

Wine

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Things to consider before investing in wine

To some people, wine is a passion, whether you're buying, drinking, collecting, or investing in it. But, if you're not familiar with wine as an investment, there are a few things you'll want to consider before you start:

1. Be prepared to wait six to 10 years.

Wine is a long-term investment. That's because the best wines are produced in small quantities, and will need time to age. And, over time, as a finite number of bottles of a particular wine matures and improves, the wine may become rarer (as bottles are enjoyed) and more desirable, which can drive its price higher.

2. Buy the best you can afford.

Invest in wines from producers with an established record, that have a true global secondary market. If you're buying for investment, you're better off buying only a few bottles of a better wine, than buying cases of something that is of lesser quality. The majority of investment-grade wines come from five regions: Bordeaux, Burgundy, Champagne, Tuscany, and the Rhone.

3. Understand the risks.

While wine can be a good way to diversify your portfolio because its price isn't tied to the stock or bond markets, it can also be a risky - and expensive - investment. That's because it is a living product, and it will react either positively or negatively to its environment. So, if it's not stored in the proper climate, it can age too fast or too slow, and bottles can easily break if not handled correctly. Like any investment, returns are not guaranteed for wine, though the market for fine wine has performed well in recent years.

4. It needs to be stored carefully.

Wine should be stored at a consistent temperature of between 55° and 60° F (13-15° C). Avoid exposure to extreme temperature changes, especially heat, which can flatten the wine's aroma and flavor. Wine is mostly water, so it will freeze at between 15° and 20° F. Humidity should also be constant, at roughly 70 percent, to keep the corks healthy and sealed.

If you don't store your wine in a specialty wine storage facility, be careful where you store it in your home. Many people think a basement is the best place for a cellar, but basements often run the risk of water intrusion and mold. Also, wine needs to be kept still, so don't put a cellar next to your laundry room or playroom. And, if you buy wine in a case, keep it in the wooden case for extra protection and stability.

5. You can drink it if it doesn't perform well financially.

Experts will suggest that you buy what you like to drink. That way, you can enjoy your investment yourself - for a special occasion, or if it turns out that your wine pick didn't go up in value.

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