

The Rate of Return on Investment in Wine

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First published: 26 March 2007

<https://doi.org/10.1093/ei/39.3.337>

Citations: 79

We thank William Edgerton for providing data, the Economics Department of Wesleyan University for financial support, Rachel Mandal for research assistance, and two anonymous referees, Orley Ashenfelter, William Edgerton, Richard Grossman, Peter Kilby, Stan Lebergott, Laurance Levin, Richard Miller, and David Selover for helpful comments.

Abstract

Is wine an investment alternative to stocks and bonds? First, we review prior studies regarding the pecuniary rate of return to wine and other alternatives to financial assets. Next, we calculate the rate of return to holding red Bordeaux wine from 1986 to 1996 using a repeat-sale regression. Finally, we contrast the financial performance of wine, both on an aggregate basis and for various portfolios, to that of other asset classes. We conclude that wine does not yield greater returns than financial assets, especially when the volatility of returns and transaction costs are taken into account.

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