

73%

Worst case for the portion of today's wine regions that might no longer be suitable for viticulture in 2050 because of climate change

Source: Proceedings of the National Academy of Sciences

Living the Winemaking Dream

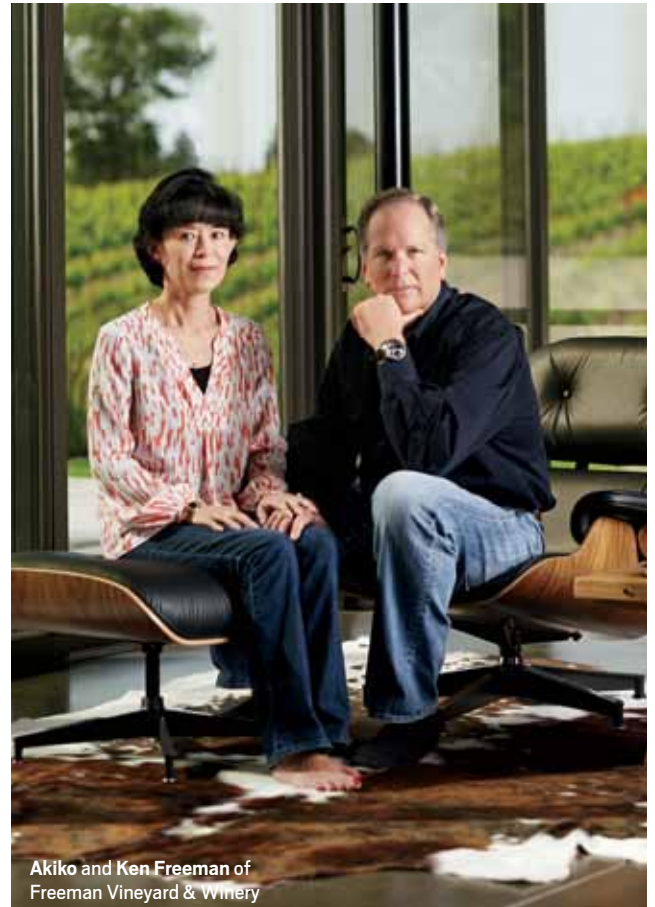
HOW ONE COUPLE MADE IT HAPPEN

OWNING A WINERY is many a wine lover's secret fantasy, but few have made it work in reality as well as Ken Freeman, a managing director at Harpeth Capital LLC, and his wife, Akiko.

After spending three years prowling the back roads of Sonoma County, the couple in 2001 paid \$875,000 for a dilapidated winery and a run-down farmhouse on 3.6 acres (1.5 hectares) in Sebastopol, California. Now, they also own 22 acres of nearby vineyards—and their Freeman Vineyard & Winery sells 5,000 cases a year of superb pinot noir and chardonnay at \$35 to \$55 a bottle.

Among the latest releases winemaker Akiko Freeman, 49, pours for me is the silky, intense 2012 Gloria Estate pinot, the first made entirely from the couple's own grapes.

The Freemans' tale illustrates how essential personal passion, long-term thinking and financial savvy are for would-be vintners. Many underestimate the cash required for equipment, permits and more. "The No. 1 thing I looked at was how to reduce costs," Ken Freeman, 52, says. "From the beginning, we offset mortgage payments by renting out part of the winery to another startup



Akiko and Ken Freeman of Freeman Vineyard & Winery

and leased equipment, like fermentation tanks." Getting the go-ahead from the county to increase the winery's 2,000-case production permit to 6,000 tripled the original property's value.

The Freemans' annual cost for grapes rose to \$500,000 by 2010. Investing in vineyards was part of a long-term strategy to reduce that amount. A 50-acre ranch cost them \$1.25 million. Planting vines on 14 acres of it cost \$560,000, and it took several years before this Yu-Ki vineyard produced grapes they could use.

Keeping his day job was key for obtaining credit, Ken says. "We could invest in a tax-efficient way and leverage our money like a classic hedge fund," he says. In cash, they've spent well under \$5 million, but based on recent sales nearby, Ken and his bank estimate the winery and land are now worth about \$10 million.

And they were lucky. The movie *Sideways*, which premiered the same year as their first vintage, boosted demand for pinot noir. "That serendipity," Ken says, "was not in our business plan."

ELIN MCCOY

THE PRICE OF DIRT

The cost of vineyards depends on country, region and soil character, among other factors.

	HIGH PRICE PER HECTARE
BORDEAUX, FRANCE	\$2.5 MILLION
TUSCANY, ITALY	\$965,000
WESTERN CAPE, SOUTH AFRICA	\$600,000
NAPA VALLEY, CALIFORNIA	\$588,000
MENDOZA, ARGENTINA	\$100,000
BAROSSA VALLEY, AUSTRALIA	\$80,000

Prices are based on Knight Frank LLP's 2013 Global Vineyard Index.