

COLUMN



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says despite falling volumes and mounting pressures, leading producers chart a steady course through an unsettled market

Holding the Line in California Wine

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In recent years, the US wine industry has been facing a serious downturn, a continuing crisis that began in 2021.

In 2025, the industry was hit particularly hard with a roller coaster of tariffs, inflation and grape glut, a fragmented consumer base and conflicting health reports in the media. Many struggling wineries are closing down or are up for sale. How bad are the numbers?

According to Rob McMillan, executive vice president and founder of the Wine Division at Silicon Valley Bank (SVB), the 2025 year-end volume across the US wine industry was 329 million cases, down from 335.9 million in 2024. The year-end revenue was down to \$74.3 billion from \$75.5 billion in 2024.

California wine was especially hard hit in 2025. Since it accounts for 80% of US wine production, it has a significant impact on the state's and the country's wine business. A grape glut accumulated over the years caused removal of some 40,000 acres of vines plus many tons of fruit dropped. The 2025 California crush fell to some 2.2 million tons from 2.8 million tons in 2024, making it the lowest in over 20 years.

There is some hope but the industry is not yet out of the doldrums. McMillan, author of the annual State of the Union Wine Industry Report, forecasts a moderate decline in 2026, a bumpy

bottom forming in 2027-2028 followed by slow modest growth thereafter.

However, in the midst of California wine industry's enormous challenges, where many are struggling to keep up, there are those who are determined to overcome the hurdles and evolve with the fickle industry.

I reached out to two vintners about the state of California wine: first, the Napa Valley-based Jean-Charles Boisset, who oversees a global wine and lifestyle empire with a portfolio of 12 California locations including wineries, lounges and a wine museum. Then Steve Lohr, co-owner and chairman of J. Lohr Vineyards & Winery in Paso Robles. With an annual production of 1.6 million cases and distribution in 30 countries, the winery is ranked as the 21st largest family-owned-and-operated winery in the US.

In a Zoom chat Boisset beamed from his Napa home. "I'm bullish," he said with a 1000-watt smile, his enthusiasm pumping on all cylinders. In this doom-and-gloom environment of wine industry woes, Boisset's unstoppable positive energy shows that his (wine) glass is not just half full, it's overflowing.

"We absolutely have not decreased our production," he insisted when I asked him about the 2025 year-end. "We work very long term and are basically committed to our phenomenal group

of growers. We have our own estate [vineyards] and haven't decreased production."

While production may have remained the same, sales such as exports to Canada have been impacted with a 12% dip. "It's a very small part of our total. Still, obviously, it's a challenge."

In a phone conversation, Lohr echoed the same sentiment. "We're doing better than most, down a little about 3.5%." Yes, the Canada ban affected us with a drop of 15%. "That hurts. We have been the best-selling Cabernet in Canada." As for 2025 production, Lohr admitted: "We did sell fruit, which we don't do, and dropped some fruit."

Overall, Boisset added that if there's a slowdown in sales, "it piles up in our warehouse. We are really holding the course in a big way." The pile-up inventory of wine does have an outlet that Boisset called investing in the marketplace. Such as: "We work with great hotels and restaurants; we motivate them to take our wines by the glass or for banquets." This includes offering incentives like discounting an \$18 bottle of wine to \$15. "So actually they [the hotels] improve their margins."

As for visitor traffic, Boisset commented that other than his Château Buena Vista, traffic has been down overall between five to 12%. "So, sadly, all of us have felt the slowdown in visits in Napa — and Sonoma even more." The good news is that the visitors that come get a little more attention and they spend a little more. "So we're still down in sales but it's not as dramatic as what people say."

Consumer-friendly initiatives have been incorporated such as free wine tastings at Raymond and DeLoach wineries on Thursdays and Sundays. An affordable lineup of Chardonnay and Pinot Noir from DeLoach and the R Collection Cabernet Sauvignon from Raymond is priced between \$13 and \$15. A production of no-alcohol wine is in the works and a soon-to-be-launched series of wine-based cocktails.

The Lohr family, early on launched zero-alcohol

Aerial wines in 1985. Now with the current wave of the sober curious trend, sales have been increasing 14% annually. As for price-friendly wines, Lohr informed that as a companion to their popular River Stone Chardonnay, they have recently launched Paper White, a crisp aromatic version priced at US\$14.

Among the Boisset Collection of properties open to the public there are five wineries — Raymond, Flora Springs, Elizabeth Spencer in Napa and Château Buena Vista and DeLoach Vineyards in Sonoma, plus the JCB Lounge in St Helena and the soon-to-open JCB Club in Rutherford.

The recent addition of Flora Springs winery, acquired in partnership with his wife Gina Gallo Boisset, is set for expansion with a second tasting lounge in downtown Napa.

And what about the current younger generation's interest in wine, I asked? "The younger generation knows more about good wines now," Boisset expressed. "We've seen more younger people than ever before, people between ages 22-40 are coming in."

In fact, he remarked that his company has witnessed a slowdown in sales from the boomer generation. "They have a lot of wine and they actually tell us 'We'll be dead before we drink it all!'"

On the Napa front, Boisset's outlook is upbeat. "We are bullish because the 2023 vintage, which is coming out, is exceptional." In fact, it's regarded as a stellar vintage across California, so the industry stands to reap some benefit.

As for the future McMillan forecasts that 2026 will be another challenging year. Some wineries will close their doors while others stake their claim to the future of wine.

To those holding on by their fingernails and waiting for the bottom and hoping everything will return to normal, he cautions: what has been normal will not be normal again. The rising tide won't lift all boats after we bottom. So the picture of the market is still challenging but one with stabilization on the horizon. ♦

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