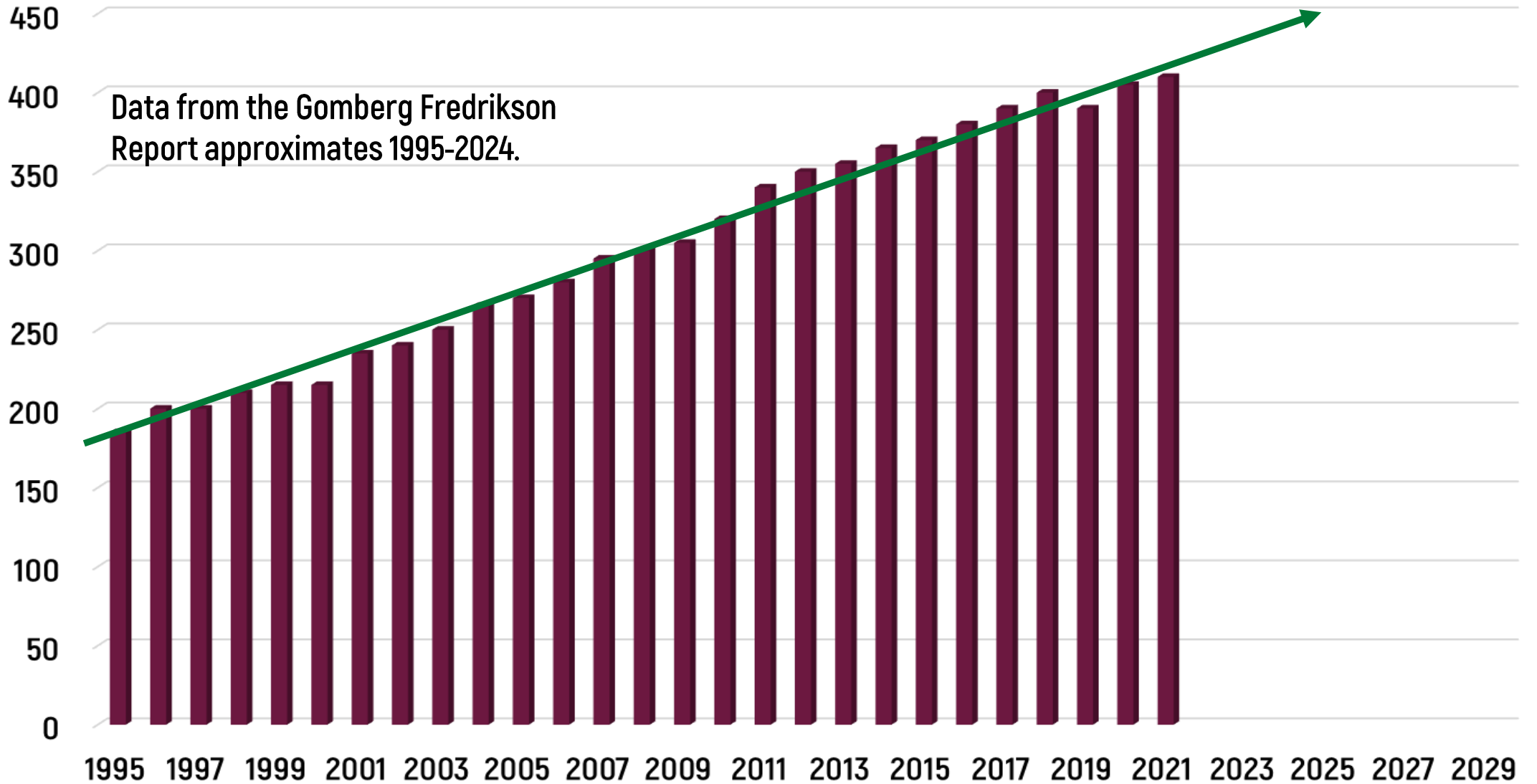
Annual Change in U.S. Wine Volume Consumed

Year	Annual Change (%)
2017	20.13%
2018	22.28%
2019	10.24%
2020	5.19%
2021	0.91%
2022	0.39%
2023	0.64%
2024	0.00%
2025 est.	4.33%
2026 est.	-1.34%
2027 est.	-3.22%
2028 est.	-3.00%
2029 est.	-2.40%

US Wine Market Volume Over Time

Still and Sparkling Wines Only - Includes Imports
(Depiction - For illustration purposes only)

9-liter cases
(millions)

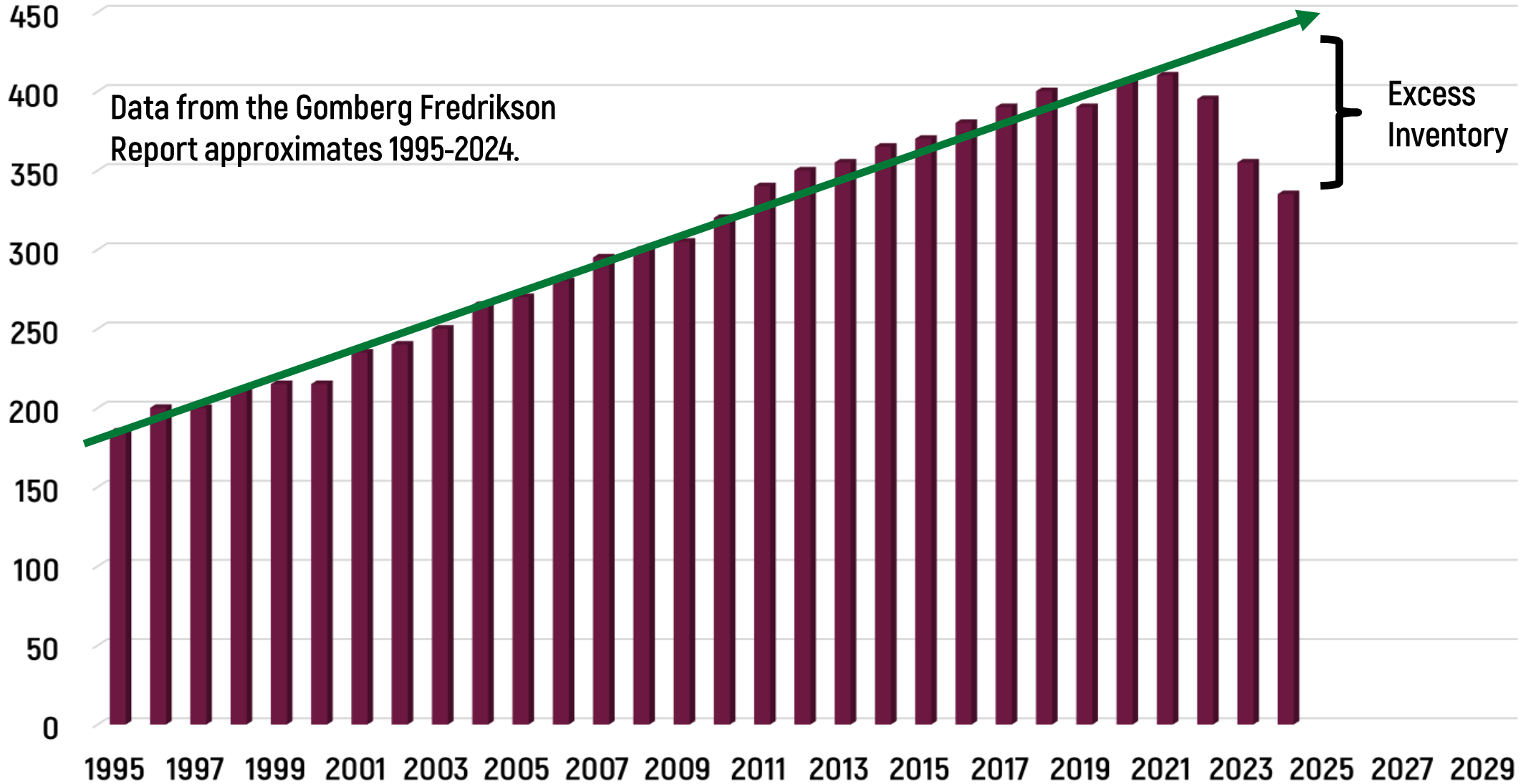


US Wine Market Volume Over Time

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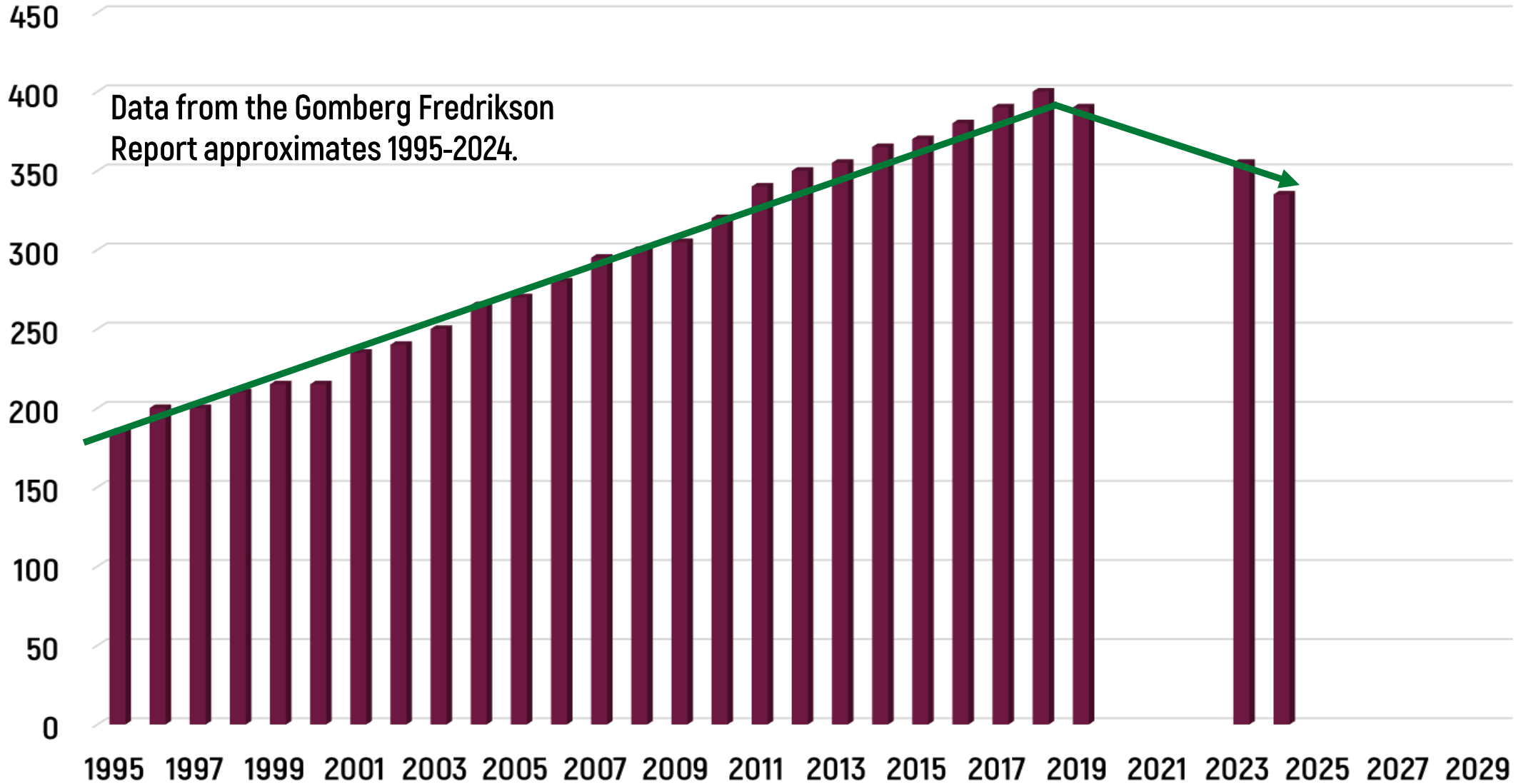
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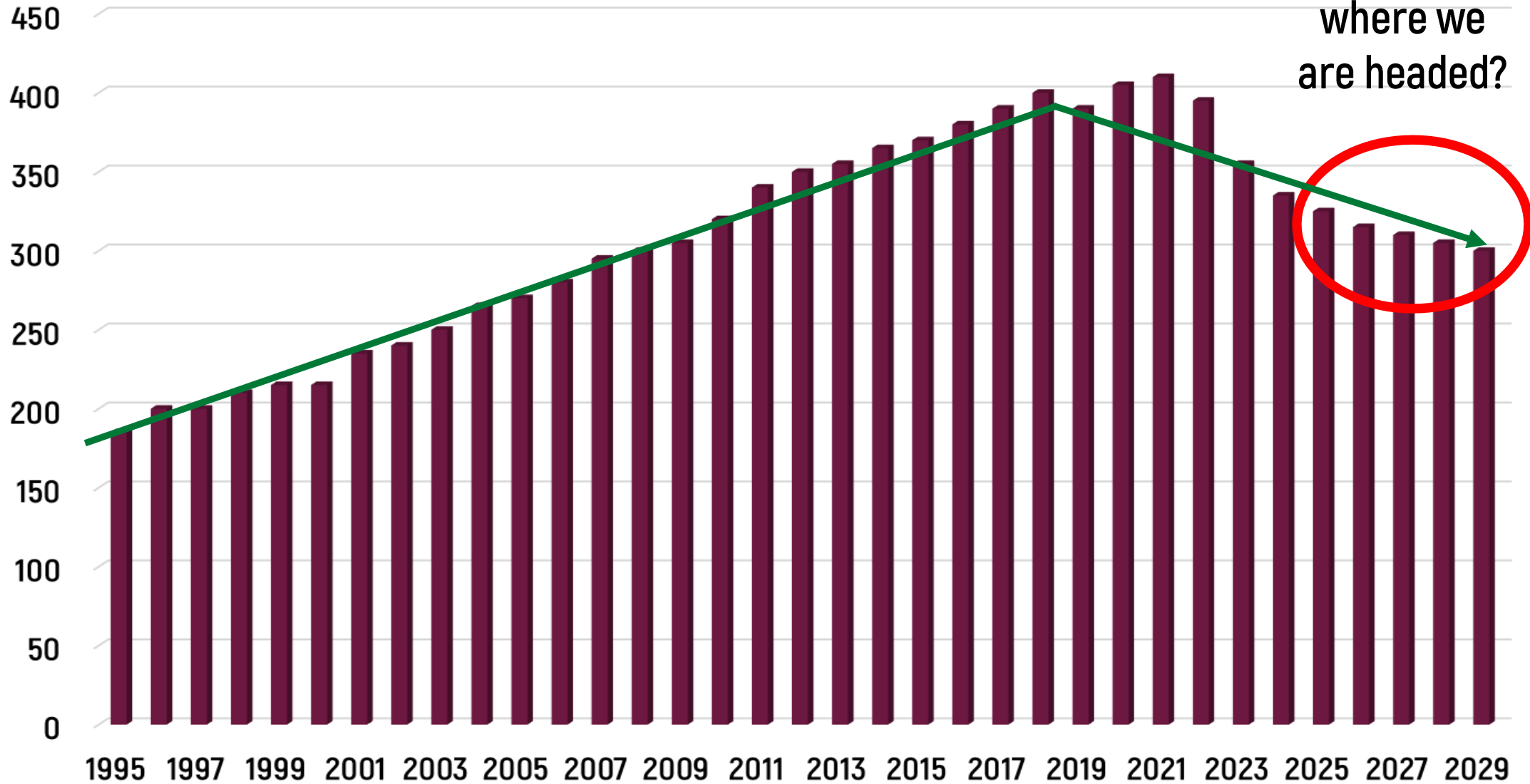
9-liter cases
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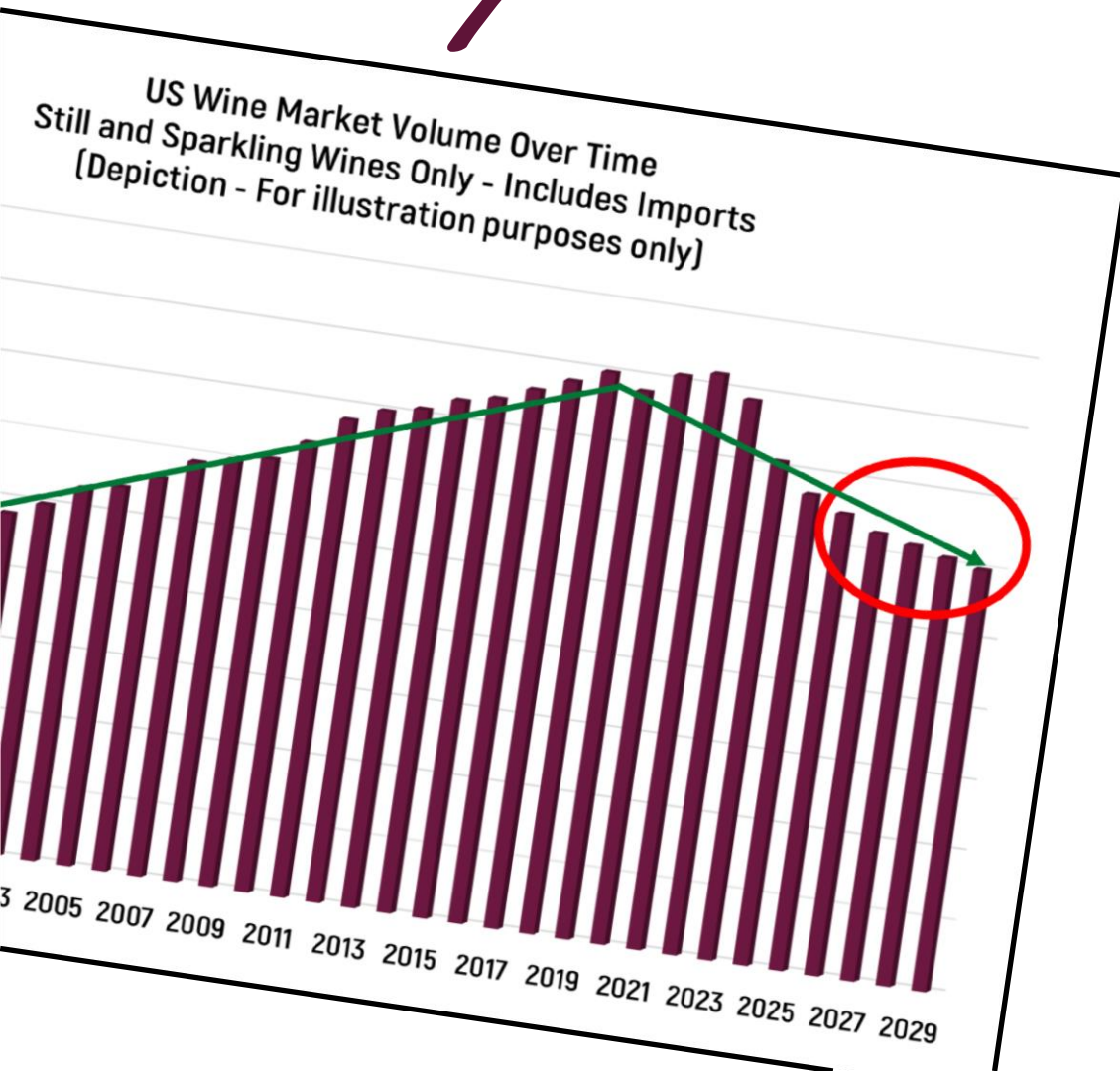
9-liter cases
(millions)



Is this
where we
are headed?



The next few years....



The primary anchor of decreasing wine consumption -over time- appears to be shifting American demographics, but there are also other headwinds at issue....

Headwinds for Wine

GLP-1's



As Alcohol Consumption Risks Rise, Guidelines Loom

STAT Reporting from the frontiers of health and medicine

Another federal report on alcohol finds even moderate drinking carries risks

Findings differ with a second panel advising new national dietary guidelines

U.S. Department of Health and Human Services
Enhancing the health and well-being of all Americans

OPUD Report Says Any Drinking Increases Mortality Risk

The second of two reports into alcohol and health

by Felicity Carter

San Francisco Chronicle

surgeon general's warning yet another blow to California wine?

Contact: OSG Press Office
202-690-6343
OSGPress@hhs.gov

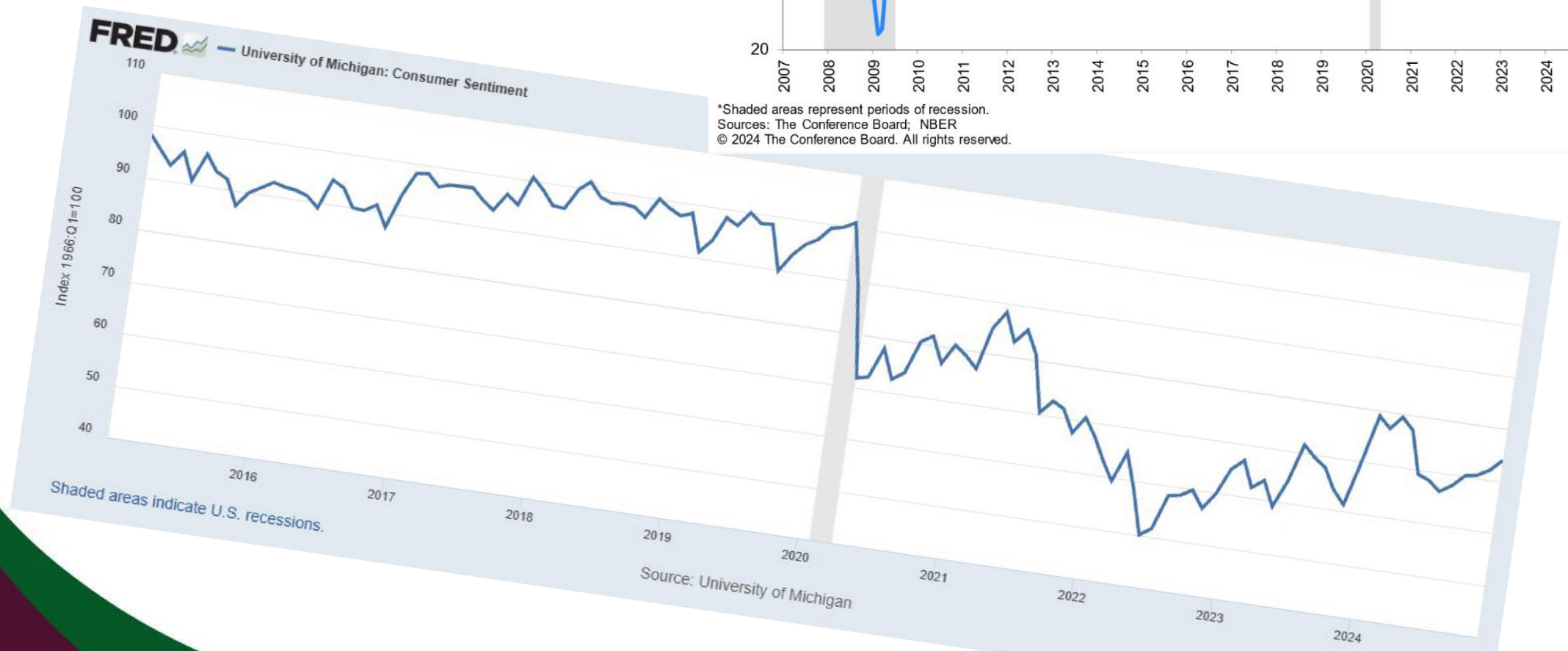
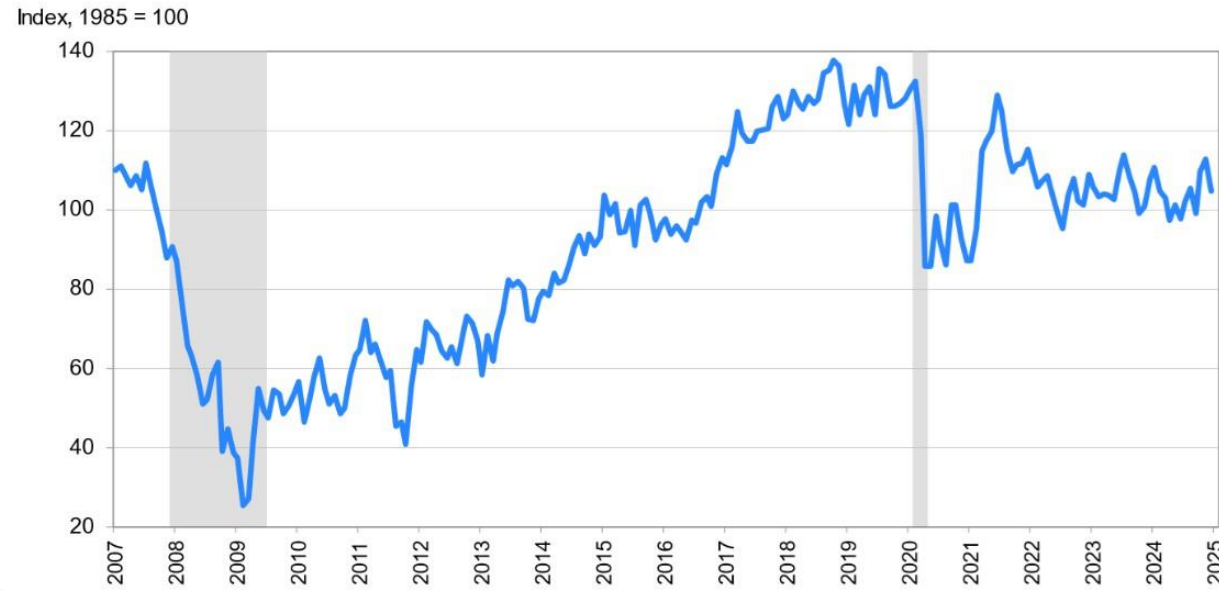
U.S. Surgeon General Issues New Advisory on Link Between Alcohol and Cancer Risk

Alcohol Consumption is the Third Leading Preventable Cause of Cancer in the United States



*Don't discount
the power of a
positive consumer!*

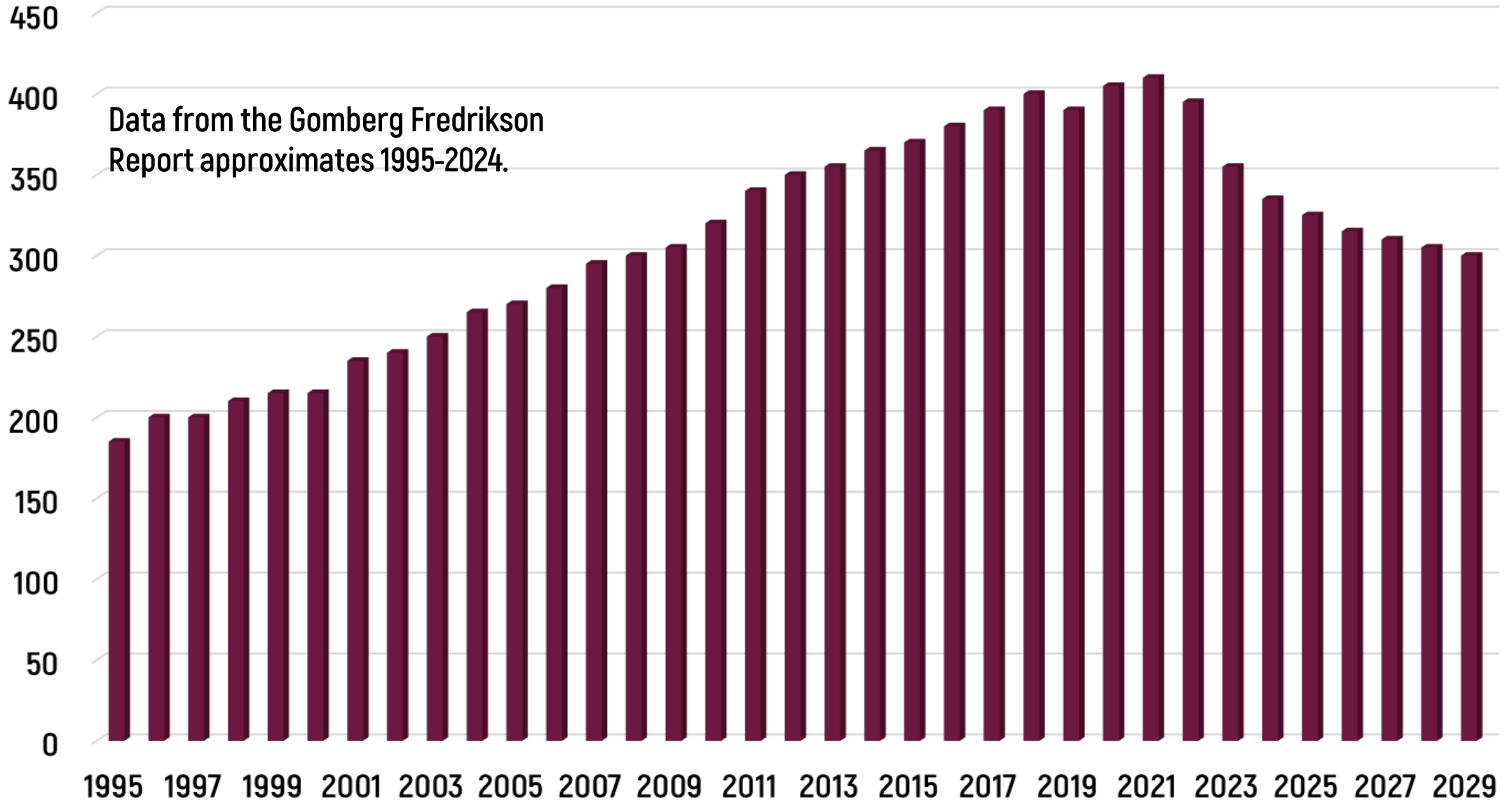
Consumer Confidence Index®



US Wine Market Volume Over Time

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9-liter cases
(millions)



Producer Concerns.....

- **Contract/no contract = Farm/don't farm**
- **Financing (Operating loans)**
- **Spot market dynamics (More grapes, less obligation)**
- **Dealing with unmarketable/unsold grapes**
 - **Abandon, remove vineyard (barriers to such)**
- **Collections/Receivables**
- **Trade Policy (i.e., tariffs, free and "fair" trade, etc.)**



Tariffs and Trade Policy

Who is the American Wine Industry? - Time to Reframe Tariff Messaging



CALIFORNIA WINEGRAPE GROWERS

JAN 22, 2025



By: Natalie Collins, President



The Relative Hots and Nots

Hots

- ✓ Central Valley Rubired for concentrate/color
- ✓ White grapes in general, but specifically.....
 - ✓ Interior Pinot Grigio
 - ✓ Sauvignon Blanc (in various regions)
 - ✓ Upper-end Alternative Whites

Nots

- ✓ Traditional florals from the interior
- ✓ Red grapes in general, but specifically.....
 - ✓ Zinfandel - ANYWHERE in the state
 - ✓ Generic reds (especially in the interior)
 - ✓ Anything with virus

Vine Sales and Planting 2024

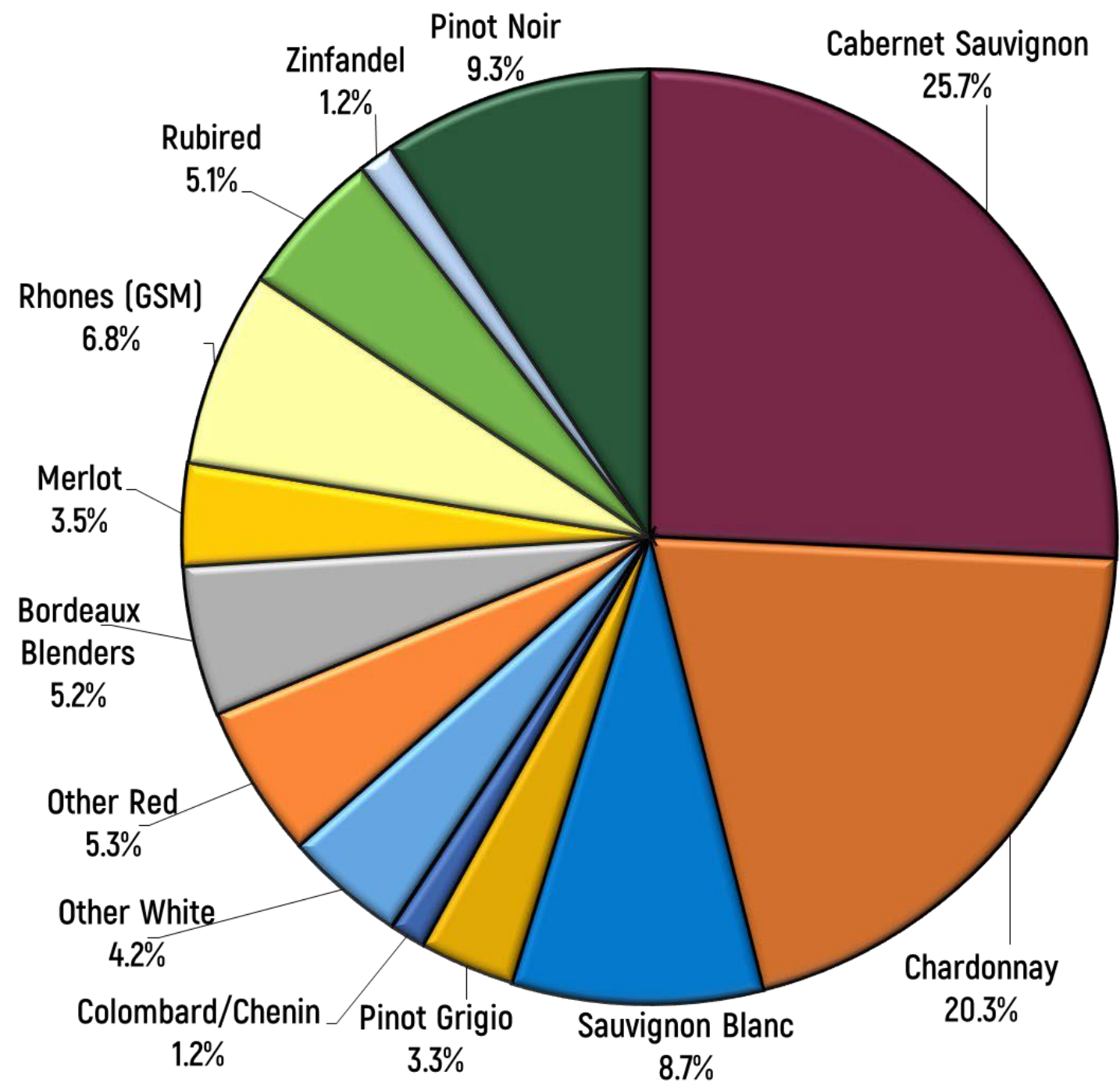




Nursery Survey

In California, 2024:
13 million winegrape vines sold
12,000+ acres planted

Pie chart shows
percentage
of vines sold,
by variety/category,
not acreage

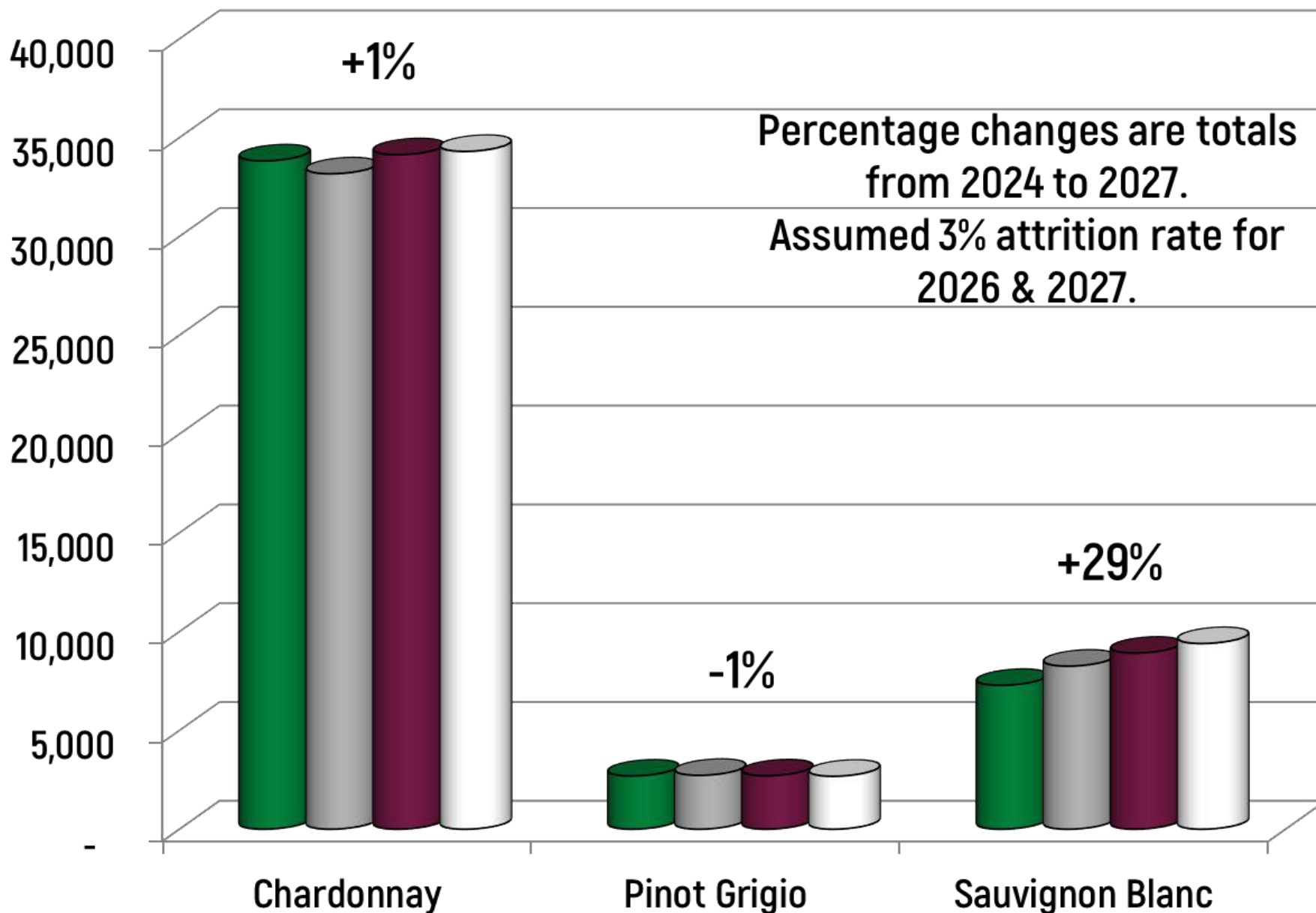




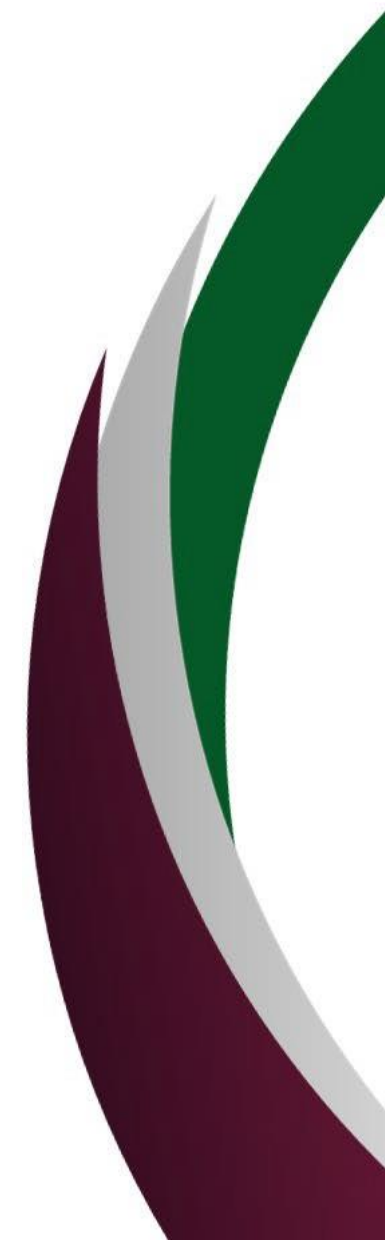
Evaluating All Interior Segments <\$11/Bottle

- *Moving toward equilibrium:*
 - ✓ Removal of 22,000 acres recommended (mostly Lodi), as follows:
 - 1) Heavy emphasis on Zinfandel (at least 5k acres – mostly in Lodi)
 - 2) Generic Reds - Barbera/Carignane/Grenache/Ruby Cab (2K acres)
 - 3) Aging Merlot & Cab (7k acres – mostly in Lodi)
 - 4) Aging Central Valley generic whites & florals (3k acres)
 - 5) Aged/poor-producing Chardonnay and Sauvignon Blanc (3k acres)
 - 6) Other misc. reds including Syrah, Malbec and Petite Sirah (1k acres)
 - 7) Aging Rubired (1k acres)

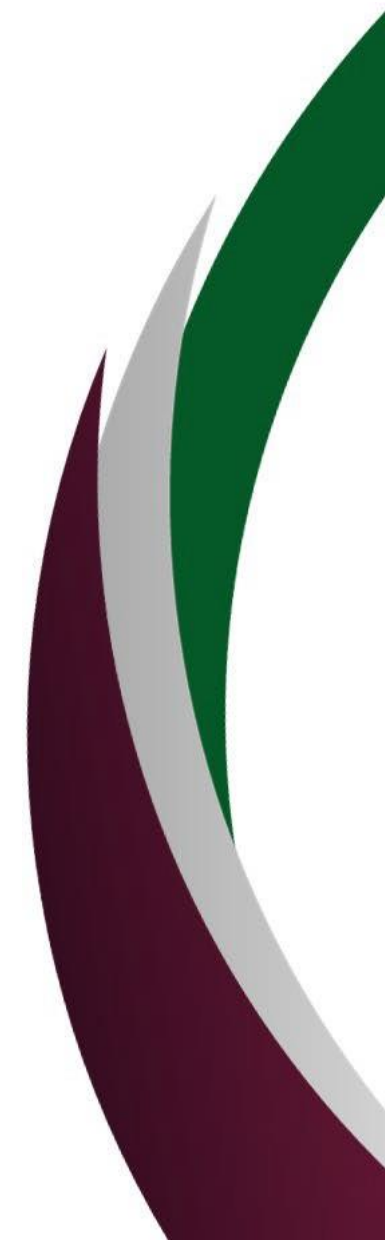
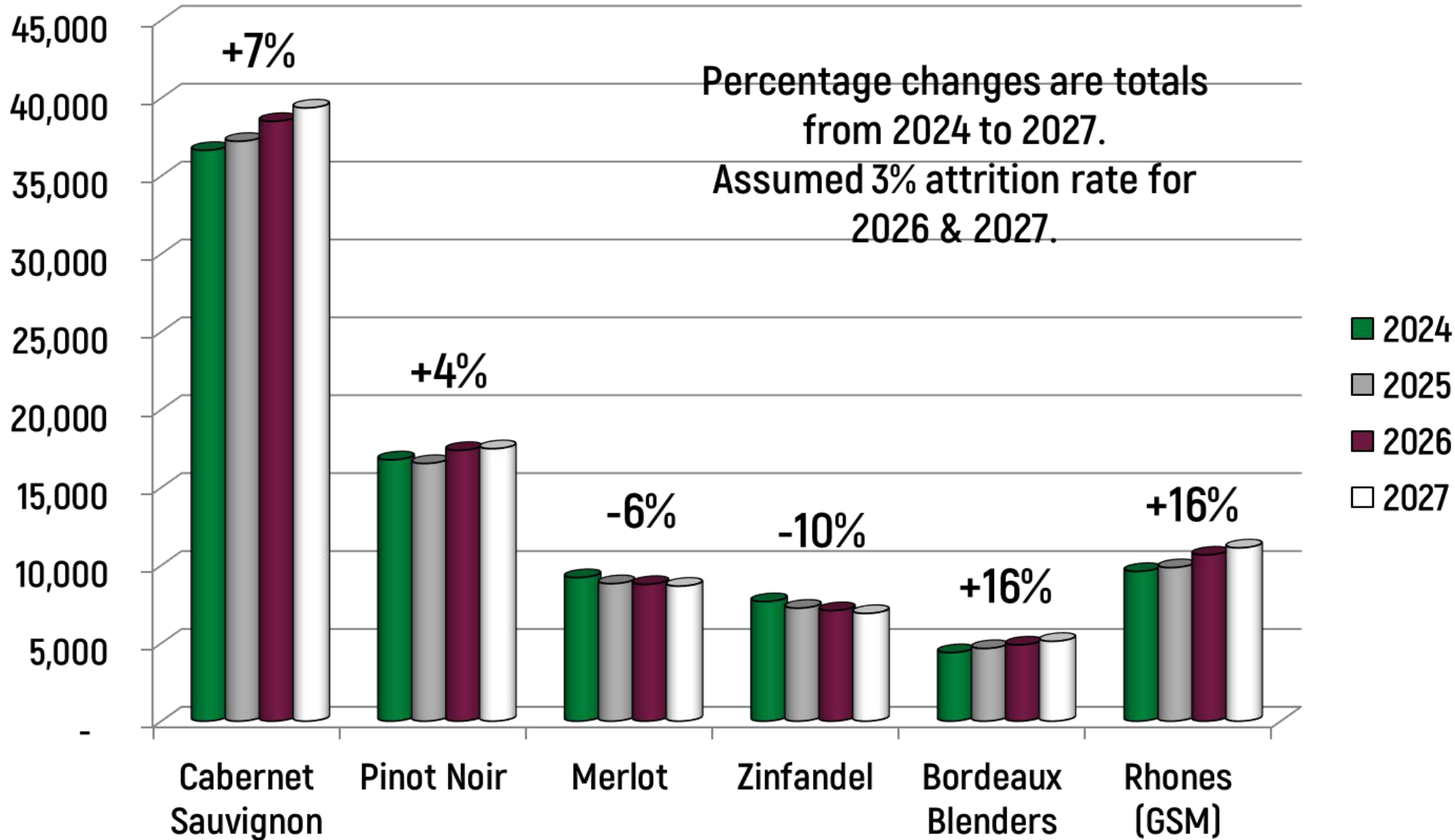
Estimated California White Winegrape Bearing Acreage (for regions likely producing wines \$11-25/bottle)



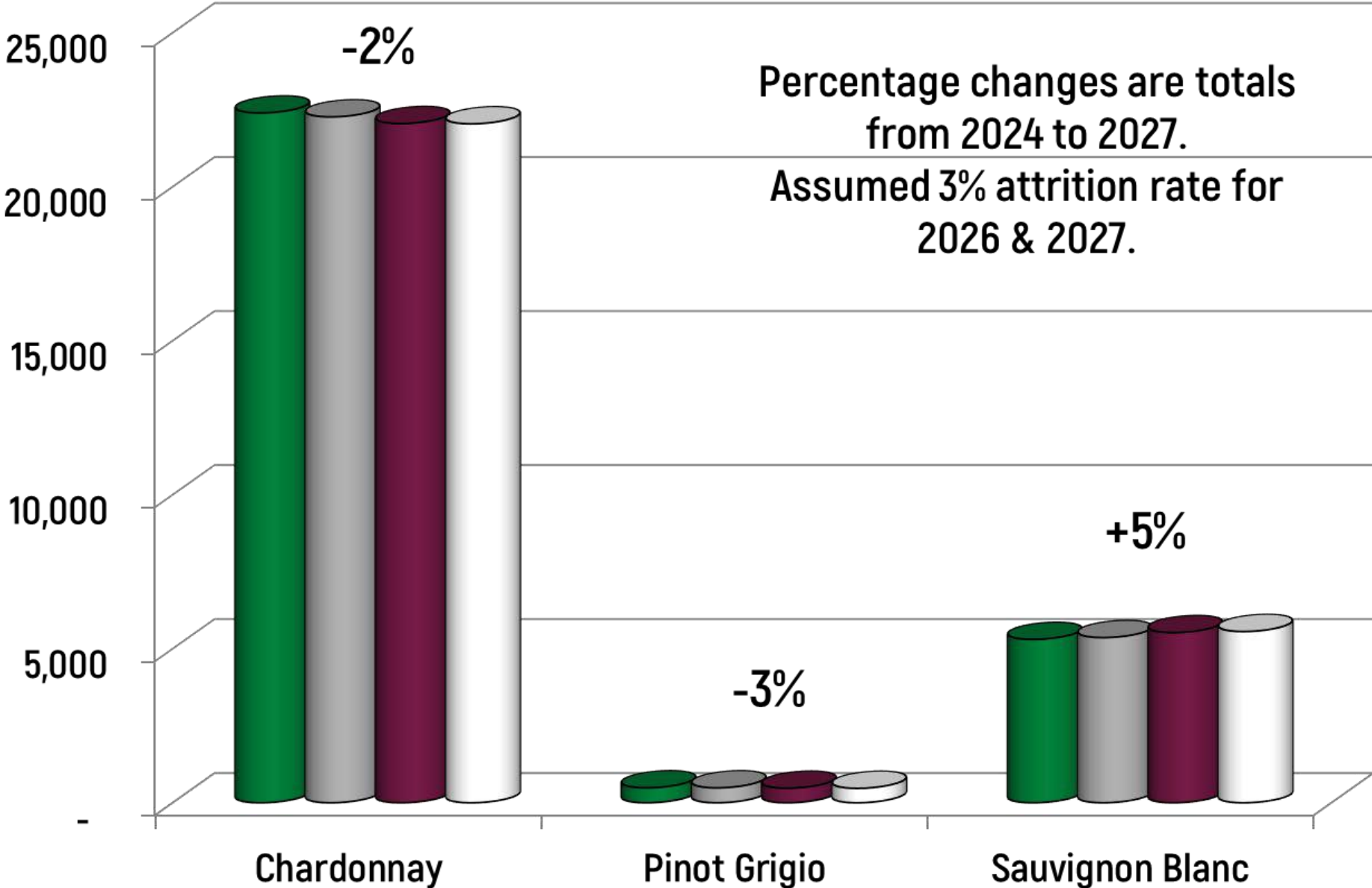
- 2024
- 2025
- 2026
- 2027



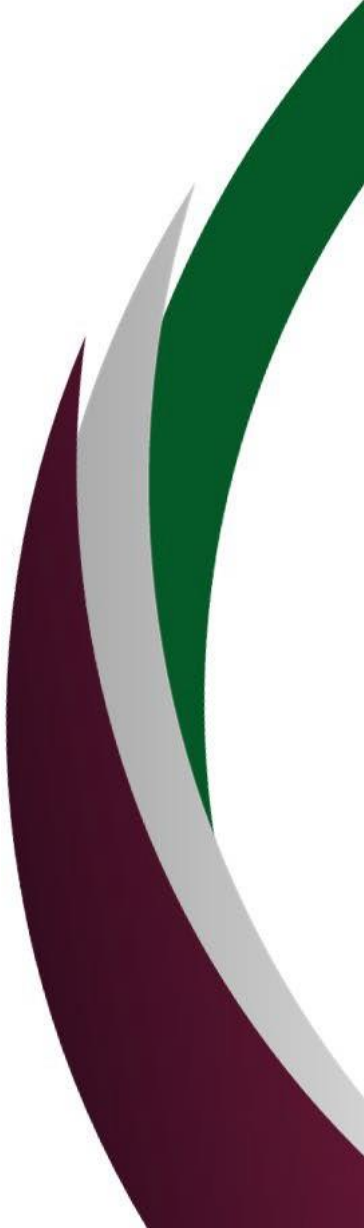
Estimated California Red Winegrape Bearing Acreage (for regions likely producing wines \$11-25/bottle)



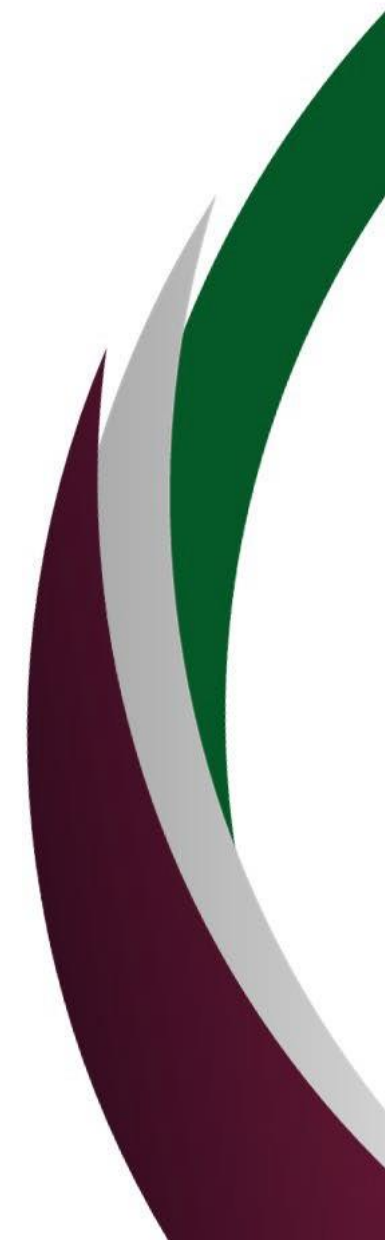
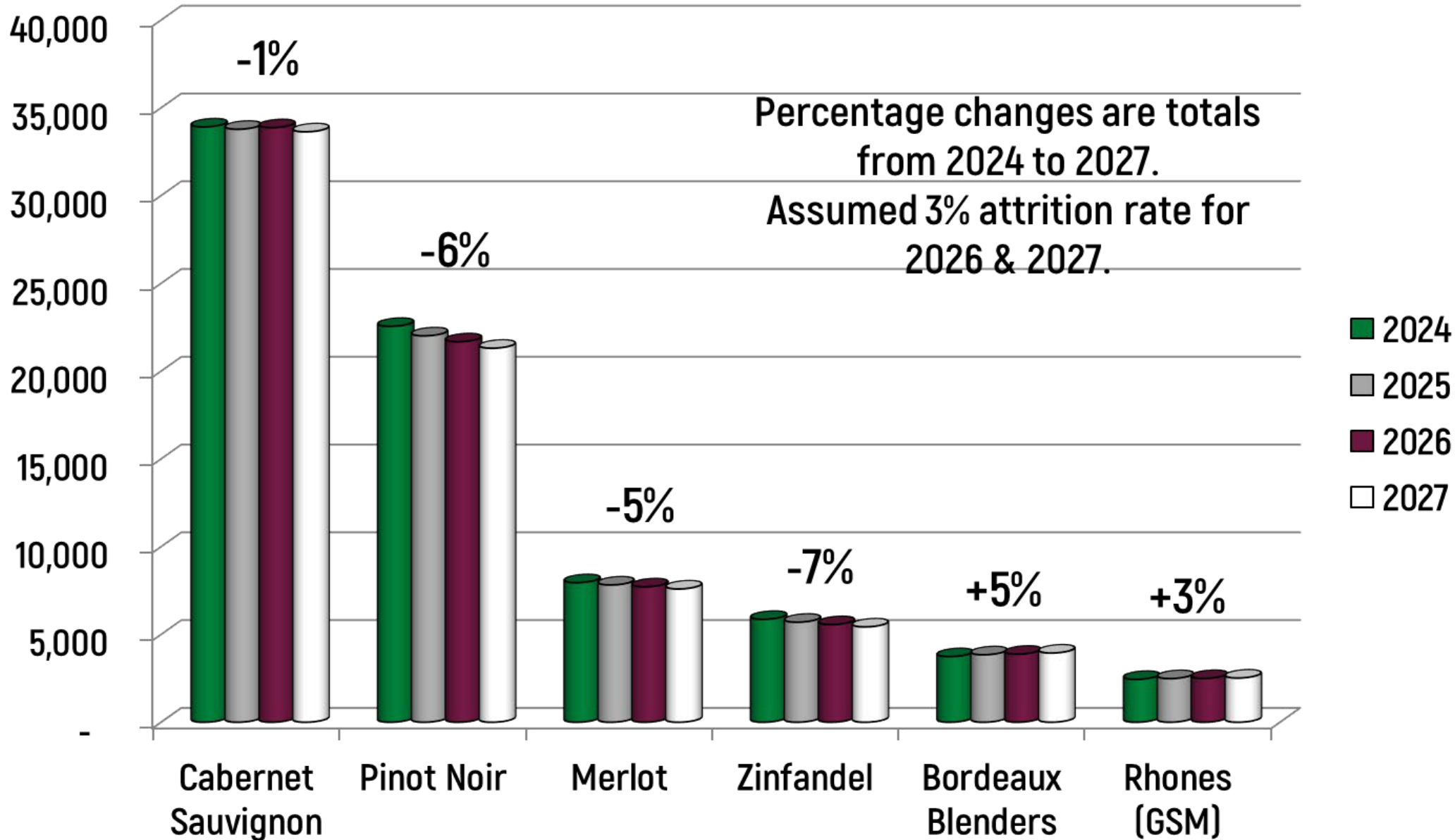
Estimated California White Winegrape Bearing Acreage (for regions likely producing wines >\$25/bottle)



- 2024
- 2025
- 2026
- 2027



Estimated California Red Winegrape Bearing Acreage (for regions likely producing wines >\$25/bottle)





Summing it up...

Estimated California Winegrape Newly Bearing & Removals 2018-2024, with Forecast for 2025

Acres

40,000

35,000

30,000

25,000

20,000

15,000

10,000

5,000

-

Newly Bearing

Removals

Interior
Portion

Coastal
Portion

2018

2019

2020

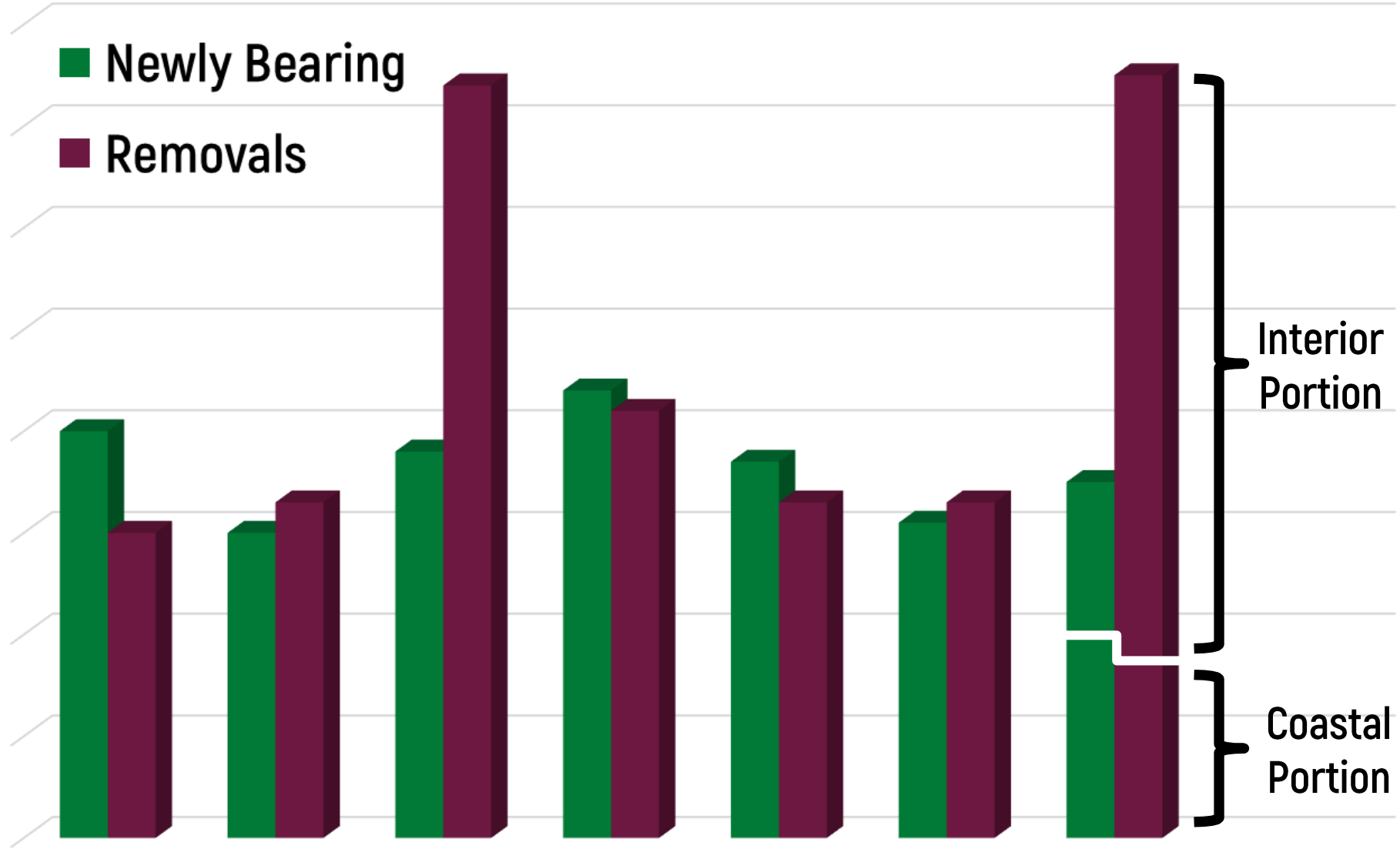
2021

2022

2023

2024

2025



Estimated California Winegrape Newly Bearing & Removals 2018-2024, with Forecast for 2025

Acres

40,000

35,000

30,000

25,000

20,000

15,000

10,000

5,000

-

Newly Bearing
Removals

2018

2019

2020

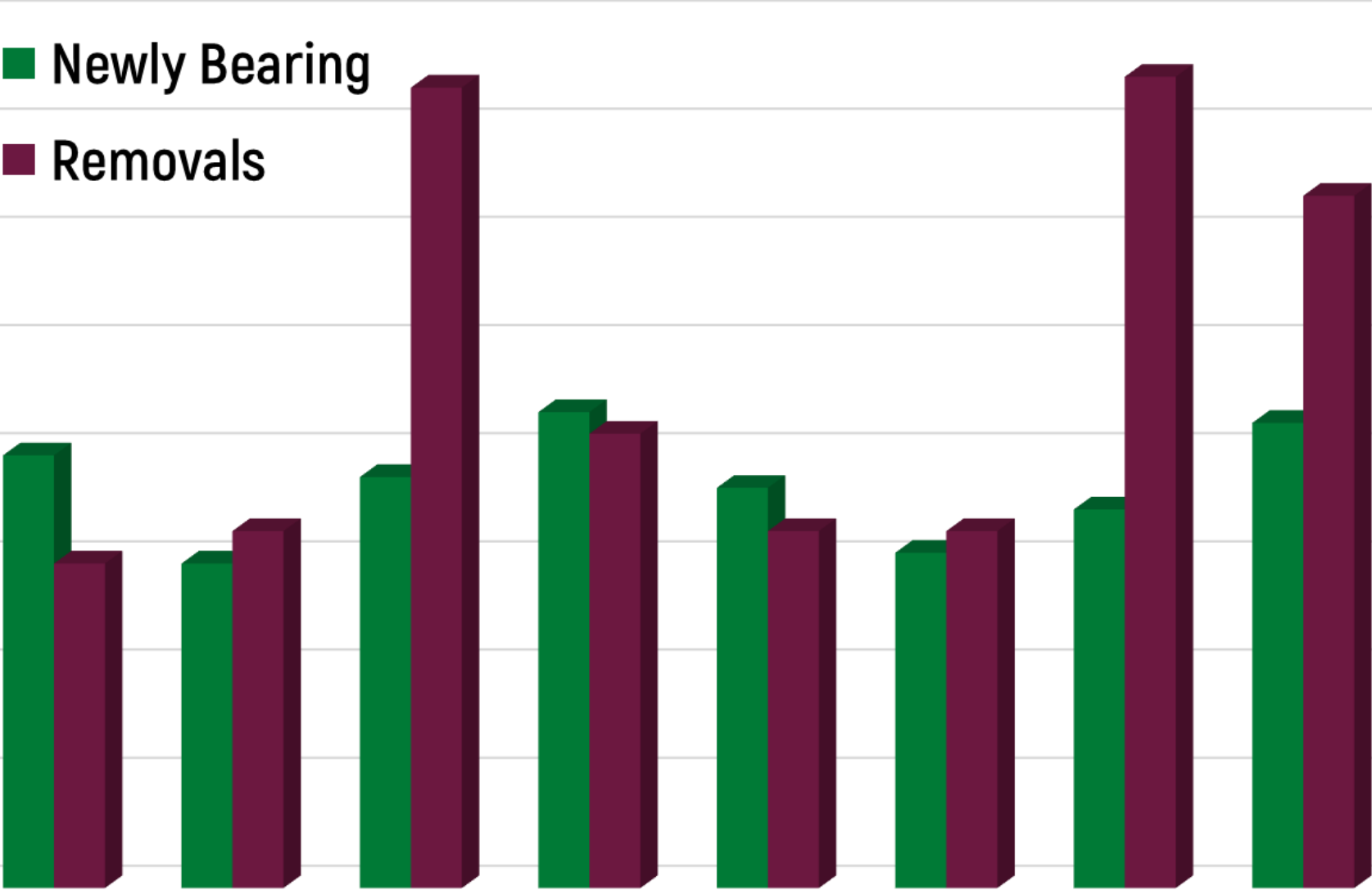
2021


2022

2023

2024

2025



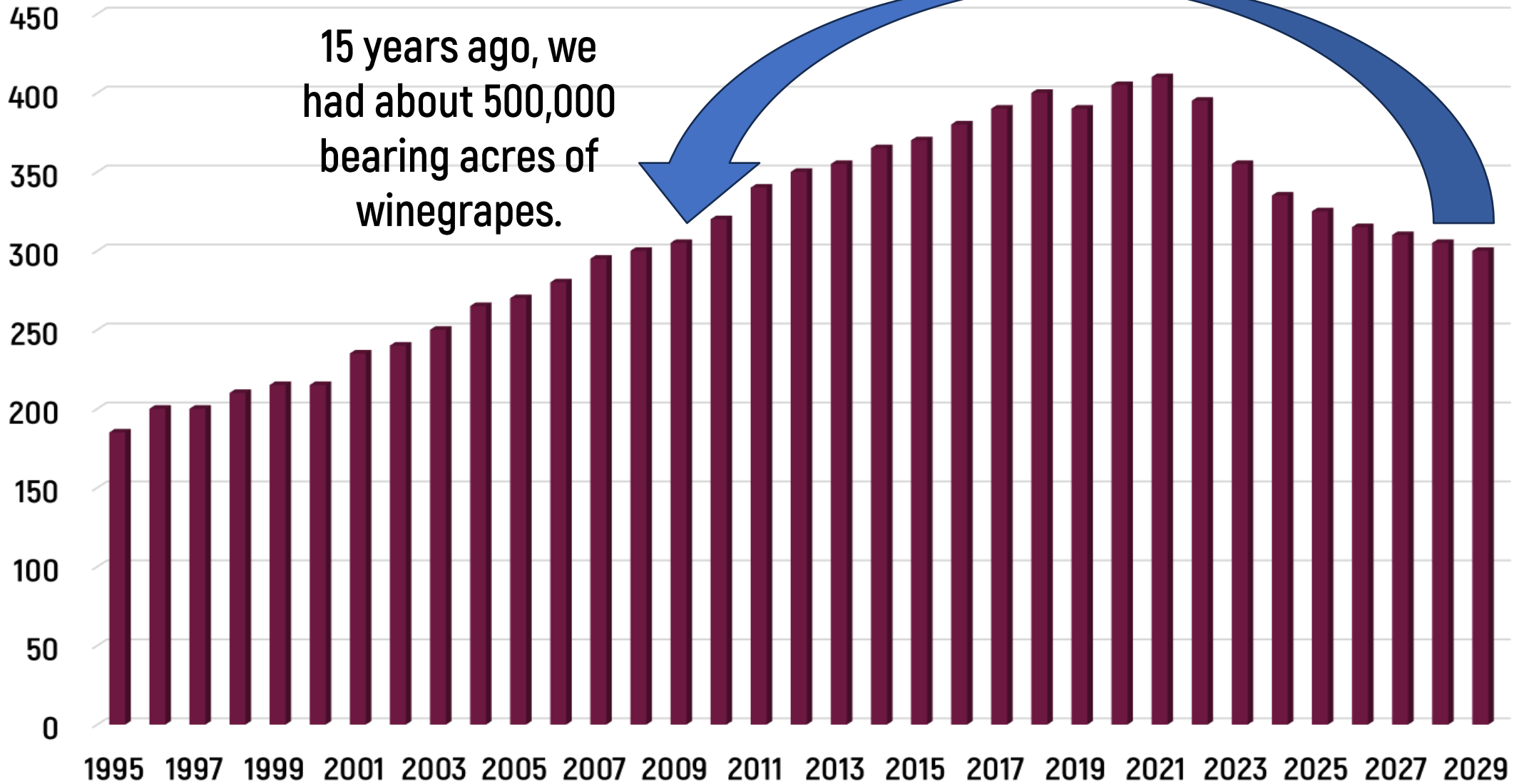


**Exactly how many acres
need to be removed to
match current demand?**

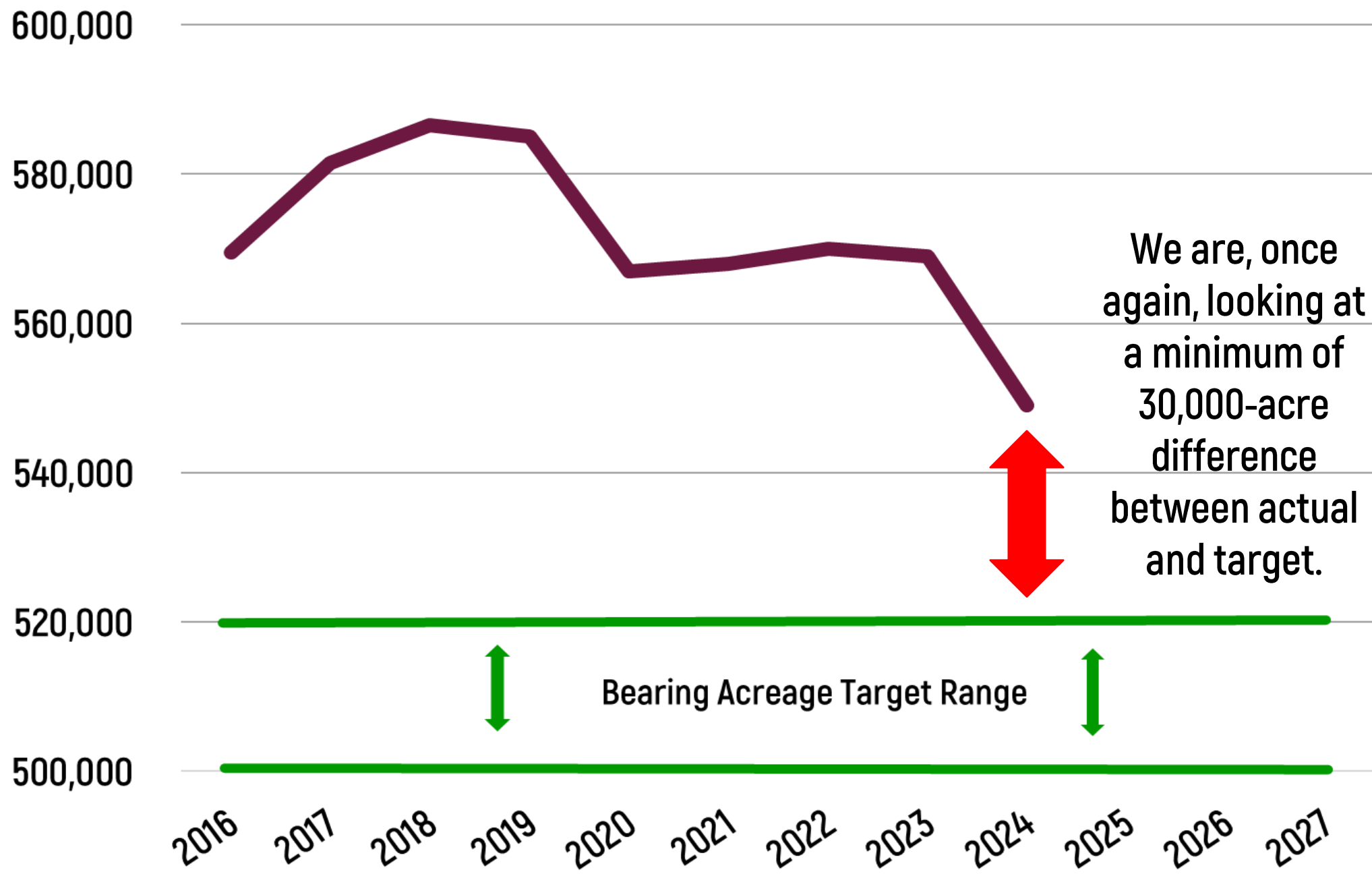
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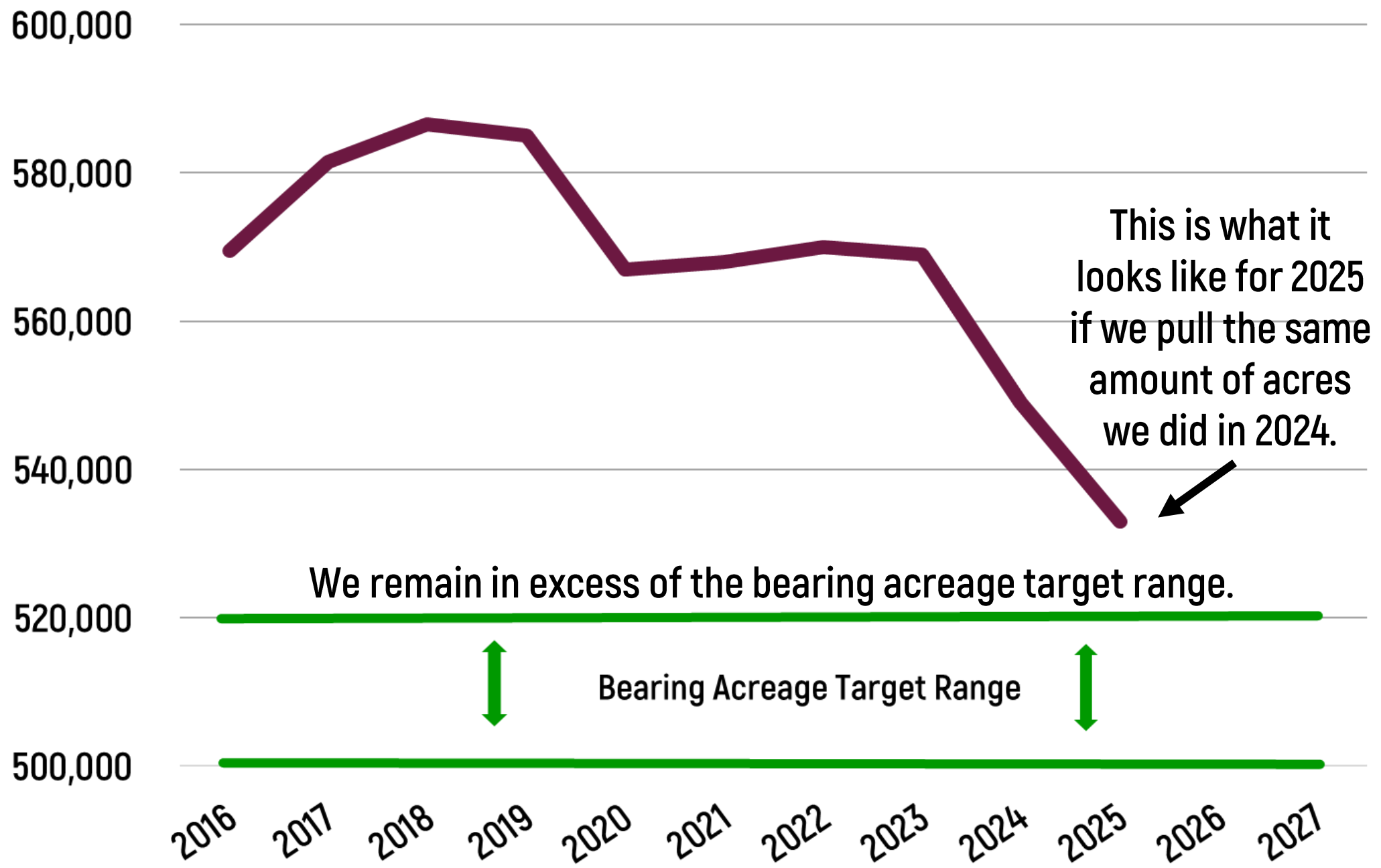
Estimated California Bearing Winegrape Acres



We are, once again, looking at a minimum of 30,000-acre difference between actual and target.

Bearing Acreage Target Range

Estimated California Bearing Winegrape Acres



We remain in excess of the bearing acreage target range.

Bearing Acreage Target Range

This is what it looks like for 2025 if we pull the same amount of acres we did in 2024.

The Final Message...

We will have to continue removing acreage at a rate above attrition until wine shipments flatten out or rebound. Given this reality, the sooner we move toward 500,000 bearing acres, the better. Removing 50,000 acres is the recommendation once again, and will likely continue to be until demand stabilizes.



Thank you!