



## ***Bergman Euro-National*** Wine Country Professionals: Vineyards, Estates & Wineries

Tips For Wine Country Buyers And Sellers  
Spring 2007

As we move away from winter's cold grip and in to spring many wine lovers will return to the wine country. First, as a destination then for some a place to call home. Aside from the natural beauty, culture revolving around fine food and world-class wine, and a near perfect climate there are other reasons people desire to live in the wine country. A couple of the top reasons are to own a vineyard and to make wine.

With continued positive news about wine sales and what we hope will be a recovery in broader grape sales market over the next couple of years many potential vineyard and winery buyers will certainly take notice. With that in mind we thought it would be a good time to talk about some tips for both buyers and sellers of wine country real estate.

Buying and Selling wine country properties is not like buying a home in a residential neighborhood, or purchasing a shopping center, an apartment building, industrial properties or any other real estate for that matter.

Of course there are many types of properties in the wine country, but the true wine country property is one that has acreage, vineyard, a residence or two, perhaps a barn, storage buildings, possibly farm labor housing and even a wine making facility. If you are thinking of buying or selling a wine country property realize that each property is unique. Because there are so many variables involved in a vineyard or winery property you will need a professional that understands these highly specialized properties. A professional, who is familiar with the variables, can help both buyer's and seller's with making the correct decisions.

There are many things a buyer and seller need to know before placing the property on the market or making an offer. There are over 15,000+- licensed real estate agents and brokers in Napa and Sonoma County, but there are less than a couple dozen that I can think of who are qualified professionals in the sale or purchase of such a unique property.

- Home
- Biography
- Articles
- Inventory
- Contact Info

Vineyard Shoppers Questionnaire

### [Deluxe Hawaiian Vacation Rental](#)



### [Princeville, Kauai](#)

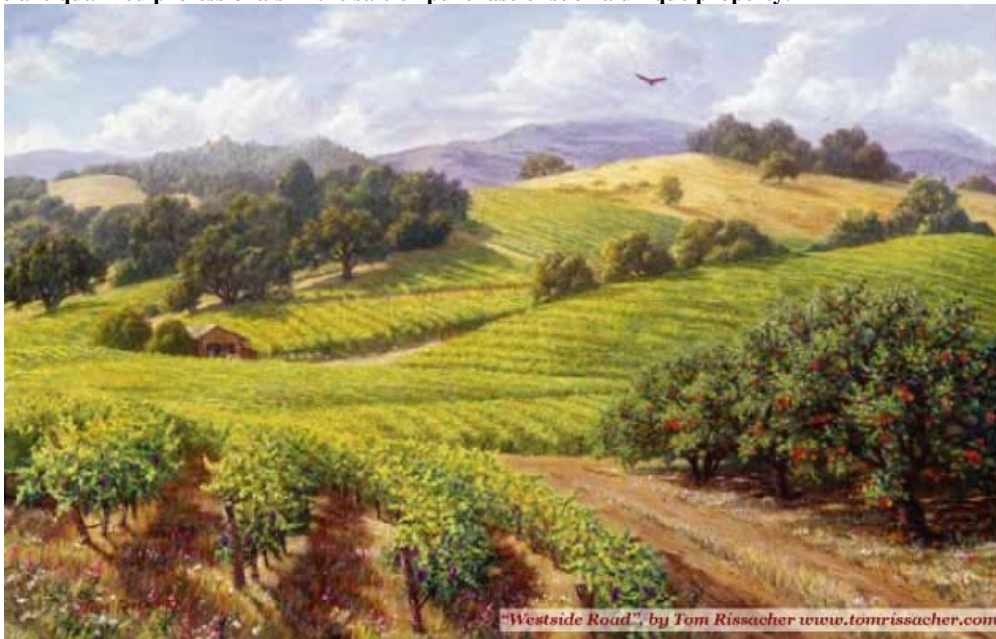
Visit Bergman's Restaurant Guide To The Wine Country

### [Napa and Sonoma Restaurants](#)

### Tips For Sellers

If you own a home in a community with other homes that are like yours, it is easy to figure out the value. Pick a good residential agent/broker that specializes in your geographic area and have him/her give you a "Fair Market Evaluation" including all comps of like type property that has sold over the last year or so. You should also have your agent provide a list of similar properties for sale in your area so that you may drive by and view the competition first hand.

If you have a "Wine Country Property" with vineyard, and other improvements such as a home, possibly a guest home, barn or even a winery on the property, you need to talk to an agent that specializes in the sale / purchase of this unique type of property.



Most residential agents will not have the knowledge that you need to get the job done properly.



1. Interview to find that specialist. Ask them how many vineyard properties that they have sold in the past.
2. How long they have been in the real estate business?
3. Ask for references of past vineyard clients to confirm and follow up with.
4. You may wish to casually dig in a little to find out if they understand the language of the vineyard business. Ask them what they think about nematodes, veraison, brix, or other terms uncommon to the average agent/broker.
5. Ask them if they own vineyard, or have worked with them before.
6. Ask them what you need to supply the potential agent in order to help them build a marketing plan. See if they know what to ask for.
7. Ask them how they will come up with a real current market value of the property.

Once you have selected an agent to help sell your property, you will have to come up with real market price to ask for the property. The agent should have a list of all vineyard sales in your area. The agent should be able to provide feedback on why your vineyard may be worth more or less than the exact same sized vineyard property down the road. Vineyard values can run as much as 50% difference based on age, root stock, quality of the grapes, soils, location / appellation, disease or other variables. The agent you choose to work with should be familiar with these and other items. Ask questions.

### Price The Property Realistically

If you have a property that has a real market value of approximately \$3,000,000 it should have an asking price of not more than 10% above the real market value. This provides some negotiating room and will hopefully allow you to get the fair market value for your property. Too many times an agent will tell a property owner what they want to hear, not necessarily the real market value of the potential listing. Make them back up their theories with facts.

### Don't List The Property Too High

Most agents will pre-qualify their buyers for up to the maximum price that they can afford to pay. Then the agent will only show properties that are priced no more than 10% to 15% over what they can afford. So, if your property is worth \$3,000,000 and you have it listed at \$3,900,000, you will have missed an entire group of potential buyers. Remember it only takes one, but if you're not priced realistically that one may never even know your property exists.

Expanding on the scenario above. If a property listed for \$3,900,000 has a real market value of \$3,000,000, agents will use this property as a tool in order to sell similar type properties that are realistically priced. In other words, the overpriced property will help other realistically priced properties sell. The overpriced listing will have all the wrong clients looking at the property. Both buyer and seller become frustrated. What a waste of time for everyone. After a while the seller gets upset and blames the agent, the agent gets tired of harping that the price needs to be reduced and the property sits on the market for ever, or until the seller gets real on value. Then if the owner gets real on value eight months later, the property has become stale and everyone thinks there must be something wrong with the property. In the end the property may sell, but due to misconceptions the property may now sell for less than real market value.

### Make The Property Sparkle As Much As Possible

To put it simply, buyers are interested in looking at the "Real Estate", not your stuff..... Stage the home by getting rid of the clutter, clean up the outside area, and make it easy to get around the property. The less the buyer has to do, the more receptive they will be about your property. If there are items that are in need of obvious repair or if the property is messy, a buyer will often factor these issues into a lower offer price and the seller suffers.



### **Sign Language**

I have found that a sign in the front of a large vineyard estate may not be the best for a seller, especially if there is no gate to keep people out. The sign acts as an invitation for some prospective buyers to drive in and look around at will. The seller never knows who is on their property. Just ask your agent to make showing instructions state that all agents must give a minimum of 24 hours notice and by appointment only. Your agent should have a key, but should only use it in the event the seller may not be available to open the property. Once the agent calls for an appointment, try to accommodate them even if it is less than the 24 hours requested. Your agent has no control of another agent's client or the tight schedule that the potential buyer may have. Many times a potential buyer will get into an agents car and tell them that they just saw a particular property in a real estate magazine or web site somewhere and would request that it be added to the days tour. The agent for the buyer would likely call for a last minute showing and it is up to the listing agent to try and get that client in if at all possible.

### **Stay Away From The Buyers, Unless Invited**

When a buyer is coming through, it's best to turn on all lights, open shades and give the potential buyer their own space while walking through the property. The seller should be available to answer questions, but not hovering around the buyers. The main reason is that the buyer will not share their inner thoughts with the agent if the seller is close enough to hear. It is very important that the agent hear the good, bad and ugly from their buyers to help answer questions or provide further details.

*The sale of a winery is a completely different animal and requires an additional level of knowledge and experience.*



### **Tips For Buyers**

There are various types of buyers, all with different agendas; The Lifestyle Buyer, The Winery Buyer, The Winery Owner Buying More Vineayrd, & The Farmer.

#### **The Lifestyle Buyer (Most Common)**

This is the person that has dreamed for years to live in the "Romantic" wine country. They see themselves enjoying the fine wines and food that the wine country has to offer. The lifestyle buyer likes the bragging rights of vineyard ownership, and pouring a glass of wine that came from their vineyard for guests. These are just several reasons that the lifestyle buyer wants to live in the wine country.



However, most of them don't have a clue of how to handle or manage the vineyard or where to sell their grapes. To them this can be a very scary experience. After all they will be taking on millions of dollars of responsibility and will need to take it slow and easy to gain the education and confidence that is required before they write that initial deposit check. This requires a knowledgeable real estate agent or broker that has a lot of knowledge about vineyard and/or winery properties. Every licensed real estate agent wants to sell vineyard properties. Be very careful because there are a lot of land mines that you may encounter with the wrong agent.

### The Farmer

The stereotypical vision of a farmer is almost an extinct entity in the Napa and Sonoma Wine Country. Today, most "farmers" are the larger than life buyer, buying everything in sight to hold, fix and resell in the future. The small farmer that existed 25 years ago is almost gone or has retired by selling their grape farm for a handsome return to a lifestyle buyer. He just can't compete with the large conglomerates of today. It used to be that a 20 acre vineyard would generate a comfortable living for the farmer working the vineyard. Today it is virtually impossible to make ends meet due to real estate costs. I haven't seen any small vineyard farmers wanting to buy more vines of late. They are mostly the sellers now.

### The Winery Buyer

This buyer can be a sophisticated winery owner already, or someone that knows nothing about wineries, but wants to get involved in the business. The sophisticated buyer is knowledgeable and has no illusions about the business as well as knowing which agent to call in the first place.

The buyer that calls in and has their sights on winery ownership should be extremely qualified. It is necessary to clear up any misconceptions and find out if they really want to own a manufacturing plant (wine making facility), warehouse space storage (barrel and case storage), and in many cases a retail outlet (tasting room). Are they ready to hire distributors, manage employees, keep an eye on the till, report to the BATF and ABC on a monthly basis. Or, is this a buyer that really wants to own some vineyard, sell the grapes, and ..... oh by the way, wants a few hundred cases a year to give away, trade or use for himself.

### The Winery Owner Buying More Vineyard

This buyer is sophisticated and is a no nonsense buyer. They know what they want and think they know the true market values. They are most likely going to be looking for a deal.

However, if this is a high-end wine maker that specializes in a particular varietal, they may pay a premium price for a vineyard if it has a proven track record of producing very high quality grapes that make ultra premium wine. One signature of such a vineyard is a vineyard designation that repeatedly gets great write-ups in such media as the Wine Spectator, Wine Enthusiast, and Robert Parker's news letter to name a few.

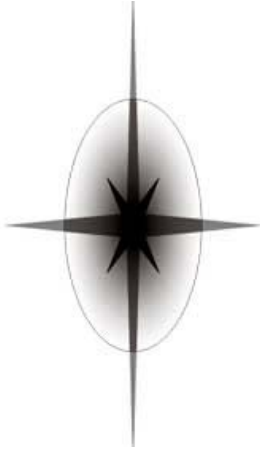
In every varietal made, there are very few wines that are consistently rated the highest quality year after year. This type of buyer is always looking for that special find, the finest quality grape grown in that specialized varietal. When one pops up there is usually a mad scramble by the top wine makers in an attempt to gain control of it.

"Eighty percent of the time a buyer will call and say they want to buy a winery, when they really mean a vineyard."

### Getting Ready To Buy That Vineyard Property

Let's say that you have been dreaming of living in the wine country and the time may be right to look into making the move. You may not know if you want to live in Mendocino, Napa or Sonoma Counties. Your first step would be to check out various areas to see which feels like home. Your thoughts may be to move into a home to live in permanently, or to buy a property that you can use from time to time with thoughts of making it your primary residence someday in the future. Perhaps rent out the home as vacation rental when you are not there or full time until you decide to move permanently. You begin looking on the internet, magazines, MLS, and other real estate searches to find properties. You end up talking to several agents or brokers, all telling you that they want to be your agent. You now have to make some decisions..... What should you look for in an agent?

## Pre-qualify Your Agent



1. Ask them if they specialize in vineyard estate properties?
2. If so, what are the geographic areas that they deal in?
3. How long have they been selling Real Estate and in what areas?
4. What is their experience in vineyard property sales, how many of these types of properties have they been involved in?
5. Ask them to supply a list of past clients to talk to as references.
6. Have they ever owned vineyard properties?
7. Do they know professionals that can help manage the property, check the vineyard for problems, or do they know of wineries that will buy their grapes?
8. The most important thing is to feel comfortable with whom ever you choose and make sure that agent/broker really understands the type of property that you are interested in purchasing and has experience of selling vineyard related properties.

## Pre-qualify Yourself

You as a buyer should know what you can afford before going out to look. It would be good to call a lender or mortgage broker to “Pre-Qualify” you and give you a letter to that effect. Your agent may have suggestions (make sure that the lender specializes in vineyard properties, there are very few) You need to be able to explain to your agent how much down payment you wish to work with and where it is coming from. If the down payment is equity in another property that needs to be sold, you may not be a buyer just yet. If you have your down payment in cash, or investments that can easily be liquidated, you are a good candidate to buy.

### Give Your Selected Agent Loyalty

Once you decide on your agent give that person all criteria that you feel he/she will need to gather together what you have in mind (paint a visual picture of your dream property, don't leave anything out) Have the agent e-mail properties to you, and then discuss them with the agent as to which ones are more of interest than others, and get zeroed in on the properties.

**Don't Shop Agents.....** If you find a well qualified agent/broker that truly understands this type of property and is familiar with the area, stick to them. Make sure to tell them that you wish to be loyal, but in return you expect 100% of their ability and expertise to help you find that property.

**Important.....**If you find a property that is listed by another agent ..... Don't contact the listing agent. Call your “loyal” agent with the information about the property and let your agent follow-up. It is very confusing and embarrassing to all parties when a buyer doesn't understand the protocol of the business. Let everyone know up front that you have your own agent and that he/she will be in touch with the other agent. Agents only get paid when they close an escrow, and to waste their time showing you around to find that ..... “Oh, by the way, thank you for all of your time, I love the property you showed me, but I have my own agent that will be representing me”. Nothing will make the blood boil hotter than to have this happen to an agent/broker that has taken his/her time to show a buyer properties, spend time, gas and money to find that some other agent will get paid for their hard work. Be loyal..... Or if your agent proves out not to do a good job, tell them that you wish to work with someone else and start the search again.



## Found The Perfect Property?

Once you have found a property that you wish to buy your agent should draft an offer with all of the contingencies necessary to provide you with the proper due diligence. The agent should know what to look for. If you have the wrong agent that has always dreamed of selling a vineyard property and now has a client saying “I want to buy this property”, it may be like the “Dog that

Caught the Car". Be careful in the beginning to get the right qualified agent before you start.

I don't want to scare anyone, buying or selling vineyard related properties can be a fun experience. It's just wise to prepare well before becoming involved in a multi million dollar decision. We specialize in Estate Properties, Vineyard Estates and Wineries in Napa, Sonoma and Mendocino Counties and would like to work with you on a very confidential basis.

John Bergman & David Ashcraft



[Printer Friendly Version](#)

---

[Vineyard Shoppers Questionnaire](#) | [Sitemap](#)

Bergman Euro-National

Call For More Information 707-887-9822

---