

## Food & Beverage

# World's biggest fine wine trader toasts rising sales as consumers seek to hedge against inflation

Bordeaux Index says economic conditions are boosting appeal of rare vintages as alternative asset

OLIVER BARNES – LONDON

**B**ordeaux Index, the world's largest fine-wine trader, is toasting surging sales as investors flock to rare vintages in part as a hedge against rampant inflation.

Revenues at the fine wine merchant reached £80mn in the six months to June 30, up 37 per cent on the same period last year. That puts the London-headquartered company on course to beat 2021's record revenue of £126mn.

The merchant's online wine trading exchange, LiveTrade, was responsible for the majority of growth, reporting sales 53 per cent higher than the comparable period last year.

More than 600 vintages are traded on the platform, varying in price from Tuscany's Tignanello 2019, around £650 for a six-bottle case, to £13,000 for a dozen bottles of Champagne's Salon Le Mesnil 2012 and as much as £54,000 for a 12-bottle case of Bordeaux-produced Château Pétrus 2018.

"Interest in wine and whisky as asset classes has never been higher," said Gary Boom, Bordeaux Index's founder. People are scrambling for investments that will outpace inflation, which is nearing 10 per cent across western countries. Earlier this week, the Bank of England predicted the UK inflation rate would reach 13 per cent by the end of the year.

Matthew O'Connell, chief executive of LiveTrade, added: "People still drink this stuff, but they are increasingly noticing the value of wine as a hard asset that has a proven track record of inflation resistance."

Last year, fine wines were



The Château Pétrus 2018, one of the vintages traded by Bordeaux Index, which costs £54,000 for a 12-bottle case © Bordeaux Index

the top-performing "passion investment", according to the Knight Frank Luxury Investment Index, delivering an average return of 16 per cent, higher than art and coins.

"The supply is finite, the wine keeps getting better over time and there are more luxury consumers than ever who are looking to buy," said O'Connell.

Bordeaux Index's LiveTrade platform processes around 50,000 transactions a year. Its user base increased by around a third last year to the tens of thousands, the company said, declining to provide an exact figure.

In May this year, Société Jacques Bollinger, the family-owned French group behind Bollinger Champagne, increased its minority stake in Bordeaux Index. City veteran and Conservative peer Michael Spencer, who Boom

used to work for at broking giant ICAP, holds a 20 per cent stake in the company and serves as chair.

Greater interest from retail investors and the resilience of luxury goods during consumer downturns put the rare wine market in "a healthy place" over the next few years, added O'Connell, who stressed that it was "not a bubble".

However others in the industry are less bullish about the outlook for the rare wine market. "There will be lots of high net worth individuals buying wine as a hedge against inflation, but there may be more people in the mid-wealth category who are less buoyant because of the cost of living crisis and are pulling back," said Miles Davis from Wine Owners, which runs a database tracking the value of fine wines.

Last month, a magnum of

Champagne Avenue Foch 2017, along with a non-fungible token including the intellectual property rights for the artwork on its label, was sold to two Italian investors for a record \$2.5mn.

The FT revealed last month that a cask of rare Scotch whisky from the distillery was sold to a private collector in Asia for £16mn, smashing the previous world record of £1mn, which was set only a few months earlier.

"The net effect may be that . . . the wine market is stable and unexciting for the next few years," added Davis. "The wine market does need the feelgood factor. It's only a happy place to invest when things are going well and for a lot of people things aren't going well."