

Wine

4 Questions to ask yourself before you start collecting wine

If you're considering starting a wine collection, either for enjoyment or as an investment (or both), there are four important questions you'll want to ask yourself before you get started:

1. Where will I buy it?

A wine's provenance is important. Only purchase wine from known and reputable sources that can confirm how the wine has been stored, from its bottling through its present location. Knowing the wine's chain of ownership and storage conditions can help you ensure that it has not been exposed to any events that may have damaged or prematurely aged it and can limit the possibility of purchasing fraudulent wine.

2. Where will I store it?

It's important to determine how you will store the wine before you purchase it. That's because where and how a wine is stored will affect its long-term health and therefore its value. Wine does best in a cellar with a consistent temperature of roughly 55-60° F and a humidity level of 65-70%. Ideally, wine should be stored at a professional facility. However, if you decide to store it at home, make sure you have a proper climate-control system and insulation in place to protect the wine.

3. When will I drink it?

Wine is an organic asset with a limited lifespan and a peak drinking time window. Depending on the producer, region, and vintage of the wine, there is often a period during which the wine is considered not ready to drink (premature), a period during which it is in peak drinking range, and a period during which it is on a slow decline in terms of drinkability and therefore value. It is important to understand each of these ranges, for both maximum enjoyment and for investment purposes.

4. How will it be valued?

If you plan to invest in wine, you'll need to understand the difference between replacement values (how much it would cost to replace the wine if it was stolen or broken) and fair market values (how much you could get if you sold the wine). Plus, you will want to incorporate transaction costs (brokerage or auction fees) and carrying fees (such as storage and insurance) into your calculations, as these will affect how much you can make if you sell it.

Source: www.wineadvise.com

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