



# 2026 Central Sierra Grape Day

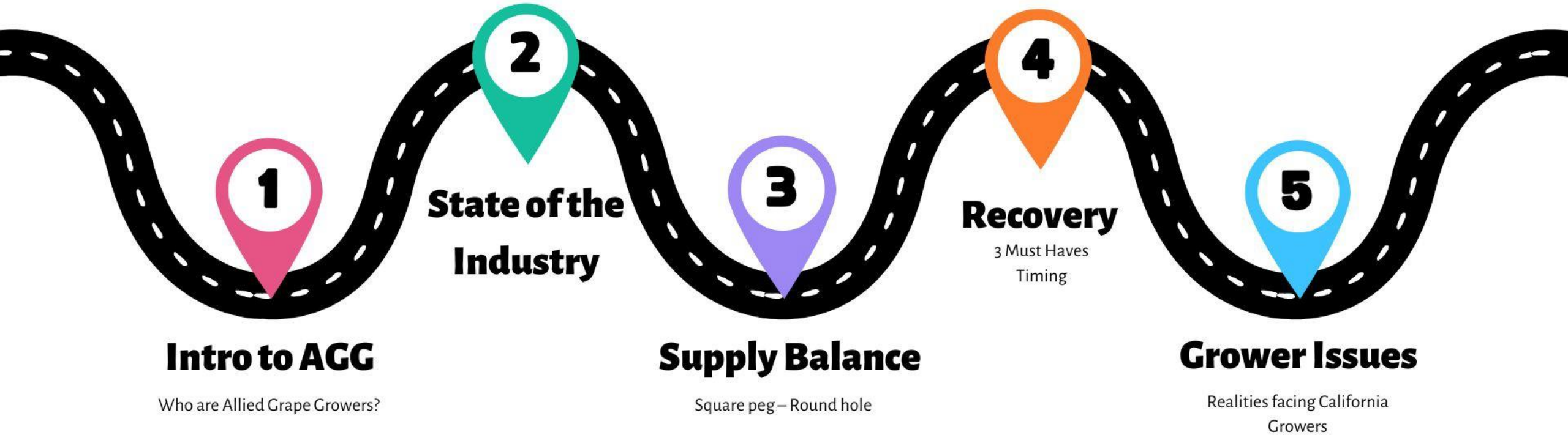
## State of the Industry

### A Grower's Perspective

**Kyle Collins**  
**Allied Grape Growers**  
**April 9th, 2026**

\*Adapted by MacKenzie Patton for online accessibility purposes

# TIMELINE



# Who We Are



# State of the Industry



# The Headwinds are known...

## Headwinds for Wine

- ✓ Consumer Economics/Sentiment
- ✓ Aging Boomers
- ✓ “Abstinent” Young Adults
- ✓ Focus on Health & Wellness
- ✓ Cannabis Use (substitutionary)
- ✓ GLP-1 Use
- ✓ Changes in Socialization
- ✓ Competing Beverages
- ✓ Price Competitiveness
- ✓ Image (old, special, complex or fancy)
- ✓ Unfavorable Demographics

***The Challenge:  
Identify and  
Promote the  
Tail winds***

**Tailwinds for Wine**

- ✓ Pure, Clean, Wholesome, Plant-based
- ✓ No "Adds" - Low in Sugar, Calories
- ✓ Lifestyle Enhancement
- ✓ "Sustainable"
- ✓ Reputation/Longevity
- ✓ Unique/Craft
- ✓ ???
- ✓ ???
- ✓ ???
- ✓ ???
- ✓ ???



**There's been a net loss of almost 40,000 winegrape acres in the last three years due to pullouts that have been more aggressive than newly bearing acres.**

**...and a further loss in bearing acreage is projected for 2026.**



# Estimated California Winegrape Newly Bearing & Removals 2021-2025, (including removal forecast for 2026)

Acres

40,000

35,000

30,000

25,000

20,000

15,000

10,000

5,000

-

Newly Bearing

Removals

2021

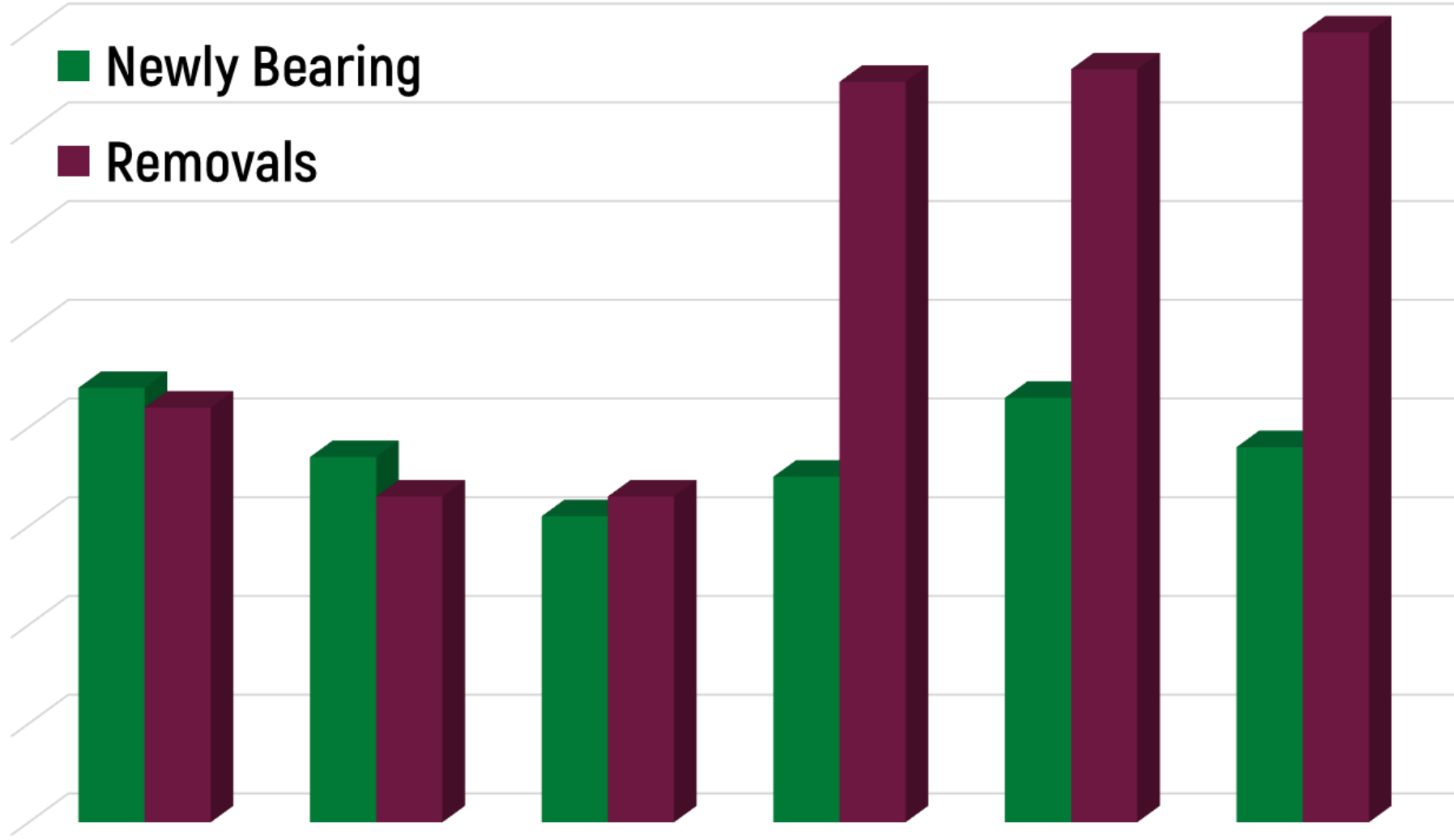
2022

2023

2024

2025

2026  
Forecast



**So, from the grower's perspective,  
the predominant question is:**

**When is it enough – What does  
“Recovery” look like?**

# Recovery

**Three things need to happen to get to a point of market health/balance for grape growers:**

- 1) Inventory bubble has to be eliminated  
(18-months inventory target)**
- 2) Bearing acreage reduces to match demand  
(410,000 bearing acres target)**
- 3) Wine shipments stabilize  
(No more year-over-year declines)**

# Grape Market Reality - What is driving grape purchase decisions?



1. Pull-outs? **NO.**
2. Grape prices? **NO.**
3. Sales forecasts? **NO.**
4. Grape supply? **NO.**
5. Banking, finance, or insurance? **NO.**
6. Finished Wine Inventory? **YES.**

**Considering the number of  
unsold grapes and  
abandoned vineyards in  
2025, what inventory did we  
put back into the pipeline ?**

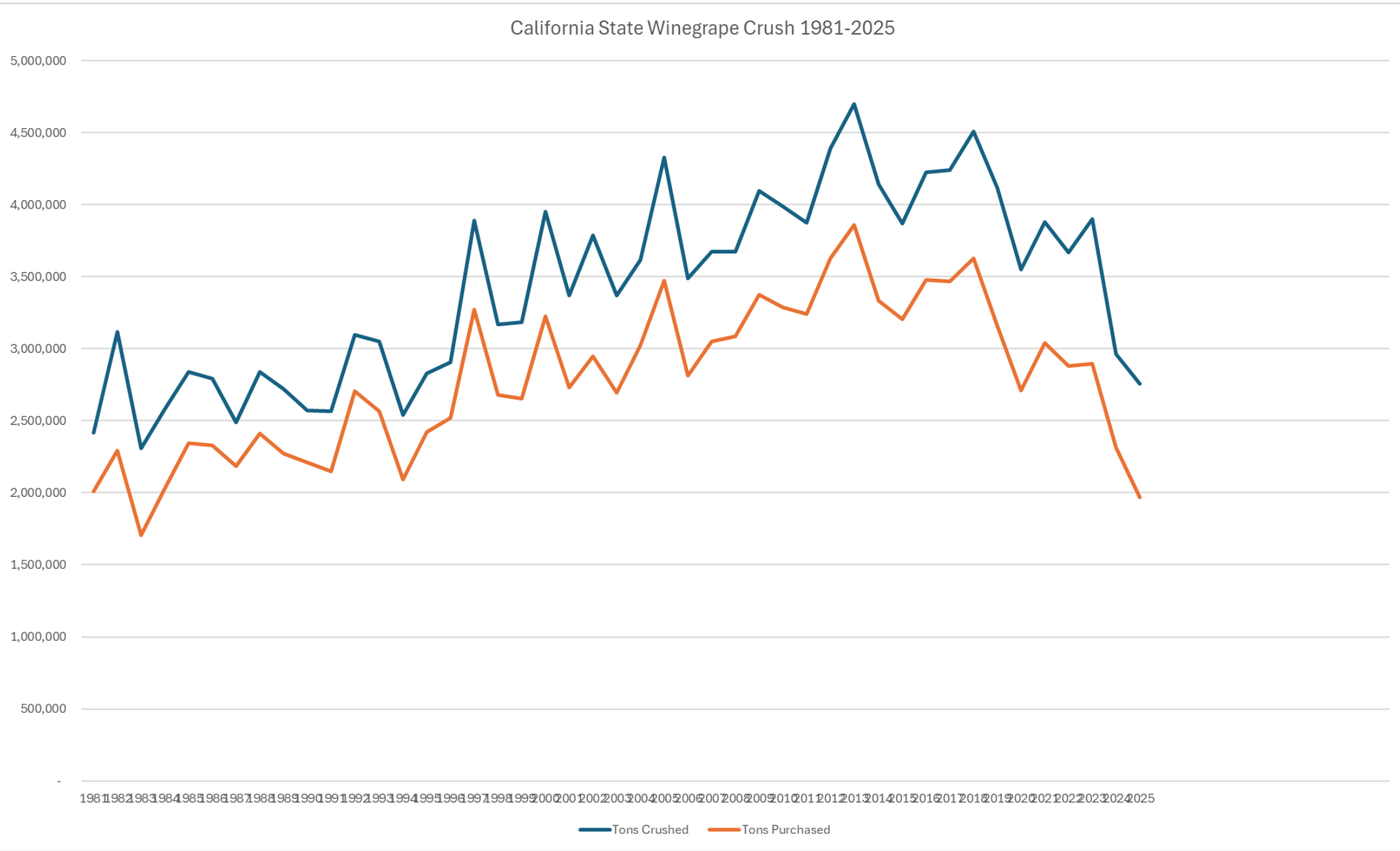
# Acres to Crush Analysis Prediction - 2025

<b>Standing Acres (Land IQ)</b>	<b>477,475</b>
Acres Estimated Non-Bearing	(31,500)
Acres Estimated Abandoned	(25,000)
Acres Estimated Producing	420,975
Estimated Average State Tons Yield (7.8 TPA)	3,283,605
Tons Estimated Unharvested (25%)	(820,901)
Potential tons 2025 crush	2,462,704

# 2025 Crush Reality

- **Wine Grape Crush: 2,623,443**
- **Total Crush (All Varieties): 2,759,202**

California State Winegrape Crush 1981-2025



# Tons in Context:

**What amount of production do we really need, as we go forward?**

**We need to understand how many tons we really need to produce annually to match demand?**

# Supply-need Mathematics

	Value	Units
Estimated 2025 Domestic California Shipments	198,500,000	Nine-liter cases
Estimated 2025 Exported California Shipments	19,500,000	Nine-liter cases
Estimated All 2025 California Wine Shipments	218,000,000	Nine-liter cases
Assume Canadian Market Returns	5,000,000	Nine-liter cases
Total Assumed Future California Wine Shipments	223,000,000	Nine-liter cases
Converted to gallons at 2.38 gal per case	530,294,000	Gallons
Converted to tons at 165 gal per ton	3,212,903	Tons
Net utilization of grapes in alternative products	150,000	Tons
Deduction for fermentation facilitation @ 5 %	-160,695	Tons
Total Winegrape Crush Needed	3,203,208	Tons



**Based on current estimated shipment levels**

**Shipment Data Source: Jon Moramarco – GFR & BW166**

# Reviewing Winery Inventory

Years 2019, 2023, 2024, had over 20 months inventory holds. The estimate for 2025 is similarly around 20 months.

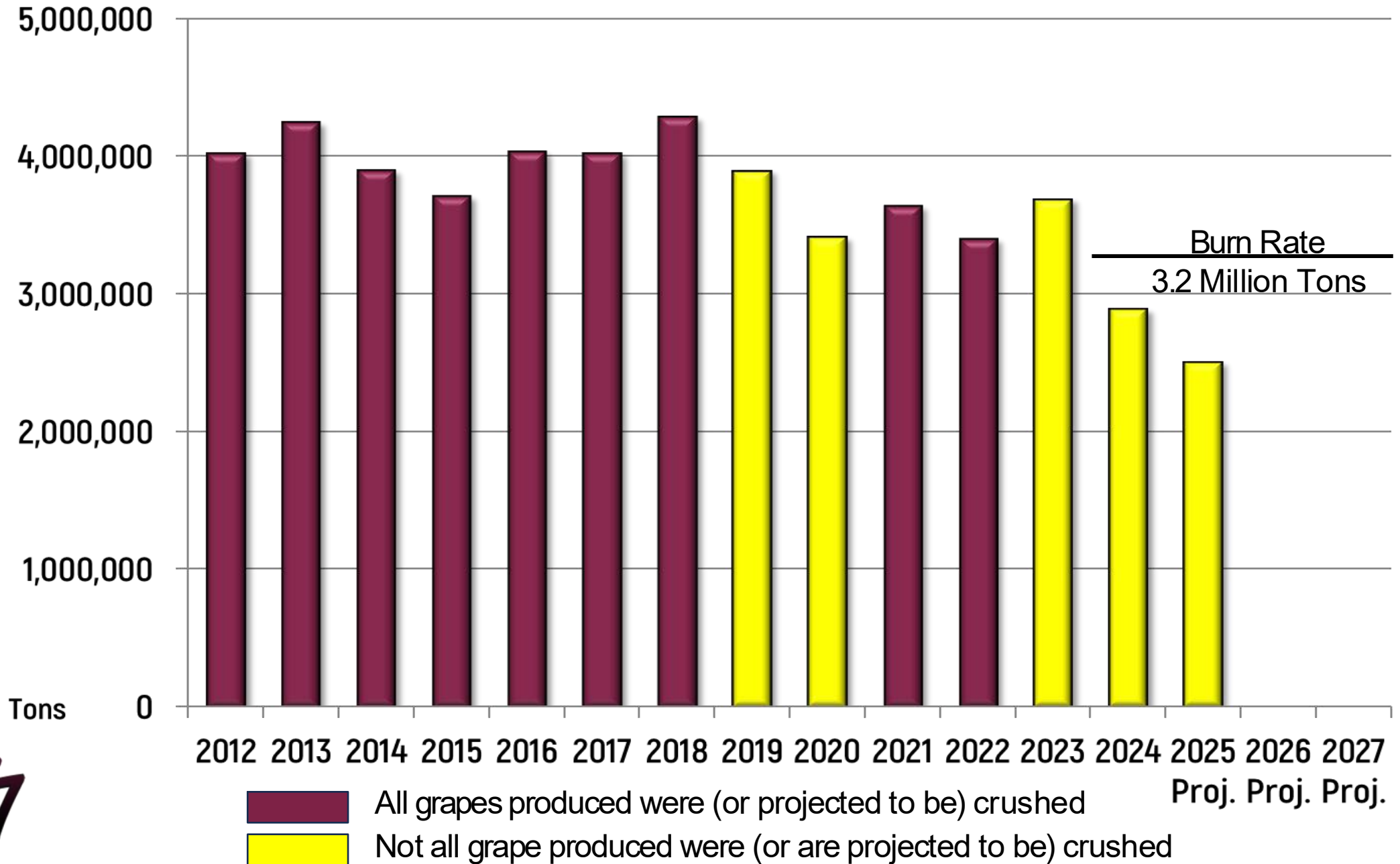
Historical Data Courtesy of Jon Moramarco -BW 166 and the Gomberg Fredrikson Report (GFR)

2025 Estimated by AGG, excepting California Shipments provided by BW166 & GFR

In Millions of Gallons, by Year	California Shipments	Average Monthly	Total Inventory at Year End	Months Inventory at Year End
2014	659	55	1,056	19.2
2015	664	55	1,024	18.5
2016	670	56	1,025	18.4
2017	673	56	1,075	19.2
2018	681	57	1,080	19.0
2019	650	54	1,086	20.1
2020	651	54	1,007	18.6
2021	651	54	967	17.8
2022	592	49	949	19.2
2023	546	46	986	21.7
2024	552	46	934	20.3
Est. 2025	518	43	819	19.5 - 20.0



# California Winegrape Crush Review, with Future Prognostications



**How much does one (2) months  
(or 86,000,000 gallons)  
of excess inventory translate into  
in terms of grapes?**

-

**Answer: At least 450K-500K tons**

**Since the two ways to reduce inventory are by  
selling more or making less,  
and we all know we aren't selling more.....**

**the adjustment is coming  
from the supply side.**



# Supply-need Mathematics target

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Total Assumed Future California Wine Shipments	223,000,000	Nine-liter Cases
Converted to Gallons at 2.38 Gallons per Case	530,294,000	Gallons
Converted to tons at 165 gallons per ton	3,213,903	Tons
Net Utilization of Grapes in Alternative Products	150,000	(Brandy, Concentrate, etc.)
Deduction for Fermentation Facilitation @ 5%	(160,695)	(i.e., Water Adds)
Total Winegrape Crush Needed	3,203,208	Tons
Average Statewide Yield	7.8	Tons per Acre
Acreage Need Based on Desired Production	410,668	Acres

New bearing acreage target = 410,668 acres

**Based on current estimated shipment levels**

Shipment Data Source: Jon Moramarco – GFR & BW166



# Projecting Supply/Demand Balance

## A look at potential bearing acreage for 2026

<b>"Standing" Acres, 2025 - from Land IQ Survey</b>	<b>477,500</b>
Less Non-Bearing Acres planted in 2024	(12,500)
Less Forecasted Removals	(40,000)
Less Abandonments	(15,000)
<b>Total Potential Bearing Acres 2026:</b>	<b>410,000</b>



**There is potential our bearing acreage could reach the target for longer-term market balance, after this year's removals.**

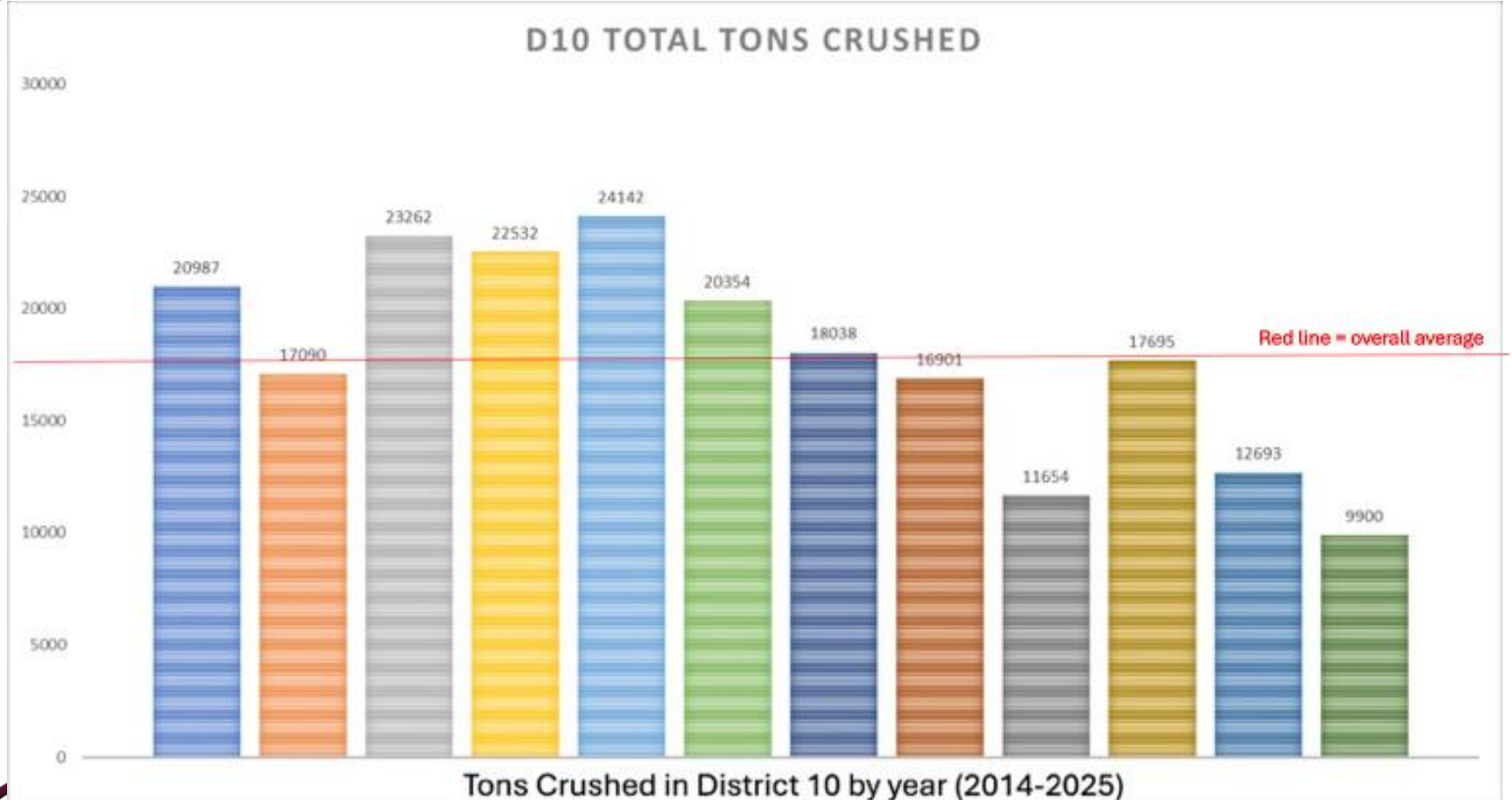
# D10 Overview by variety

Variety	2023 Tons	2024 Tons	2025 Tons (Prelim)	Tons Delta 23-24	Tons Delta 24-25	Tons Delta 23-25	2023 Aug Price	2024 Aug Price	2025 Aug Price (Prelim)	Price Delta 23-24	Price Delta 24-25	Price Delta 23-25
Chardonnay	326.7	300.4	316.6	-8.1%	5.4%	-3.1%	\$1,862.19	\$1,795.42	\$1,484.03	-3.6%	-17.3%	-20.3%
Sauvignon Blanc	544.7	246.6	179.7	-54.7%	-27.1%	-67.0%	\$1,117.73	\$1,645.35	\$1,558.47	47.2%	-5.3%	39.4%
Babera	797.0	446.6	348.9	-44.0%	-21.9%	-56.2%	\$1,823.06	\$1,862.88	\$1,801.85	2.2%	-3.3%	-1.2%
Cabernet Franc	263.3	186.0	212.9	-29.4%	14.5%	-19.1%	\$1,868.93	\$1,892.72	\$1,924.24	1.3%	1.7%	3.0%
Cabernet Sauvignon	2086.8	1320.4	1362.0	-36.7%	3.2%	-34.7%	\$1,522.77	\$1,542.69	\$1,516.44	1.3%	-1.7%	-0.4%
Merlot	277.2	205.8	193.6	-25.8%	-5.9%	-30.2%	\$1,808.44	\$1,814.23	\$1,672.51	0.3%	-7.8%	-7.5%
Petite Sirah	381.0	202.2	183.7	-46.9%	-9.1%	-51.8%	\$1,825.16	\$2,001.21	\$1,740.45	9.6%	-13.0%	-4.6%
Primitivo	205.4	83.0	109.0	-59.6%	31.3%	-46.9%	\$1,712.87	\$1,671.11	\$1,605.65	-2.4%	-3.9%	-6.3%
Syrah	620.1	376.3	320.5	-39.3%	-14.8%	-48.3%	\$2,047.00	\$2,084.10	\$1,982.65	1.8%	-4.9%	-3.1%
Zinfandel	2544.8	1560.2	880.9	-38.7%	-43.5%	-65.4%	\$1,738.29	\$1,806.78	\$1,752.79	3.9%	-3.0%	0.8%



Next 3 Slides: Data Courtesy of Jon Moramarco -BW 166 and the Gomberg Fredrikson Report (GFR)

# D10 Overview total tons



# D10 Percent Purchased vs Crushed

Vintage	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Tons Purchased</b>	14706	11963	16568	14396	14529	11617	10626	10178	7340	10416	7105	5558
<b>Tones Crushed</b>	20987	17090	23262	22532	24142	20354	18038	16901	11654	17695	12693	9900
<b>% Tons Purchased</b>	<b>70.1%</b>	<b>70.0%</b>	<b>71.2%</b>	<b>63.9%</b>	<b>60.2%</b>	<b>57.1%</b>	<b>58.9%</b>	<b>60.2%</b>	<b>63.0%</b>	<b>58.9%</b>	<b>56.0%</b>	<b>56.1%</b>

# Quick Market Rundown

1. Early activity does not mean more activity
2. First offer could be only offer
3. Expect pricing to lag
4. Supply fungibility more critical than ever
5. Sustainability/Differentiation

# Variety Trends '25 to '26

Variety	Trend
Chardonnay	DOWN
Pinot Grigio	SAME
Sauv Blanc	DOWN
Florals	DOWN
Cab Sauv	SAME
Pinot	SAME
Merlot	SAME
Zin	DOWN
Red Blends	DOWN

# Let's Revisit Recovery

**Three things need to happen to get to a point of market health/balance for grape growers:**

- 1) Inventory bubble has to be eliminated  
(18-months inventory target)**
- 2) Bearing acreage reduces to match demand  
(410,000 bearing acres target)**
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(No more year-over-year declines)**

# Recovery Timing

	2026	2027	2028
<b>Inventory Bubble Behind Us</b>	No	Yes	Yes
<b>Balanced Acreage</b>	Yes	Yes	Yes
<b>Stabilized Wine Shipments</b>	No	Unknown	Unknown



- **Recovery means different things to different people.**
- **Not all recovery will occur simultaneously across varieties, regions or categories.**
- **Recovery looks more likely in 2027 or 2028 than this year.**

# A Focus on Grower Issues...



# Current Realities Facing Grape Growers...

- Market Conditions
  - The pass-through conditions wineries face
- Loss of equity (land value) & access to equity (re-fi's)
  - Alternative crops previously drove markets
  - Vineyard-only regions are long on inventory (i.e., land)
  - Banks lowering LTV ratios – less access to capital
  - Reserves running out after 2-3 difficult years
- Difficulty in obtaining operations financing
  - No grape contract – No operating line
- Rising costs and pressure to conform or differentiate
  - Interest rates, wages, inputs
  - Sustainable certifications
- Consolidation of buyers
  - A dozen mergers/acquisitions in last three years alone - removes competing buyers
- Unfavorable government programs and policy
  - Imports and substitutionary products



# **Industry Realities Harming Growers**

- **Unlevel Global Economic Playing Field**
- **OTS (other than standard) Alcohol**
- **“American” Blending Allowance**
- **The Federal Substitution Duty Drawback Program**
- **What voices matter? “It’s just business” double standard**

# Wrapping Up

- **The industry is going through a corrective time, where all participants have challenges in the wake of declining shipments and stagnant sales, but it will find level.**
- **The production side of the business will need to continue managing supply by removing acres and limiting inventory until we reach equilibrium.**
- **Opportunities come through development, differentiation and exposure; in this environment we have no choice but to compete in order to survive.**