

Extended Report
Q1 2021

LIV | EX
THE FINE WINE MARKET

Burgundy:
A journey of discovery



Introduction

Burgundy En Primeur marks the start to an exciting new year in wine, especially for the UK trade, the biggest buyer of Burgundy wines. January is dedicated to elaborate tastings of the new vintage and meetings with the growers from the famed region. This year, the 2019 En Primeur campaign took place virtually, and while this posed challenges, it has not failed to excite.

With its inherent complexity and scarcity, Burgundy proved it still possesses the *other worldliness* that a locked-down planet would seem to crave. The newly released (and critically acclaimed) vintage saw a return to tight allocations after a 'plentiful' 2018 campaign. Record prices for barrels of the new vintage at [the Hospices de Beaune auction](#) were already smashed in 2019. Despite some elevated prices, merchants are now reporting strong demand as the release hits full flow.

Rarity has long been the main driver behind Burgundy's market evolution, attracting growing attention from collectors (and investors) from across the globe – particularly over the past decade. Since 2010 we have seen Burgundy's market share by value rise from 1% to a record 20% in 2019, albeit finishing 2020 at 18%. Prices raced higher, with the Burgundy 150 index reaching a record high in 2018. The index rose 140% between December 2010 and December 2020, versus 40% for the Liv-ex 1000, and 20% for the Bordeaux 500 index.

Just last month, Domaine Leroy Musigny Grand Cru 1999 (£24,380 per 1x75) became the most expensive bottle of wine to trade in the 20-year history of Liv-ex. Leroy also regained the top spot in the [Liv-ex 2020 Power 100](#). Demand for Burgundy was on full display in the auction market too. In their [annual press release](#), Sotheby's reported that three methuselahs of Domaine de la Romanée-Conti from 2005, 2006 and 2007 established "new world auction records for: any methuselah of Burgundy (\$297,600, for the 2005 vintage); any methuselah of 2007 Burgundy (\$223,200); and any methuselah of 2006 Burgundy (\$210,800)." They led the \$5.14 million evening auction of The Pristine Burgundy Collection in New York, achieving a staggering \$731,600 combined.

But while Burgundy continued to make headlines in 2020, it faced numerous challenges. The region had to cope with the effects of Covid-19 and its devastating impact on the hotel and restaurant trade (a significant part of its market, particularly within France) and the shock of 25% tariffs imposed upon many (but not all) European wines by the US at the back end of 2019 – all the while trying to retain its place in an ever-broadening market. At the headline level, Burgundy lost market share by value while prices dropped in 2020. But steady volumes and an increase in the number of wines traded suggest that interest in the region is far from dissipating. Quite the contrary. Buyers continued to find value in the region's diverse array of wines, considering labels from appellations that rarely saw secondary market activity in the past. Some merchants reported Burgundy sales markedly up in 2020.

The extraordinary 10-year performance of Burgundy's legendary labels (a fine wine buyer's ultimate destination) has encouraged collectors to delve deeper into the region in search of value, thus allowing smaller regional *domaines* to shine. Greater transparency and connectivity between merchants, and a boost to online selling during the pandemic, fuelled Burgundy's growth. Thanks to technology, customers were given greater choice of wine to savour from their homes, and they unequivocally embraced what Burgundy had to offer.

Secondary market trends

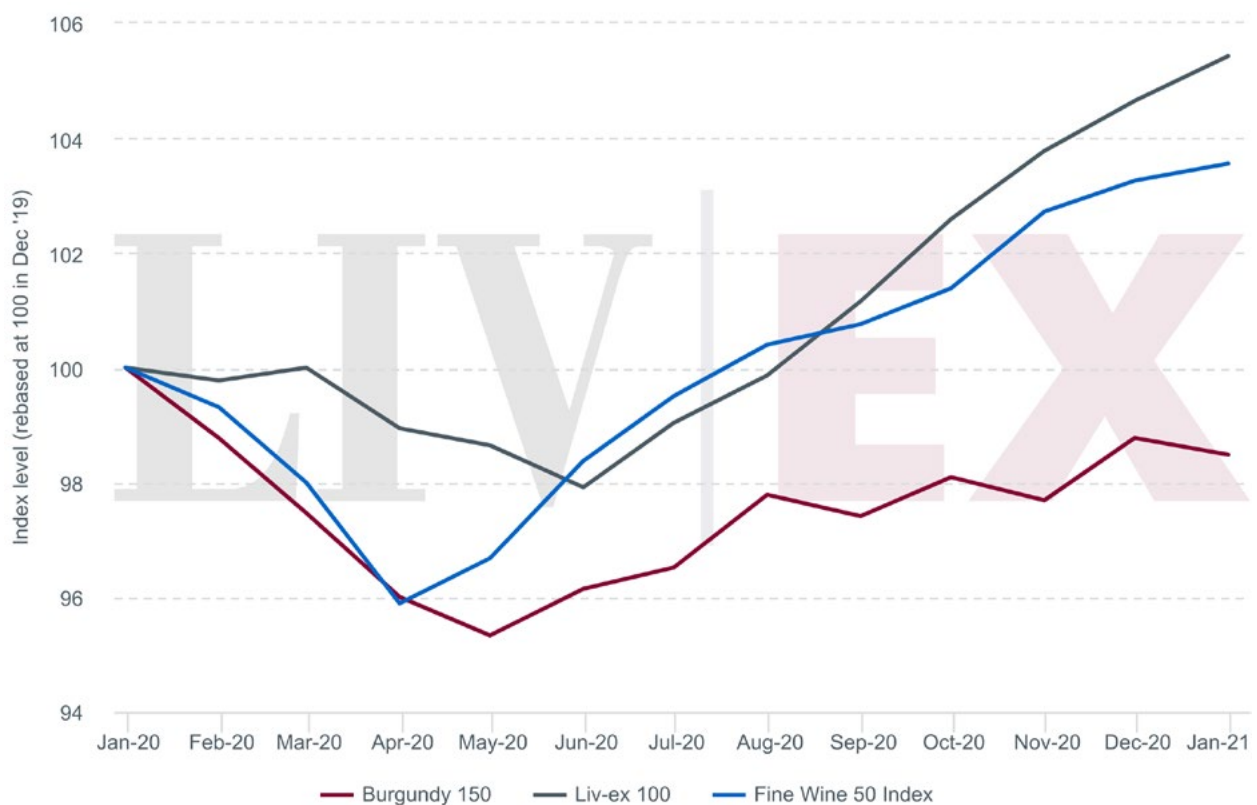
A price slowdown

There is much to admire about Burgundy in terms of secondary market activity. Burgundy is the outright leader when measured by average trade price and long-term price performance of its wines. Burgundy's elite growers represent the highest entry point into the fine wine market of any region and Burgundy is the top performing region since the launch of the Liv-ex regional indices in 2003.

But in the past two years, Burgundy has been the worst-performing index, finishing 2019 down 8.8% and 2020 down 1.5%. The Covid-19 pandemic, US import tariffs on wines under 14% abv, along with the abundant and fully priced 2018 vintage which was released onto the market last year all contributed to the downward pressure on prices.

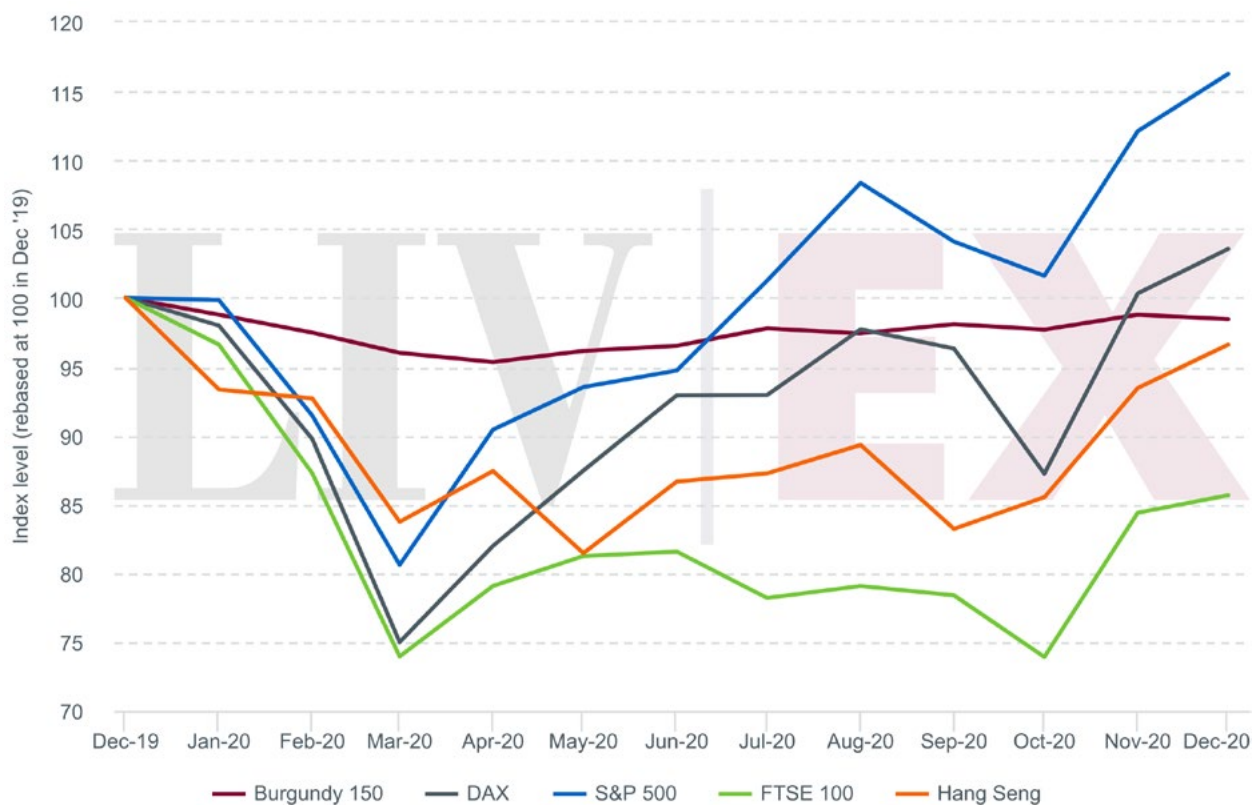
While the industry benchmark, the Liv-ex 100 index (5.4%) and the Liv-ex Fine Wine 50 index (3.6%) - which tracks the performance of the Bordeaux First Growths - recovered after dips in March at the start of the pandemic, the Burgundy 150 remained in the negative territory for the year (-1.5%).

Chart 1: Burgundy 150 vs Liv-ex 100 and Fine Wine 50 index over one year



Burgundy's luxury status has long held an allure for investors. Despite the falls, Burgundy still proved itself a better investment than some equities in 2020. It outperformed both the FTSE 100 and the Hang Seng Index. It did however lag behind the tech-led S&P 500 and the German DAX, which made solid gains in the final quarter.

Chart 2: Burgundy 150 vs global equities over one year



Compared to other fine wine producing regions, Burgundy prices did not catch the tailwind. 2020 was the year of Italy (6.7%) and Champagne (6.3%), two regions that were exempt from the 25% US tariffs. Rhone (3.9%) and Bordeaux (3.5%, Bordeaux 500) also made quiet gains. Apart from Burgundy (-1.5%), only the Rest of the World category, dominated by US wines, finished the year down (-0.15%).

Chart 3: Liv-ex 1000 sub-indices over one year

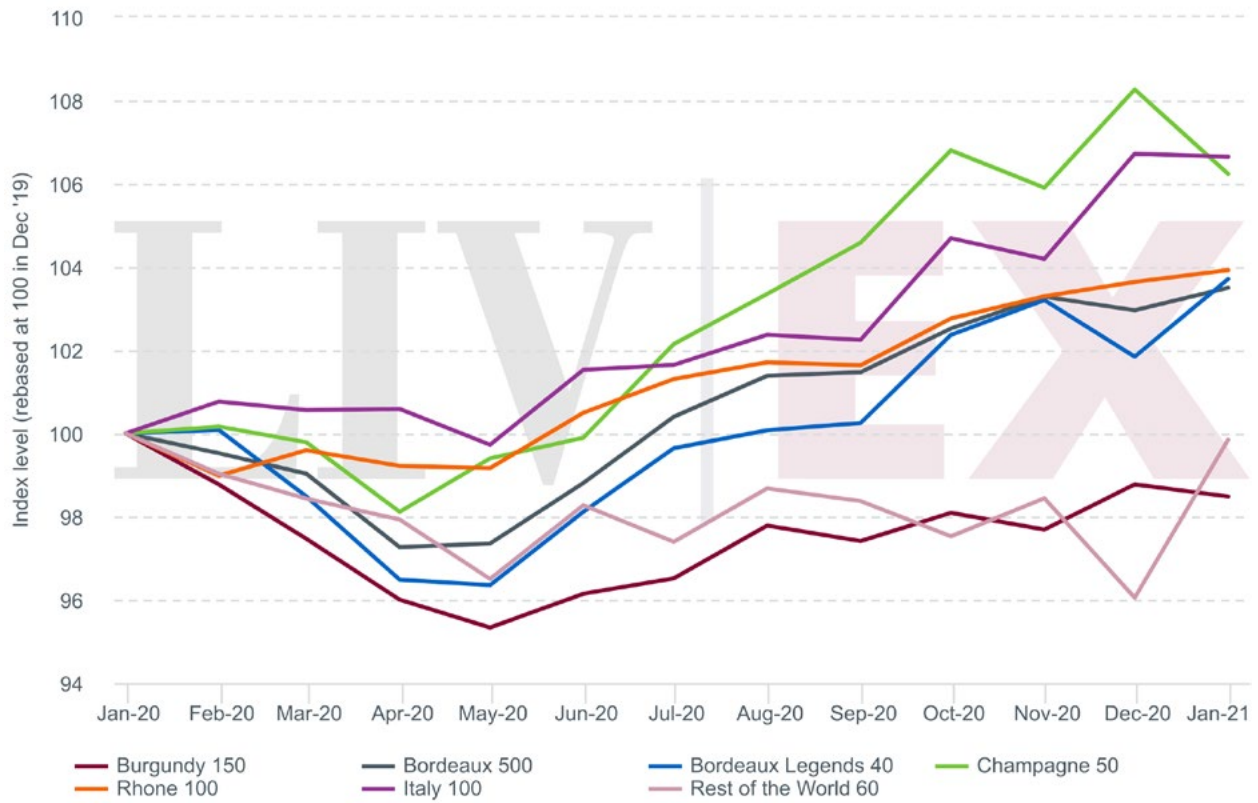
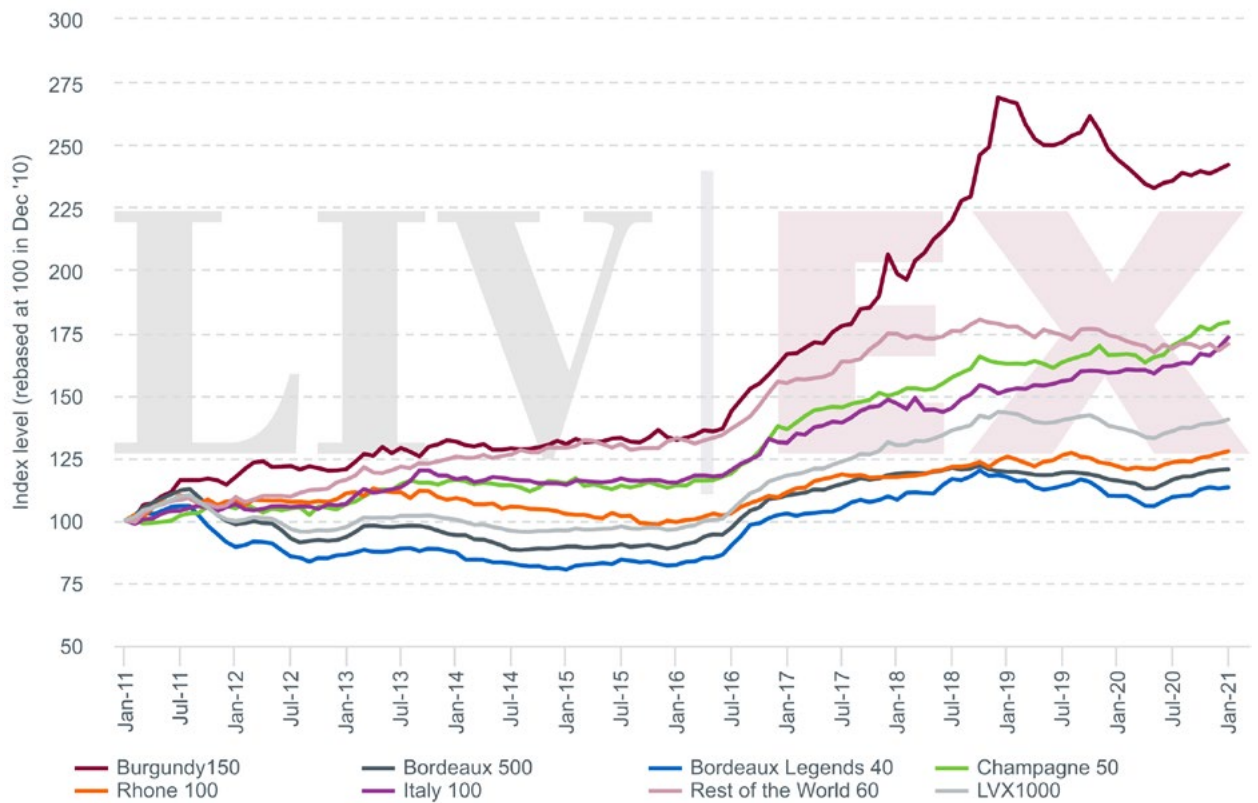
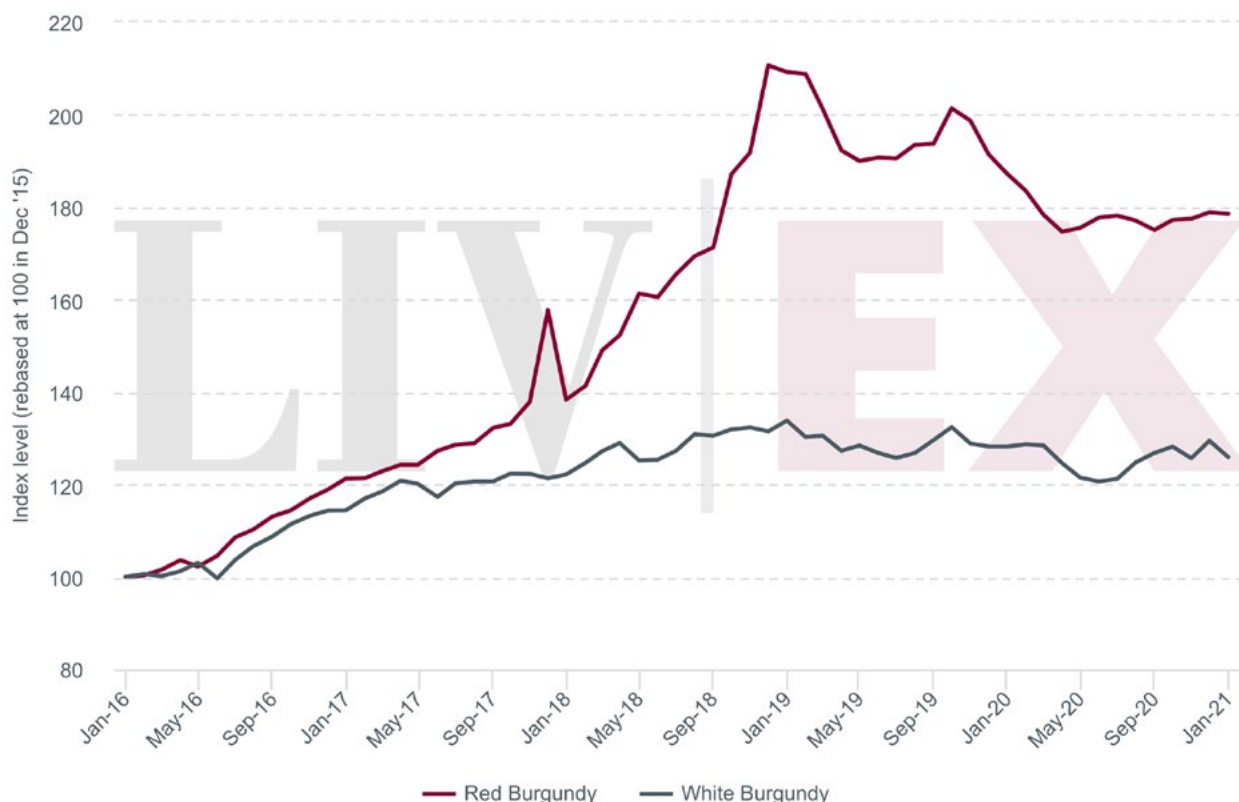


Chart 4: Liv-ex 1000 sub-indices over ten years



Historically, red Burgundy has outperformed white Burgundy on the secondary market. Over the past five years, prices of red wines were up 78.6% compared to 28.9% for white wines. In 2020, the picture is still largely the same. The average trade price of a red Burgundy case on Liv-ex was twice that of a white one. However, on average red Burgundy prices have fallen more this year – down 4.6%, while white Burgundy only dipped 1.8%.

Chart 5: Red vs White Burgundy index over five years



Burgundy's slowdown was also evident in the 2020 Power 100 rankings.¹ Ten Burgundian labels dropped out of the top 100 – more than any other region.

Although Burgundy's share of the Power 100 was diminished, nine new growers qualified for consideration (but remained outside the top 100 in the rankings). Indeed, there were still some strong price performances from the region as seen in Table 1. These are predominantly growers that have not traditionally seen significant secondary market activity and have thus had greater room to rise.

1. The Power 100 list ranks brands based on four criteria: year-on-year price performance (based on the market price for a case of wine on 1 October 2019 with its market price on 30 September 2020); trading performance on Liv-ex (by value and volume); number of wines and vintages traded; and average price of the wines in a brand. To find out more about the rankings and the methodology, [click here](#).

Table 1: 2020 Power 100 rankings: Top price performers from Burgundy

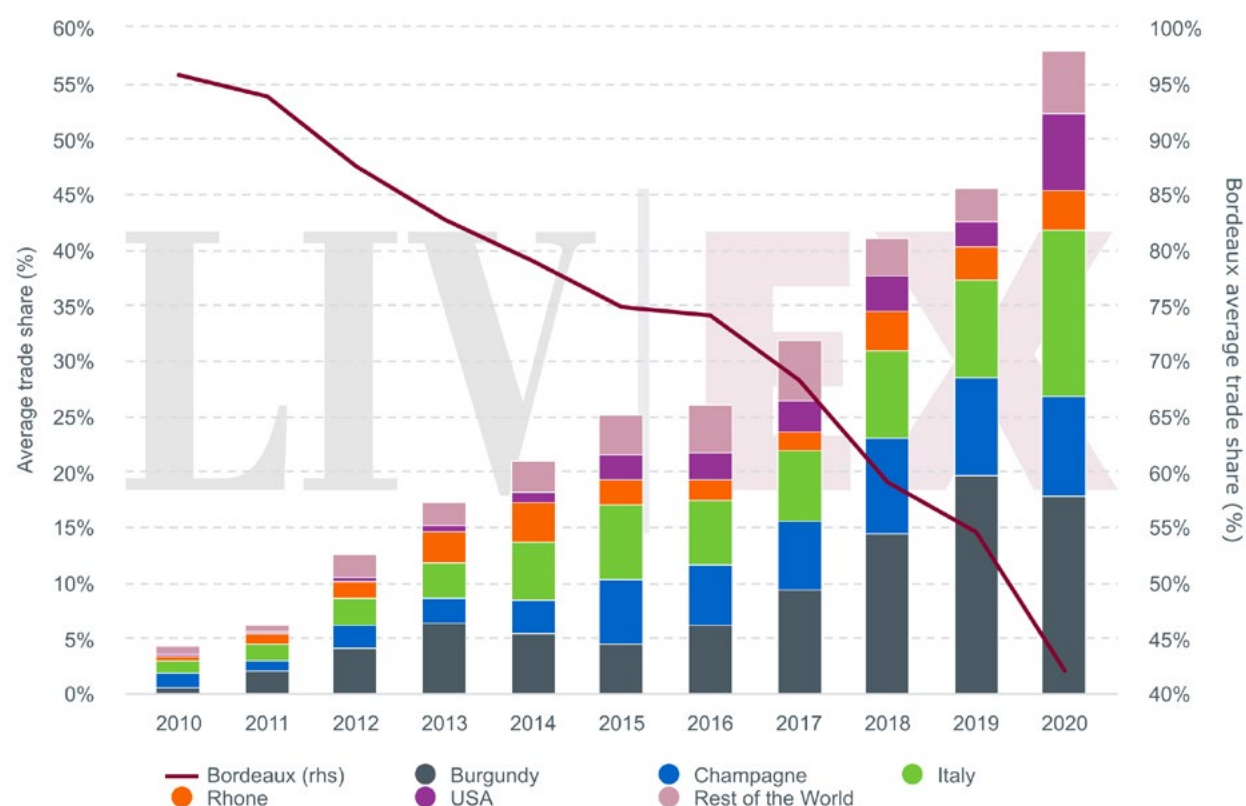
Wine	2020	2019	Price Performance	Price Ranking
William Fevre	105	205	15.1%	5
Bonneau du Martray	121	150	14.4%	7
Rene Engel	174	56	13.1%	8
Arnoux-Lachaux	93	77	12.8%	10
Georges Mugneret Gibourg	168	121	12.4%	11
Jacques Prieur	41	88	11.7%	13
Georges Noellat	145	122	11.6%	14
Bernard Moreau	217	#N/A	11.3%	16
Pierre-Yves Colin-Morey	60	80	11.1%	17
Prieure Roch	14	6	10.0%	22

The Burgundy expansion

Perhaps a more pertinent theme than prices was Burgundy's place in a broadening market.

In terms of trade share in 2020, Italy was the biggest winner, up from 9% to 15%, while Bordeaux suffered the most, down from 55% in 2019 to 42%. Burgundy largely held its ground after a record year in 2019, with its share by value dipping only slightly, from 20% to 18%.

Chart 6: Regional trade over ten years

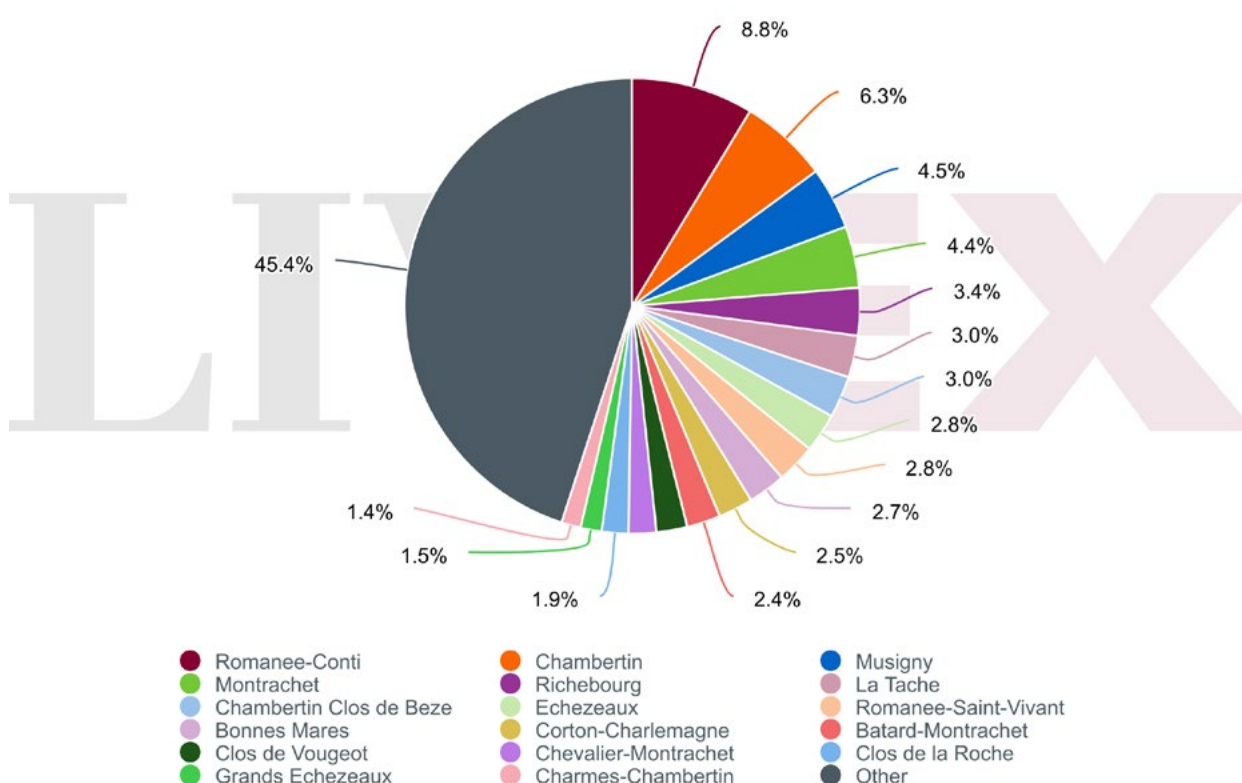


Trade in 2020 was dominated by the most recent vintages: 2017 (22%), 2018 (15%) and 2016 (9%). Burgundy's top growers, which command the highest prices, namely Domaine Romanee Conti, Armand Rousseau and Leroy, naturally led trade by value.

Chart 7 shows the breakdown of Burgundy trade by Cru vineyards. On Cru level, Romanee Conti (8.8%), Le Chambertin (6.3%), Musigny (4.5%) and Montrachet (4.4%) took the largest pieces of Burgundy's market share. However, Batard-Montrachet, Clos de Vougeot, Chevalier-Montrachet, Clos de la Roche and several top Chablis vineyards, were on an upward trend.

And notable too was the emergence of an active secondary market in the wine from Marsannay, Pernand-Vergelesses, Santenay and Macon though they remain relatively small in value terms.

Chart 7: Burgundy's Cru vineyards trade by value in 2020



But falling prices (as measured by the elite wines of the Burgundy 150) and declining market share by value, do not tell the whole story.

In 2020, Burgundy volumes traded were up 31% on the previous year. The number of trades rose by 34% year-on-year. And the region attracted 11% more active buyers, and 9% more sellers.

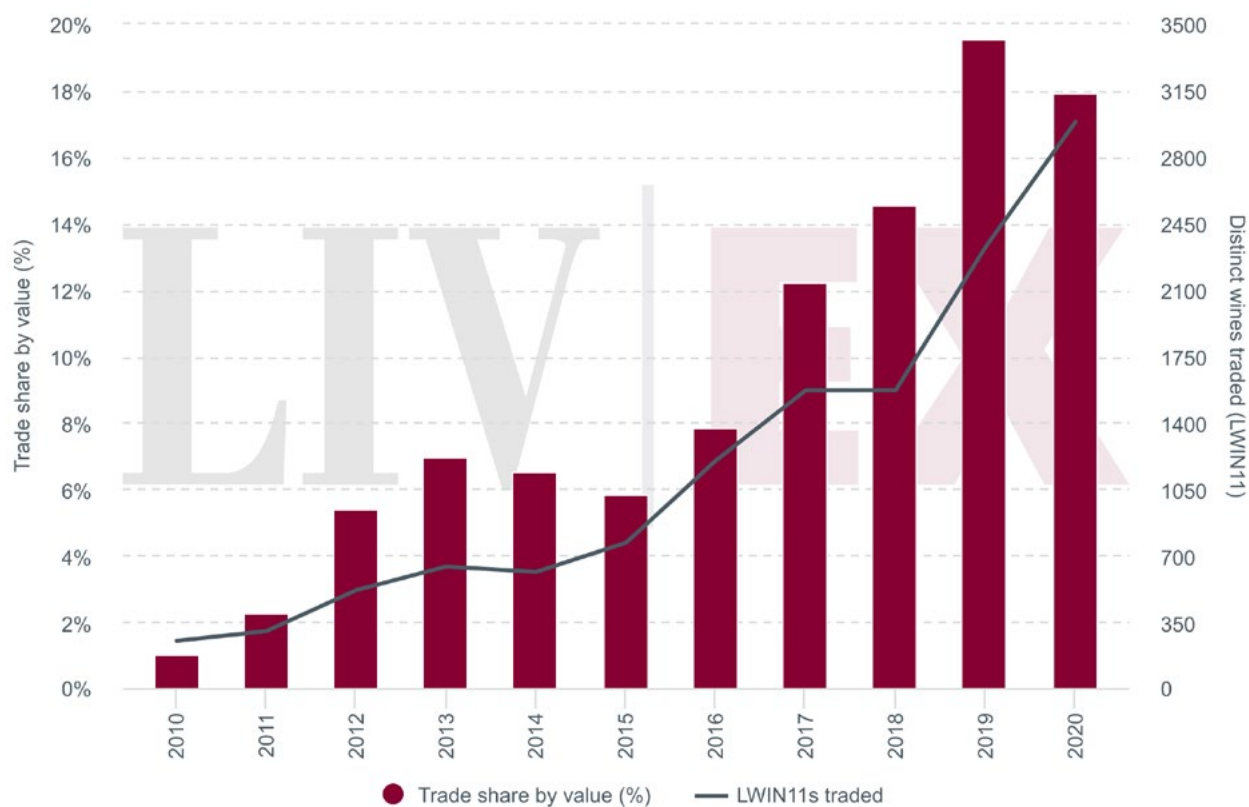
As seen in Chart 8, the number of distinct wines traded (wine and vintage, LWIN11) rose by 28% in 2020. The labels that traded (LWIN7) were up 40%. More wines at lower price points entered the secondary market. The number of active wines – with either a live bid or a live offer – also rose 34% on 2019, and 79% on 2018.

While the elite names continued to attract long-standing Burgundy buyers, a broader range of top *domaines* also found the bid. 2020 saw considerable activity in the wines of Etienne Sauzet, Henri Boillot, Vincent Darcer, Michel Niellon and Robert Groffier, amongst others.

Buyers were finding value beyond the superstar names, considering the full spectrum of village and commune level wines made by a wider range of growers. This in turn has resulted in lower trade value despite higher trade volumes.

The more affordable and early drinking whites saw increased activity. They accounted for 26% of the total trade value in 2020; two years ago, they took less than 19%.

Chart 8: Burgundy's trade share by value vs number of wines (LWIN11) traded over ten years



Unsurprisingly, the list of the ten most traded wines by value last year was dominated by wines with higher trade value, Grand Cru DRC and Armand Rousseau (see Table 2).

Table 2: Top traded wines by value in 2020

Wine	Vintage	Market Price (12x75)
Domaine de la Romanee-Conti, Romanee-Conti Grand Cru	2016	£180,000
Domaine de la Romanee-Conti, Romanee-Conti Grand Cru	2009	£194,136
Joseph Drouhin, Montrachet Grand Cru Marquis de Laguiche	2017	£4,602
Domaine de la Romanee-Conti, La Tache Grand Cru	2017	£33,556
Domaine de la Romanee-Conti, Romanee-Conti Grand Cru	2006	£198,000
Domaine de la Romanee-Conti, Romanee-Conti Grand Cru	2017	£151,636
Domaine Armand Rousseau, Chambertin Grand Cru	2017	£17,952
Trapet Pere et Fils, Chambertin Grand Cru	2018	£3,790
Joseph Drouhin, Montrachet Grand Cru Marquis de Laguiche	2018	£4,386
Trapet Pere et Fils, Chambertin Grand Cru	2017	£3,248

The top traded wines by volume, however, painted a different picture – one dominated by the whites (Table 3). The most heavily traded wine last year was Etienne Sauzet Bourgogne Blanc, which has a Market Price of £300 per 12x75 case. The rest of the top wines in the volume category showcase the broadening taste of the region's buyers and reflect the increased market share of white Burgundy.

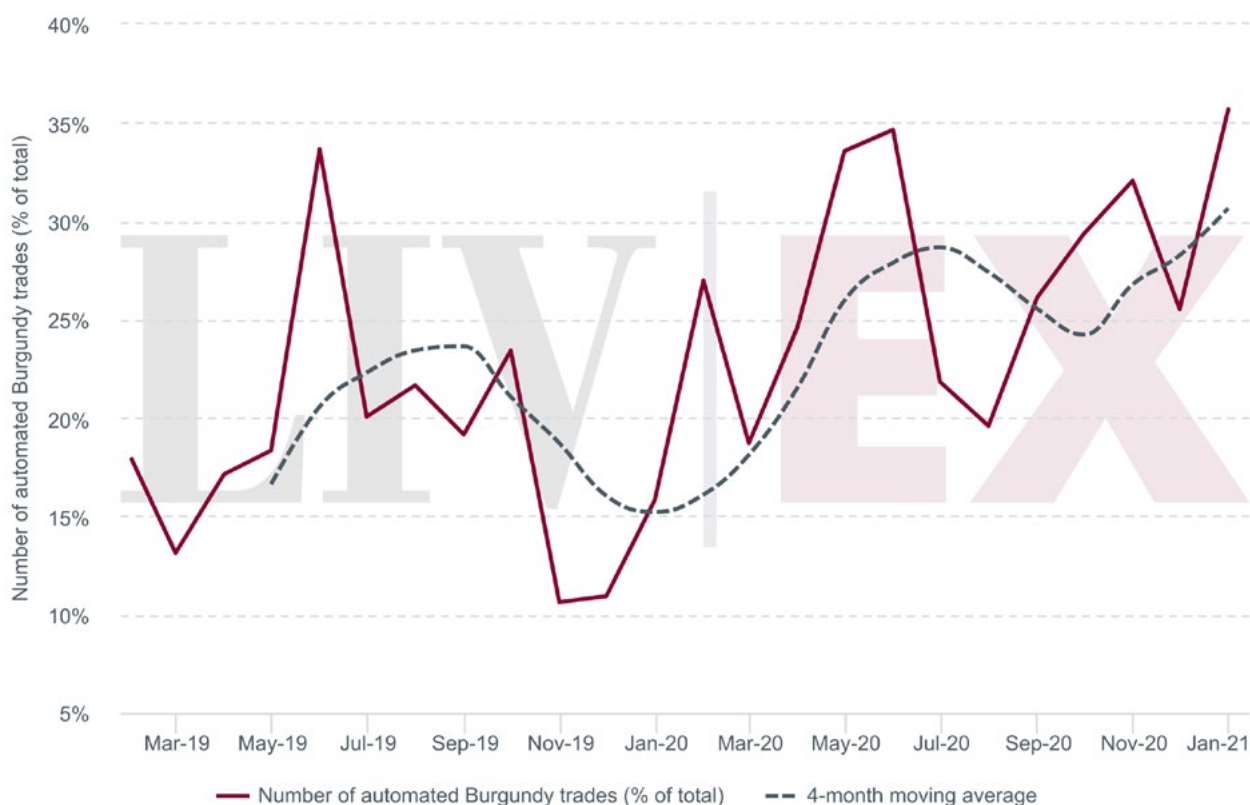
Table 3: Top traded wines by volume in 2020

Wine	Vintage	Market Price (12x75)
Etienne Sauzet, Bourgogne Blanc	2015	£300
Domaine Henri Boillot, Puligny-Montrachet Premier Cru Clos de la Mouchere	2018	£920
Maison Roche de Bellene, Vosne-Romanee Vieilles Vignes	2018	£449
Domaine Leflaive, Puligny-Montrachet Premier Cru Clavoillon	2017	£1,440
Etienne Sauzet, Bourgogne Blanc	2016	£300
Dominique Lafon, Meursault Narvaux	2017	£704
Joseph Drouhin, Montrachet Grand Cru Marquis de Laguiche	2017	£4,602
Trapet Pere et Fils, Chambertin Grand Cru	2017	£3,248
Michel Niellon, Chassagne Montrachet Maltroie Blanc	2018	£541
Domaine de Montille, Beaune Premier Cru Les Greves	2017	£600

The broadening of the Burgundy market was an anticipated trend, as we pointed out in our full report on the region in 2020, "[Burgundy: After the peak](#)". Technology, which continues to enhance the connection between buyer and seller, plays an increasingly important role. The move to online, necessitated by global lockdowns, meant that wine merchants had to re-think how and what they were offering to their customers. Automation made it easier for merchants to offer a greater range of wines to a greater audience than ever before.² Those with a penchant for Pinot Noir and Chardonnay were never better served.

By December 2020, automated Burgundy trades accounted for 36% of the total number of Burgundy transactions.

Chart 9: Number of automated Burgundy trades (% of total Burgundy trades) over two years



2. For more information on automation, see our guide, "[How to automate and accelerate your wine business](#)".

Burgundy 2019: an overview

In his recent report on Burgundy 2019, [Neal Martin](#) wrote: “This small, excellent quality vintage certainly merits excitement and demand, but it emerges into a world where global events will have an influence.”

The global pandemic meant the usual autumnal exodus to the Cote d’Or for tastings was much diminished. [Jancis Robinson](#), one of the few critics who visited in the autumn, reported that “it was all eerily quiet”. Pierre-Yves Colin-Morey of Chassagne-Montrachet concurred: “Last year we had too many visitors. This year too few.”

Robinson recently observed another pattern that has faced the new releases. The last-minute Brexit deal and the uncertainty surrounding it have slowed Burgundy offers in the UK. She said that “growers, alarmed by possible additional bureaucracy and associated additional costs, have been slower than usual to decide on prices and allocations.”

According to Martin, however, appetite for Burgundy remains strong. As he put it:

“Despite economies stagnating, people have money and those with disposable income have fewer outlets to spend it on, restaurants for one. Like 2020’s Bordeaux primeur [2019] campaign, wine-lovers exhibit an undiminished desire to purchase wine, partly because of quality and to retain allocations, partly to feel a sense of continuity until our lives return to normal”.

Trade view

Merchants who have thus far released their Burgundy offers have reported strong campaigns despite price rises on last year. Max Lalondrelle of Berry Bros. & Rudd told the [The Drinks Business](#): “The customer feedback to our 2019 campaign has been overwhelmingly positive and the strong sales are testament to this success.”

While many prices have remained unchanged, there have been notable rises amongst some growers. These have mostly been attributed to lower yields. Many producers reported volumes on a par with the 2016 vintage and, depending on the estate, some even smaller than that. Others have increased their prices due to market repositioning, particularly where they have seen an increase in demand from Asia.

Most merchants have suggested that the 2019 vintage is one to buy at all levels. Corney & Barrow wrote in their vintage report that “there is depth of quality, from the regional and village wines upwards”.

One leading UK fine wine merchant argued that “we may have to re-think the hierarchy of Burgundy after a vintage like this”. They said that villages such as Pommard, Beaune and Nuits are “re-writing their CVs and producing wines of nobility, fragrance and fine tannins. This is the vintage where the likes of St Romain, Auxey Duresses and the Hautes Cotes stood up to be counted”.

The key word for the 2019 vintage is balance, as alcohol levels can be high in both the whites and reds due to the hot, dry summer. Some have described the reds as powerful wines with fine tannins that can be “very aromatically expressive” with a rich palate.

From the reds, Barthod, Clos de Lambrays, Bruno Clair, d’Angerville, Perrot Minot have reportedly been in demand. Offered in only tiny quantities, Cathiard, Mortet, Tremblay, Groffier, Roumier, Meo Camuzet and Liger-Belair have also been selling out.

Merchants have also been impressed by the quality of the whites. Meursault, Chassagne and Puligny Montrachet in particular, have been repeatedly highlighted by merchants as regions of excellence. Producers like Bachelet-Monnot, Etienne Sauzet, Domaine de Montille and Paul Pillot have found willing buyers “at prices that will not break the bank”.

It is still too early to judge the vintage from a secondary market perspective. The newest vintage tends to get into its stride in the second half of Q1 each year, once private allocations have been dealt with. However, Burgundy has already taken significant market share this month. Action has centred around a strong group of back vintages, as the wine world’s most alluring and elusive of regions has come into sharp focus.

Critical view

Jancis Robinson and Neal Martin (Vinous) were two of the leading critics who visited Burgundy to taste the 2019s wines, and amongst the first to release their scores. Their tasting reports provide another perspective on the market for the new vintage, and the quality of the wines.

For Robinson, the main question for this campaign was whether the 2019s “charm will be sufficient to stave off a certain cooling of the world’s wine drinkers’ love affair with Burgundy”. Her introductory report on the quality of the vintage revealed that “if 2019 reds have a fault it may be that Burgundy purists may find some of them just a bit too sweet and fruity without marked tannins, but they should not be disappointed by the whites”. Her full coverage includes advice on what to buy, and a full guide on UK merchant offers.

Her top scores (found in Table 4) went to Domaine Leroy, Armand Rousseau and George Roumier.

Table 4: Jancis Robinson’s top-scoring Burgundy 2019

Wine	Score
Domaine Leroy Richebourg Grand Cru	19
Domaine Leroy Chambertin Grand Cru	19
Domaine Leroy Musigny Grand Cru	19
Domaine Leroy Corton-Les Renardes Grand Cru	19
Domaine Bernard Dugat Puy Chambertin Grand Cru	18.5+
Domaine du Comte Liger Belair La Romanee Grand Cru	18.5+
Domaine Leroy Romanee St. Vivant Grand Cru	18.5+
Domaine Michel Lafarge Clos du Chateau des Ducs Premier grand Cru Volnay	18.5+
Domaine Leroy Latricieres-Chambertin Grand Cru	18.5+
Domaine Georges Roumier Musginy Grand Cru	18.5+
Domaine Armand Rousseau Chambertin Clos de Beze	18.5+

While some have gone as far as to suggest that the 2019 vintage might be the [best year since 1865](#), Neal Martin’s two-part report reflects a more nuanced view.

“The bottom line is that I love the 2019 vintage for both whites and reds, however, it is not a faultless vintage. Quality surpasses winemakers’ expectations and sometimes their emotional response can lend itself to overlooking shortcomings or the cuvées that lag behind others”, Martin wrote.

He added that he needs to “be convinced that 2019 is better than classics like 2005, 2010 or 2015”, revealing that “not every winemaker is unequivocal that it matches those aforementioned vintages”. He praises Burgundian producers for how they have handled the winemaking process in a season when “Burgundy could easily have produced heavy, low acid, smudged and volatile wines”.

Below are his top-scoring wines, from Armand Rousseau, Hubert Lignier, Dujac, Domaine de la Romanee Conti and Jean Grivot, all with a range of 97-99 points. Another 29 wines received 96-98 points from Martin.

Table 5: Neal Martin’s top-scoring Burgundy 2019 wines

Wine	Score
Domaine Armand Rousseau Chambertin Clos de Beze Grand Cru	97-99
Domaine Hubert Lignier Clos de la Roche Cuvee MCMLV Grand Cru	97-99
Domaine Dujac Clos de la Roche Grand Cru	97-99
Domaine de la Romanee Conti La Tache Grand Cru	97-99
Domaine Jean Grivot Richebourg Grand Cru	97-99

Concluding thoughts

The exquisite appeal of Burgundy remains, somewhat contradicting its below par index performance of late. While the performance of Burgundy's elite wines has hinted at a price ceiling, many other highly regarded *domaines* have risen in value, topping the Power 100 price performance rankings.

There would appear to be an emerging shift in the interest of buyers: demand for Burgundy is broadening at pace as merchants and their clients seek out better value offerings. *Domaines* that have not previously attracted significant trade share are now benefiting from a wider audience. Increased automation of the marketplace has introduced a wider range of growers to a wider range of buyers around the globe.

If just five years ago, the secondary market for Burgundy belonged to a strong (but restricted) group of traditional heavyweights, now its diversity is on full display. More wines from more Burgundy appellations are seeing more secondary market trade than ever before. The number of active wines from Burgundy has risen by a third in the past year. And the interest in Burgundy has been global. There is every reason to believe that this interest will only grow.

Trends that emerged in the past year are set to continue through 2021. Burgundy's world-renowned Chardonnay continues to build market share. The 2019 vintage, which has produced excellent whites, is likely to add further momentum to this rise.

Indeed the 2019 vintage, with strong praise from both critics and the trade, will further imbed the trends of 2020. The low yields, high quality and frustratingly tight allocations will mean that many of the new releases will soon be absorbed. Price rises, while unwelcome, were inevitable. But as we have already observed in the few short weeks of this year, the excitement around the release has re-ignited interest in already physical vintages – 2006, 2017 and 2018, to name a few. And within the 2019 release merchants are finding firm demand for wines from Fixin, Marsannay, Pommard, Ladoix, St Aubin and Monthelie amongst others where both quality and price allow those with a less fulsome purse to dip their toe into the delights of this hallowed region.

Burgundy will likely face fresh challenges in the year ahead, not least from the ongoing lockdowns, restricting travel and keeping hotels and restaurants closed. But as the secondary market trends of 2020 reveal, for many buyers the journey of discovering Burgundy has only just begun. To use Neal Martin's words, the region "remains a magical place" that continues to cast its spell. One might add that the magic is not just in the place but in the wines themselves.