



# Suisun Valley Grower Seminar

*State of the Industry – 2025*

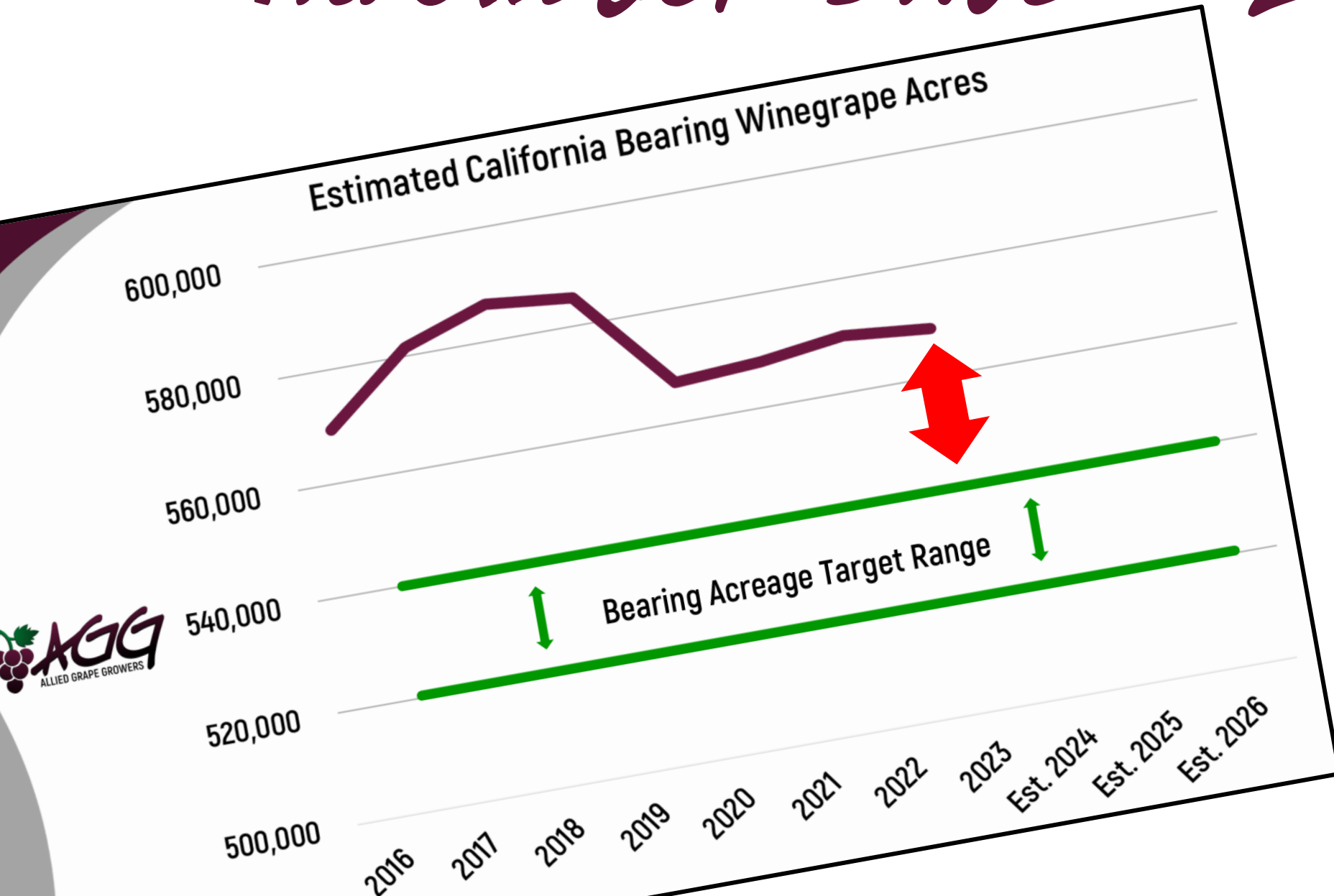
Kyle Collins  
Allied Grape Growers  
February 5, 2025

# What's in Store?

- **Talking points**
  - **Revisiting 2024: a follow-up on removals**
  - **Supply needs, given current demand & trends**
  - **Producer concerns (Growers & Wineries)**
- **Grapevine Nursery Shipment Data:**
  - **2024 Winegrape Plantings**
  - **Segment reviews: Forecasting coastal supply trends**
- **Sum It Up – Final Messaging**

*Revisiting 2024 -  
A Follow-up on Vineyard  
Removal Recommendations*

# Throwback Slide – 2024



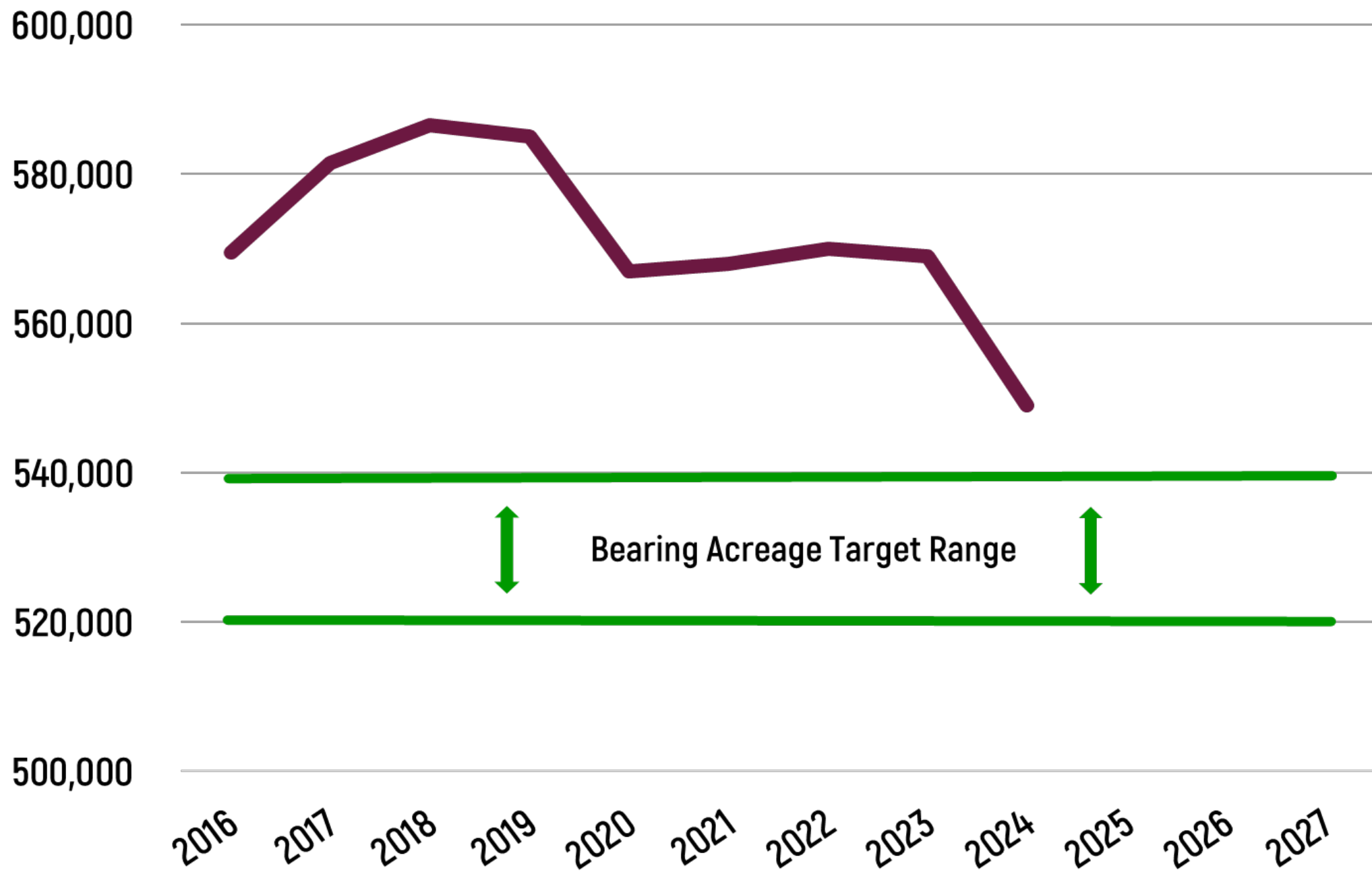
*" $\pm$ 50,000 acres need to be removed to reduce our bearing acres by 30,000 (almost 20,000 acres are newly bearing in 2024)."*



*California wine grape 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



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

Overall... Wine Sales  
and Shipments  
Still Suck



Did he just say  
that out loud !?!?



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)

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NBC NEWS TRUMP DAY 4 POLITICS U.S. NEWS

# Wine sales drying up as Americans turn elsewhere

DATA GRAPHICS

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

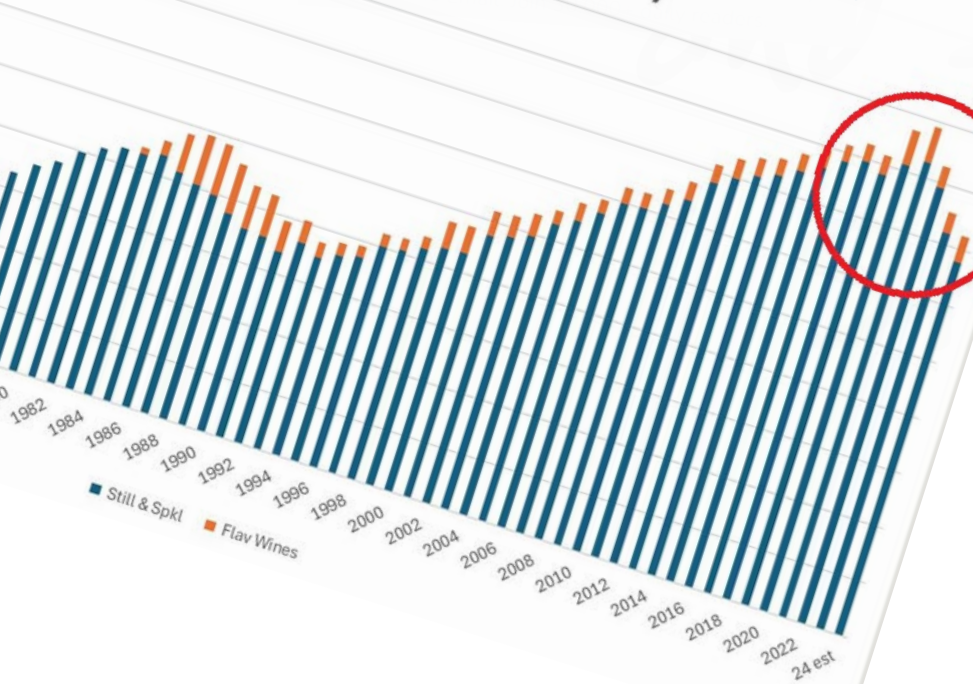
NEWS

SEARCH NEWS

California | US Regions | Global Regions

## DTC Shipment Volume Falls 12%

Dec 22, 2024



Premium Wine Reviews

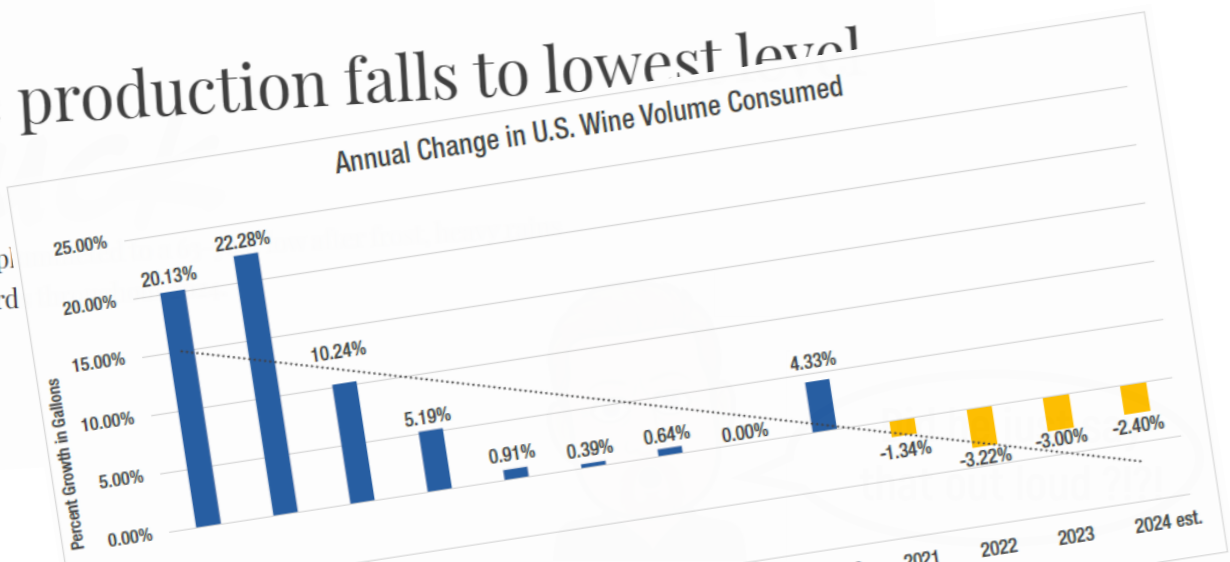
Home / Wine News

## Global wine production falls to lowest level since 1961

Global wine production has plummeted and drought ravaged vineyard

Martin Green  
December 2, 2024

f t p



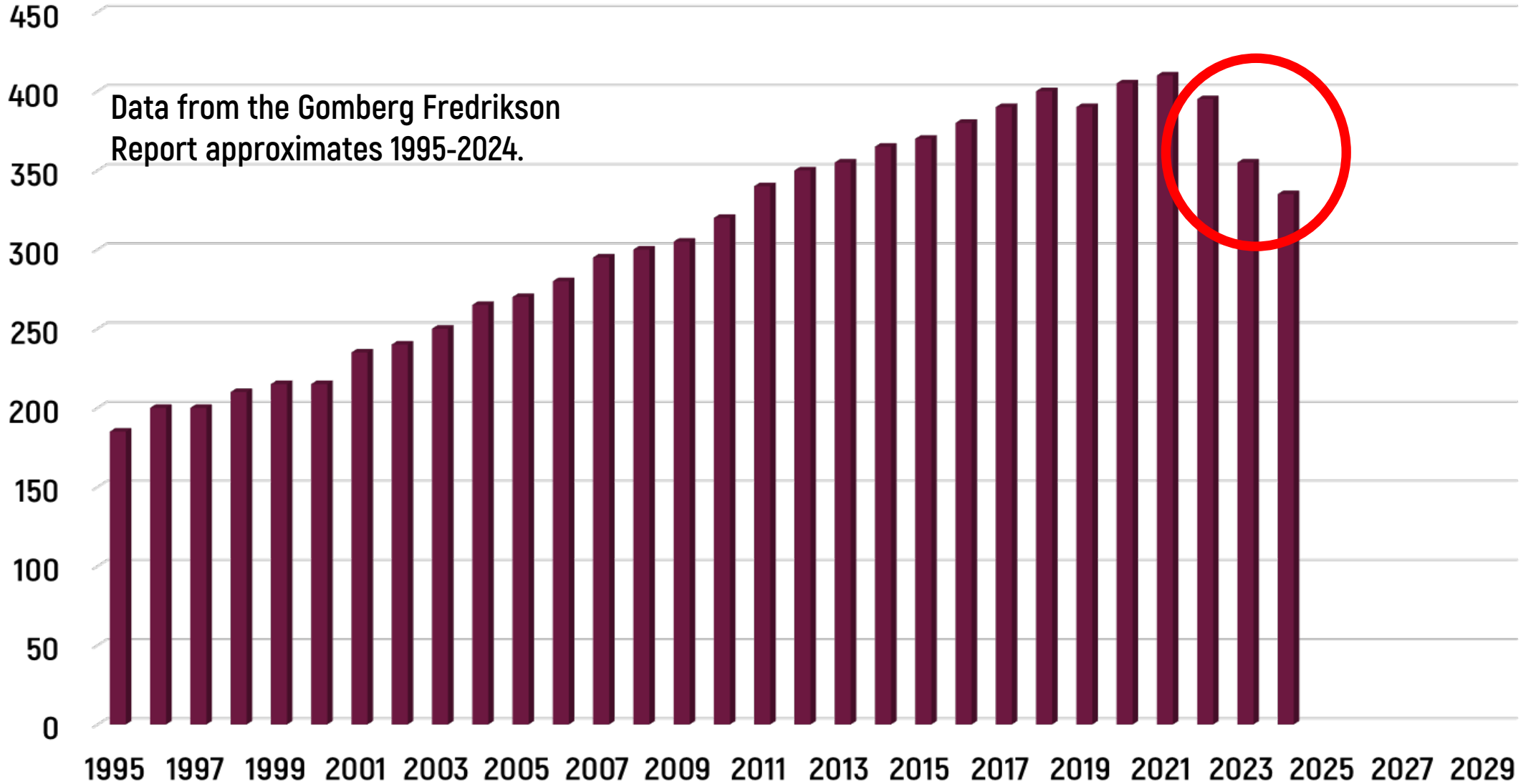
Join our partners Wine Club

# US Wine Market Volume Over Time

## Still and Sparkling Wines Only - Includes Imports

(Depiction - For illustration purposes only)

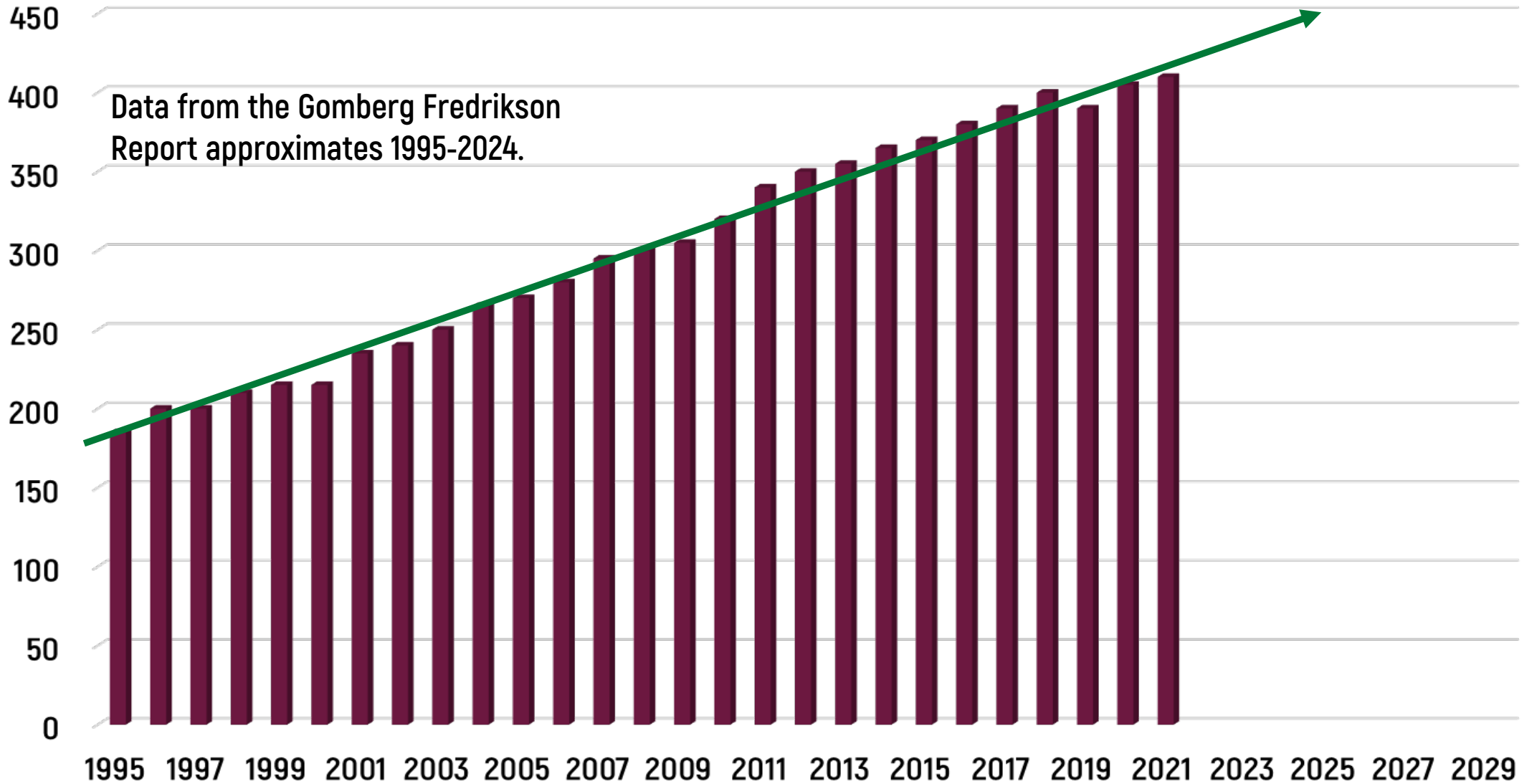
9-liter cases  
(millions)



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9-liter cases  
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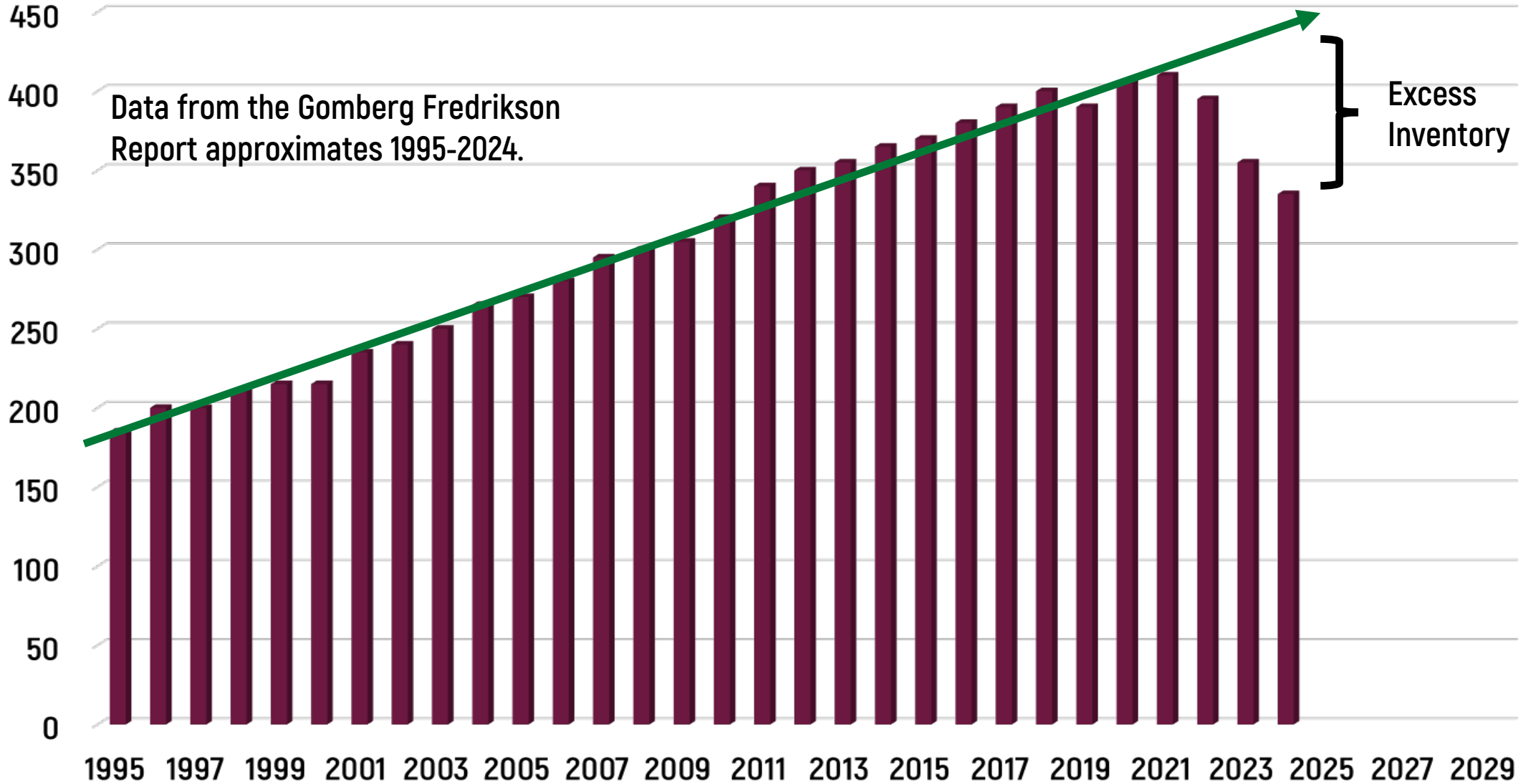


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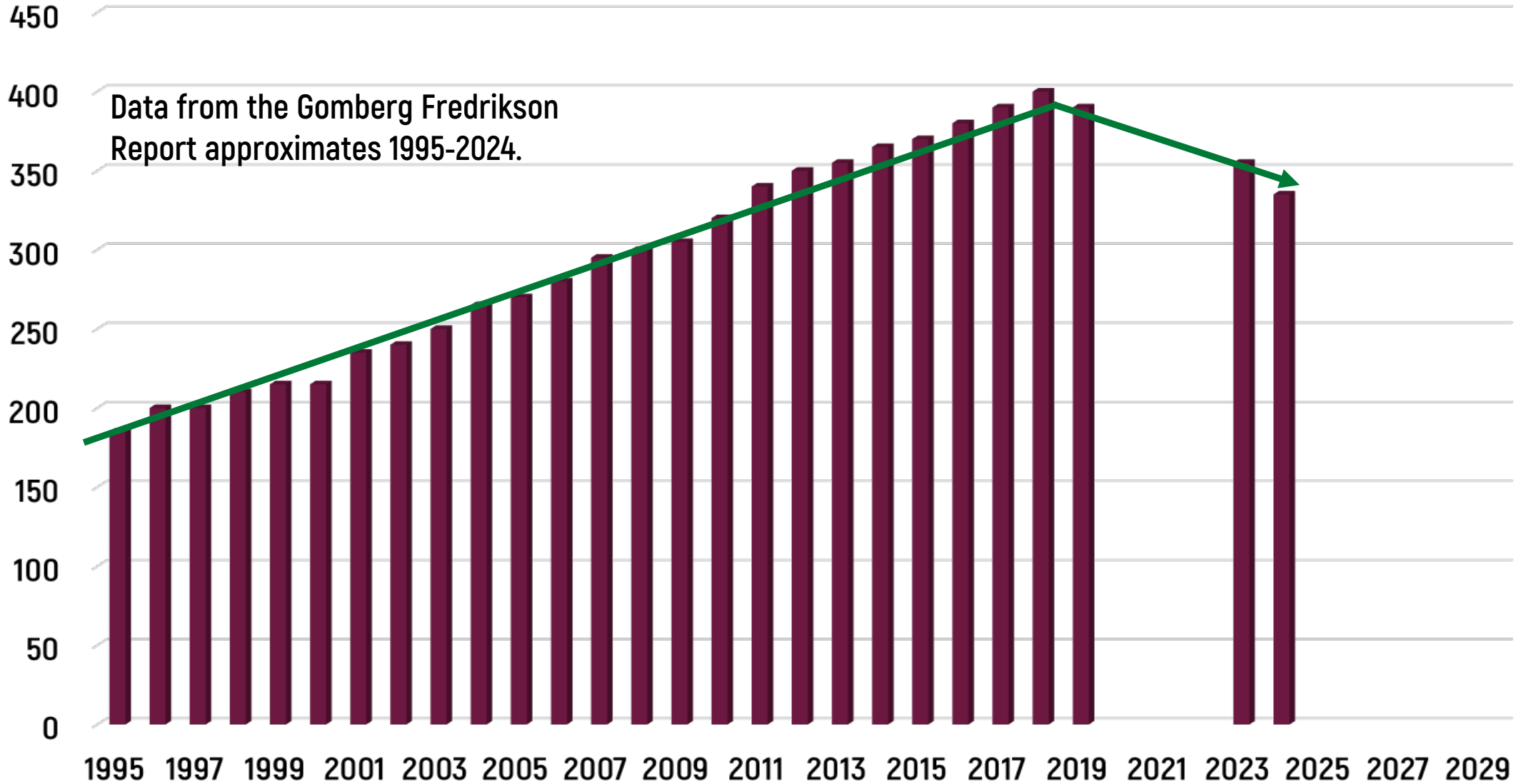


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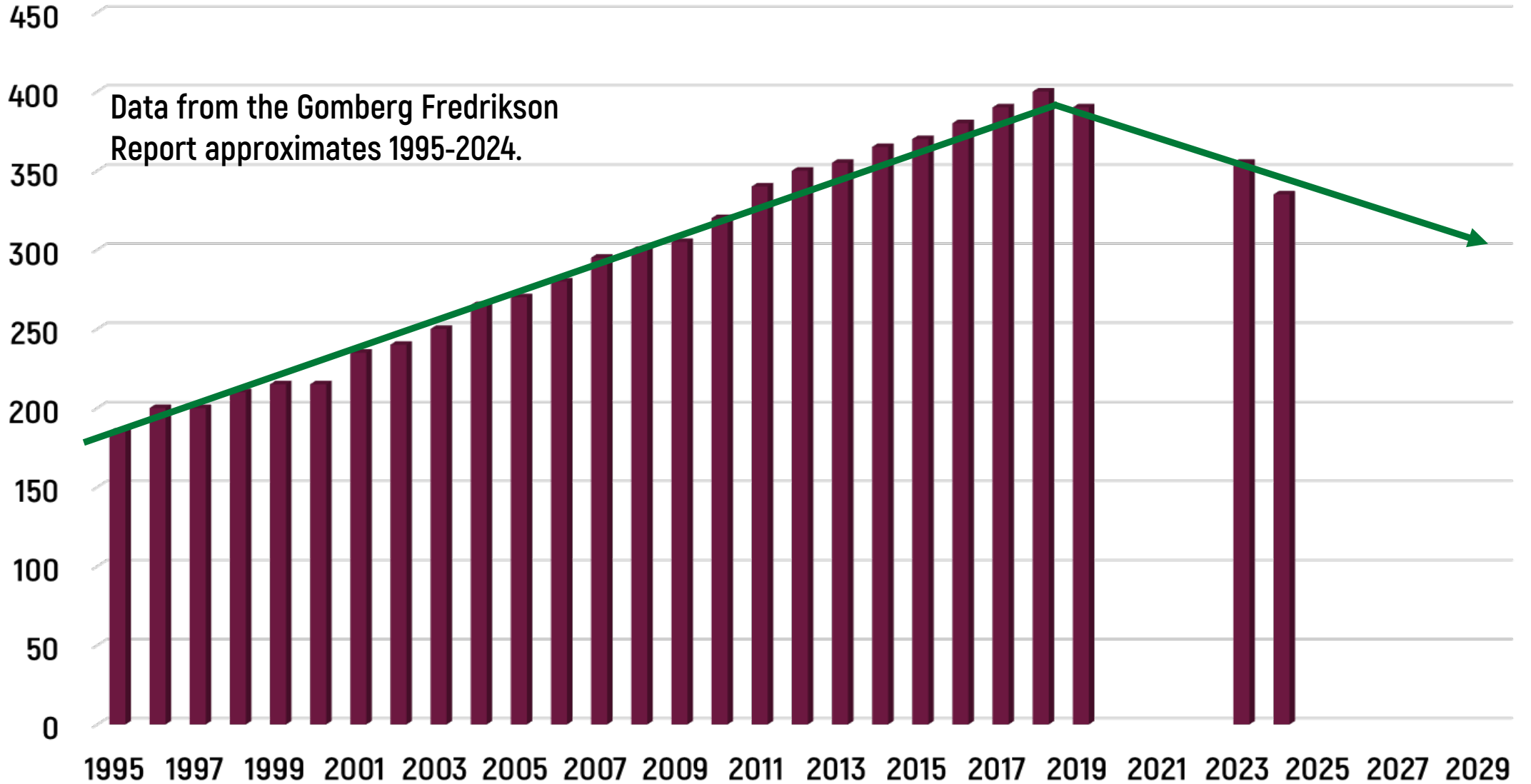


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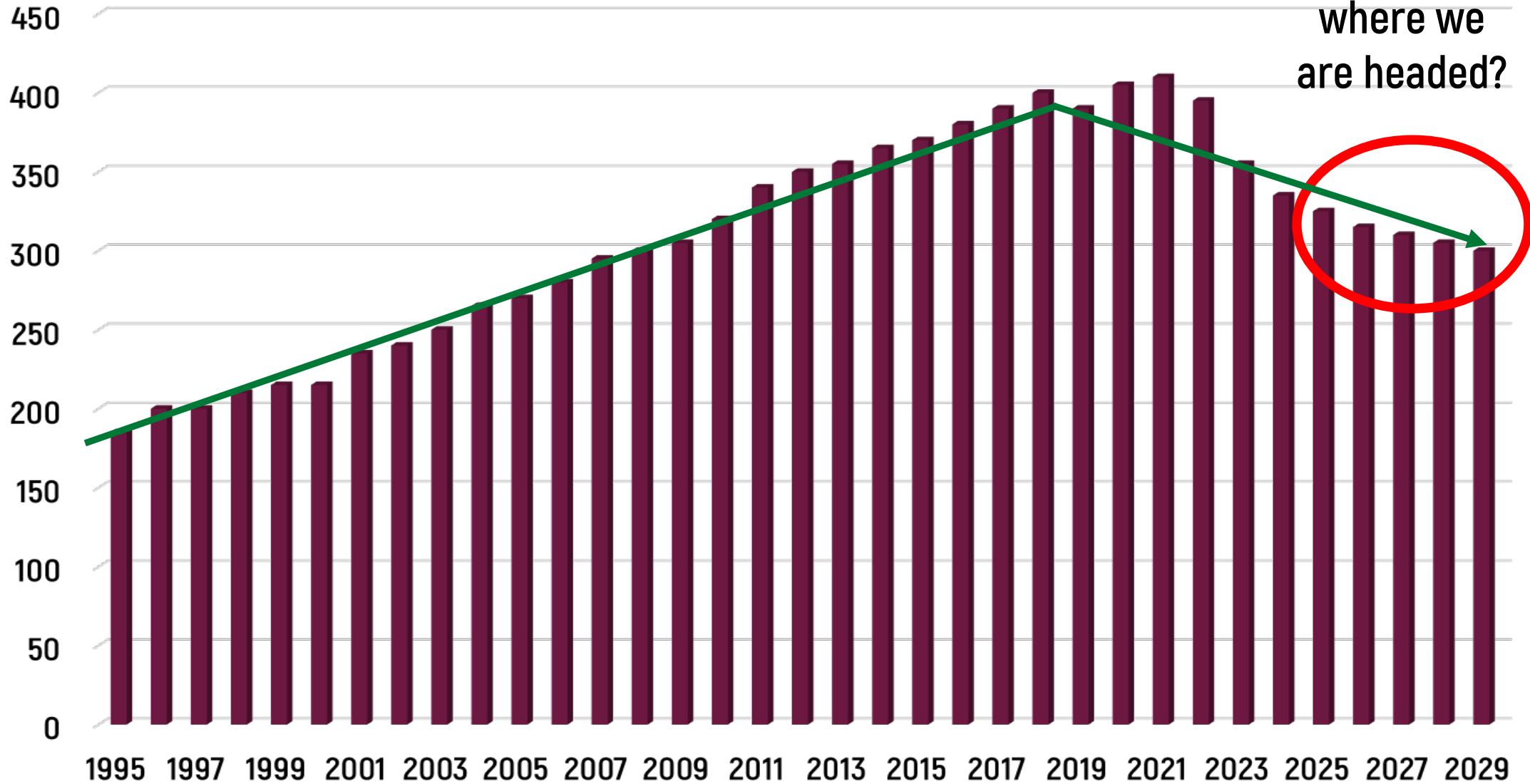
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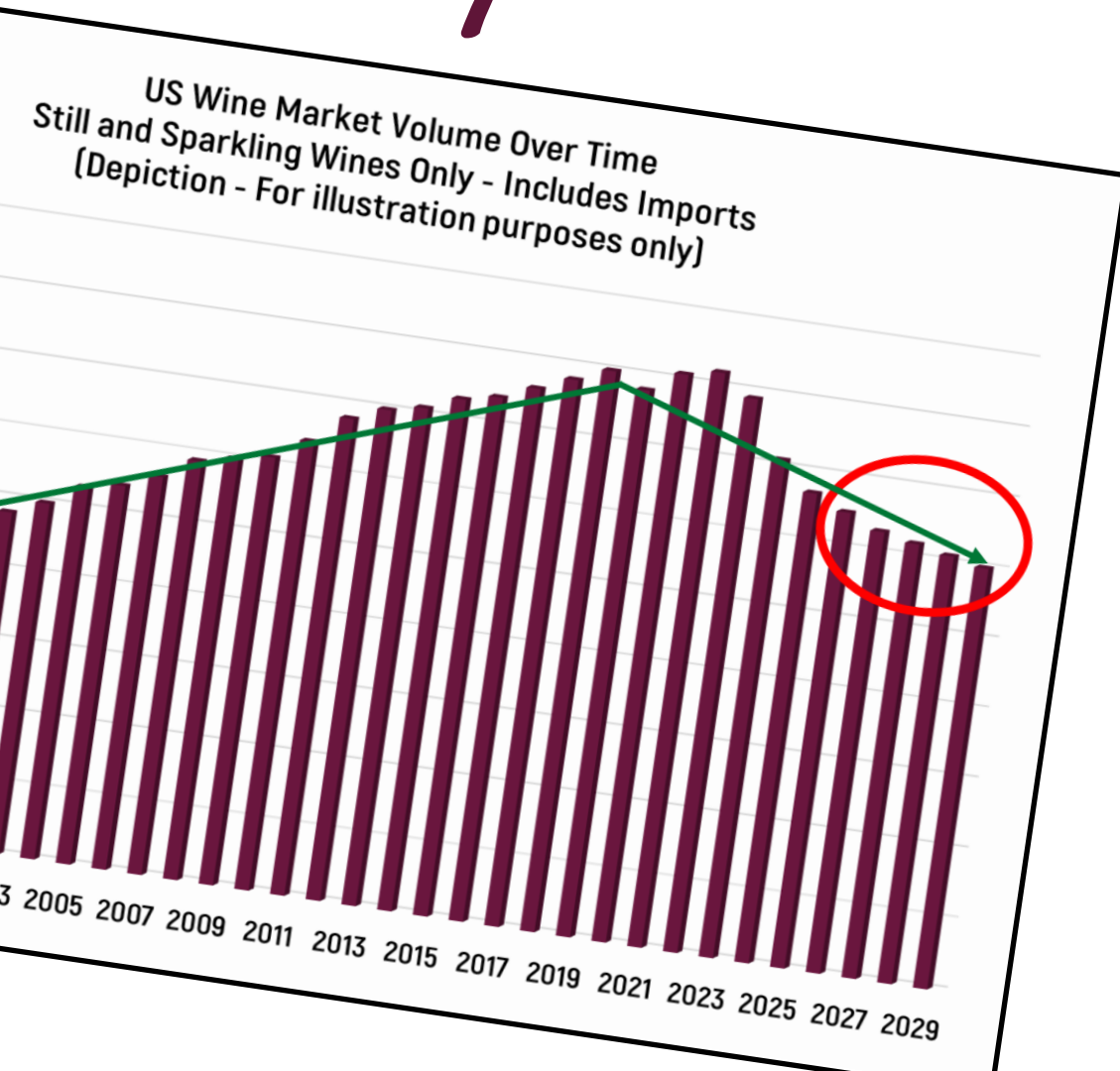
9-liter cases  
(millions)



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

Biotech Pharma Public Health Health Tech Policy Science Fin



	10 years ago	Current
Imports - % of US Market	31%	35%
Exports - % of CA Shipments	16%	10%

**Another federal report on alcohol finds even moderate drinking carries risks**

HEALTH

Findings differ with a second panel advising new national dietary guidelines

UPUD Report Says Any Drinking Increases Mortality Risk

The second of two reports into alcohol and health

by Felicity Carter

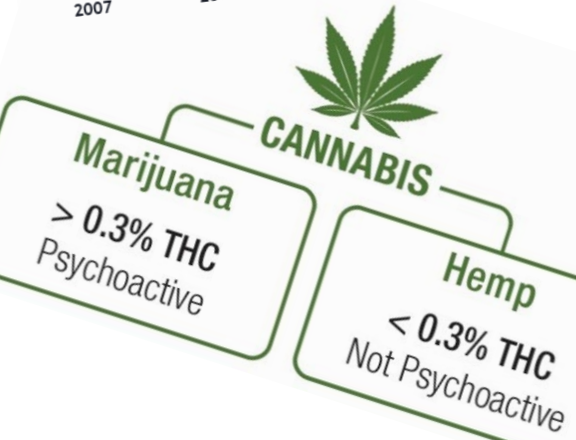
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Home > About > News > U.S. Surgeon General Issues New Advisory on Link Between Alcohol and Cancer Risk

News



**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

# 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

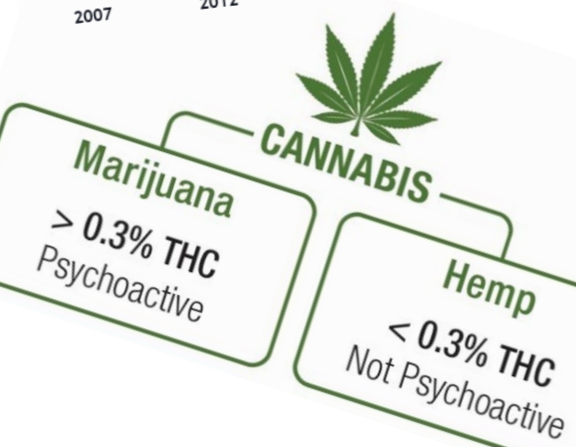
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San Francisco Chronicle  
surgeon general's warning yet another blow to California wine?

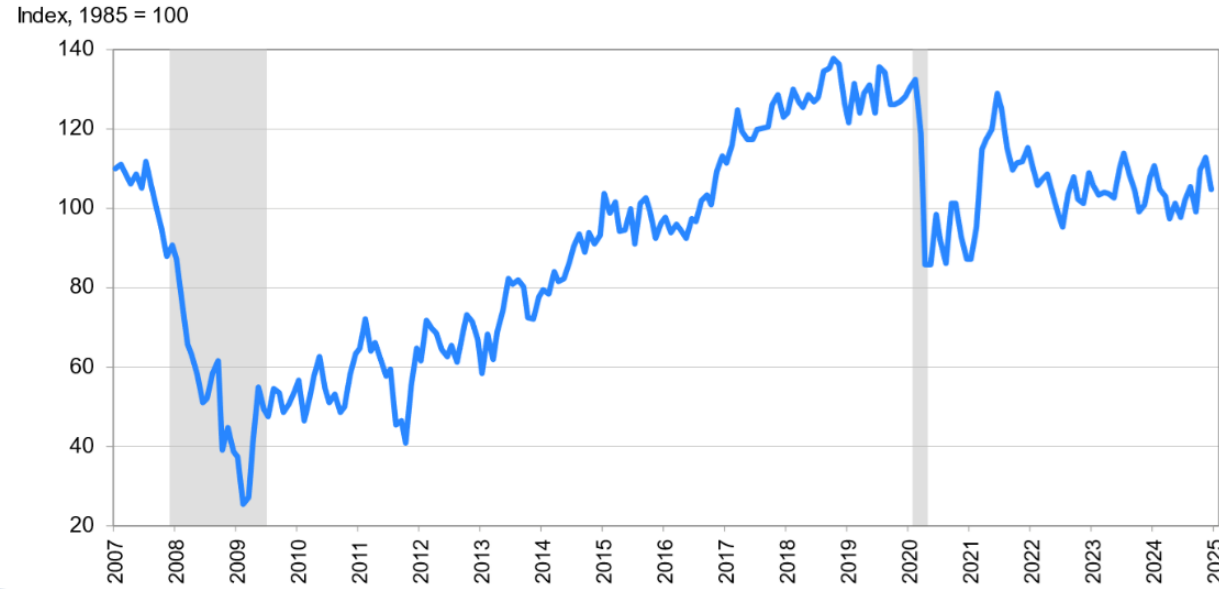
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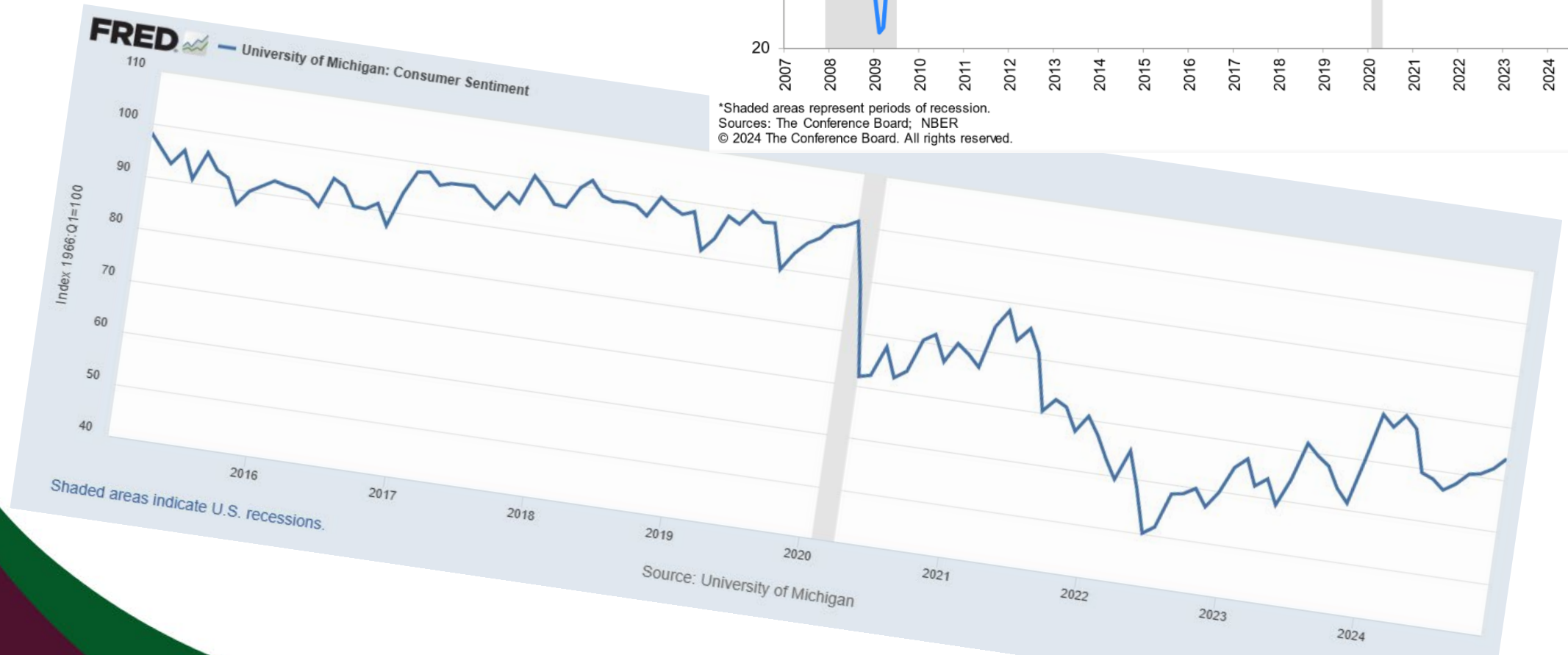


Don't discount  
the power of a  
positive consumer!

## Consumer Confidence Index®



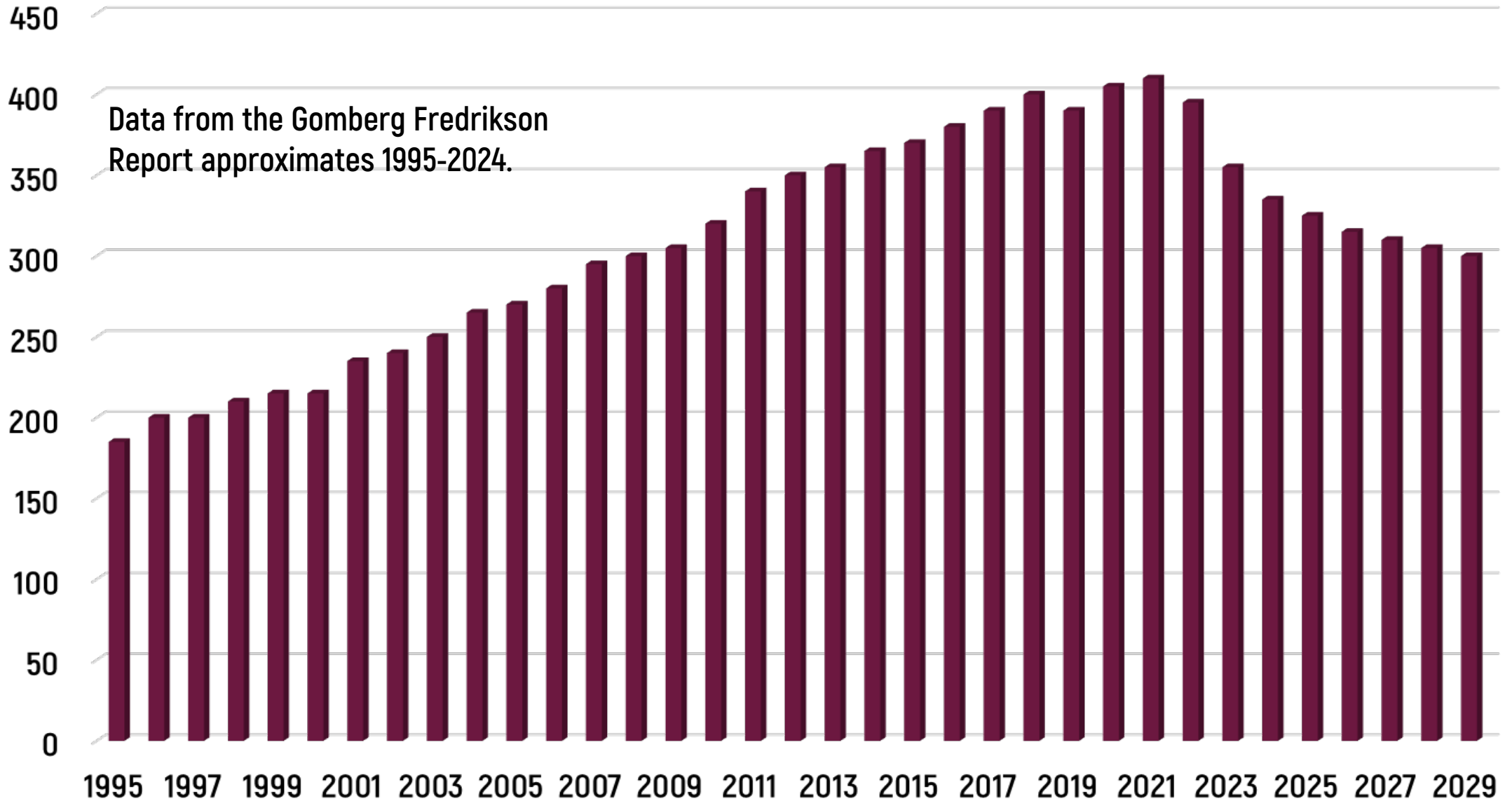
\*Shaded areas represent periods of recession.  
Sources: The Conference Board; NBER  
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# US Wine Market Volume Over Time

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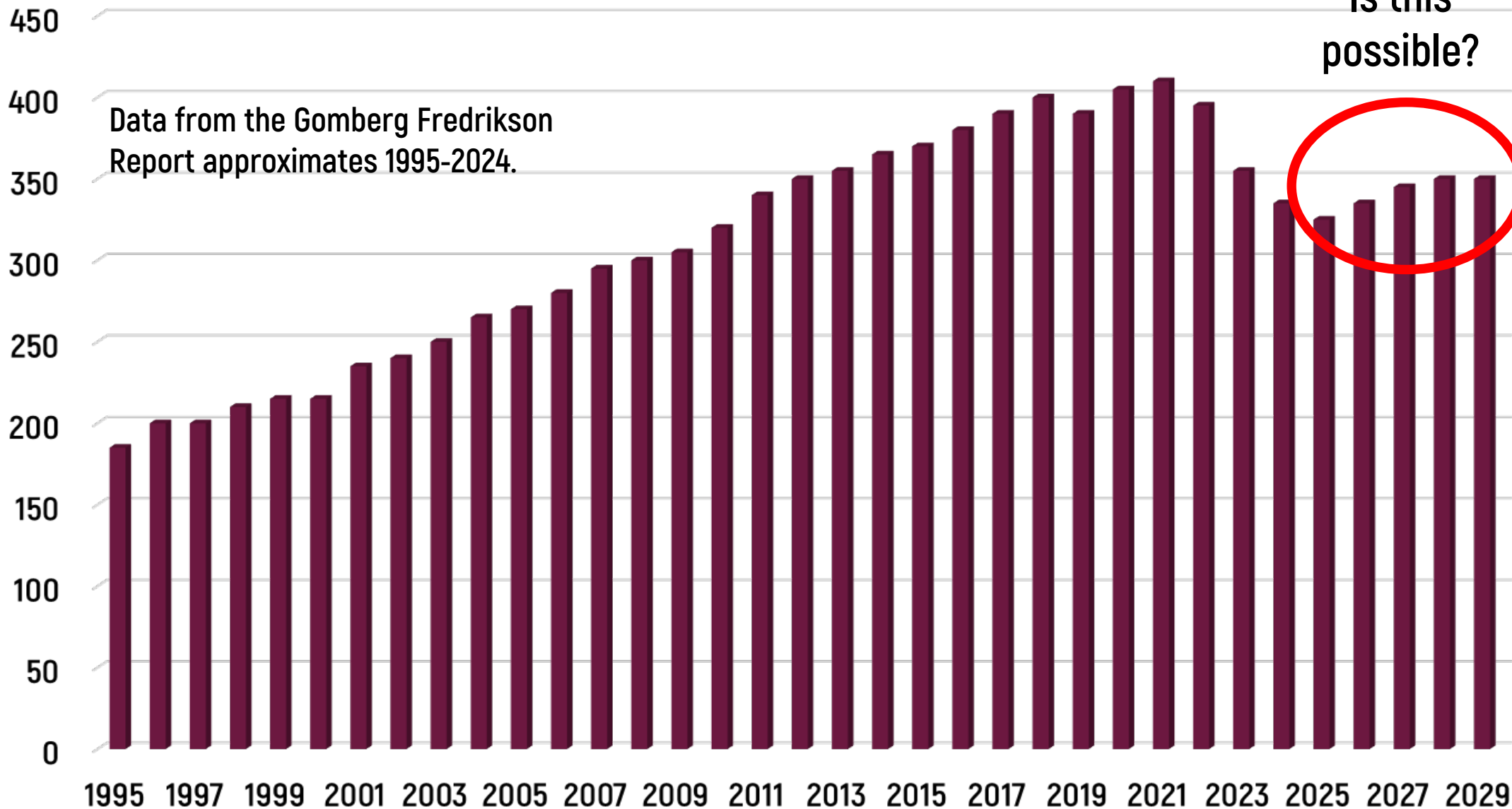
9-liter cases  
(millions)



# US Wine Market Volume Over Time

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

9-liter cases  
(millions)



Is this possible?



# *Producer Concerns.....*

# 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



# AGG Nursery Survey Participants

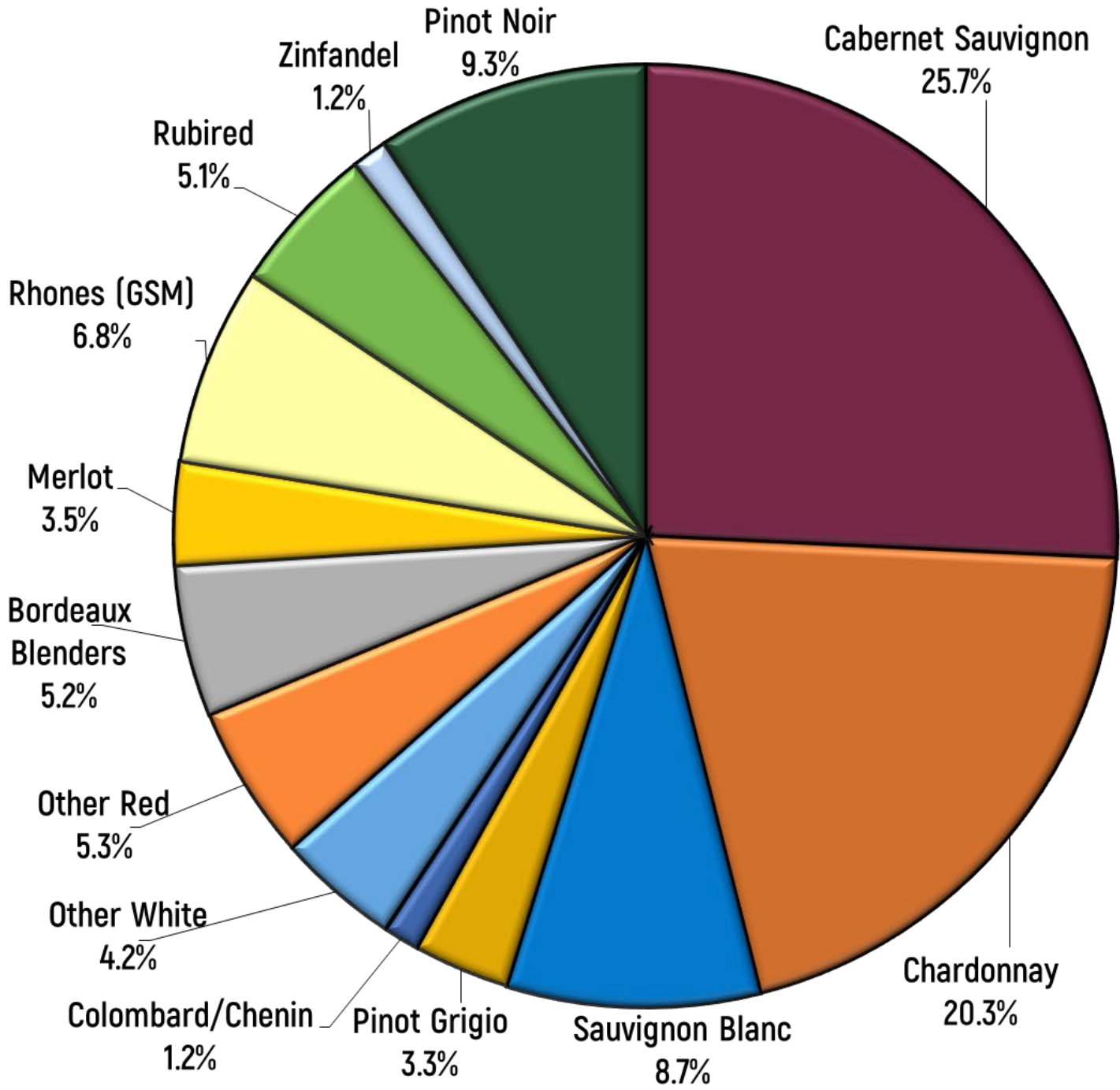




# Nursery Survey

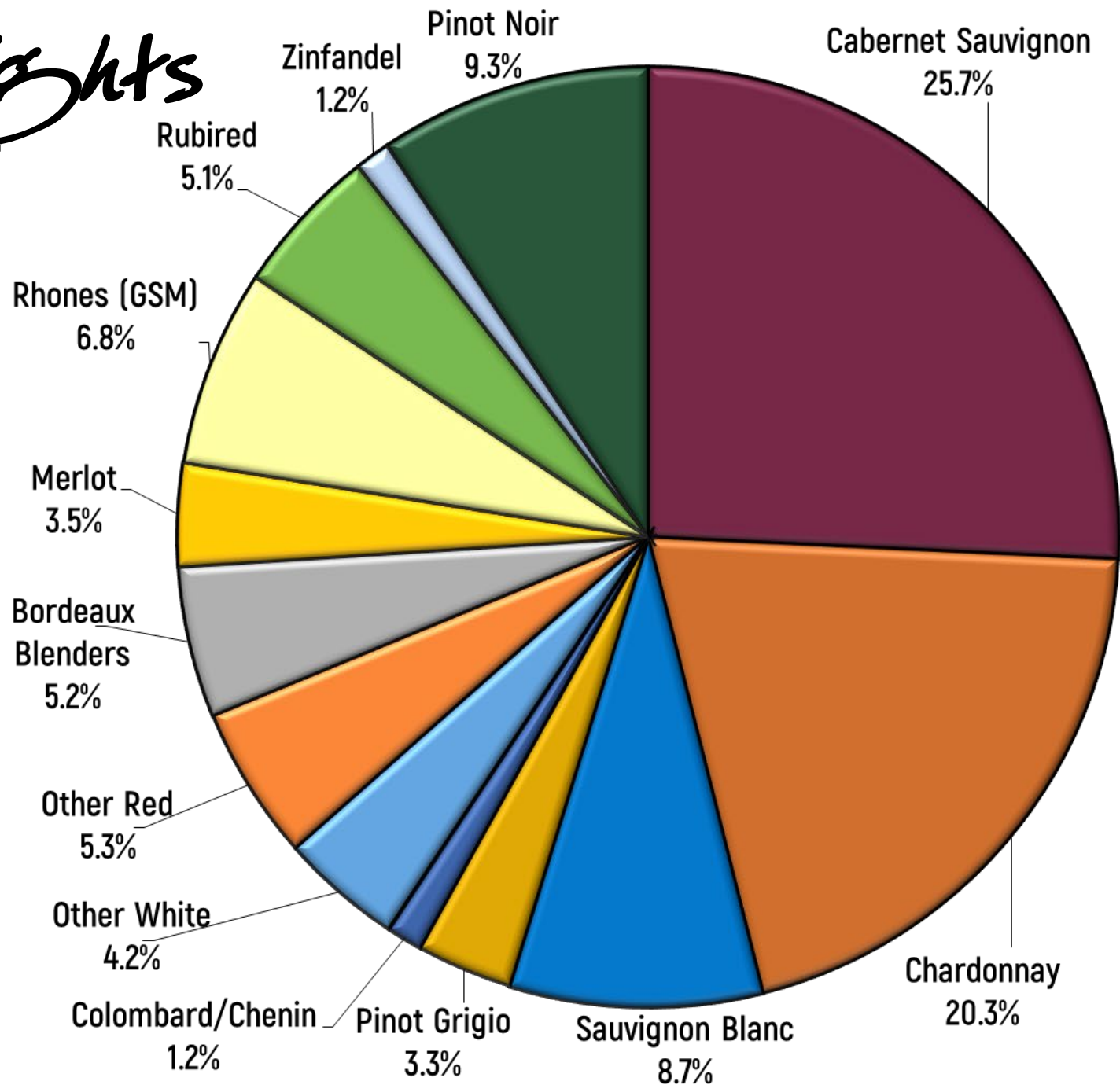
In California, 2024:  
13 million winegrape vines sold  
12,000+ acres planted

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

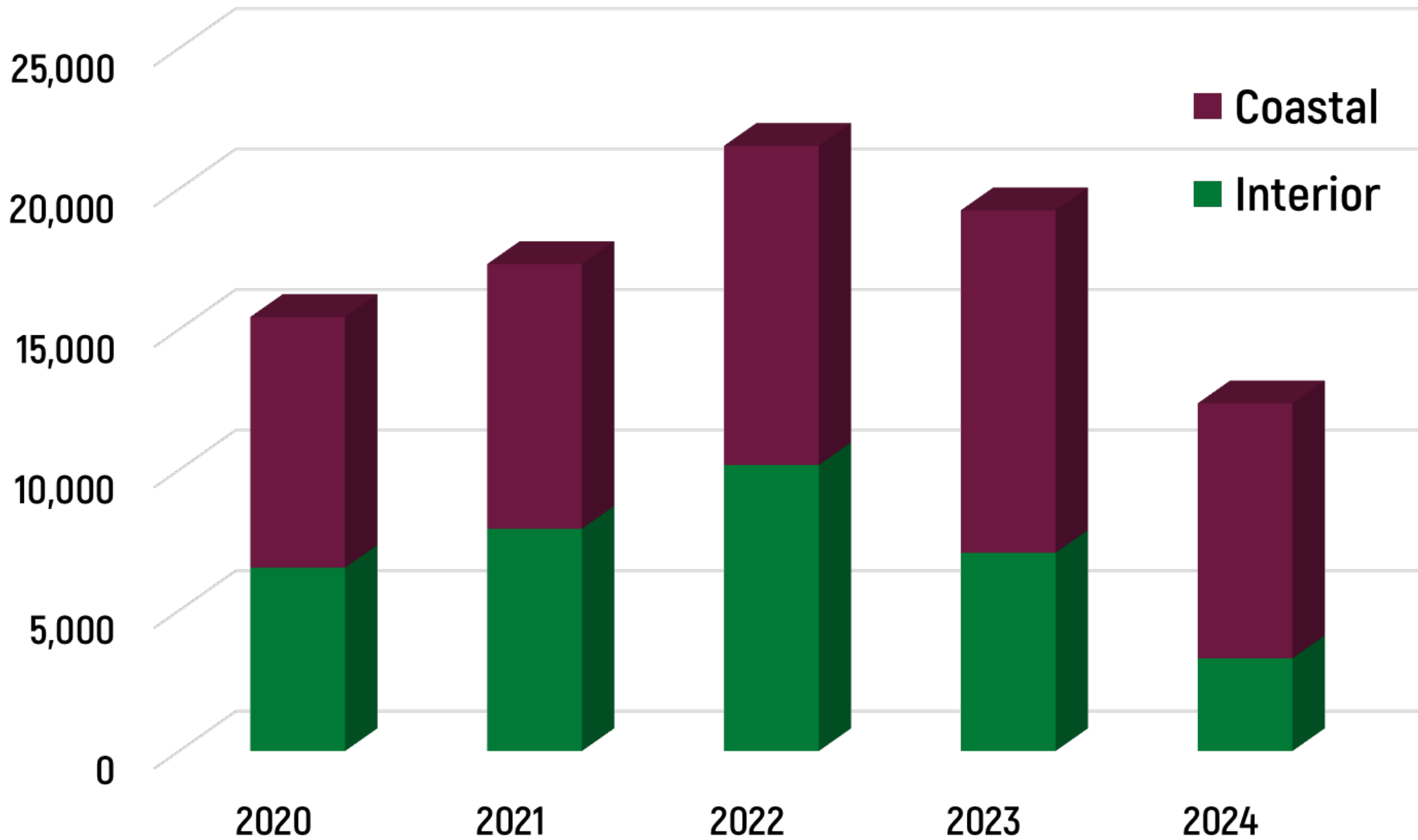


# Nursery Survey Highlights

- 38% White, 62% Red
- Cabernet Sauvignon and Chardonnay remain King & Queen.
- Sauvignon Blanc and Pinot Noir plantings remain significant.
- Vines sold into interior regions accounted for only 18.5% of total.
- Alternative Whites: Grenache Blanc, Fiona, Assyrtiko, Aligoté & Burbelanc



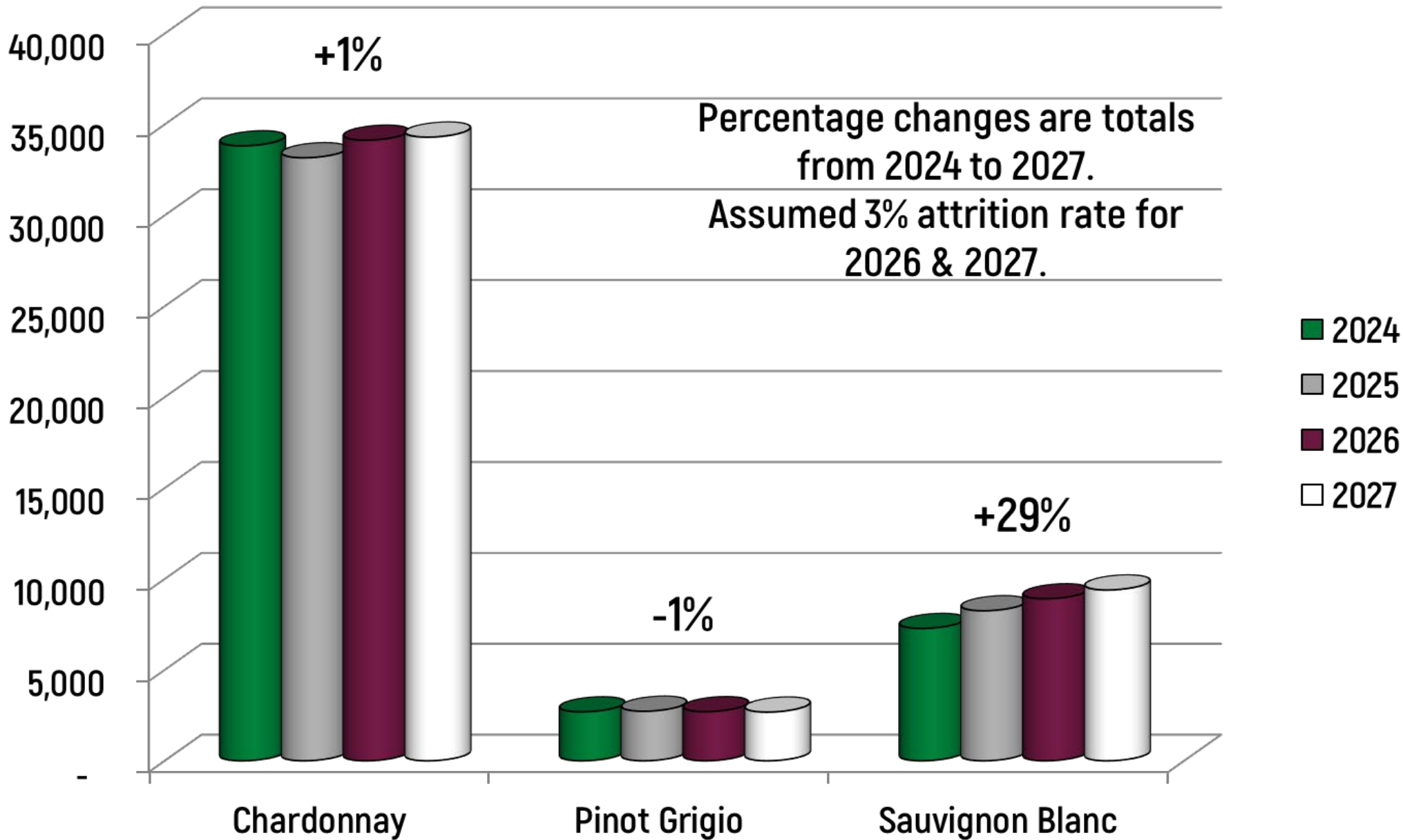
# Estimated Winegrape Acres Planted - California 2020-2024





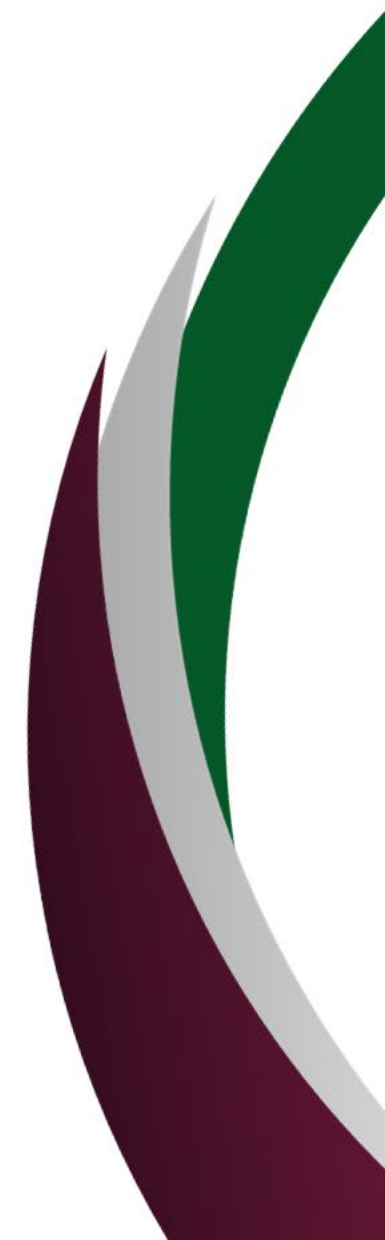
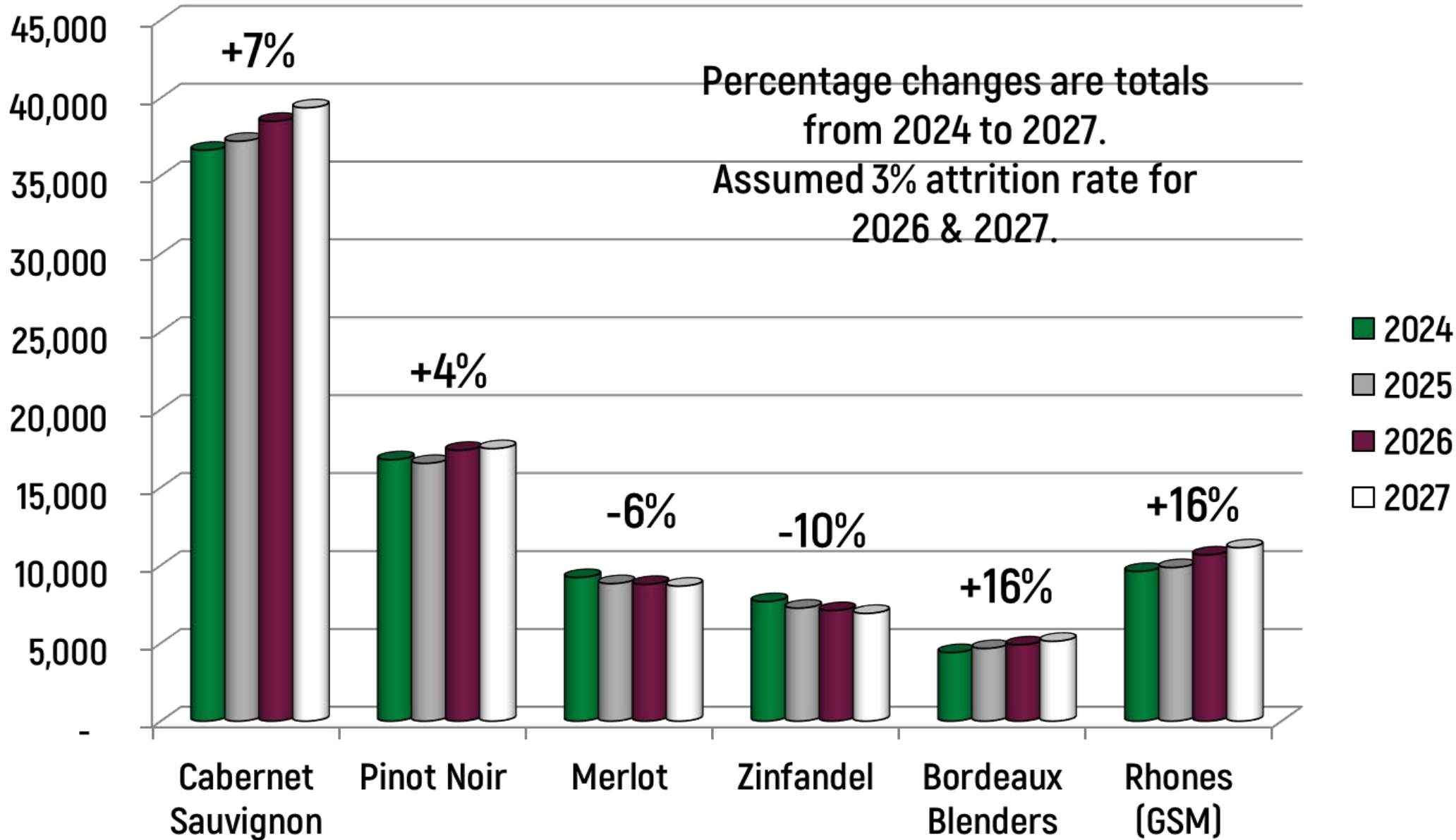
*California*  
*Segment Review*

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

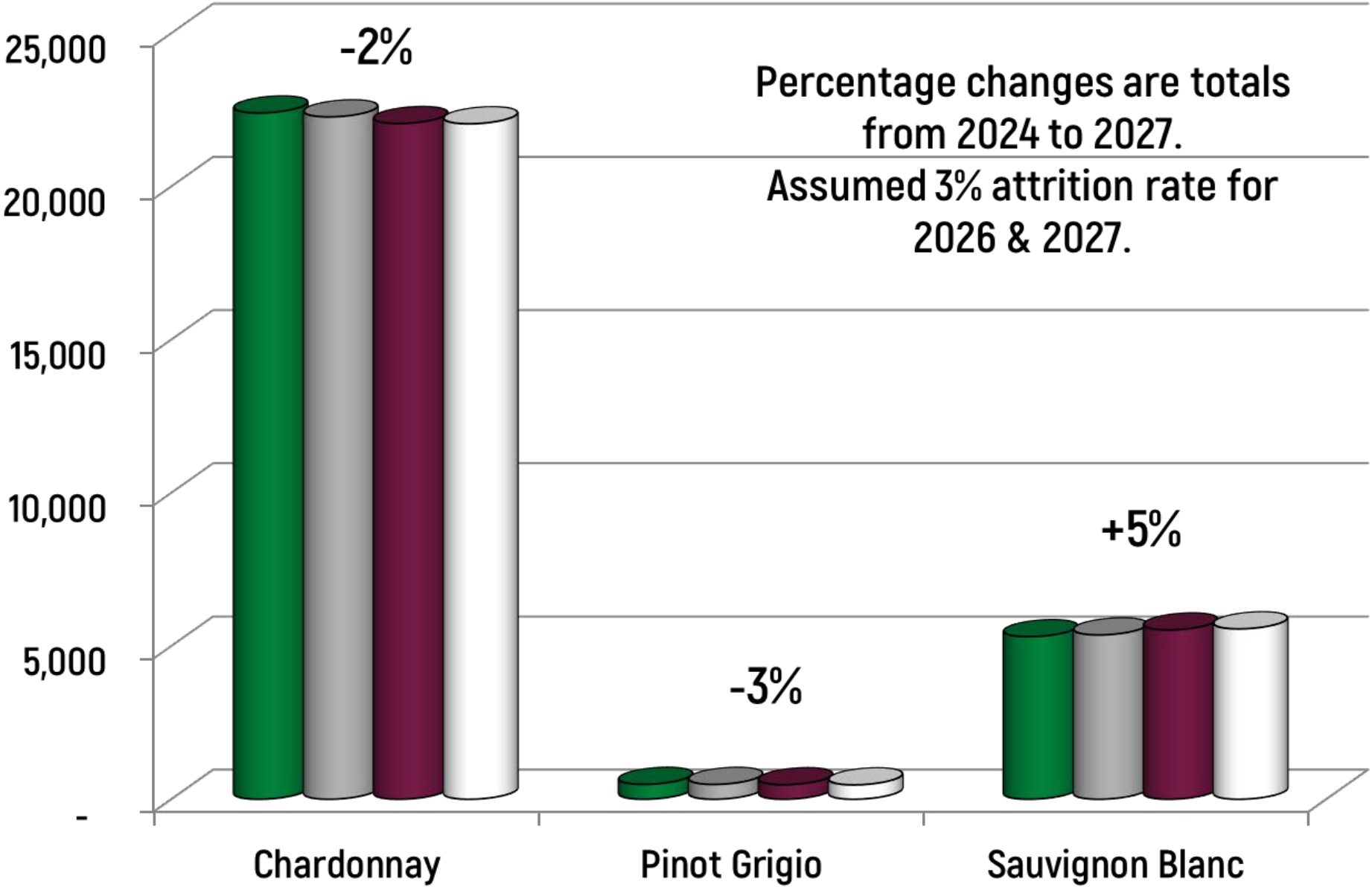




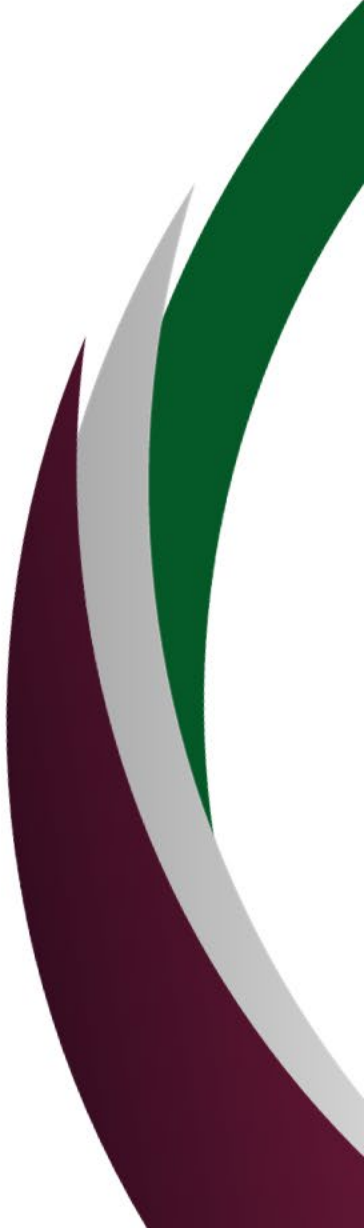
# Estimated California Red Winegrape Bearing Acreage (for regions likely producing wines \$11-25/bottle)



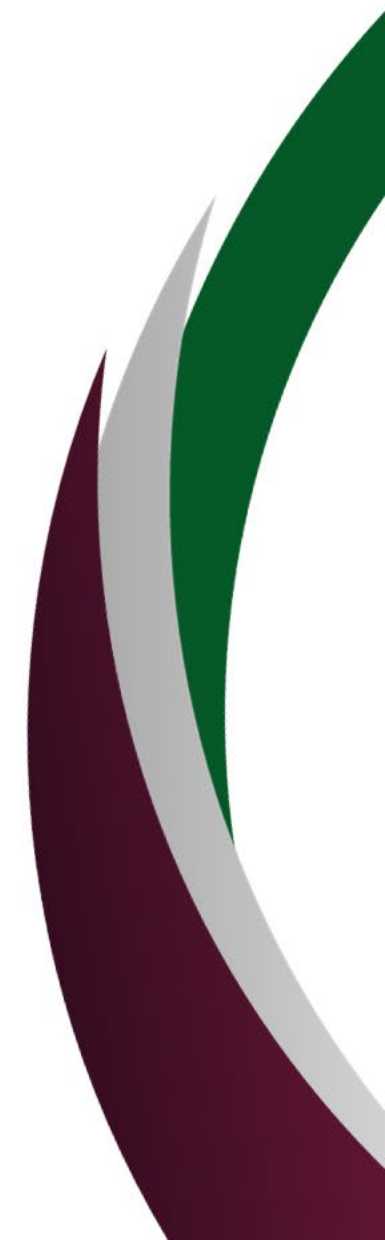
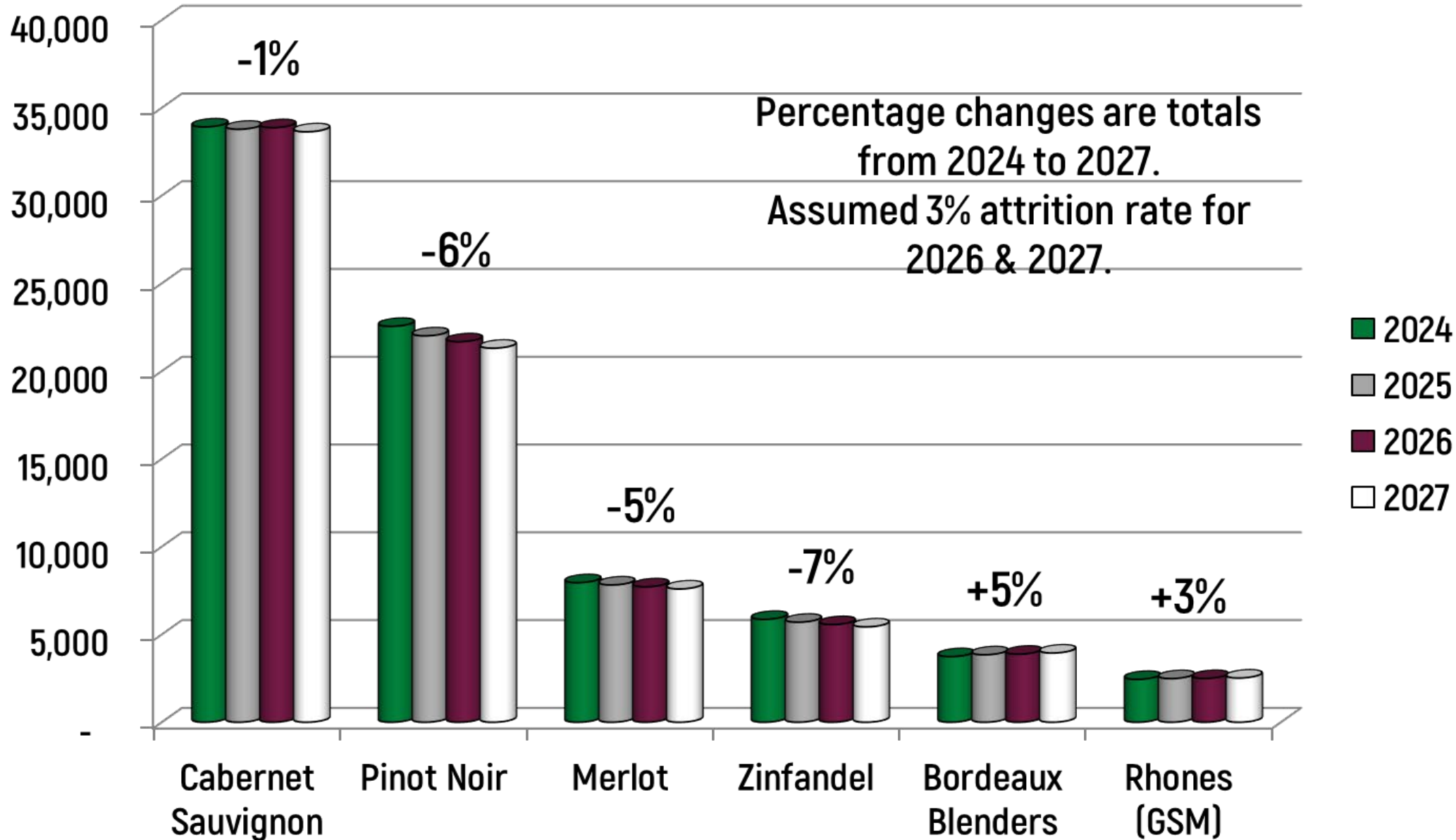
# Estimated California White Winegrape Bearing Acreage (for regions likely producing wines >\$25/bottle)



- 2024
- 2025
- 2026
- 2027



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





# Evaluating All Coastal Segments >\$11/Bottle

## *Planning for equilibrium:*

- ✓ Removal of 28,000 acres recommended, as follows:
  - 1) Aged Napa & Sonoma Cabernet Sauvignon (3k acres)
  - 2) General "Coastal" Cabernet Sauvignon (7k acres)
  - 3) Aged and "old clone" Napa/Sonoma Pinot Noir (1k acres)
  - 4) Pinot Noir from Monterey and Santa Barbara (5k acres)
  - 5) Zinfandel in Sonoma, Mendocino and Paso Robles (2k acres)
  - 6) Aged Sonoma vineyards, including Chardonnay (2k acres)
  - 7) Aged Chardonnay - Mendo, Monterey, Santa Barbara (5k acres)
  - 8) Other coastal reds, including aged Merlot and Syrah (2k acres)
  - 9) Other whites – Riesling, Gewurztraminer, aged SB (1k acres)



*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

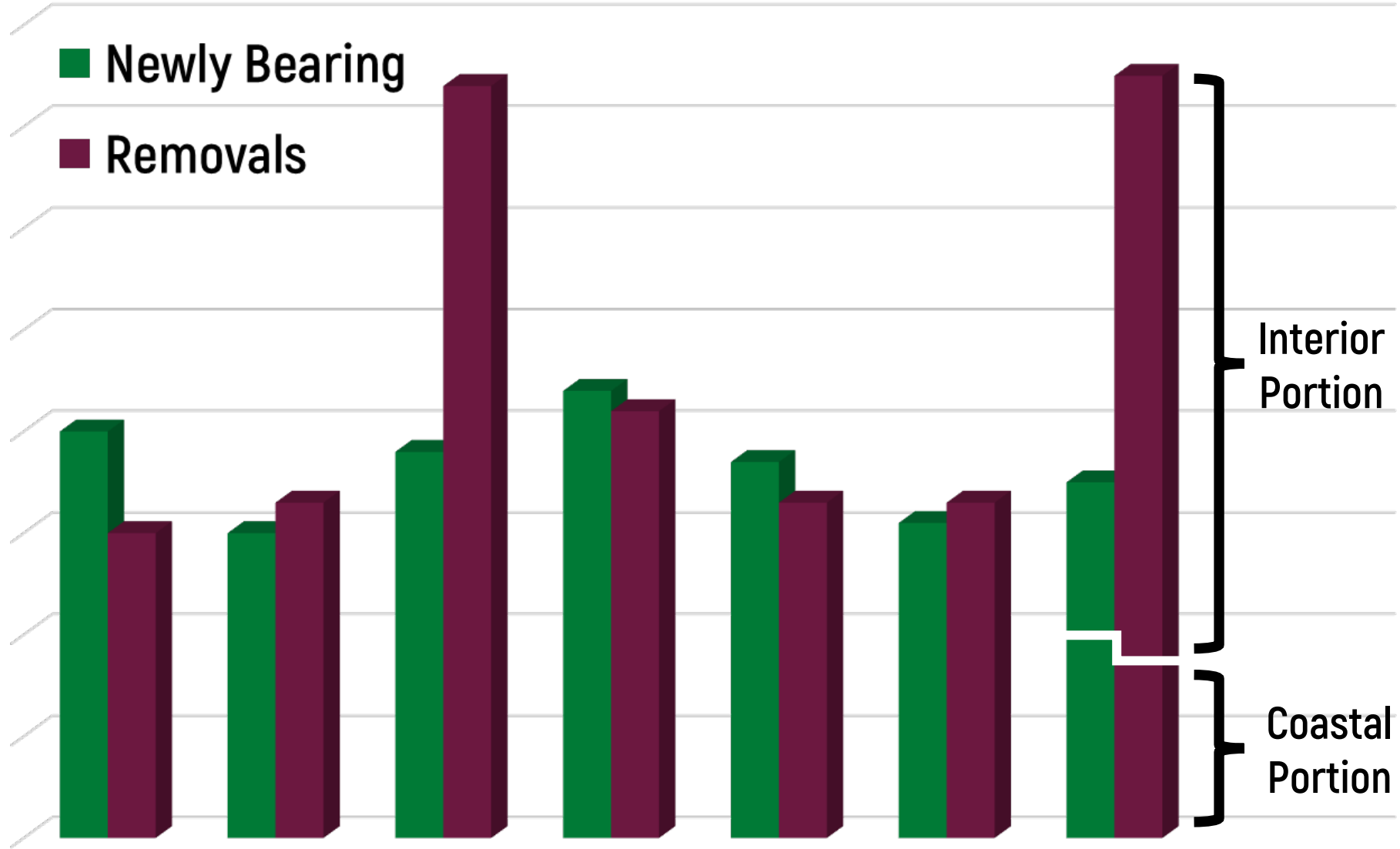
2021

2022

2023

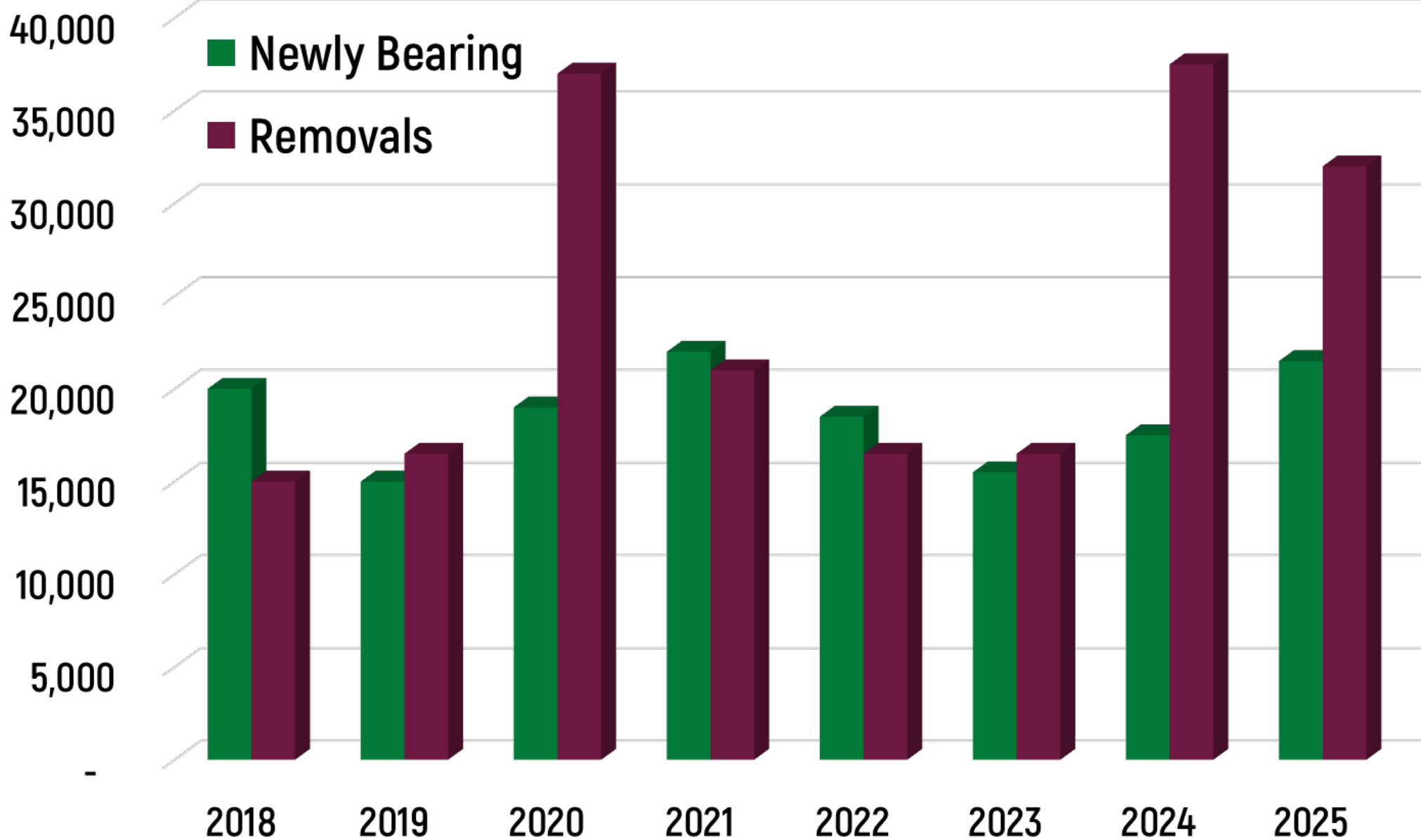
2024


2025



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

Acres





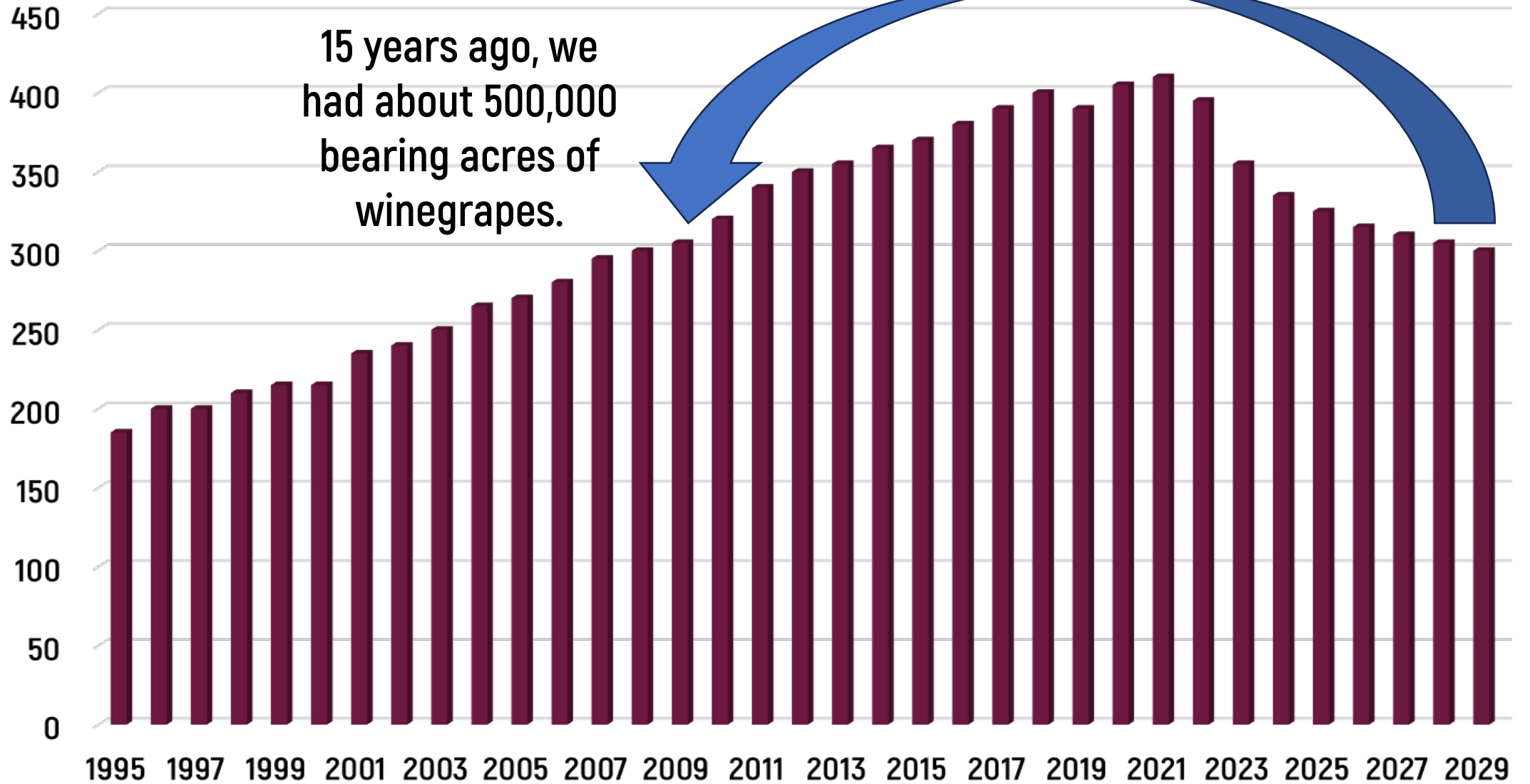
**Exactly how many acres  
need to be removed to  
match current demand?**



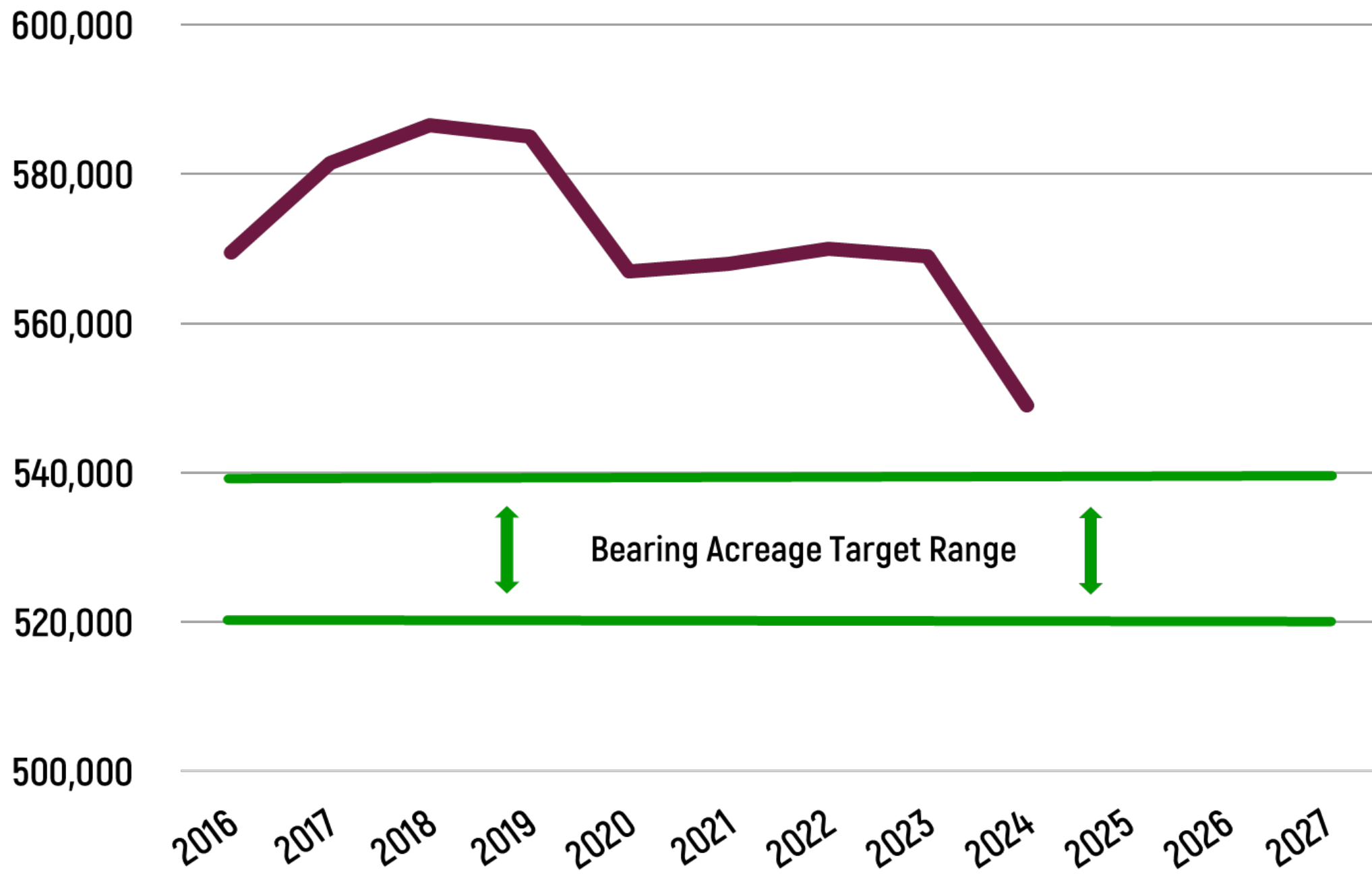
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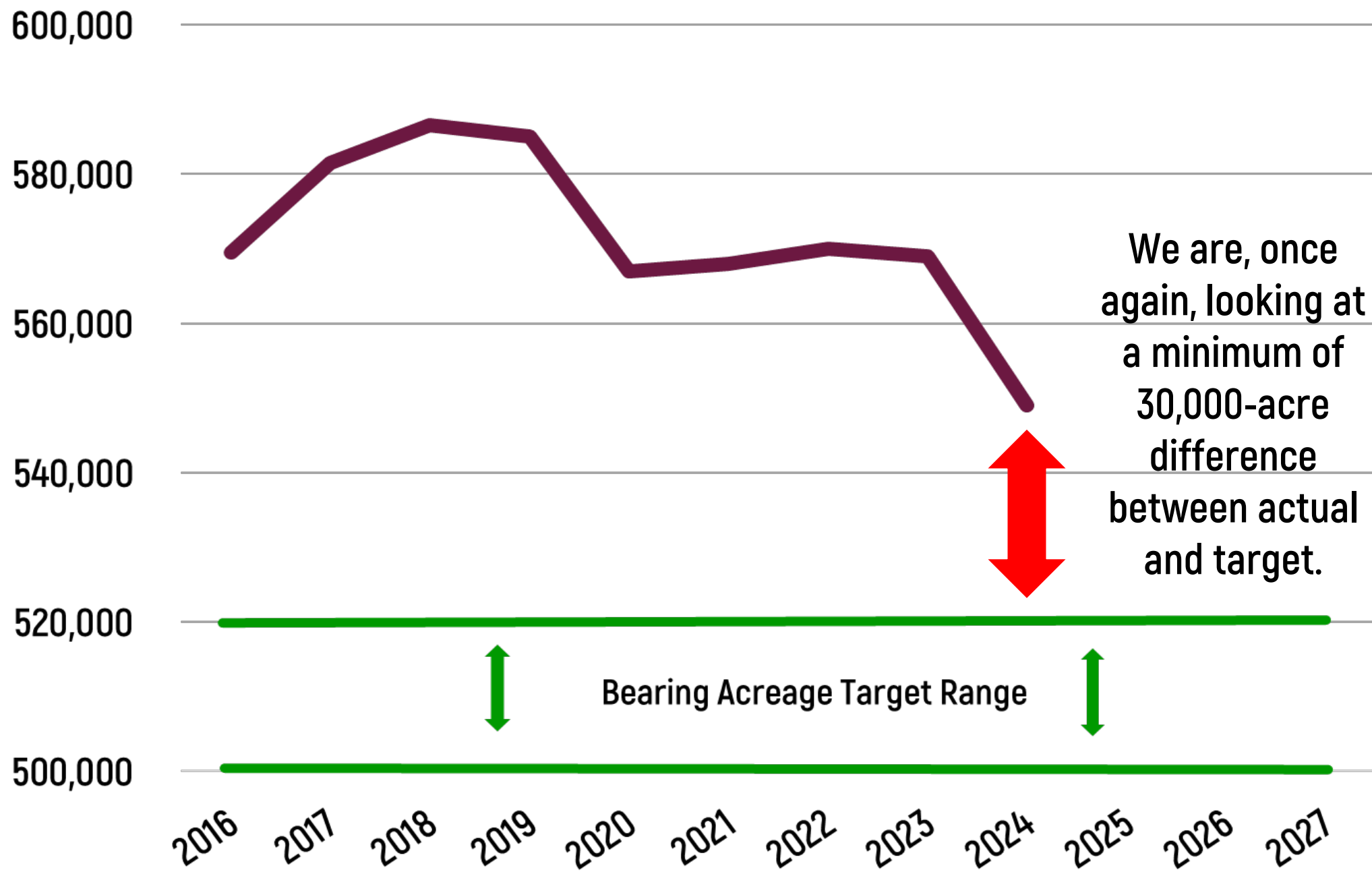
9-liter cases  
(millions)



# Estimated California Bearing Winegrape Acres



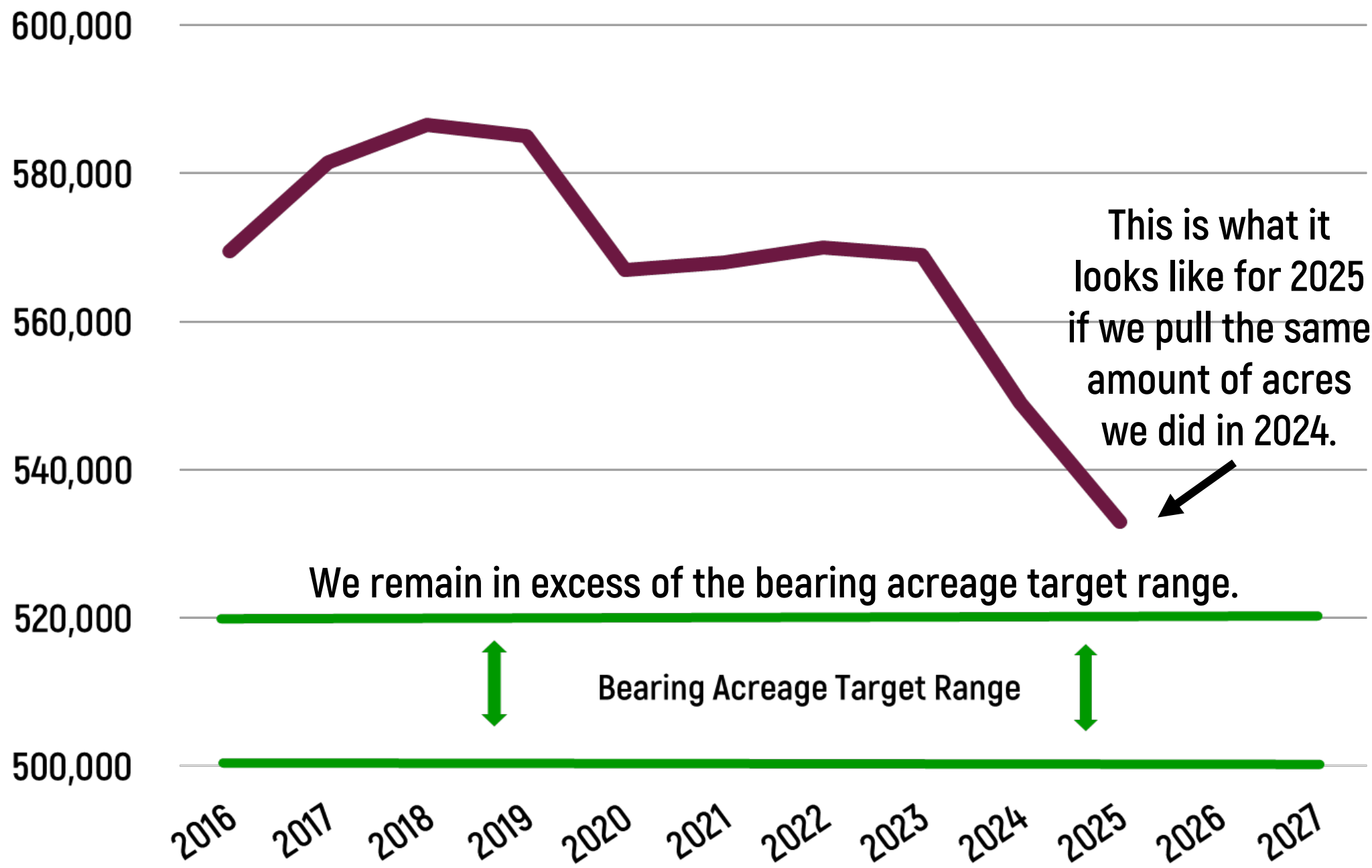
# Estimated California Bearing Winegrape Acres



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







*There is no doubt....  
You should pull it out!!!*

# *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!*

**To view this presentation online:**

**[www.alliedgrapegrowers.org](http://www.alliedgrapegrowers.org)**