



Fine Wine Market Report

# 2024 CHAMPAGNE MARKET REPORT

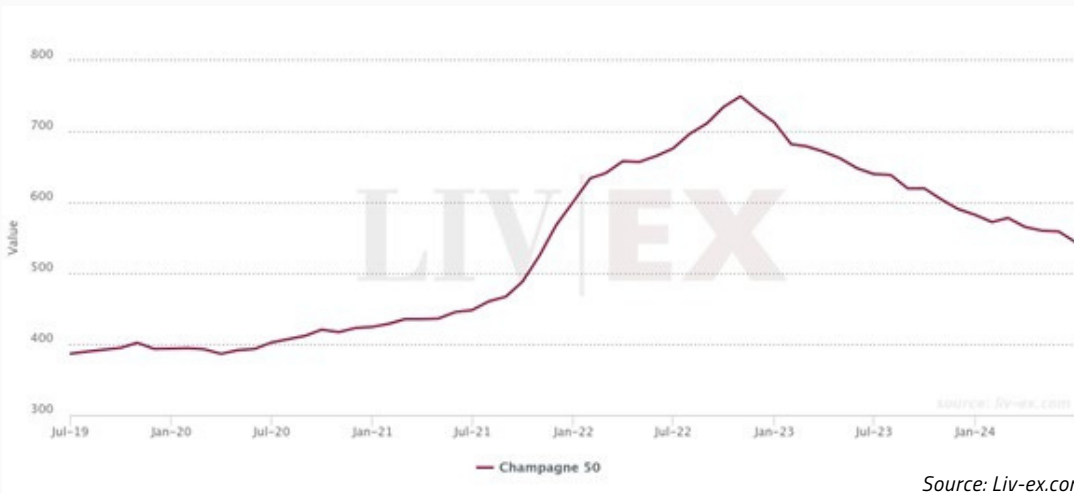
2024 | AUGUST

CRU WINE LIMITED

# Champagne Market Update

In light of [The Economist's](#) recent coverage on the booming Champagne market and the groundbreaking Sotheby's Champagne auction, which saw a record EUR 1.35m in sales with an impressive 50% of the lots exceeding the high estimate, it's an opportune moment to re-evaluate Champagne's long-term potential.

Examining the Liv-Ex Champagne 50 index, which monitors the performance of the most recent vintages of the 13 most actively traded Champagnes, presents a more nuanced picture. Currently trading at a 27% discount to its previous high in October 2022, the index has experienced a correction. Despite this, Champagne remains the highest-performing sub-index in the wine investment universe, with an impressive 40.8% return over 5 years. So, what's next for this effervescent beverage?



## CHAMPAGNE DEMAND

In 2023, the Champagne industry experienced an 8.2% decrease in total bottles sold, both domestically and internationally. Interestingly, the demand for Champagne internationally has been steadily increasing, accounting for 57% of total sales, compared to 45% a decade ago.

The total turnover for Champagne in 2023 was EUR 6.4 billion, down from EUR 6.9 billion the previous year, representing a 7.2% decline in value year over year. Despite the decrease in volume, the average cost per bottle sold has

Year	Shipment Bottles
2023	299 million
2022	326 million
2021	320 million
2020	245 million
2019	297.5 million
2018	301.9 million
2017	307.3 million

Source: [www.champagne.fr](http://www.champagne.fr)

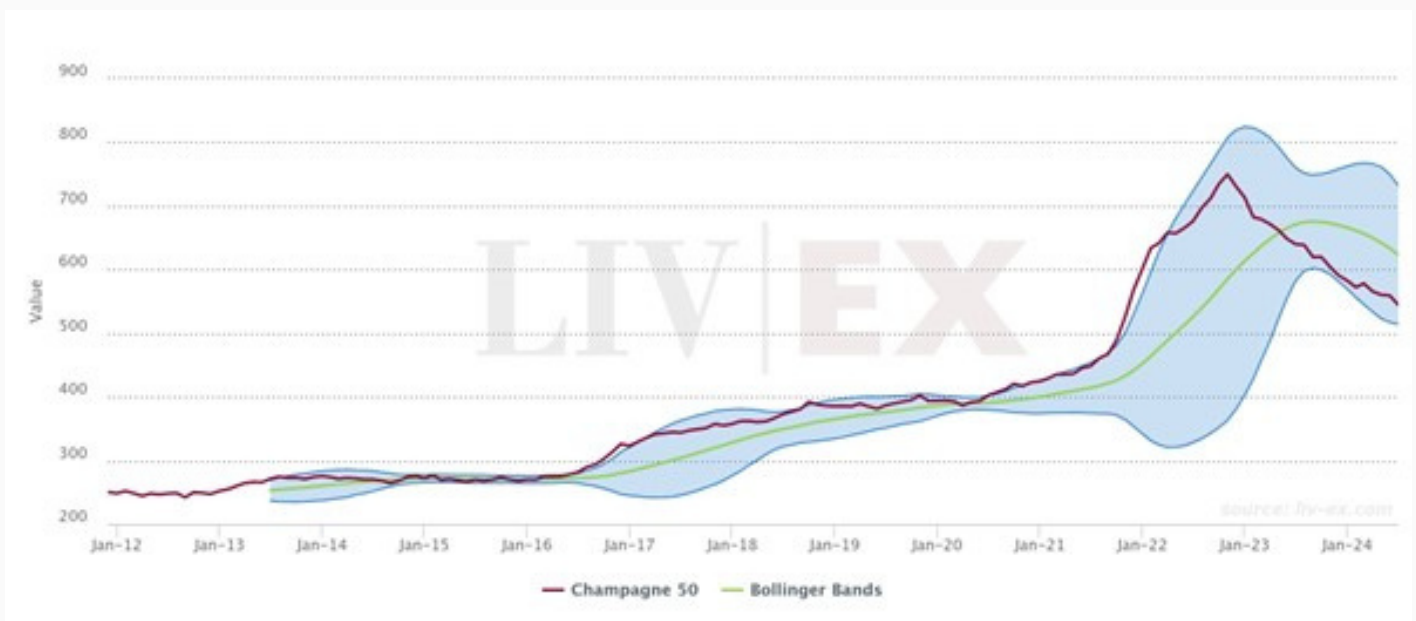
increased, indicating the industry's resilience. Notably, the market for prestige cuvées has been robust, especially in Asia and the US, driving value sales.

The growing popularity of prestige cuvée, a high-end category of Champagne, is driven by the increasing demand for exclusive and unique champagne experiences. These exceptional offerings, produced in limited quantities from carefully selected grapes, cater to connoisseurs and collectors seeking extraordinary taste profiles and craftsmanship. The marketing of prestige cuvées as luxury items and status symbols has further fuelled their growth, attracting consumers who are willing to pay a premium for a rare and distinguished champagne experience that goes beyond traditional celebratory moments.

Using moving annual totals (MAT), total sales at the end of April indicate a sales figure for 2024 of 285.1 million bottles, marking a 4.7% decrease compared to 2023. While this figure encompasses all Champagne segments, not just Prestige cuvées, it's worth noting that the decrease in sales volume of 12.9% (8.2%+4.7%) pales in comparison to a 27% reduction in the value of the Liv-Ex Champagne 50, suggesting that the secondary Prestige cuvée market may be oversold.

This is not a direct apples-to-apples comparison as we are comparing value to volume. However, as observed last year, the decrease in value was less than in volume. Additionally, we are comparing the entire market to just prestige cuvées. Nevertheless, given that prestige cuvées are the best-performing market segment, our comparison might be considered rather pessimistic.

Technical analysis of the Champagne 50 suggests a similar picture:



The Champagne 50 (bold purple line) is tracing the lower Bollinger band (the baseline of the blue shading). The lower band of the Bollinger Bands helps identify oversold conditions. It is also a reference line for those using mean reversion strategies or looking for potential reversals.



The Liv-Ex Champagne 50 relative strength indicator (purple line) is a momentum indicator that measures the speed and magnitude of an index's recent price changes to evaluate overbought or oversold conditions in the value of the index. The Champagne 50's RSI score is currently 31 with a score lower than 30 considered oversold.



## CHAMPAGNE GROWTH DRIVERS

### Age Demographic

The Great Wealth Transfer is anticipated to see up to \$70 trillion of private wealth transfer from the post-World War II generation to the next younger generation, over the next 20 years. The majority of Champagne is consumed by cohorts currently under the age of 40. As the younger demographics' wealth increase, this will increase the demand for Champagne.

### Geographical Demand

In my last report, I highlighted two regions I believed had strong upside potential.

In January 2023, Dubai removed its 30% alcohol tax and dropped a licence fee previously needed to buy alcohol. Following this legislation, UAE increased Champagne sales in volume and value by 49.5% and 45.5% respectively in 2022. There is still a large upside for Champagne sales in the UAE driven by an enlarging economy, expanding foreign population and increasing numbers of tourists.

Abu Dhabi, the capital of the UAE has yet to remove its 30% alcohol tax which is a future catalyst to Champagne sales if the country were to harmonise its alcohol policies throughout the region.

Neighbouring Saudi Arabia is slowly lifting its alcohol prohibition by opening its first-ever liquor store solely available to Diplomats. The current Prince of Saudi, Mohammed bin Salman, has indicated the region's intentions to overtake the UAE as a centre for tourism and expatriates. For Saudi Arabia to compete, it will need open hospitality and further ease alcohol restrictions. This is not part of our short-term base case with an expected five to ten-year event horizon.

The second region we identified as a growth driver for Champagne was China. In 2023 Chinese demand decreased by 5.7% in volume and 4.2% in value. In real terms, this equates to 73,000 bottles or 0.02% of the market. China is currently 22nd biggest importer of Champagne in the world, if taste in the region changes, this could be a large growth driver for Champagne however this is no longer part of our base case.

# Spotlight On: 2008 Egly-Ouriet Grand Cru Brut Millésime

As we noted earlier in this report, the demand for artisanal Champagne is soaring. Egly-Ouriet is a standout in this space, renowned for its exceptional, terroir-driven wines. Nestled in the village of Ambonnay, in the Montagne de Reims this family-run estate is celebrated for its meticulous craftsmanship and traditional methods, resulting in Champagnes that are both rich and complex.

The 2008 Egly-Ouriet Grand Cru Brut Millésime, has achieved a 100-point score from William Kelley, the leading voice in grower Champagne, not once but on three times of tasting. This vintage is not only from one of Champagne's highest-regarded years but also in a Magnum format, which enhances its value due to its superior ageing potential, rarity, and striking presentation.

To put the format into perspective, consider this: Wine Advocate has tasted and rated 168 of the already legendary 2008 vintage Champagnes. Of these, only six have reached the perfect 100 points:

Producer	Price per magnum
Salon	£4,284
Champagne Roses de Jeanne Les Ursules	n/a
Bollinger Blanc de Noirs Vieilles Vignes Francaises	£3,332*
Cristal Rosé	£1,350*
Jacques Selosse Extra-Brut Millésime	£3,784
Egly-Ouriet Grand Cru Millésime	£1,200

\*Price adjusted to magnum format

Now available at a 22% discount from its peak market price, this exceptional Champagne offers a fantastic investment opportunity. Don't miss out on securing this top-tier, cult Champagne with outstanding long-term potential. Please contact your Account Manager or contact us on [sales@cru-wine.com](mailto:sales@cru-wine.com) to secure a case for your portfolio.

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*“This wine is a monument to what Champagne's grower revolution has achieved over the last 30 or so years.”*

**100 Points, William Kelley**



## Overview

The current market correction is an exceptional opportunity to diversify your wine investment portfolio with Champagne.

Additionally, Champagne is poised to benefit from significant demographic and geographical changes over the next 20 years.

It is always difficult to spot the bottom of any market so we advise periodically adding

Champagne to reduce timing risk and recommend a minimum 5-year holding period.

Get in touch with us to explore the best ways to invest in the Champagne market.



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## Who we are:

Established in 2013, Cru Wine was created with a vision to cultivate and enrich the fine wine buying, collecting and drinking experience through a straight-forward platform. Now comprising of a team of sommeliers, engineers, financial advisors and more, over the past 10 years, we've built a platform where we wish to pass on our vast knowledge to our clients, ensuring we use the best technology to make your fine wine and spirits collecting experience as seamless and transparent as possible.

We pride ourselves on building long-term relationships with our clients, formed through exceptional service, trust and our performance.



*"Making collecting transparent, effortless and available to all."*

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