

Food & Lifestyle

Oregon still a lure amid wine industry's shifts



Oregon Pinot Noir is a good bet for growth, the Silicon Valley Bank report suggests.

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The U.S. wine industry is “at the tail end of a 20-year growth period,” particularly for higher-end wines, but there are plenty of positive signs for Oregon, according to a new report.

Silicon Valley Bank’s widely read “State of the Wine Industry” report notes consumer taste and demographic trends that favor the state’s Pinot Noirs, and says relatively affordable vineyard land is a continuing lure for wine companies seeking growth opportunities.

Andy Steinman, Willamette Valley-based managing director for the Pacific Northwest wine M&A advisory firm Metis, thinks the Oregon optimism is warranted.

“It’s a robust, active market, where people are continuing to seek out new properties and plant new vineyards, and are investing in existing businesses here,” he said.

An example of the latter came just last month with the announcement that [Napa, Calif.-based Huneus Vintners was acquiring Benton-Lane Winery](#), a southern Willamette Valley maker of Pinot Noir, Pinot Blanc and Pinot Gris.

Wine Spectator magazine called that deal “part of a rush of outside producers making investments in Oregon, including California’s Jackson Family and Joe Wagner, Washington state’s Ste. Michelle and France’s Louis Jadot.”

Silicon Valley Bank sees the state — and Washington — continuing to draw the interest of larger wine companies.

“Without question, growth rates in both states exceed what is happening in California precisely because there is plantable land in Oregon and Washington that fits consumer demand and is more affordable compared with California,” the report said.

According to Steinman, a developed vineyard in a respected Oregon location like the Dundee Hills might fetch \$60,000 to \$80,000 per acre, compared to \$250,000 an acre for an “absolute low-end, fixer-upper” vineyard in, say, Napa.

While undeveloped land is difficult to come by in many top-notch California appellations, in Oregon, a 50-acre plot of land, two-thirds of which is plantable, might go for \$20,000 an acre, he said.

And with that land comes the opportunity to make wines that the Silicon Valley Bank report sees as well-positioned amid shifting consumer preferences.

“Where does the consumer push the growth curve next?” report author Rob McMillan asks before answering his own question: “My bet is Oregon pinot noir, \$15 to \$25 limited-production domestics and premium foreign wines.”

But it might not all be about Pinot: The report also said Chardonnay, for eons the most popular white varietal, is becoming even more popular, calling it “a natural place for palate-expanding millennials to move after sweet red blends.”

That could be a good sign for Oregon, too, where Oregon Chardonnay is on the rise, Steinman said.

“We’ve seen a pretty good uptick in planting,” he said. “There’s been some good national wine press to help drive that investment. People are seeing that Oregon isn’t a one-trick pony.”