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HD Chinese buyers boost Barossa values

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LP South Australia's Barossa Valley, Australia's premier wine growing region, ranked as the world's third-best performing boutique vineyard market in 2014, according to the latest Knight Frank Global Vineyard Index.

Prices increased 14 per cent for the year to June 2014, almost double the growth rate over the previous 12 months, and well ahead of the 4.5 per cent average increase across the global index.

TD California's Sonoma County and New Zealand's Hawke's Bay ranked first and second, with vineyard prices rising more than 17 per cent.

The index measures price growth for boutique or lifestyle vineyards with between two to 15 hectares of vines that produce bottled wine for an annual return. It excludes commercial vineyards or hobby farms.

Toby Langley, partner at wine brokers Gaetjens Langley, said the Barossa Valley had definitely had a good year.

"There were a lot more transactions and average values increased," he told The Australian Financial Review.

The Knight Frank report found that the Barossa Valley boutique market remained dominated by local buyers, who accounted for 90 per cent of all deals, but that overseas appetite was rising. It's being led by interest from wealthy private Asian investors.

Chinese investors were the most active offshore buyers of Barossa Valley lifestyle vineyards in 2014, ahead of buyers from New Zealand and Hong Kong.

"Knight Frank's attitudes survey, which analyses the views of wealth advisers around the world, revealed that 45 per cent of Chinese ultra high net worth investors (\$US30 million or more in net assets) were interested in vineyard ownership - the highest of any country surveyed," said Knight Frank head of research for Asia Pacific Nicholas Holt.

The growing popularity of wine drinking in China - up more than 50 per cent since 2000 - has also increased demand for imported wine and appetite for owning overseas vineyards, said Mr Holt.

"This interest is being translated into deals around the world, with Chinese investors notably the most significant foreign buyers in the Barossa Valley, Bordeaux in France and Napa Valley in the USA," he said. "The Chinese buyers are a big part of the Barossa Valley market," said Mr Langley, who last year sold the Chateau Yaldara winery with 9.5 hectares of vines for \$15.5 million to Chinese-owned 1847 Winery.

"You can't understate that point and I don't see their role diminishing in 2015."

Mr Langley said location, aesthetics, financial performance and varietal mix were all important to Chinese buyers.

"The Chinese have certainly been the most active recently in the absence of the more traditional buyers, but I expect a bit more competition for vineyards in 2015. It's certainly a sector of the market to keep an eye on."

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