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SECTION

YOUR BUSINESS

Going Coastal

California's new turf is vital in a looming wine war

The vineyards at the Calera Winery in Hollister, Calif., one of the coastal region's first, viewed through a glass of Chardonnay

Photograph for TIME by Macduff Everton

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BY DAVID S. JACKSON SANTA BARBARA

NEARLY 30 YEARS AGO, JOSH JENSEN, FRESH FROM A postcollege stint in the vineyards of Burgundy and eager to make his own wine, bought a Volkswagen camper and spent two years driving around California looking for the perfect place to grow Pinot Noir grapes. He finally found grape pay dirt, but nowhere near the famed Napa Valley. Instead it was 135 miles south, on a limestone-rich mountainside east of Monterey. Jensen planned to plant vines in the Gavilan Mountains at 2,200 ft. above sea level, making his future vineyard among the highest, and the coldest, in California. Around that same time, another young

The Coastal



Kem Brown, renowned winemaker of Byron Vineyards, staked out Santa Maria in 1984. Now industry giants are creating a land rush.

winemaker, Ken Brown, was turning down job offers in Napa to head even farther south, to the Santa Maria Valley near Santa Barbara. "People thought I was crazy," he recalls, "but I knew the potential here was incredible."

It was, but it took a while for the rest of the world to find out. Today, long after these two gifted vintners founded their award-winning Calera and Byron wineries, a land rush has broken out on California's newest winemaking frontier—its long and rugged central coast. "The only thing I can liken it to is the Oklahoma land rush," says the winemaker known as the "grandfather of Paso Robles," Gary Eberle of Eberle Winery. "Get yourself a wagon, hitch up your horses, grab a

couple of stakes and go like hell." When Eberle graduated from University of California at Davis' viticulture school in 1973, he paid \$250 an acre for prime land just out of Paso Robles. Now that property would be worth between \$20,000 and \$25,000 per acre, he says.

Winemakers from as far as Australia and as near as the Napa Valley are discovering what the pioneers have always known: the fertile soils and varied microclimates from Monterey to Santa Barbara are capable of producing world-class wines—at consumer-friendly prices.

That would be a winning combination at any time, but it's even more appealing now. A global wine war is fermenting, with production exploding

everywhere from South Australia and South Africa to South America—just about anywhere you can stick a trellis. Although U.S. consumption has increased 13% per capita since 1995, the supply is outstripping demand. Even the French are under siege.

There's a lot at stake. Wine sales should top \$17 billion retail this year, and imports—whose market share dropped from 23% in 1997 to 19.5% in 1999—are rising again. The central coast is a second front against this growing invasion, in part because land prices, although rising quickly, are still a modest \$8,000 to \$12,000 per raw acre, compared with Napa where what little land is left sells for anywhere from \$100,000 to \$200,000

Defense

[A global wine war is looming, and California's central coast has become strategic territory]



an acre. Lower costs will take some pressure off profits, as abundant supplies put downward pressure on the prices, particularly from Napa wines.

As a result, the central coast now boasts some of winemaking's biggest names. Beringer Blass (owned by Foster's—the Australian brewer, mate), Kendall-Jackson, Fetzer and Gallo (2000 sales: \$1.5 billion) have all moved in or expanded there. Napa's Robert Mondavi Winery (2001 sales: \$506 million) has boosted its holdings across Santa Barbara, Monterey and San Luis Obispo counties. "Every major winery in the state is betting on the central coast," says Robert La Vine, Mondavi's director of grower relations. "It's been a real rocket ride."

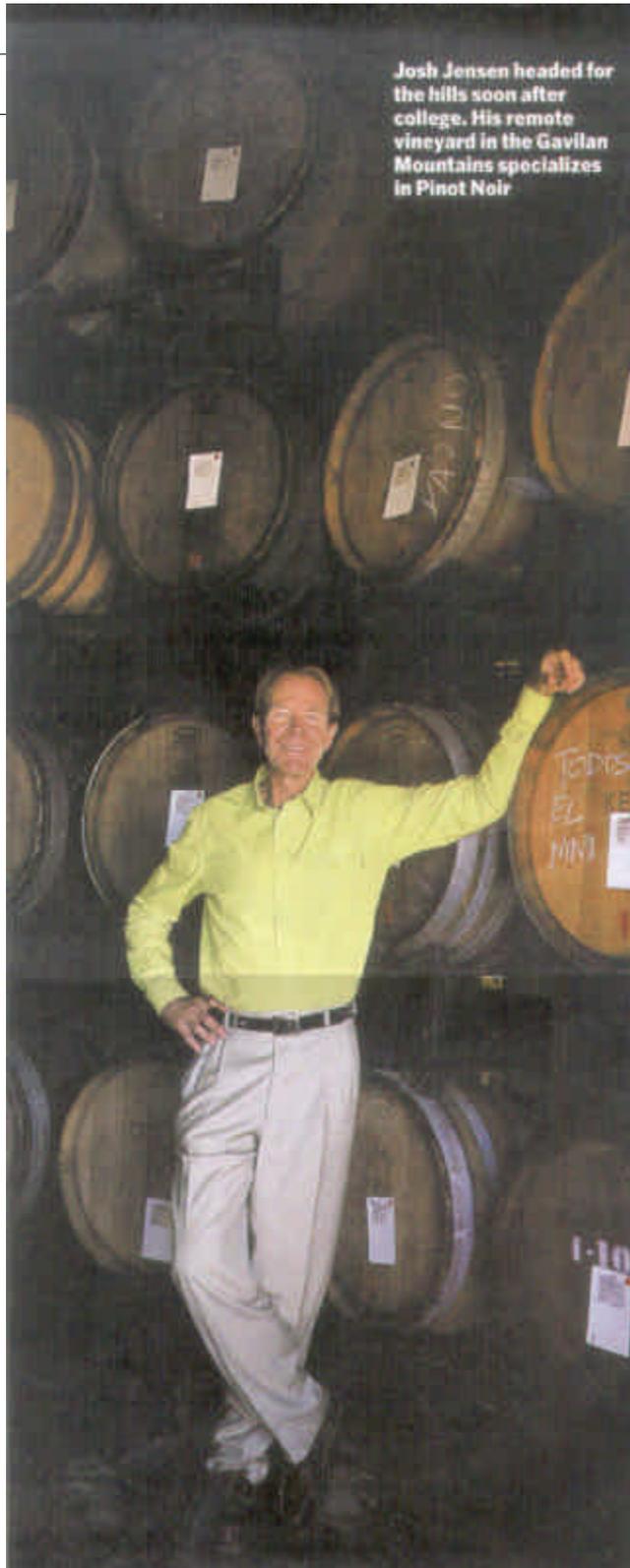
Even Southcorp Wines, Australia's largest vintner (2001 sales: \$561 million) and the maker of the Penfolds and Lindemans labels, recently planted a 600-acre ranch in San Luis Obispo County with four of the world's premier Shiraz/Syrah clones. Southcorp identified

What's What About Wine

- Wine production in the U.S. has seen a 34% increase from 1990 to 1999, with California responsible for 90% of it
- California wine sales volume is up 22% over seven consecutive years since 1993
- Top foreign market for the U.S. is Britain, followed by Canada
- Europe's interest in California wine is strong, but the dollar has slowed sales

Paso Robles as a viticultural area with soils and climate conditions similar to those of southeastern Australia's Barossa and Clare valleys. Using the Barossa Valley Shiraz vines that produce their renowned Grange, they are making wines in the Australian style.

Winemaking has always been more of an art than a science, and one of the central coast's strengths is that it has attracted some of the industry's most idiosyncratic artists to set the pace for the corporate growers. Santa Barbara winemaker Chris Whitcraft, whose Pinot Noir was judged the best in California by Wine Spectator three years in a row, makes it entirely without electricity. "I hand-sort it, foot-stomp it and basket-press it," he says. His fellow winemakers call the finished product Whitcraft Unplugged, though it's probably easier to buy one of his promotional T shirts than to find a bottle of his rare Pinot Noirs. (He produces about 1,500 cases annually



Josh Jensen headed for the hills soon after college. His remote vineyard in the Gavilan Mountains specializes in Pinot Noir

Whitcraft: "There's no question these big wineries can make good wine. But can they make great wine?"

The answer seems to be yes. Central coast wines are showing up at the top of critics' lists: the region offers a climate for every taste, from the Santa Maria Valley's cool, marine atmosphere, ideal for Pinot Noir and Chardonnay, to the warmer Cabernet-, Syrah- and Zinfandel-friendly climates of San Luis Obispo County.

The corporate growers also bring something else to the coastal wineries: credibility. Says Dana Merrill, chairman of the California Association of Wine Grape Growers: "The big wineries came down here and tasted the wines, and realized they were every bit as good as the north coast—and in some cases better."

So bring on the imports, says Napa native Chuck Wagner, the owner/winemaker of Caymus Vineyards, who decided to plant 400 acres of grapes in Monterey County because it was "some of the best Chardonnay country that California has to offer." He adds, "The central

—prices range from \$18 to \$50 a bottle.)

The boom has not been welcomed by everyone, naturally. Many locals are alarmed by rising land prices, tourists on wine-tasting binges and the endless rows of grape trellises that are obliterating a landscape of rolling hills dotted with oak trees. Even some of the pioneers worry that their grape suppliers will be bought out by "the big boys." Grumbles

coast is going to be a big part of California's wine production, especially if you put it up against Chile, Argentina, South Africa and whatever else may be coming into the market. The wines from the central coast have gotten better and better, and that's not going to stop." In other words, the coast is now well defended. —With reporting by Valerie Marchant/
New York City and Helen Pitt/San Francisco