

# 2019 Virginia Commercial Grape Report

**April 2020**

**Prepared by:  
SMS Research  
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# Table of Contents

<b>Results Overview .....</b>	<b>3</b>
<b>Methodology .....</b>	<b>4</b>
<b>2019 Production by Variety .....</b>	<b>5</b>
<b>2019 Production by Geography .....</b>	<b>8</b>
<b>Acreage Trends .....</b>	<b>10</b>
<b>Yield &amp; Variety Trends .....</b>	<b>12</b>
<b>Pricing Trends .....</b>	<b>16</b>
<b>Market Outlook .....</b>	<b>18</b>
<b>Conclusions .....</b>	<b>23</b>

# 2019 Harvest Report

By Tony Wolf, Virginia Tech

Perhaps it's the stark contrast to 2018, but the 2019 season and vintage will be remembered as one of the easier that we've had in recent memory. That's not to say it was without issues, but most were tolerable.

Water-logged soil and poor winter acclimation conditions in the fall of 2018 likely contributed to some localized winter injury of cold-tender vines observed in the 2019 season. An Arctic vortex clipped northern Virginia at the end of January 2019, dropping temperatures close to 0 degrees (F). Spring was undramatic and notable for the lack of frost and the advent of much drier weather conditions, which generally persisted for the summer. Accumulated heat units, a summation of growing season heat, were slightly greater in 2019 than in 2018, and the drier weather of 2019 helped advance harvest, with grapes destined for sparkling and rosé being harvested as early as 10 August. Growers collectively exhaled in relief as Hurricane Dorian first menaced then veered northeast from Virginia in early September, sparing all but the southeast corner of the Commonwealth.

Grape crop yields were up, leaving some growers scrambling to find a home for under-estimated crops. It will take some time to judge the quality of wines coming from the 2019 season, but if the initial results are any indication, it should be a stellar vintage.

**Special thanks to all the growers & members  
who participated in this year's assessment!**

# Methodology

2019 marks the sixth (6<sup>th</sup>) wave of the Commercial Grape Report. This year's assessment was conducted with SMS Research Advisors. Previous assessments were conducted and reported upon by the Virginia Commonwealth University School of Business (VCU; 2016 - 2018) and the Virginia Wine Board (2014 – 2015). The assessment was based upon reporting done by the National Agricultural Statistics Service (NASS) up until 2010.

All results are based on production information as reported by vineyards and wineries located in Virginia. Contact information was provided by Virginia Wine Board, as well as Virginia Vineyard Association (VVA) (new partnership for this year) for a total of 646 contacts representing 417 vineyards/operations. Participants were able to submit production information via online survey, mail-in survey or over telephone based on personal preference. The survey was conducted from November 2019 to February 2020.

279 unique operations responded this year (67%). Of those, 29 opted-out due to closure or inability to participate over the survey timeframe. The remaining 248 operations represents 285 individual vineyards. While this represents higher response rates than the previous two years, it is estimated that approx. 138 vineyards are missing from participation. This year's results include two sets of analysis: results as reported, as well as larger market estimations after accounting for the missing operations (see pages 10 – 12).

Yearly trend is also reported, but should be treated with caution as 2018 and 2017 in particular had low response rates. ***This underscores the importance of industry-wide participation in this ongoing assessment and we hope to continue to grow participation in future years.***

For more information about the Commercial Grape Report or this year's assessment, please contact Ms. Annette Boyd at 804.344.8200 or [annette.boyd@viriniawine.org](mailto:annette.boyd@viriniawine.org).

# 2019 Production by Variety

Reported yields are up 57% above last year, indicating recovery after 2018's unusually rainy/inclement weather. Pricing also shows incremental increases across the board.

Overall, Vinifera varieties continue to drive the majority of grape production in the state (69% of total tonnage). Cabernet Franc, Chardonnay and Merlot varieties dominate the category, though Albariño, Tannat, Sauvignon Blanc and Viognier show strong gains in yield over 5-year trend (each 40% or greater increase since 2014).

Hybrid yields have generally decreased, especially in Traminette (-42% since 2014). American yield remains fairly consistent, although it commands significantly higher pricing for 2019 (median price is +34% from last year).

## Summary Table

	Tons	Acreage		Pricing (Contract & Open Market)*			
		Bearing	Non-Bearing	Average	Median	25% Percentile	75% Percentile
<b>2019 Total</b>	<b>7,412.5</b>	<b>2,969.5*</b>	<b>775*</b>	<b>\$2,244</b>	<b>\$2,400</b>	<b>\$1,900</b>	<b>\$2,600</b>
All Vinifera	5,184	1,850	322.5	\$2,456	\$2,500	\$2,300	\$2,725
All Hybrid	1,219.5	334.5	36	\$1,523	\$1,500	\$1,400	\$1,700
All American	500	140.5	11.5	\$2,140	\$2,400	\$1,738	\$2,500
Other – Red	301	99	20.5	\$2,233	\$2,250	\$2,150	\$2,638
Other – White	268	78	12	\$1,875	\$2,200	\$1,663	\$2,200

\* Total acreage asked as a separate question– not every grower provided acreage by each variety; breakouts by varietal/type will not add up to the full amount

## Production & Pricing: Vinifera

	Acreage			Pricing (Contract & Open Market) †			
	Tons	Bearing	Non-Bearing	Average	Median	25% Percentile	75% Percentile
<b>2019 Total</b>	<b>7,412.5</b>	<b>2,969.5*</b>	<b>775*</b>	<b>\$2,244</b>	<b>\$2,400</b>	<b>\$1,900</b>	<b>\$2,600</b>
<b>All Vinifera</b>	<b>5,184</b>	<b>1,850</b>	<b>322.5</b>	<b>\$2,456</b>	<b>\$2,500</b>	<b>\$2,300</b>	<b>\$2,725</b>
Albariño	58.5	25.5	12	\$2,533	\$2,545	\$2,125	\$2,944
Cabernet Franc	1,085	365.5	40.5	\$2,434	\$2,457	\$2,275	\$2,612
Cabernet Sauvignon	380	157.5	18	\$2,378	\$2,425	\$2,200	\$2,600
Chardonnay	1,003	384	31	\$2,389	\$2,450	\$2,225	\$2,600
Gewürztraminer	8	4	0	-	-	-	-
Malbec	48	16.5	1	-	-	-	-
Merlot	772	253.5	42	\$2,536	\$2,500	\$2,350	\$2,888
Petit Manseng	167.5	64	23	\$2,431	\$2,400	\$2,148	\$2,719
Petit Verdot	554	196	102	\$2,542	\$2,500	\$2,350	\$2,875
Pino Gris/Grigio	107.5	38	3	\$2,344	\$2,375	\$2,000	\$2,725
Pinot Noir	81	33	6	-	-	-	-
Riesling	61	20	5	-	-	-	-
Sauvignon Blanc	162	56	9	\$2,672	\$2,700	\$2,500	\$2,940
Syrah	36	12.5	0.5	-	-	-	-
Tannat	149.5	40.5	9	\$2,702	\$2,725	\$2,500	\$2,825
Viognier	511	184.5	20.5	\$2,430	\$2,500	\$2,400	\$2,725

\* Total acreage asked as a separate question– not every grower provided acreage by each variety; breakouts by varietal/type will not add up to the full amount

†Price per ton; varietals with < 5 growers providing pricing information are not reported

## Production & Pricing: Hybrid

	Tons	Acreage		Pricing (Contract & Open Market) †			
		Bearing	Non-Bearing	Average	Median	25% Percentile	75% Percentile
<b>2019 Total</b>	<b>7,412.5</b>	<b>2,969.5*</b>	<b>775*</b>	<b>\$2,244</b>	<b>\$2,400</b>	<b>\$1,900</b>	<b>\$2,600</b>
<b>All Hybrid</b>	<b>1,219.5</b>	<b>334.5</b>	<b>36</b>	<b>\$1,523</b>	<b>\$1,500</b>	<b>\$1,400</b>	<b>\$1,700</b>
Chambourcin	318	93	12	\$1,613	\$1,566	\$1,400	\$1,800
Chardonnell	102	26	6	\$1,292	\$1,400	\$1,031	\$1,500
Seyval	71	21	1	-	-	-	-
Traminette	167	64.5	0	\$1,484	\$1,450	\$1,400	\$1,517
Vidal Blanc	561.5	130	17	\$1,543	\$1,550	\$1,400	\$1,708

## Production & Pricing: American

	Tons	Acreage		Pricing (Contract & Open Market) †			
		Bearing	Non-Bearing	Average	Median	25% Percentile	75% Percentile
<b>2019 Total</b>	<b>7,412.5</b>	<b>2,969.5*</b>	<b>775*</b>	<b>\$2,244</b>	<b>\$2,400</b>	<b>\$1,900</b>	<b>\$2,600</b>
<b>All American</b>	<b>500</b>	<b>140.5</b>	<b>11.5</b>	<b>\$2,456</b>	<b>\$2,500</b>	<b>\$2,300</b>	<b>\$2,725</b>
Concord	121	22.5	0.5	-	-	-	-
Niagara	154.5	16	0	-	-	-	-
Norton	224.5	102	11	\$2,140	\$2,400	\$1,738	\$2,500

\* Total acreage asked as a separate question– not every grower provided acreage by each variety; breakouts by varietal/type will not add up to the full amount

†Price per ton; varietals with < 5 growers providing pricing information are not reported

# 2019 Production by Geography

Northern and Western districts have expanded production over the past 5 years (+19% and +28% in bearing acreage since 2014). While Loudon continues to be a key county for production in the Northern district, production is expanding as Madison, Rockingham and Shenandoah counties have almost doubled in bearing acreage and yield compared to long-term trend. In the Western District, Augusta county continues to drive both the majority of production and expansion.

Meanwhile, Central and Southern districts have reduced production. Central operations in particular appear to be consolidating within Albemarle, the only county to grow acreage and yield within the region. Meanwhile, Eastern district has also reduced in acreage, although a strong harvest meant minimal impact on yields from the region.

## Summary Table

	Tons	Acreage	
		Bearing	Non-Bearing
<b>2019 Total</b>	<b>7,412.5</b>	<b>2,969.5</b>	<b>775</b>
<b>Northern District</b>	<b>3,306.5</b>	<b>1,394</b>	<b>296</b>
<b>Western District</b>	<b>718</b>	<b>258</b>	<b>214</b>
<b>Central District</b>	<b>2,666</b>	<b>1,062</b>	<b>206</b>
<b>Eastern District</b>	<b>473.5</b>	<b>168.5</b>	<b>42</b>
<b>Southern District</b>	<b>248.5</b>	<b>87</b>	<b>16.5</b>



## Production by County

	Tons	Acreage	
		Bearing	Non-Bearing
<b>2019 Total</b>	<b>7,412.5</b>	<b>2,969.5</b>	<b>775</b>
<b>Northern District</b>	<b>3,306.5</b>	<b>1,394</b>	<b>296</b>
Fairfax	12	15.5	2
Fauquier	370	201	37
Loudoun	1,193	593	170
Madison	362	109	13.5
Rappahannock	130.5	84	9
Rockingham	221	63.5	5
Shenandoah	743.5	206.5	18
Other Counties*	274.5	122	42
<b>Western District</b>	<b>718</b>	<b>258</b>	<b>214</b>
Augusta	427.5	116	18
Other Counties*	290.5	142	196
<b>Central District</b>	<b>2,666</b>	<b>1,062</b>	<b>206</b>
Albemarle	1,602.5	720	87.5
Amherst	36	14.5	6
Goochland	65.5	25	32
Nelson	261.5	114	2
Other Counties*	700.5	189	79
<b>Eastern District</b>	<b>473.5</b>	<b>168.5</b>	<b>42</b>
<b>Southern District</b>	<b>248.5</b>	<b>87</b>	<b>16.5</b>

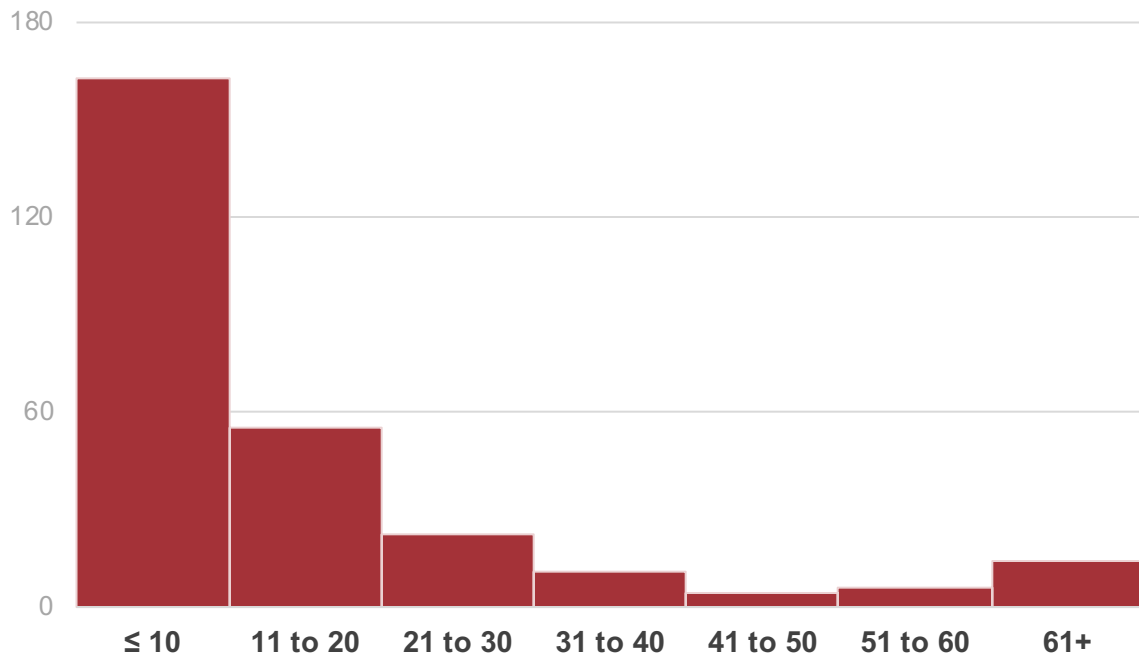
\* Counties with <5 vineyards reporting are grouped into "other" category

# Acreage Trends

The below histogram shows the distribution of vineyards by total acreage. The market continues to be primarily comprised of smaller productions with 59% of vineyards at 10 acres or less. The average vineyard size is approx. 15 total acres, while the median size is approx. 7.5 total acres.

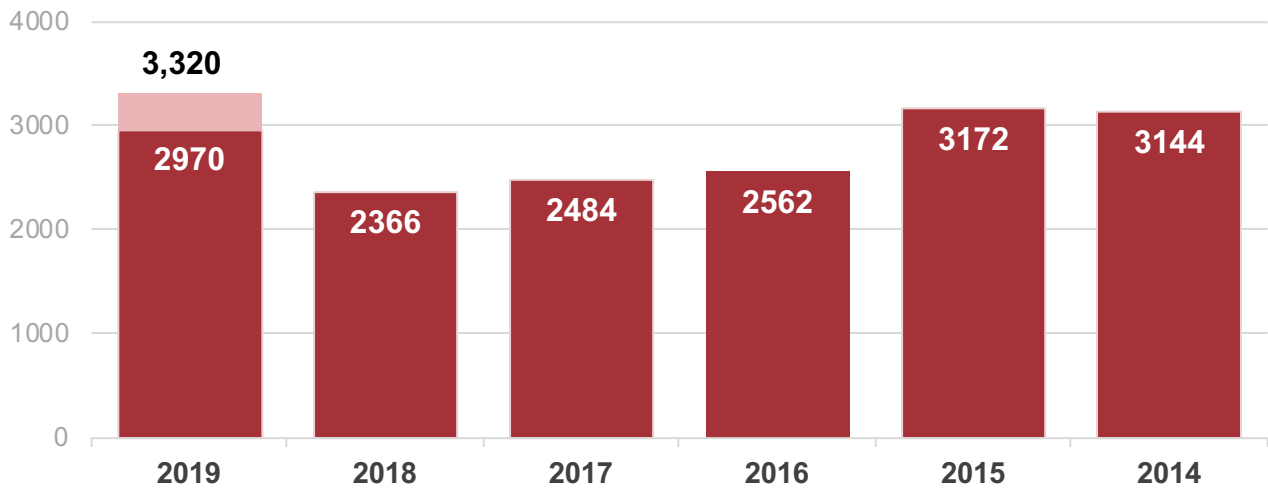
Overall, market distribution is consistent with 2016, but skews higher than more recent years. This suggests that the majority of the 138 missing productions are more than likely <10 acres. The average size of smaller productions is approx. 2.5 bearing acres and 1 non-bearing acre (3.5 total). We substituted these averages for the missing productions to create estimated projections of statewide totals (see next page).

## Distribution by Total Acreage

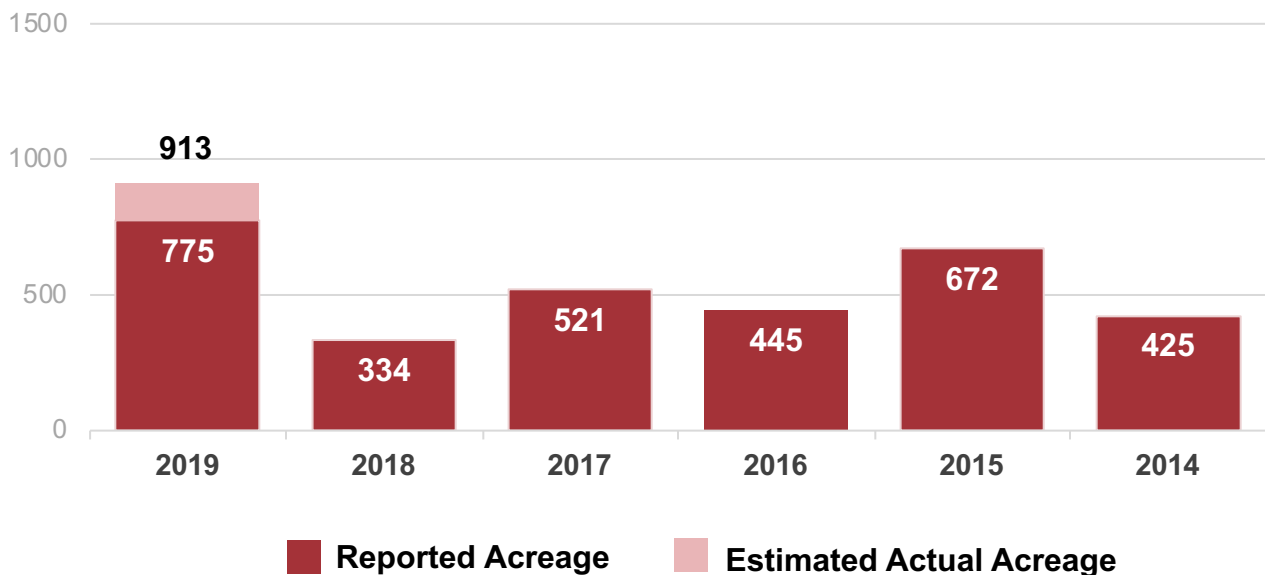


Reported acreage is significantly up year-over-year (higher response rate). After estimating an average acreage for the missing 138 productions, actual acreage across the state is projected at 3,320 bearing acres and 913 non-bearing. This represents a modest, but respectable growth for bearing acreage over the past 5-years (+5.6%). Non-bearing acreage is up significantly over trend and suggests an influx of new or expanding operations for the next few years. This is consistent with a relatively strong optimistic outlook for the larger Virginia wine industry (see page 18).

## Acreage Trends - Bearing



## Acreage Trends – Non-Bearing



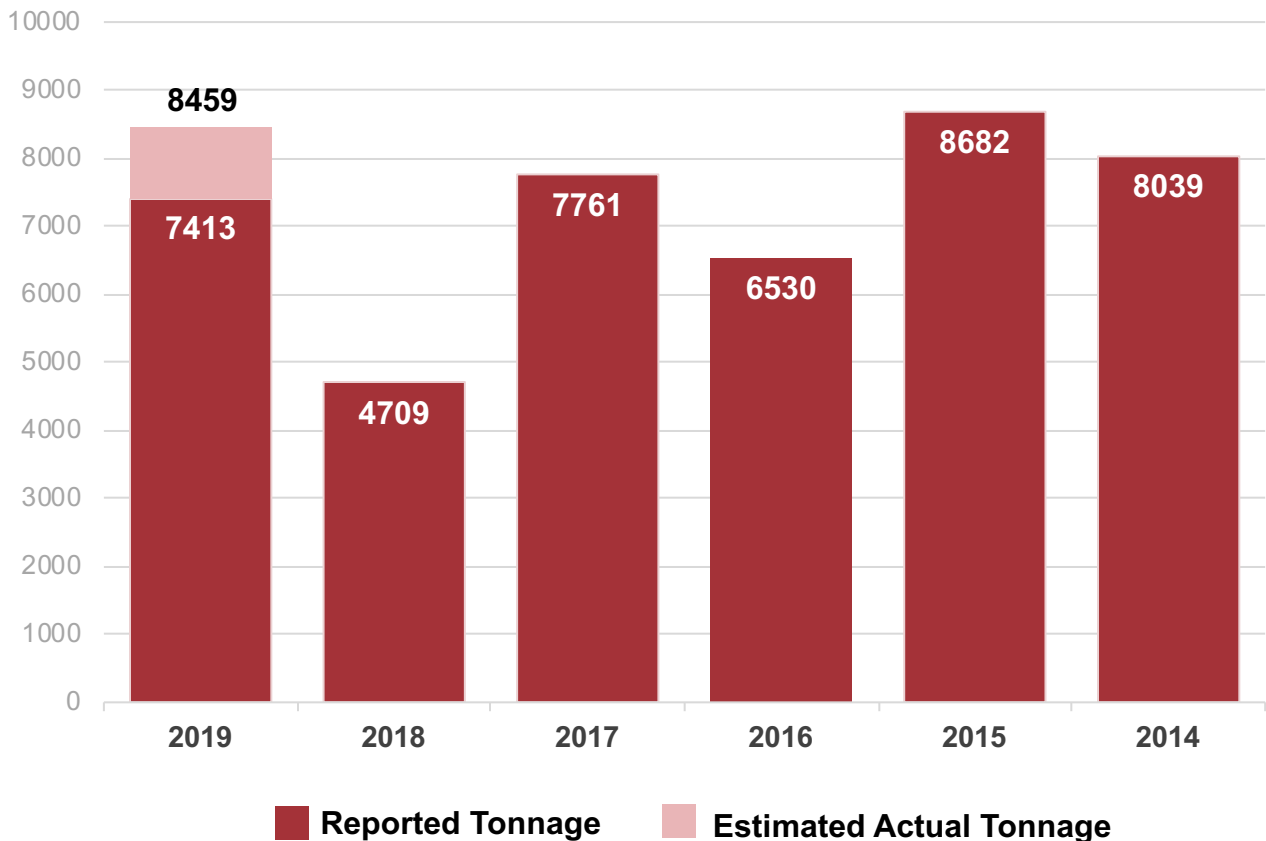
■ Reported Acreage    ■ Estimated Actual Acreage

# Yield & Variety Trends

Reported yields are up 57% above last year, indicating recovery after 2018's unusually rainy/inclement weather. Actual yield is estimated to be approx. 8,459 tons for the state after accounting for the productions that did not participate this year. This suggests overall market growth in the long-term, despite more recent 'challenging years.'

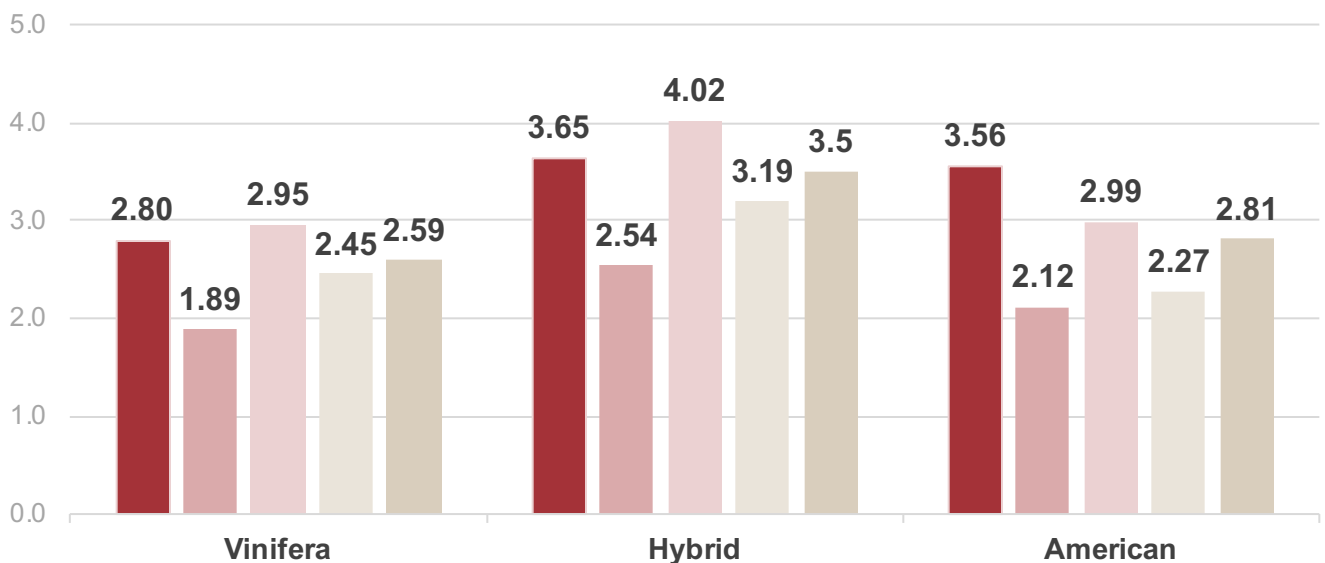
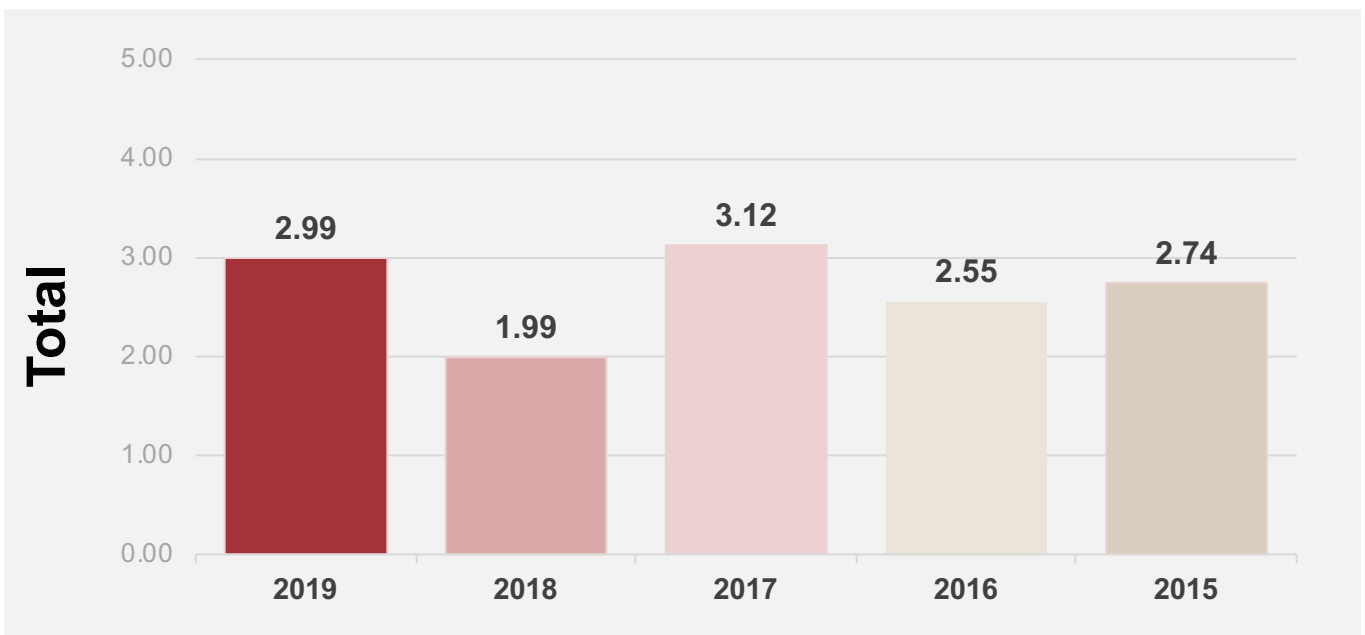
Just over half of reported yield comes from only 25 of the top vineyards (i.e., 10% of vineyards account for 50% of total yield), which is consistent with the disparities seen in total acreage (see page 10). In particular, they contribute the vast majority of American variety yields, but are potentially lighter in more niche varieties such as Seyval, Riesling, Petit Manseng and Chambourcin.

## Yield (Tons) Trends



Relative yield per acre is 1.5x higher than last year, consistent with recovery after poor weather conditions, and suggests that 2019 was a strong harvest year. American varieties in particular thrived in 2019. Relative yield could be indicative of higher quality, which could support the stronger prices seen this year.

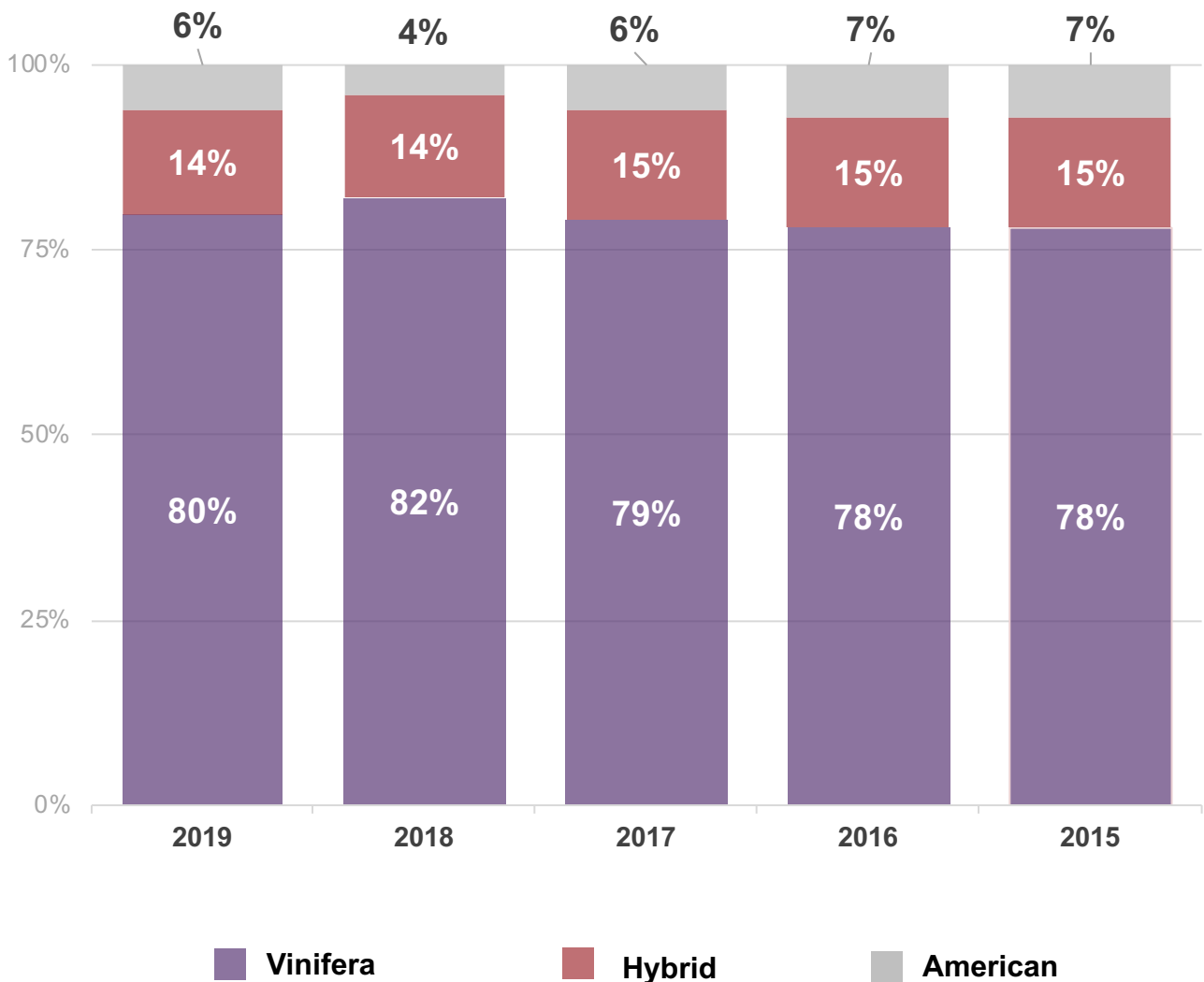
## Yield (Tons) per Bearing Acre



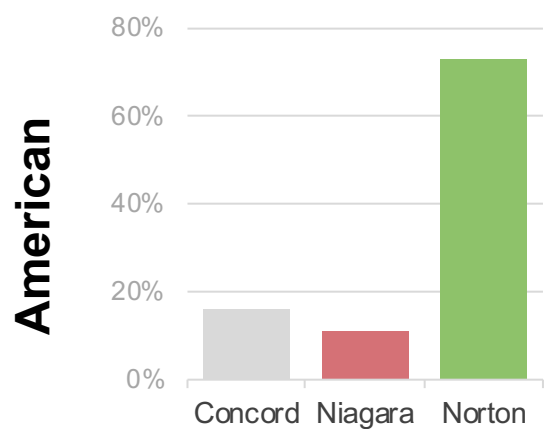
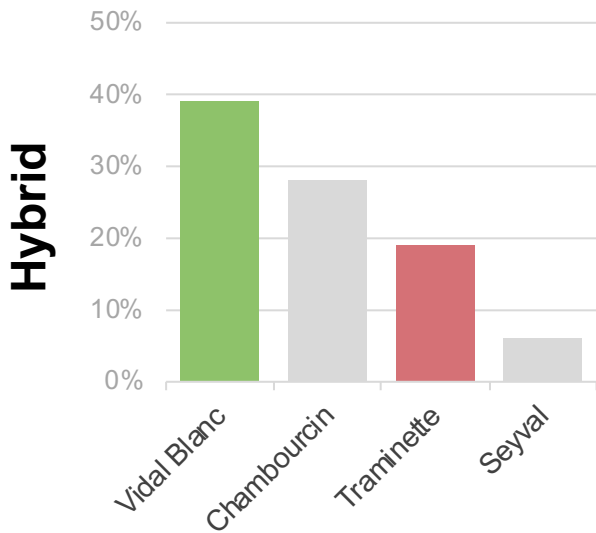
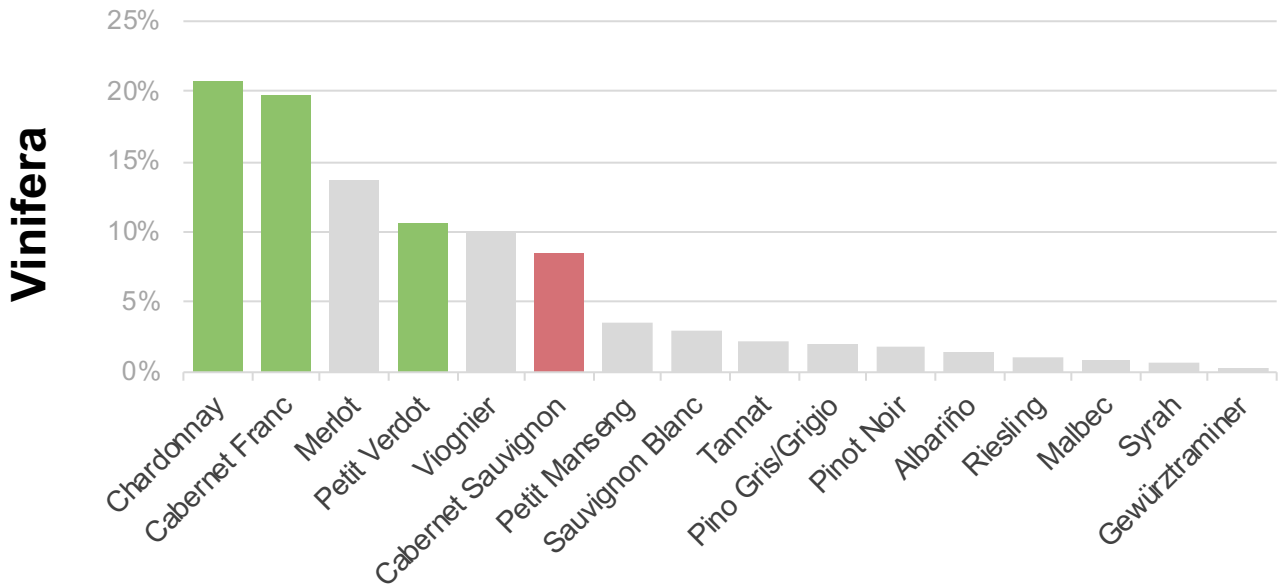
Majority of vines continue to be dedicated towards Vinifera varieties. In particular, Chardonnay and Cabernet Franc, already the two dominant varieties, have only increased their relative share of acreage over time, potentially at the expense of Cabernet Sauvignon vines (see next page). Petit Verdot has maintained stable acreage over time, although this gives it a gain in relative share.

Acreage among Hybrid grapes have been given to Vidal Blanc over Traminette, and Norton now dominates the majority of American vines (represents a shift away from Niagara).

## Share of Bearing Acres by Type



## Share of Bearing Acres – 5 Year Trend



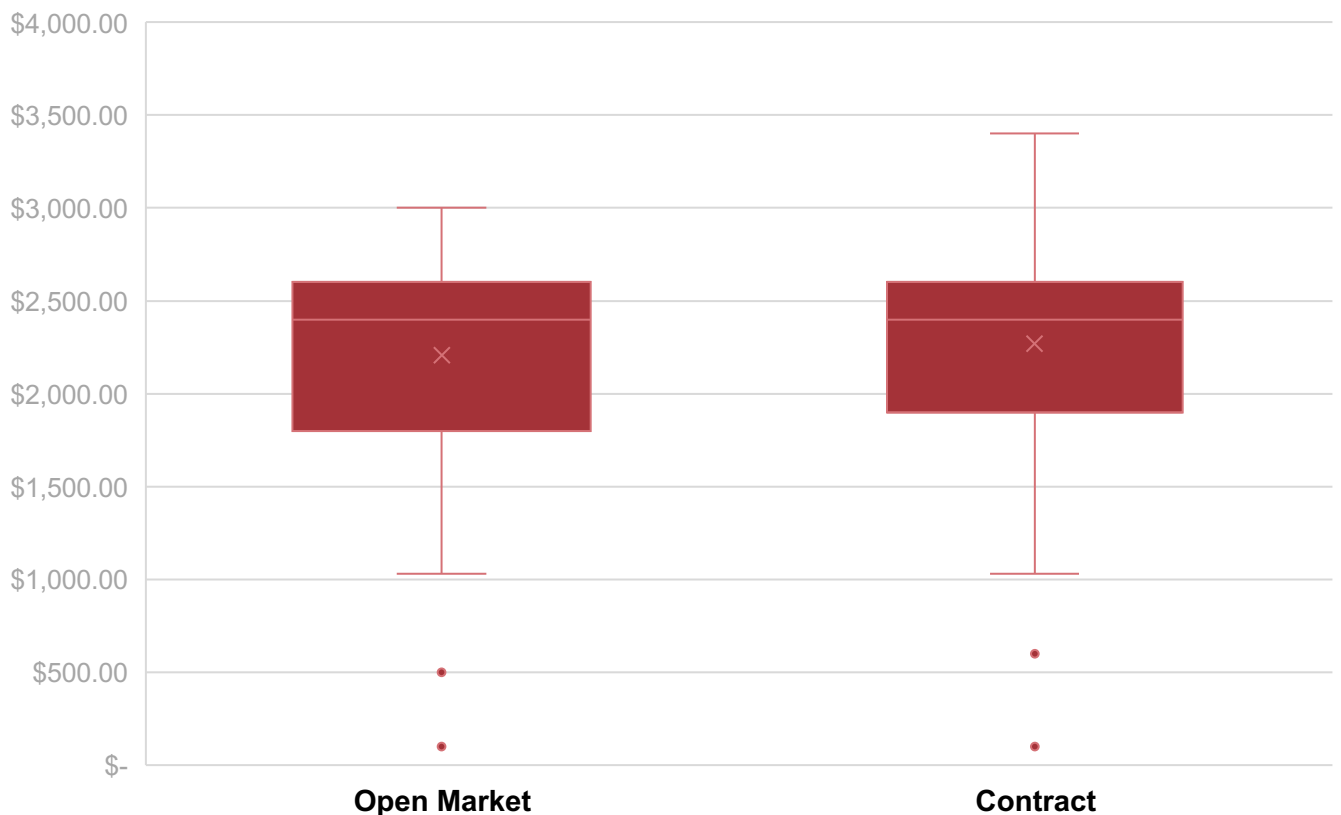
- Increased acreage share since 2014
- Decreased acreage share since 2014
- No sizable change from 2014

# Pricing Trends

Price has incrementally increased year-over-year – in general, 2019 price per ton commanded roughly \$150.00 – \$200.00 more than in 2018. This represents an annual increase of 11% in median price per ton.

There is very little difference between Open Market and Contract pricing, which is consistent with previous two years (not reported for 2016 or earlier). However, pricing overall shows slightly greater variance/spread (general size of the boxes), especially for the upper and outer limits of Contract pricing. This suggests that while pricing is generally increasing across the board, it is also becoming more elastic.

## Price per Ton – Open Market vs. Contract

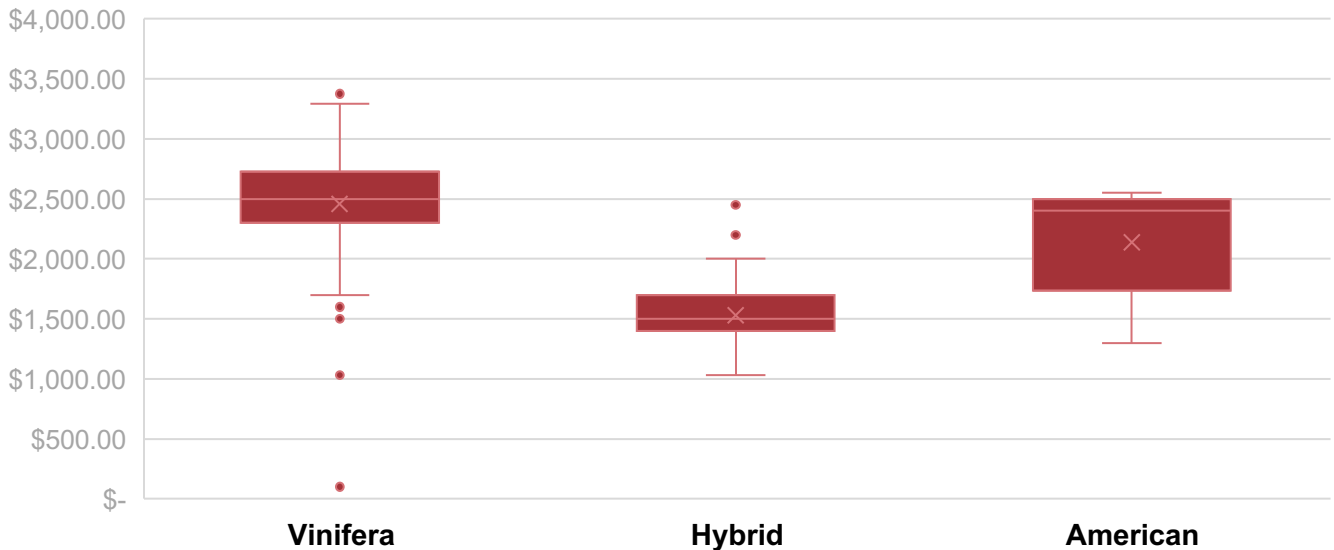




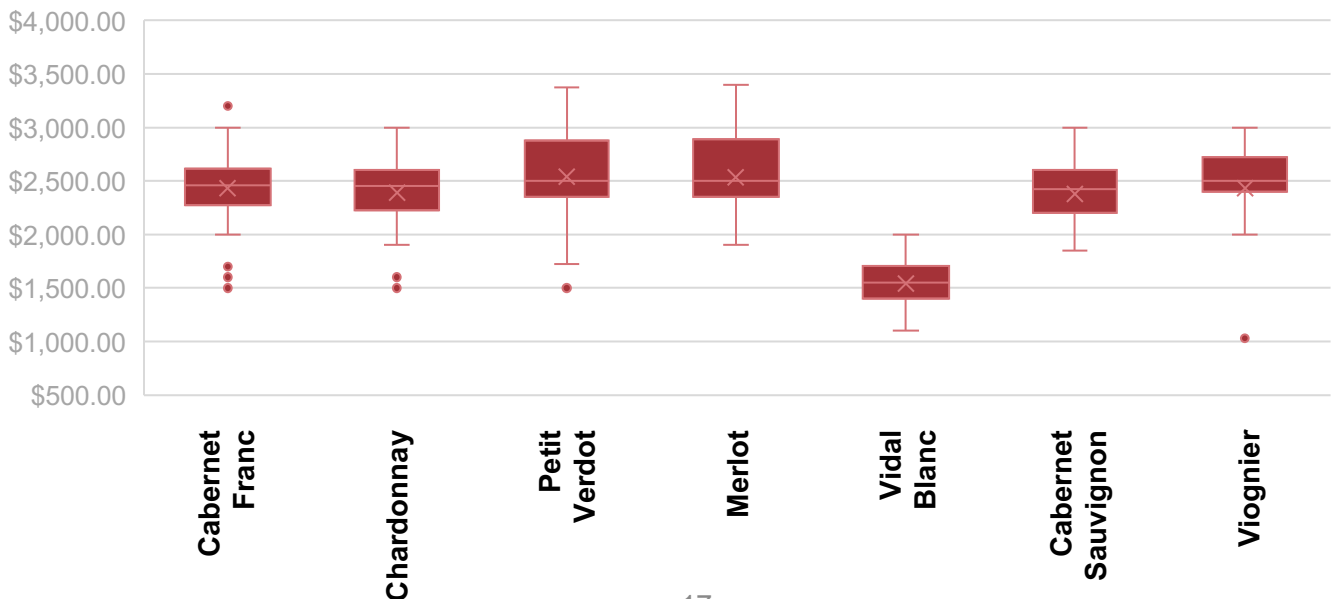
Vinifera and Hybrid varieties remain consistent with previous years, although 2019 saw numerous outliers within Vinifera. Pricing for American shifted upwards, with majority of prices breaking past the \$2,000+ range.

Prices by variety have shifted marginally upwards, with traditional popular varieties commanding even minimal pricing above \$1,500. However, average and median prices are generally consistent with previous years. Vidal Blanc is the only variety below \$2,000 per ton, but could be an up-and-coming variety.

## Price per Ton – Type



## Price per Ton – Top Varieties

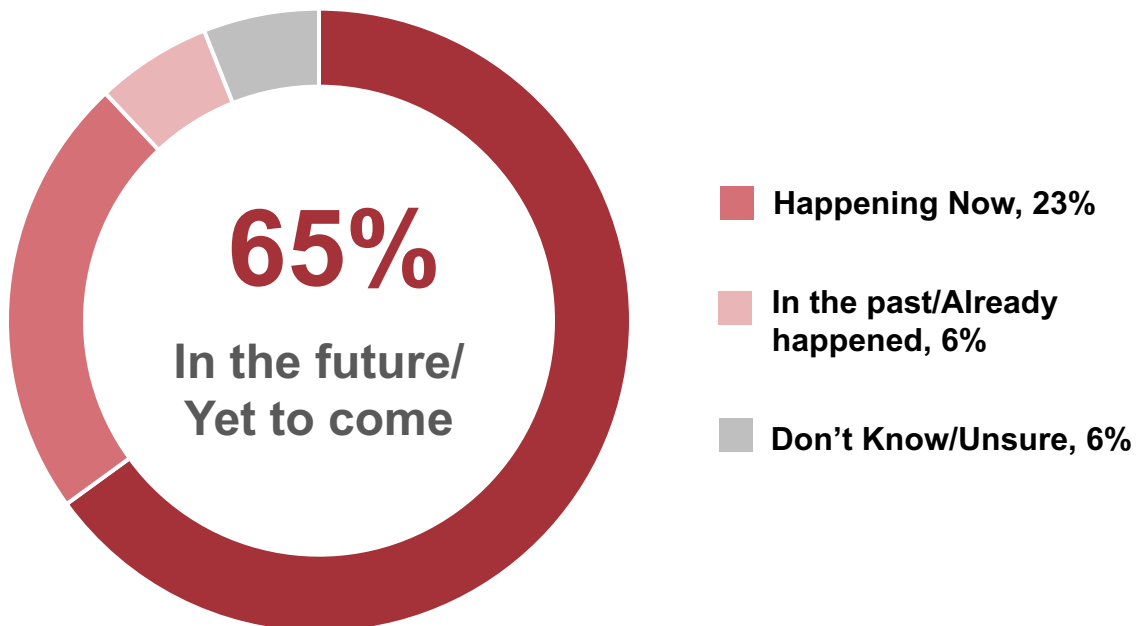


# Market Outlook

Overall, many producers perceive the Virginia Wine market as still relatively young/developing and have a largely optimistic outlook regarding its future. 2 in 3 respondents indicated that the industry's 'best days' are still ahead of it/are in the future, largely citing perceived gains in grape quality and development of more efficient production practices.

However, that's not to say that it will be one without challenges. Whereas technology and viticulture are seen as the keys to driving growth, growers' business acumen, most notably in marketing efforts, are seen as critical in the market's ability to sustain that growth.

## The "best days" of the Virginia wine industry are...



**“With higher price points than comparative wines and lower production levels, we [Virginia Wine] will always be more a DTC [direct-to-consumer] model and will be hard to gain traction within the distribution model. As such, marketing and expanding Virginia wine will always be a challenge. The other issue is that Virginia does not have an identity and there is a lot of talk about the state grape and what it should be.”**

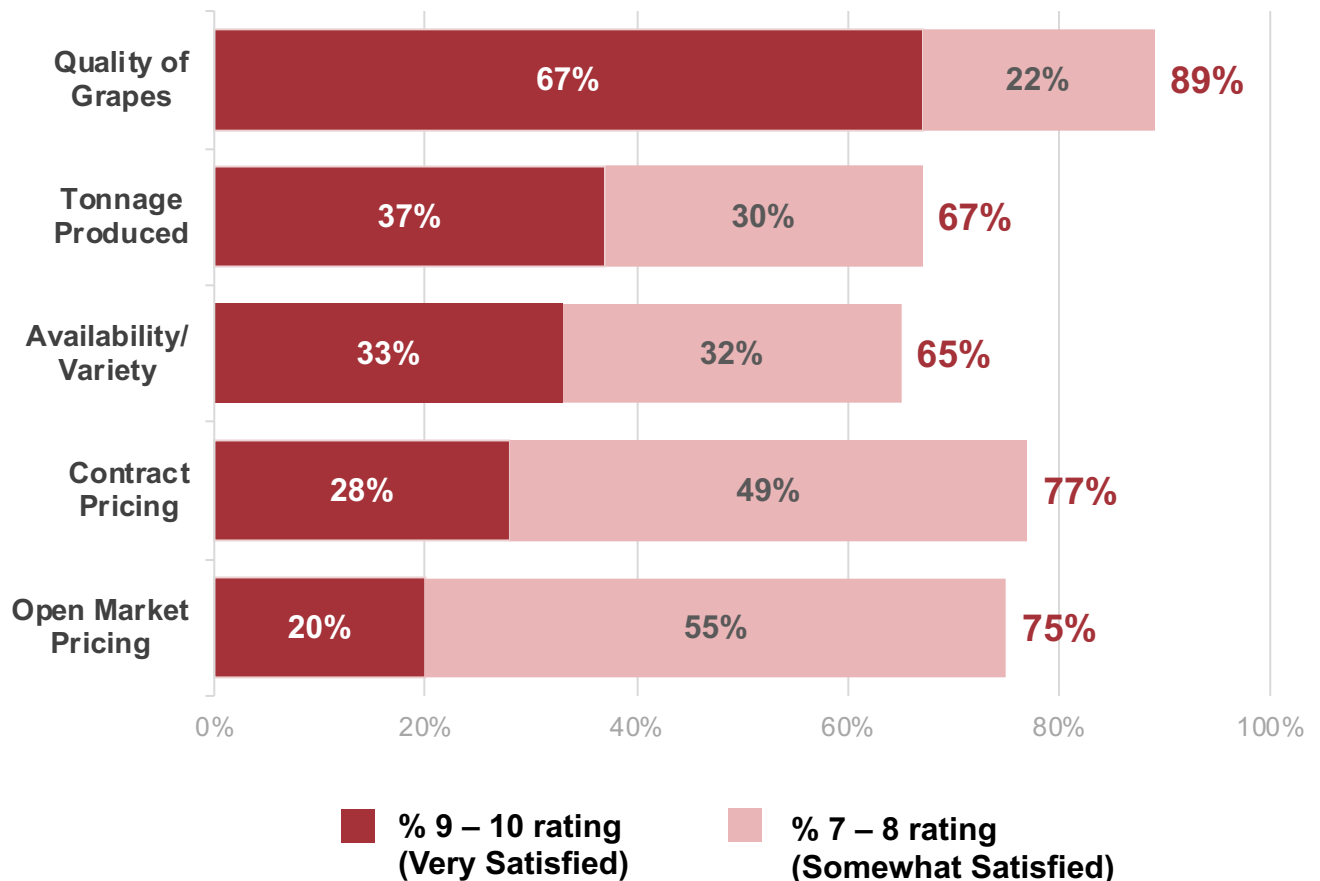
**“We are a relatively young industry. I have seen the core knowledge and understanding of key factors in our Virginia winegrowing community improve a great deal in the past few years. I see local investment and support for our products. Continued focus on vineyard site selection, quality practices, technology, DTC, and marketing/promotion of Virginia wine beyond state borders will be important. With more initiatives directed beyond experience-driven tourism, I think we will serve ourselves well.”**

In general, respondents are highly satisfied with the quality of grapes produced in 2019, with 2 in 3 giving a ‘top two’ rating on a scale of 0 to 10. Actual yields, variety and pricing for grapes have moderate satisfaction.

**“The industry is developing and becoming more professional, less hobby. Wines continue to improve; recognizing we have a great asset that not many areas of the world have.”**

A similar question was asked in the 2018 assessment regarding availability perceptions. 41% of respondents were satisfied with the availability of Virginia grapes for purchase, versus 65% (7+ rating) in 2019. This could be due to better yield/tonnage overall or among certain varieties such as Albariño, Tannat, Sauvignon Blanc and Viognier.

## Satisfaction with 2019



Weather, labor and operating costs emerged as key themes/challenges in the 2017 assessment; this year's results suggest that these challenges are expected to persist into 2020, although labor appears to quickly be taking priority over climate.

In-state competition with breweries and distilleries emerges as growing challenge for the upcoming year. Additionally, market controls over pricing is driving inequities in margin/viability across various regions of the state. This could lead to different needs and priorities of producers depending on their geography, which would be more difficult to address under a unified state-wide strategy.

## Top Challenges for 2020



**2 in 3** producers  
see workforce/labor as a key  
challenge facing the industry  
over the near future (67%)



**Climate &  
Weather**  
37%



**Operational  
Costs**  
33%



**In-state  
Competition**  
28%

In response to labor and cost concerns, many producers look to new technology/practices to improve operational efficiencies. And a few are also expected to investigate new/modified varieties to better adapt to climate changes.

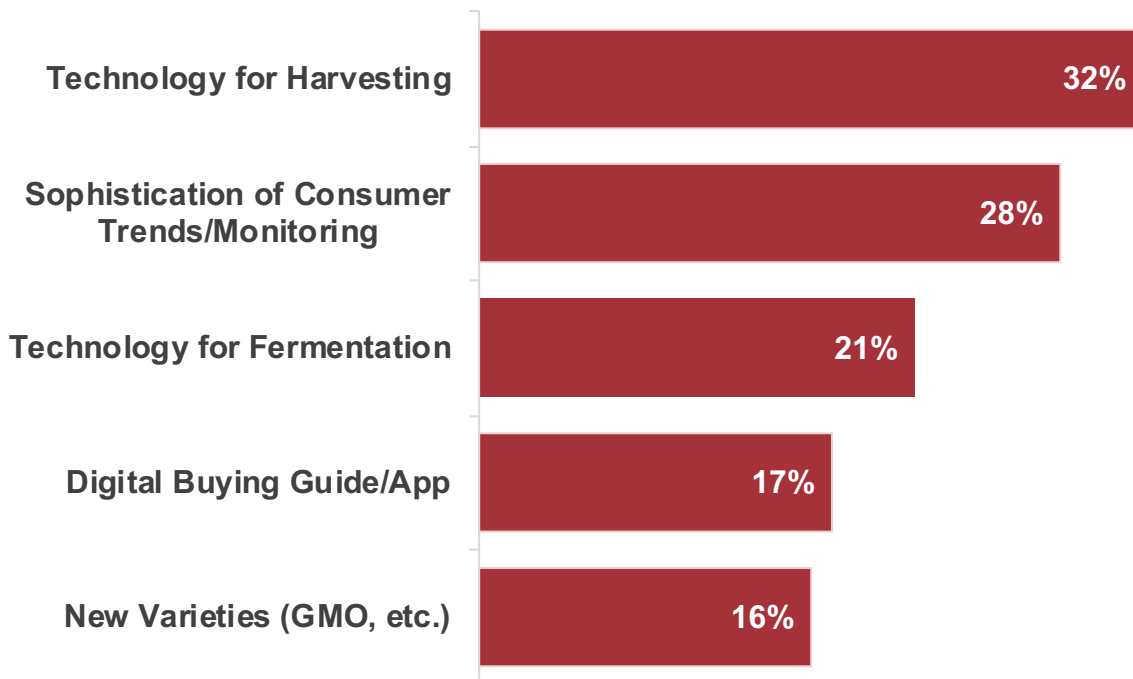
1 in 3 respondents will look towards better monitoring over consumer trends, most likely to inform distribution strategies or refine visitor experience for their winery(s). The digital buying guide/app is generally expected to play a role in consumer monitoring and engagement, although it's intention or effectiveness may still be unclear to some growers (only 1 in 5 see it as a key trend).

**“New vineyard soil amendment strategies”**

**“Strong partnerships with tourism and lifestyle marketing”**

**“Contract/vineyard management services”**

## Top Trends/Opportunities for 2020



# Conclusions

Overall, 2019 represents a good year for the industry: projected yields and acreage show progress towards long-term growth and the median price per ton is exceeding general inflation rates. Many producers are looking to the future and beginning to strategize around 'bigger picture' for their operations; i.e., not only on how to grow, but how to sustain that growth through operational efficiencies, distribution and marketing efforts.

This, coupled with the boom in non-bearing acres, is setting 2020 up to be a potential pivotal year for the Virginia Wine industry. With increasingly volatile climate patterns and shifting social dynamics (labor, consumer preferences, etc.), market leadership and unification will be crucial.