



2026 REPORTS

# 2026 Grape Demand: May Not Be What We Hoped

By Chris Bitter, Ph.D.

## REPORT SNAPSHOT

**Situation:** The California Department of Food and Agriculture reported a preliminary 2025 grape crush estimate of 2.62 million tons, the smallest since 1999. Still, it exceeded market expectations.

**Outlook:** The larger-than-expected crush coupled with deteriorating California wine sales means wine inventory likely won't see as much of a reduction as I had previously expected. Grape demand in 2026 is unlikely to improve.

*The extent of the shortfall was uneven by region and variety.*

California's 2025 grape harvest was the smallest in more than 25 years, yet it exceeded market expectations.

As a result, the reduction in wine inventory will likely be smaller than hoped, and grape demand will likely remain depressed in 2026.

The extent of the shortfall was uneven by region and variety. Prices fell in 2025, and longer-term pricing trends suggest grower economics are increasingly unsustainable outside of Napa.

## CRUSH WASN'T SMALL ENOUGH TO STIMULATE GRAPE DEMAND

The California Department of Food and Agriculture reported a preliminary 2025 crush estimate of 2.62 million tons, the smallest since 1999. The total was 8% lower than the small 2024 harvest and 23% below the prior five-year average.

The smaller crop was due in part to vineyard removals and adverse weather conditions in some areas. More

importantly, a substantial quantity of fruit – perhaps 20% of the crop – was left on the vine because there was no buyer.

The biggest surprise in the 2025 Grape Crush Report wasn't how small the crush was, but rather how large it was relative to expectations.

Market observers were expecting the crush to come in between 2 million and 2.4 million tons. The larger tally suggests that yields – while still below average in some areas – were somewhat more generous than initially thought, and perhaps more unsold fruit was crushed by growers than initially projected.

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The larger-than-expected crush coupled with deteriorating California wine sales means wine

inventory likely won't see as much of a reduction as I had previously expected.

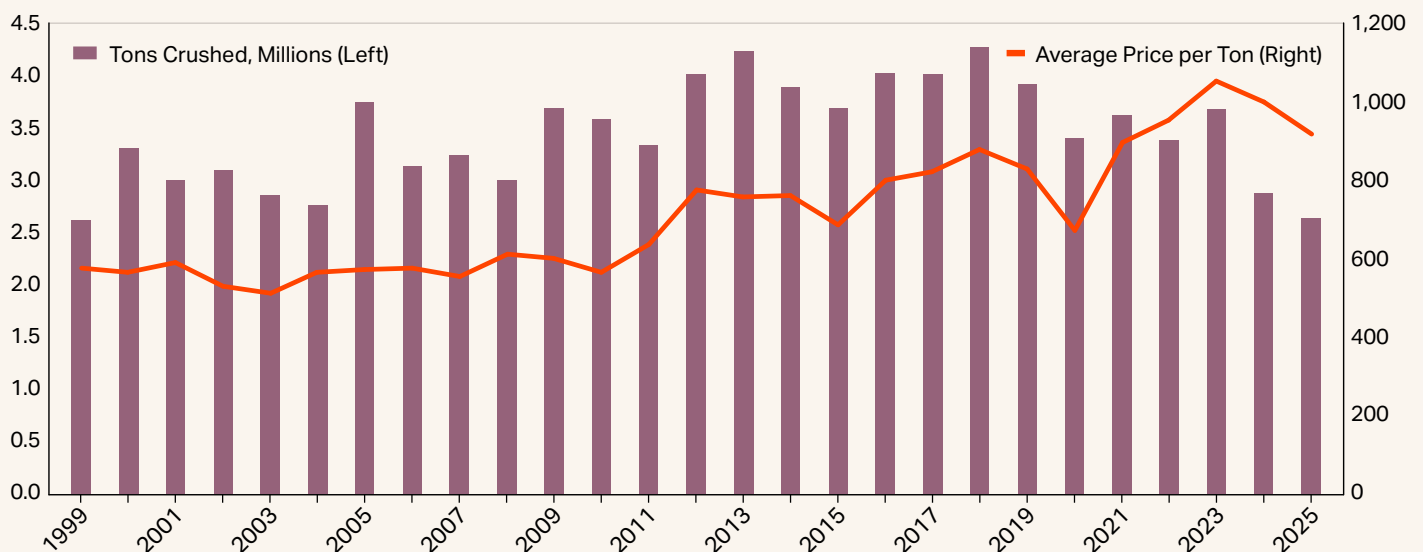
Because many wineries are still long on inventory, bulk wine is abundant, and California wine sales are still falling, I'm not expecting any improvement in grape demand in 2026. Thus, growers with unsold fruit shouldn't count too heavily on a buyer materializing before harvest.

While grape demand is likely to remain weak in 2026, there will almost certainly be less supply as well, as there is less standing acreage and more vineyards will be mothballed. I expect enough fruit to be grown in 2026 to satisfy demand, so long as Mother Nature cooperates, but I also encourage wineries that need grapes to act sooner rather than later, as there will be fewer options at harvest.

#### THE 2025 CRUSH WASN'T UNIFORMLY SMALL

White grape output was down in 2025 but not by nearly as much as that for red varieties. And more white grapes were crushed than red in California for the first time since 1996.

### 2025 Marked the Smallest Harvest of the 21st Century



Sources: California Department of Food and Agriculture, Terrain

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The greater resilience of demand for white grapes mirrors a shift in consumer demand toward white wines. I expect this trend to continue.

*The decline in grape output over the past two years has also been uneven across regions.*

Nonetheless, white wine sales volumes are still declining steadily, so I advise caution in replanting to white grapes without a contract. This is particularly true for Sauvignon Blanc.

The Sauvignon Blanc harvest reached an all-time high in 2025, though retail sales have been flat, according to NIQ data, and bulk Sauvignon Blanc inventory has surged. More plantings will begin to bear in the next several years, so the excess is likely to grow.

The decline in grape output over the past two years has also been uneven across regions.

The Interior and Central Coast regions have seen substantial reductions while the North Coast has not. The North Coast crushed an average of 478,000 tons over the past two years, slightly above the 472,000-ton average over the prior five.

The consequence of resilient North Coast grape output is that wine inventory levels are likely to remain long. More vines will need to be removed to bring the North Coast grape market back into balance.

## **GRAPE PRICES LOOK INCREASINGLY UNSUSTAINABLE**

Growers who were fortunate enough to have sold their fruit in 2025 received lower prices. The statewide average price per ton for sales between unrelated parties fell by 8%.

Crush Report prices are a lagging indicator — especially during market transitions — as new contracting/spot activity was limited in 2025. The current imbalance of sellers versus buyers points to continued downward pressure on price.

Nonetheless, Crush Report prices are still useful for examining historical trends.

In 15 of 17 districts over the past decade, grape prices have failed to keep up with inflation (general prices rose 37%), let alone farming costs, which are thought to have risen at nearly twice the rate of general price inflation. Prices are now below where they were 10 years ago in absolute terms in three districts (Lake, Lodi, Clarksburg).

In consequence, vineyards will likely continue to be removed until supply is reduced by enough to generate prices that provide a reasonable return for growers.

Napa is the only major district to buck this trend. Napa grape prices are still up by 54% over the past 10 years. The ever-widening price premium may not be sustainable, however, given that Napa bottle prices are softening.



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## ABOUT THE AUTHOR



**Chris Bitter**, Ph.D., is Terrain’s senior wine and grape analyst. He has more than 20 years of experience as an economist and market analyst. He earned his Ph.D. in economic geography with a minor in agricultural and resource economics from the University of Arizona. In 2016, Chris changed his economic focus from real estate to wine when he launched Vintage Economics, a market research and consulting firm focused on the wine industry.

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