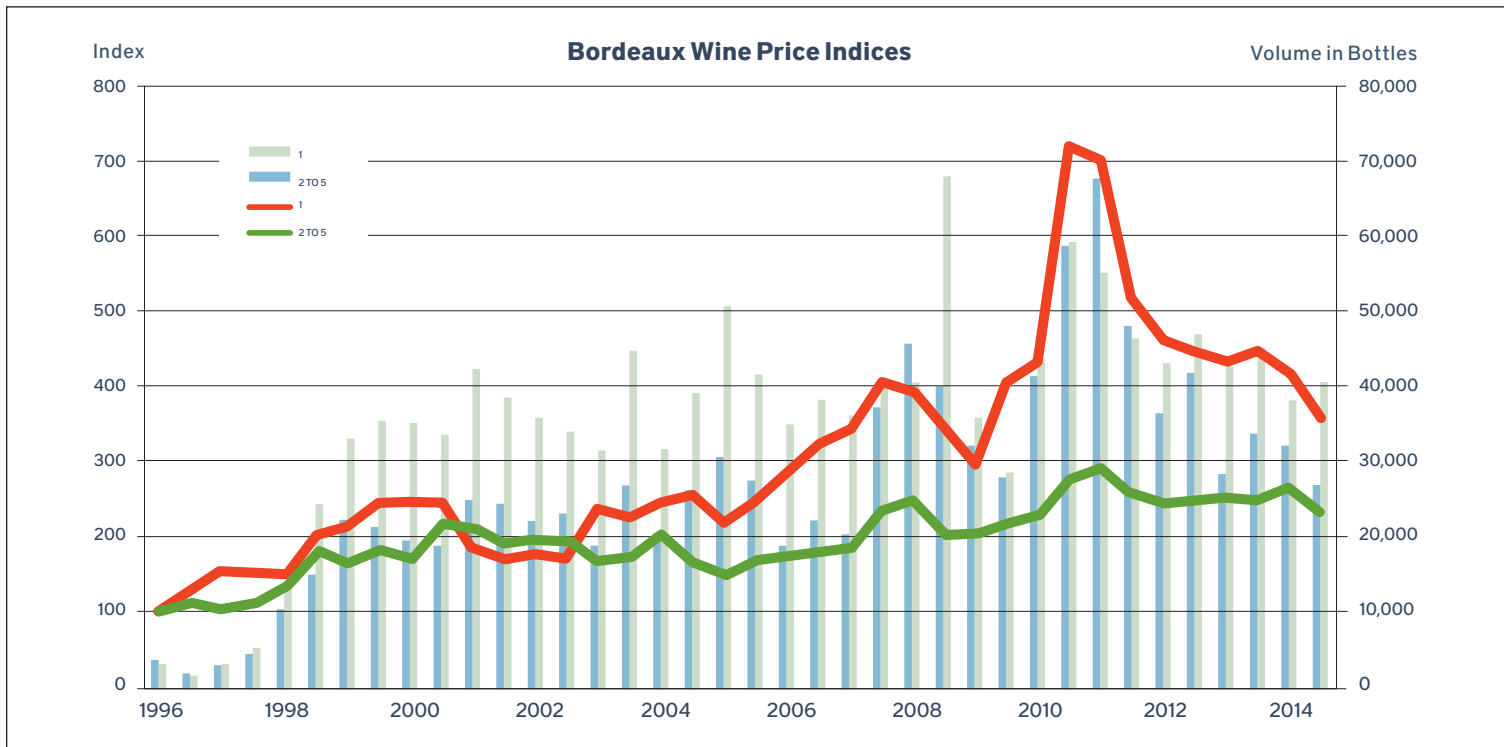
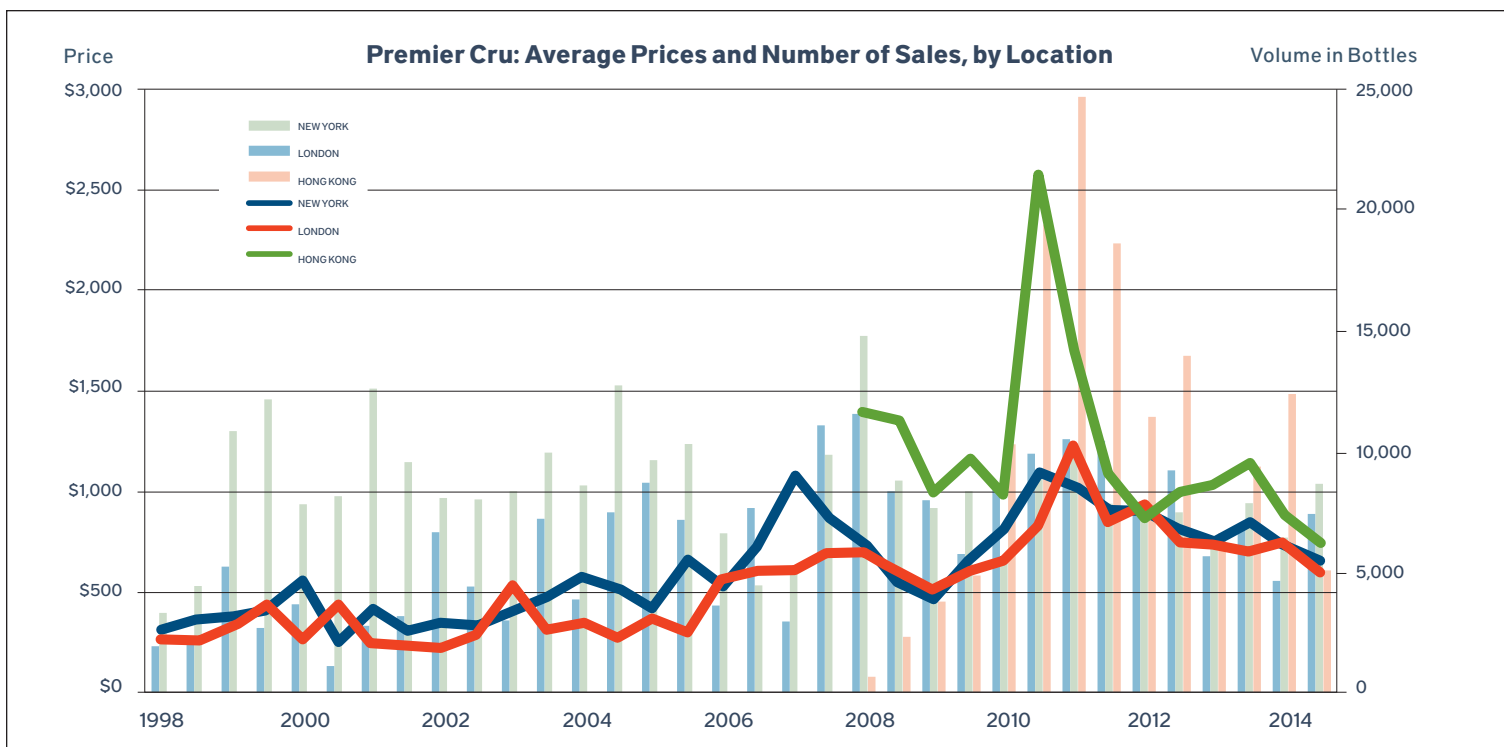


Falling for



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We observe that the index has increased sharply over the 2000s, most sharply since the mid 2000s. It is clear, however, that the market began to chill in 2011, even for the most revered Bordeaux vintages—including the much-in-demand Château Lafite Rothschild—a correction that suggests they were somewhat overvalued in 2010. Volume peaked in 2011, following the price peak in 2010. Hong Kong, in particular, has seen a dramatic reduction in bottles sold. By 2014, sales had dropped off their 2010 highs by 50 percent.

Bordeaux



THE GLOBAL AUCTION market for fine wine has seen explosive growth in the past 15 years; the escalation in price that occurred through 2010, demonstrated by repeat sales of the same vintages, may have surprised even the most bullish investors. The average price of a bottle of Bordeaux more than doubled between 2006 and 2010, but the value of 1982 Château Lafite

Rothschild—a favorite among Asian oenophiles—jumped more than 400 percent during the same period, underlining the importance of name recognition.

The wine market is largely driven by the fabled names of Bordeaux: Château Lafite Rothschild, Château Latour, Château Pétrus, Château Mouton Rothschild, and Château d'Yquem, among others. The rankings—from first growth (premier cru) to fifth—have changed little since Napoleon III introduced the classified rating system in 1855 and continue to play a large role in determining a wine's value on the market today. The top-rated wines, or premier grand cru, include Lafite Rothschild, Margaux, Latour, Haut-Brion, and Mouton Rothschild, and they command the highest prices.

Like other fast-growing luxury sectors in recent years, the market for classified Bordeaux has been bolstered by an influx of wealthy Chinese buyers who are willing to pay top dollar for the pleasure of buying close to home. In response, auction houses have shifted much of what might otherwise hit the block in New York or London to their outposts in Hong Kong.

To analyze the state of the wine market, we drew on a data set of more than 400,000 auction lots, a total exceeding 2.3 million bottles, tendered at nine international houses—Artcurial, Bonhams, the Chicago Wine Company, Christie's, Hart Davis Hart Wine Company, Skinner, Sotheby's, Tajan, and Zachys—from 1996 to 2014. For our analysis, the oldest wines are from 1970; anything earlier is classified by the market as antique, and runs the risk of being past its peak drinkability.

BY ROMAN KRAEUSSL



The charts above show the disparity in pricing between auction house venues since the first wine sales took place in Asia in 2008. Prices peaked for all crus in 2010, save for Mouton 1986, which saw its greatest sales in Asia in 2013.