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## Coppola Vineyard Buy Latest in Ongoing Trend

In a hot market, Oregon vineyards and wineries seen as "premium plays" for buyers

by Peter Mitham



The Family Coppola's purchase of the Vista Hills Vineyard and Treehouse Tasting Room provides the California company with 42 acres of vineyards and a foothold in Oregon's burgeoning wine industry.

*Dayton, Ore.*—As another large harvest is almost finished making its way into presses and fermentation tanks across Oregon, vineyard deals continue with wineries seeking to secure properties with eyes set firmly on the future. The Oregon industry's annual vineyard and winery report, prepared this year by the Institute for Policy Research and Engagement at the University of Oregon in Eugene, indicates a 10.5% increase in vineyard acreage across the state in 2017 to a total of 33,631 acres. While deals for major wineries have grabbed headlines, often — as in the case of Foley Family Wines purchase of the Acrobat brand from King Estate — with the intent of securing access to additional fruit, wineries themselves have also been tapping into the plantings to bolster their supplies. The latest example was The Family Coppola Company, which recently acquired Vista Hills Vineyard, a 42-acre property in the Dundee Hills AVA. The Family Coppola includes Francis Ford Coppola Winery and other wine companies. The deal makes the Coppola family the latest to venture into Oregon and adds 42 acres of Pinot Gris and Pinot Noir to its vineyard portfolio. While the acreage in Oregon is small, the real estate is important as Coppola looks to the future. "These vineyards produce some of the finest fruit in Dundee Hills and make a perfect fit within our premium wine offerings," CEO and winemaker Corey Beck said in a statement announcing the deal. "We're proud of this opportunity to own prime real estate embedded in such a respected region." The announcement followed R. Stuart Winery's purchase of Daffodil Hill, a 21-acre vineyard in the Eola-Amity Hills AVA. Stuart, based in downtown McMinnville, has purchased fruit from former Daffodil Hill owner Judy Phipps since 2003. When the opportunity arose to acquire the property and have an estate vineyard, winery owners Rob and Maria Stuart jumped. Others are also on the

hunt for properties, including Foley Family Wines. “Over the past six months we have been investigating several potential vineyard acquisitions in both the Willamette Valley and Southern Oregon,” Foley president Hugh Reimers told Wines & Vines. “As you can imagine not every vineyard is created equal, and finding the best properties is challenging in a hot grape and real estate market.” The heat sparked the advisory firm Metis LLC to open a Portland, Ore., office early this year. Santa Rosa’s Zepponi & Co. is also active in the market, advising Vista Hills owners the McDaniel family on its sale to Coppola and also participating in Foley’s purchase of Acrobat. It advised on Duckpond Cellars’ sale in September to the Great Oregon Wine Co., a division of Integrated Beverage Group, and Huneus Vintners’ purchase of Benton-Lane Winery in January. “There’s a lot of activity,” said Mario Zepponi, founder and principal of Zepponi & Co., noting that Willamette Valley properties are known as premium plays. “It’s quite high, because of the interest that’s being driven domestically, primarily by California wineries ... And then on top of that you have this compound effect of a number of foreign wineries and spirit companies looking at Oregon for some of those niche luxury plays as well.” Zepponi said rising interest rates make financing some of the purchases more expensive, but it hasn’t dampened the appetite for properties given other market factors. Vineyard valuations in the U.S. are cheaper than elsewhere, generally, so that has been a lure for buyers from Bordeaux and Burgundy, who see opportunities to expand in California and Oregon, respectively. Rather than tens of millions of euros for a hectare of vineyard, prices in the U.S. stick to the thousands. Similarly, domestic purchasers see Oregon as a world-class destination with few barriers to entry and an established reputation for Pinot Noir and, increasingly, Chardonnay. “The domestic wine companies and investors are looking at Oregon and saying, ‘They grow world-class grapes, they make world-class wines,’” Zepponi said. “The cost of entry for investing in the Oregon wine industry is a lot less than investing in the California wine industry. The hurdles to doing business in Oregon are lower than doing business in California, but it all comes back to quality – quality first and foremost.” While other deals are under discussion, Zepponi doesn’t expect a flurry of activity before the end of the year. Many transactions close shortly after the new year begins as a means of managing taxes on the new acquisition.

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