

Preliminary 2020 Winegrape Crush Report is 3.404 Million Tons

by Turrentine Brokerage
February 10, 2021
For Immediate Release

Novato, CA – The California Department of Food and Agriculture’s *Preliminary Grape Crush Report* for 2020 has been released. It is a summary for the supply of the wine and grape industry, containing tons crushed and prices of wine grapes sold during the 2020 harvest. The *Crush Report* provides growers and wineries insight into the inventory position for the California wine business as a whole, and influences market dynamics for the current bulk wine market as well as the upcoming 2021 harvest.

Key Insights by Region

| | Tons Crushed 2020 | Tons Crushed 2019 | Net Gain/Loss | Equivalent Gallons | % Chg | 2020 %Δ to 5Y Avg |
|--------------------------|-------------------|-------------------|---------------|--------------------|-------|-------------------|
| North Coast | 362,527 | 524,942 | (162,415) | (26,798,000) | -31% | -29% |
| Central Coast | 400,779 | 480,478 | (79,699) | (13,150,000) | -17% | -19% |
| Northern Interior | 906,346 | 1,030,288 | (123,942) | (20,450,000) | -12% | -9% |
| Southern Interior | 1,712,843 | 1,854,984 | (142,141) | (23,453,000) | -8% | -12% |

| | Tons Crushed 2020 | Tons Crushed 2019 | Net Gain/Loss | Equivalent Gallons | % Chg | 2020 %Δ to 5Y Avg |
|---------------------------|-------------------|-------------------|---------------|--------------------|-------|-------------------|
| Chardonnay | 538,551 | 642,067 | (103,516) | (17,080,000) | -16% | -18% |
| Cabernet Sauvignon | 498,975 | 580,945 | (81,970) | (13,525,000) | -14% | -14% |
| Pinot Noir | 211,194 | 266,815 | (55,621) | (9,178,000) | -21% | -18% |
| Merlot | 167,306 | 220,440 | (53,134) | (8,767,000) | -24% | -33% |
| Zinfandel | 298,725 | 349,061 | (50,336) | (8,306,000) | -14% | -22% |
| Pinot Grigio | 218,326 | 246,925 | (28,599) | (4,719,000) | -12% | -9% |

General/Statewide

“Beginning in 2017, the California wine grape and bulk markets were heading into an oversupplied position in the market cycle. Due to a number of reasons, including the pandemic, fires, and a lighter than anticipated California grape harvest, the grape and bulk markets have entered into a more balanced or short position with buyers active for bulk wine and grapes throughout the state.”

-Brian Clements, Vice President

“The 2020 Preliminary Winegrape Crush Report, released by the National Agricultural Statistics Service, detailed a California statewide wine grape crop of 3.404 million tons. This is the lightest California wine crop since 2011, down 13% or about 88 million gallons from 2019. The crop was light due, in part, to lower yields per acre as a result of a warm growing season and grapes left on the vine over concerns of exposure to smoke. The crop decreases mostly affected by smoke were Sonoma County Pinot Noir, Monterey County Pinot Noir, Napa Valley Cabernet Sauvignon and Sonoma County Cabernet Sauvignon. The short crop helped to balance out some of the excesses in coastal bulk wine that had built up over previous years from new bearing acres, slower sales growth, and larger than average yields per acre. The spot market for grapes and bulk wine became more active during harvest last year and there is continued market activity early in 2021.”

-Steve Fredricks, President

“2020 is a vintage we will not soon forget. The wine industry experienced a historic oversupply of bulk wine and grapes going into the year which was quickly followed by a global pandemic causing shutdowns that changed our lives in ways we could have never imagined. We witnessed new consumer trends like “pantry loading” and booming online sales, and on-premise sales declined to the point of near non-existence. If that wasn’t enough, unprecedented and widespread late-summer fires burned over 4 million acres in California. Saturated orange skies went viral and we had numerous triple digit days despite the lack of direct sunlight. Mass smoke taint testing overwhelmed labs and contracted grapes were rejected for smoke taint. 2020 will be remembered as one of the most difficult years on record. The silver lining of our trials and tribulations is that it will also be remembered as the year the market began to transition away from excess towards balance and, in some cases, shortage.”

-Audra Cooper, Central Coast Grape Broker

“The 2020 Crush Report, while not surprising, was about as dramatic as the year felt. At 3.404 million tons, down nearly 515,000 tons from 2019, it was a reflection of challenging market conditions, smoke taint rejections, and mother nature giving us a lighter crop.”

-Audra Cooper, Central Coast Grape Broker

“The reports we are getting from winemakers about 2020 wines are that they are pleasantly surprised at the quality of wine being made and that a greater percentage does not have the level of effect from smoke as originally feared. For the vast majority of varieties and regions, the quality of the 2020 vintage is going to be just fine, however, there are wines that are not usable and will never be bottled.”

-Steve Fredricks, President

Chardonnay throughout the state is transitioning from excess to balance. Both supply and demand for Chardonnay had been relatively stable until the statewide historic light crop of 2020. Coastal regions alone were down 19%, and the interior, the largest supplier of Chardonnay, was down 17%. The retail growth of value Chardonnay programs and the short 2020 crop have helped to stimulate demand for bulk wine and grapes, and buyers are more interested in 2021 supply than they have been in years, especially at the value-end.

-Steve Fredricks, President

“Through periods of market crisis caused by a recession or a pandemic, there is a consumer shift to the value brands. It is during this time that the San Joaquin Valley proves again to be the backbone of the California wine industry. What the Crush Report does not show is the increased demand for grapes and the tightening of supply, not because of the crop size, but because of demand that is quality and price driven. The 2020 Crush Report is in the rear-view mirror for the San Joaquin Valley as 2021 is already bringing increased demand, increased prices, grafting and planting contracts.”

-Erica Moyer, Northern Central Coast/Interior Grape Broker

North Coast

“The dramatic 21% drop in the 2020 Napa Valley Cabernet Sauvignon district average price was in part caused by usual market circumstances. To a larger degree, the price dropped due to renegotiated pricing or wine grape rejections due to smoke exposure and damaged or destroyed vineyards by the LNU Lightning Complex Fire in late-August, 2020.”

-Brian Clements, Vice President

“Sonoma County Pinot Noir saw a 39% drop in production from 2019 to 2020 due to lower-than-average yields and fruit that was not delivered due to smoke exposure. The price drop of 20% was due to less demand with fewer buyers in the market early in the season. Late-season buyers paid a discounted price when purchasing Pinot Noir ‘as is’ in regards to smoke exposure. We are currently experiencing early season buying activity for Sonoma County 2021 Pinot Noir grapes which is the earliest activity we have seen in a couple of years. This response is due to the shorter 2020 crop and wineries correcting their previous excess supply position.”

-Mike Needham, North Coast Grape Broker

“Sonoma County Chardonnay saw a decrease in tonnage of 34% from 2019 to 2020 due to the warm growing season. Very few rejections due to smoke exposure occurred in 2020 for Sonoma County Chardonnay as it was harvested earlier than red varieties that had more smoke exposure time. The shorter than expected crop in 2020 has brought certain buyers back to the grape market in early 2021.

Certain brands are having success selling casegoods during the pandemic while others are still struggling to balance their supply position. Not all buyers are in the same market position as we begin 2021.”

-Mike Needham, North Coast Grape Broker

Central Coast

“The Pinot Noir segment took a big hit on sales as restaurants closed and travel ceased due to the pandemic. The reduction in sales, coupled with a structural oversupply going into 2020, caused a 19% reduction of the price per ton of District 7 Pinot Noir even though there were only 34,445 tons crushed, down 37% from 2019 due to lower yields.”

-Erica Moyer, Northern Central Coast/Interior Grape Broker

“Demand in 2020 for Monterey Chardonnay was strong, but price declined 20% while the total tons crushed declined 9%. This decrease was on top of a decline in tons by 23% in 2019.”

-Erica Moyer, Northern Central Coast/Interior Grape Broker

“2020 goes down as the lightest crop since 2015 in the Central Coast. Key Central Coast takeaways from the Crush Report were the total 2020 Central Coast crop was down 80,000 tons from the previous year and 19% down from the five-year average. Although most major varieties were down from the 2019 harvest, the larger contributors to the decrease were Cabernet Sauvignon and Chardonnay. Combined they were down a whopping 26,200 tons in the Central Coast alone.”

- Audra Cooper, Central Coast Grape Broker

“The Central Coast total winegrape value decreased by nearly \$200,000,000 in 2020. This was a reflection of the lighter total crop, a decrease in district average prices, and an oversupplied grape market in 2020.”

-Audra Cooper, Central Coast Grape Broker

“The hangover of Central Coast Cabernet Sauvignon we experienced over the past few years has begun to dissipate which means our inventory in grapes and bulk wine have decreased in size since its peak in early 2020. There were 10,462 fewer tons of Cabernet Sauvignon in 2020 compared to the 2019 vintage-- a direct result of multiple heat events and grapes rejected due to smoke taint. Also contributing to a reduction in inventory going into the 2021 season is strong growth in off-premise brands utilizing Central Coast Cabernet Sauvignon in their blends and, to a smaller degree, the removal of acreage.”

--Audra Cooper, Central Coast Grape Broker

“The District 8 Cabernet Sauvignon weighted average price fell to \$1,461.72 reflecting the surplus market we experienced in 2020. A large percentage of open Cabernet Sauvignon grapes sold in the Central Coast were sold pre-fires and reflected a booming sub-\$12/bottle market.”

-Audra Cooper, Central Coast Grape Broker

“The red blender category varieties were hit hard by fall heat in 2020. Petite Sirah, currently one of the most in-demand varieties in Paso Robles, saw a 15% decrease in total tons harvested. While there were a few blocks impacted by smoke, the vast majority of tonnage was harvested and accounted for.”

-Audra Cooper, Central Coast Grape Broker

Santa Barbara County, largely viewed as a premium winegrowing region, was hit hard by oversupply and a lack of on-premise sales for most of the 2020 season. Spot market prices were well below farming costs; however, once the light crop and the impacts of smoke taint were realized the market rebounded, but not enough volume sold at higher prices to positively impact the district average prices for Chardonnay and Pinot Noir, down 12% and 15% respectively from 2019.

-Audra Cooper, Central Coast Grape Broker

Lodi & Interior

“In the San Joaquin Valley, the total tons crushed were down a second year in a row, down 9% from 2019. The Sacramento and San Joaquin Valley tons crushed represent 77% of the total tons crushed in California.”

-Erica Moyer, Northern Central Coast/Interior Grape Broker

“Pinot Grigio experienced a demand comeback in 2020, although the average price for Pinot Grigio only inched up 2%. Generic whites and florals were also comebacks in 2020, perhaps fueled by the shortage of Chardonnay and demand for wine seltzers. Prices increased slightly even with increased demand and tightening supply.

Lodi/Delta Chardonnay was down 20% as price remained relatively the same as 2020. However, demand for 2021 Chardonnay started as soon as harvest ended, with prices above 2020 district average.”

-Erica Moyer, Northern Central Coast/Interior Grape Broker

“The Lodi district average price for Cabernet Sauvignon declined by 1% for 2020 even as total tons crushed decreased by 5% and supply tightened. In the deals we have brokered in 2021, we have seen increased prices for all varieties in the Sacramento and San Joaquin Valley, leaving the 2020 Crush Report in the rear-view mirror.”

-Erica Moyer, Northern Central Coast/Interior Grape Broker

About Turrentine Brokerage

Turrentine Brokerage, founded in 1973, serves as trusted and strategic advisors to growers, wineries, and financiers and specializes in the strategic sourcing of wine grapes and bulk wine from the major growing areas across the globe. Working with thousands of wineries worldwide, and with over 2,000 growers, this experienced team has negotiated transactions between buyers and sellers valued at more than \$3 billion over the past decade.

Turrentine Brokerage is available to provide comment and analysis on this report and its probable impact on growers, wineries and consumers. Turrentine Brokerage will have its experienced team of grape and wine brokers and analysts available all-day Wednesday, February 10th and throughout the following week for comments and questions.

Contact

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