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Wine

California winemakers face life after fires

Most vines escaped the flames but the hidden damage could emerge later

Katrina Frey’s property was so thickly wooded you could barely glimpse the rolling Californian hills beyond the trees. Now, she says, “it’s like you can see the bones of the earth”. Where oaks and manzanitas used to grow before October’s wildfires, there are only “blackened stumps”.

The series of wildfires were the deadliest in the state’s modern history. Stretching across America’s leading wine counties including Napa, Sonoma, Mendocino and Lake, they took 8,000 firefighters weeks to control, burnt down 8,400 buildings and killed at least 43 people. Consultancy Aon estimates insured losses could hit $8bn.

While the damage to vines was relatively small — they tend to act as firebreaks — local industry now faces two challenges: in the short term, broadcasting to visitors that it is
open for business and, in the long run, hoping surviving grapes have not been tainted by smoke.

At Frey Vineyards, flames destroyed the office, tasting room and bottling line, scorching 4 per cent of its 350 acres and burning two neighbouring boutique wineries. Mrs Frey, the director of sales and marketing, says she is grateful that 64 workers and family members were evacuated safely, but many in their valley did not escape — nine people were killed by the Redwood Valley fire alone, including two teenagers, a brother and sister.

Despite the deaths and devastation to residential areas, including suburbs of Sonoma’s county capital, Santa Rosa, the majority of wineries and vineyards sustained little or no damage. Of 1,200 wineries in Napa, Sonoma and Mendocino, only 11 were “destroyed or heavily damaged”, according to the Wine Institute, a California trade body, which estimates that the wine industry generates $57.6bn in economic activity per year in California and employs 325,000 people in the state.

Honore Comfort, the former executive director of the Sonoma County Vintners trade body, led an assessment of the impact of the fire for Sonoma State University’s Wine Business Institute. It found that less than 5 per cent of vineyard acres lay in the fire zones.
“There was a lot of misinformation and inaccurate reporting that was going on” about the damage to vineyards at the time of the fire, Ms Comfort says, “and, as a result, the images that were conveyed were not always accurate.”

Perceptions about fire damage dent visitor numbers. There are 23.6m tourist visits to California wineries each year, according to the Wine Institute, and these tourists spend $7.2bn.

The “vast majority” of north coast wineries are small, says Ms Comfort, and are “heavily dependent on visitor traffic and direct to consumer sales”. Bill Vyenielo, a wine industry
adviser at consultancy Moss Adams, says that some small wineries may sell 50-70 per cent of their volume directly to consumers. “Maybe half of that would be through their tasting room and half through their wine club,” he says.

Carol Spindler O’Hara, an accountant at consultancy BPM who works with businesses in the wine industry, says her clients’ biggest concern is that the final quarter of the year is usually their busiest for sales, “and all of a sudden people aren’t coming around”.

To tempt tourists, Visit California, the state’s non-profit tourism arm, is reportedly spending $2m on promotions. Determined to prove that Napa county’s fires had mostly affected forested hillsides and not blackened the valley floor, the Visit Napa Valley tourism organisation invited journalists on chartered hot air balloon flights.

The more subtle threat from the fires is the potential for “smoke taint” to the grapes — described in an academic research paper as “the objectionable smoky, medicinal, and ashy characters that can be exhibited in wines following vineyard exposure to bushfire smoke”.

A view of a destroyed vineyard after a wildfire from the Santa Rosa and Napa Valley moves through the area in California © Anadolu/Getty Images
Grapegrower associations have played down fears that smoke will affect the 2017 vintage, saying that 80-90 per cent of the harvest had been completed before the fires started. It is too early, they say, to judge the smoke’s impact on the relatively small amount of unharvested grapes — including the later ripening cabernet sauvignon varieties, whose thicker skins are thought better able to withstand smoke taint.

But as consumers and wine distributors may not know the degree to which a blended wine is exposed to smoke taint, says Rob Eyler, professor of economics at Sonoma State University, it “could have a depressive impact on prices”.

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Honore Comfort
Brand management is now paramount, Prof Eyler says. If wine-tasters detect smoke in the 2017 vintage, “public relations firms will make an enormous amount of money in Napa Valley trying to spin it the other way.” Vineyards will probably have struck contracts with supermarkets before the fires, but in six to 12 months’ time tasting scores could affect deals for wines at middle to upper price points, he says.

The fires will have broader effects on the wine region’s economy. The significant loss of homes in Napa, Sonoma and Mendocino will aggravate an already tight — and expensive — housing market. According to property price tracker Zillow, the median home value in Napa is $582,000, compared with a median value of $510,000 for the state.

Several people who spoke to the Financial Times highlighted efforts by local authorities and wine companies to address accommodation shortages, including arranging temporary housing on vineyard land and even in shipping containers. Still, the demand for construction will exacerbate an existing shortage of workers, competing for those who work in the wine industry and pushing up wages.

Despite the challenges, many people are optimistic — they say that the region is tough, the industry is collaborative and the fires’ impact could be short.

“We hope that we will have enough wine for this year,” says Mrs Frey, adding that since her vineyard had lost some crops, they were considering buying additional organic grapes from other regions “just to get us through this hump”. Selling from around $15 a bottle, Frey wine is distributed nationally at chains including Whole Foods. Last year it produced 220,000 cases.

Neighbouring Barra, Fetzer and Parducci wineries lent bottling machinery that adhered to the same organic specifications and Frey has since hired a mobile bottling line. More than a month since the fire hit, mains electricity services still have not been restored to the Freys’ property, leaving them reliant on generators. Nor do they have telephone service or water from the county supply.

Nevertheless, says Mrs Frey, cheerfully, “We’re lucky because we have spring water.”
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