NOBLE & CO

WHISKY INTELLIGENCE REPORT

Contents

Cover image credit: The Macallan (TIME:SPACE Mastery)

Contributing Members

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Head of Food & Drink

Duncan is Noble & Co's Head of Food & Drink. He has led work for The Borders Distillery, Adelphi, The Macallan, Compass Box, Innis & Gunn and Simpson Reserved amongst others. Prior to Noble & Co, Duncan had 10 years as an equity research analyst for Merrill Lynch and various fund management firms.

Kal Sangha
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Kal joined Noble & Co in 2021 to support projects providing high impact for people and planet. Experience includes natural capital & biodiversity restoration, sustainable farming for agriculture & aquaculture, clean & renewable energy including green hydrogen, circular economy technologies and health & social infrastructure.

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Eddy currently works as a member of the Noble & Co execution team. He is a seasoned Chartered Accountant who has over ten years of experience in professional services, with particular focus in debt advisory. Eddy works across all sectors and has been actively involved in several whisky transactions this year.

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Matt works for Noble & Co across a range of sectors including Food & Drink, Energy, Real Estate, and Technology. He has been involved in a number of projects for both private and publicly listed spirits companies. Prior to Noble & Co, Matt worked as an early-stage VC investor in Italy, and Capital Markets Analyst for Dentons in China.

Image credit: Sotheby's (The Glenlivet Distillery)

Executive Summary

Welcome to our ninth Whisky Intelligence Report, and our third annual report.

In this report we review the current state of the secondary market for fine and rare whisky at auction, as well as which brands and price points are seeing significant change. We interview two key participants in this industry in Jonny Fowle and Isabel Graham-Yooll to get expert insights on the current market.

“Declining volumes, falling prices, and a cautious approach from both buyers and sellers have been defining characteristics of the past year.”

Fine and Rare Whisky Context

Our Whisky Intelligence Report leverages our dataset including c. one million bottles transacted at auctions globally, and it has been supported by contributions from leading industry experts. 2024 has been a difficult year for the fine and rare whisky auction market, having faced persistent macroeconomic challenges like high-interest rates, inflation, the reduced spending on luxury goods related to cost of living, and geopolitical instability all weighing heavily on behaviour and investment decisions of the consumers.

Throughout the past 12 months to September 2024, our dataset saw a 16% decline in volume and an 18% drop in value transacted, reflecting a further contraction in demand. These figures mirror the broader struggles of other luxury asset classes, including watches, wine, and fine art. As buyers exercise caution and sellers hold back for better times, the landscape of the market has shifted. Lower-priced bottles are showing resilience while higher-value segments face significant headwinds.

Whisky Regions and Growth

Speyside remains the dominant region, representing 59% of total market value, although volume has dropped by 27%. Islay and Campbeltown continue being favoured regions, buoyed by a strong consumer interest in brands such as Springbank. However, even there we have seen that declines in volume and value were significant in the last year – showing there were few places in whisky in the secondary market to invest safely. While The Macallan has seen notable declines in volume and value, it remains the most popular of the secondary market, underscoring the continued appeal of luxury, ultra-premium brands during uncertain times.

Market segmentation was a defining theme this year. Bottles that were priced under £1,000 outperformed other categories, due to accessibility for drinkers and collectors. Contrasting that, premium bottles—particularly the ones priced over £10,000—experienced sharper declines as the sellers hold back on stock in anticipation of a market rebound and buyers are wary of catching a falling knife.

Key Topics for the Secondary Market

This year’s report covers a range of important themes, providing context and insight into the current state of the secondary whisky market.

One highlight was an in-depth interview with Isabel Graham-Yooll, the founder of Wisgy, who offered valuable perspectives on market trends, the evolving role of authentication services, and counterfeiting. Her insights shed some light on the scale of organised crime in the secondary market, the challenges posed by counterfeits, and how important independent advisory services are for the market.

We also spoke with Jonny Fowle, Head of Whisky at Sotheby's, who is responsible for many of the highest value bottles of Scotch whisky sold in recent years. He shared on which brands he thinks are exciting for the long-term, and how he thinks Scotch might fare against other categories of Spirits.

We look at how the sustainability agenda continues to shape the whisky industry. We see brands like The Macallan demonstrating leadership in this area through initiatives such as its Artisan Apprenticeship Fund. Adding to that, environmental stewardship, including the use of renewable energy, responsible sourcing, and eco-friendly packaging, is becoming more important for consumers and collectors alike. Finally, the report examines how shifting economic conditions are influencing buyer behaviour. The rise of online auctions and their democratisation of the collector market have brought increased accessibility to a wider audience. Downturns in high-value luxury goods, which is a result of the macroeconomic climate, proceed to test even the most established players in the whisky market.

Conclusion

The fine and rare whisky auction market in 2024 has reflected challenges facing the broader luxury goods sector. Declining volumes, falling prices, and a cautious approach from both buyers and sellers have been defining characteristics of the past year. However, the inherent appeal of fine whisky, grounded in its heritage, craftsmanship, and collectability, offers reasons for optimism about what we can expect in the future. Brands that align themselves with sustainability, authenticity, and evolving consumer values are well-positioned to weather these challenges and thrive in the years ahead.

We are grateful to all the brands, auctioneers and those who have contributed to this report. Their collaboration and expertise have made the report possible and we look forward to tracking the market's progress as it navigates this complex landscape.

Slàinte Mhath

Duncan McFadzean
Head of Food & Drink at Noble & Co

Image credit: Sotheby's (Laphroaig - 35 Year Old TheSyndicate, 1988)

Image credit: The Glenlivet (55 Year Old)

Understanding the **Macro Context**

Article by **NOBLE & CO**

In a world still grappling with the reverberations of the COVID-19 pandemic and prolonged geopolitical tensions, particularly in Ukraine and the Middle East, 2024 has shaped up to be a year defined by high interest rates and slowing inflation. While recent data suggests that the intense focus on reducing inflation to more normal levels is seeing results, the macroeconomic landscape continues to be heavily shaped by the speed of change. High inflation and tight monetary policies have not only shaped consumer behaviour but have also redirected investment strategies, particularly within luxury and non-essential asset classes, which have seen varied performances across regions.

> **“As inflation subsides, we are observing the beginning of a global easing cycle, which aims to spur growth and revitalise investment.”**

Diverging Growth Patterns and Forecasts

Growth forecasts have shown that there is clear divergence across economies, reflecting varying levels of resilience and adaptability in the face of global challenges. The United States, for instance, has demonstrated a robust economic outlook with a real GDP growth forecast of 2.8%[1] for 2024 —a slight increase from the 2.6%[1] projected in April 2024. This growth is partially attributed to robust domestic consumption and a steady labour market underpinning economic stability. In contrast, the major European economies such as Germany, France, and the UK can expect weaker growth rates, registering around 0.0%, 1.1%, and 1.1%[1], respectively. These countries are continuing to face structural challenges including high energy costs, bottlencks in the supply chain, and also slow productivity growth, all of which dampen economic expansion.

We see developing economies are facing additional pressures. Disruptions to global commodity production, especially in oil, have destabilised economies reliant on energy exports, and logistical challenges in key shipping routes compound these issues. The persistent regional conflicts, extreme climate events and civil unrest, have caused an increase in instability in parts of the Middle East, Central Asia, as well as Sub-Saharan Africa, which has suppressed economic performance and has dampened growth potential.

Asia, however, is continuing to have a higher growth rate than Europe and the US. The strong demand for semiconductors and electronics, buoyed by rapid advancements in digital transformations and artificial intelligence, has strengthened growth in parts of the region. China’s real GDP growth for 2024 is forecast to be at 4.8%, underpinned by industrial

Image credit: Sotheby's (The Glenfiddich - 1950s Collection)

Sources

[1] IMF
[2] Reuters

activity, although retail sales—a critical indicator of domestic consumer confidence and spending—have increased by 3.2%[1]. This subdued consumer demand in China has impacted global markets, especially the luxury retail sector, given that Chinese consumers account for roughly 25%[2] of global luxury spending.

Overall, despite positive growth in Asia, global growth forecasts remain muted, with projections indicating a 3.1%[1] growth per year over the next five years—which falls significantly below the 20-year average of 5.1%[1] that was seen pre-pandemic.

Global Inflation Dynamics and Easing Cycles

Global inflation, though gradually decreasing, is continuing to influence central banks' policy actions. The headline global inflation rate is expected to decline from the 2023 average of 6.7% to 5.8% in 2024 and even further to 4.3%[1] by 2025. More advanced economies are projected to achieve inflation targets sooner than emerging markets, partly due to stronger monetary interventions and fiscal support. As inflation is subsiding, we are observing the beginning of a global easing cycle, which aims to spur growth

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and revitalise investment. The Federal Reserve initiated this easing by implementing a 50 basis point rate cut in September, followed by reductions from the European Central Bank and the Bank of England. These rate cuts signal a shift in policy, with most large OECD countries expected to follow suit to stimulate their economies.

Asset Class Performance and Return Profiles

Asset classes have displayed considerable performance disparities over the last year, reflecting the volatility and unpredictability of the current economic environment. The Dow Jones Industrial Average posted an impressive 23.5% gain over the past 12 months to 5th November, reporting a year-to-date (YTD) return of 11.5%. The NASDAQ has outperformed, achieving a notable 35.3% over the last year and 23.5% YTD, which was driven largely by the tech sector's resilience and investor confidence in long-term innovation. In Europe, the FTSE 100 has shown a modest but stable growth of 10.2%, with a YTD return of 5.9%.

Cryptocurrencies have seen explosive growth, with Bitcoin delivering an 89.4% return over the last 12 months and 53.1% YTD. This remarkable performance underscores Bitcoin's appeal as a speculative asset amid uncertain economic times, as well as growing institutional interest in digital assets. These divergent asset class returns reflect mixed levels of resilience and investor sentiment across sectors, as market participants navigate a landscape shaped by inflationary pressures, evolving monetary policies, and shifting economic fundamentals.

Political Change

Donald Trump's victory in the 2024 election is likely to reignite his "America First" economic policies, particularly the imposition of tariffs on countries like China and Mexico. His administration could reintroduce trade wars, which would in turn impact global markets by introducing volatility and by potentially disrupting supply chains. While some industries and the US economy more broadly could benefit from protectionist measures, the broader effect may be increased costs for consumers and a dampening of global economic growth.

Conclusion

The positive signs from a macro perspective would be reduced inflation and easing monetary policy, but strong performances from other asset classes and a continued reduced consumer appetite suggests secondary markets for whisky may remain challenging in the near future.

What is Happening to Other **Luxury Goods and Collectibles?**

Article by **NOBLE & CO**

The luxury goods and collectibles market in 2024 is navigating a downturn across key segments. In this article, we delve into the shifting trends in fine art, luxury watches, and the broader luxury market.

> **"The luxury sector faces headwinds as economic uncertainties cool demand across categories."**

Sources

[1] Bank of America

[2] Subdial

[3] Federation of the Swiss Watch Industry FH

Fine Art

The fine art market in 2024 is going through an adjustment period, with auction prices rising only 1% above mid-estimates - which is the smallest increase in over seven years[1]. Emerging Art, which was booming during the pandemic, has softened, with Sotheby's "The Now" auction sales dropping by 55% over two years. Galleries face pressure to adjust prices as buyers resist higher price points, leading to opportunities for collectors to negotiate to get better deals[1]. Additionally, the market for Latin American artists is gaining momentum, driven by increased visibility and valuation[1].

Luxury Watch Market

The luxury watch market in 2024 has been experiencing a notable downturn, as reflected in the Bloomberg Subdial Watch Index. Over the past 24 months, the index has dropped by 21.9%, and 8.3% in just the last 12 months[2]. However, when we look at the trend for October, the market has experienced an increase of almost 1% in price. £25,161 at the trough on the 4th of October, to £25,407 on the 4th of November.

Further data from the Federation of the Swiss Watch Industry FH has revealed that the first nine months of 2024 saw notable declines in both the new and secondary markets this year. Similarly to what we have seen in the premium spirits market, these declines are driven by economic uncertainties.

Decreased demand has resulted in a 24.6%[3] fall in luxury Swiss watch exports to China for the period of January to September 2024. Hong Kong saw a similar reduction (-20.4%). However, India (+22.5%), Mexico (+16.5%), Japan (+10.2%), and Austria (+16.5%) noted they had a high level of growth in imports of Swiss watches.

Image credit: Sotheby's (Patek Philippe - Second Series Flat Dial)

Despite these gains, the overall value of the market decreased by 2.7% - a downturn that was significantly impacted by the downward trend seen in steel watches, by both value (-19.0%) and number of items (-21.1%).

The composition of materials further highlights the current pressure that is on the market. Watches made of steel, which dominate in both areas, volume and value, saw a steep decline of 19% in export value and also a 21.1% reduction in units exported.

Precious metal watches have also struggled, with a decline in value of 9.1%.

In terms of price segments, the most significant drop was seen with mid-tier watches priced between CHF 500-3,000, which saw their value plunge by 33.0%. Meanwhile, luxury watches with prices going above CHF 3,000 experienced a smaller decline of 7.3%, which is suggesting that the ultra-high-end segment remains resilient despite the challenging environment.[3]

Sources

[4] LVMH

Wider Luxury Sector

This trend we see in the whisky market can again be linked to challenges within the broader luxury sector, as demonstrated by LVMH Moët Hennessy Louis Vuitton's (LVMH) performance through 2024. LVMH, the global leader in luxury goods, reported earning €60.8 billion in revenue during the first nine months of 2024, showing stability overall, but with significant variations across the sectors[4]. Key insights from LVMH's performance data include the following:

Wines & Spirits: LVMH's Wines & Spirits division, which includes brands such as Hennessy and Glenmorangie, saw an 8% decline in organic revenue for the first nine months of 2024, compared to the same period prior in 2023. Champagne sales also saw a drop, which was driven by the normalisation of demand after the post-Covid spike, though they remained higher than levels were in 2019.

Regional Trends: LVMH has reported double-digit growth in Japan, while demand in China—especially for wines and spirits—has remained sluggish. The U.S. market had seen some recovery in the Q2 2024, but the overall consumer sentiment remained cautious.

Sector Resilience: Despite the downturn in specific segments, LVMH's other divisions—such as Fashion & Leather Goods and Perfumes & Cosmetics—fared better. Fashion & Leather Goods, led by brands like Louis Vuitton and Christian Dior, only recorded a modest 1% organic revenue decline, while a 5% growth[4] was seen in Perfumes & Cosmetics.

Image credit: LMVH (Perfume & Cosmetics - Aqua di Parma)

Image credit: Sotheby's (Cartier - Crash, Limited Edition Gold Wristwatch, Circa 1991)

Sources

[5] Danny Younis

Richemont

In line with broader challenges in the luxury sector, Richemont, the world's third-largest luxury company, reported stagnating growth in 1H25, with sales being flat at €10.1 billion on a constant FX basis and down 1% on current FX[5]. This decline highlights the slowdown that has happened post-COVID, particularly in Asia-Pacific, where sales plummeted by 18% across the two quarters. While Japan and the Americas showed resilience, growing by 42% and 11% respectively, the slowdown in Richemont's key jewellery brands like Cartier and Van Cleef & Arpels was notable, with growth reduced to just 4%. Margins came under pressure, with EBIT and net profit margins falling 320 and 390 basis points respectively.

It is clear that the luxury market in 2024 has been struggling, as demonstrated by the cooling demand in fine art, watches, and fashion, more so in Asia.

Image credit: Bonhams (Glenrothes-Glenlivet - 42 Year Old)

Market Review: **A Downturn of Painful Proportions**

Article by **NOBLE & CO**

The last twelve months have been an incredibly tough period for the market for fine and rare whisky at auction. As we have noted in our previous reports, this has been macro driven rather than industry specific. However, this is faint comfort when markets are declining in the way that they have.

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Period	Volume % Change	Value Transacted % Change
12 Months Oct 2023 to Sep 2024	-16%	-18%
Year to Date Jan 2024 to Sep 2024	-19%	-34%
Q3 Jul 2024 to Sep 2024	-24%	-34%

A notable casualty of the period in early Summer 2024 was the auction website Maltdaq, which was set up to provide live trading of bottles, but it was hit by the decline in demand for secondary bottles. All of the data we refer to through this section has been adjusted for this, by removing Maltdaq lots from past periods. We note this could potentially overstate performance of the remaining dataset, as it will have gained some market share post the closure of Maltdaq. Some buyers might have moved to platforms not included in our dataset, so we have excluded all Maltdaq sales from the dataset in order to analyse it in the most appropriate way.

We have carried out assessment of the data in several different ways – looking at it over the last 12 months to end September, reviewing performances from January 2024 to September 2024, and looking exclusively at the results from Q3. We looked for signs of hope that the rate of decline might be slowing, in anticipation of the turn in the market that we do believe will ultimately come.

Our dataset now includes c.1m bottles and c.1m lots, with 20m datapoints to back this up. Over the year to September we saw a decline of 16% in volumes, and a decline of 18% in value.

What stands out from this is that the rate of decline is accelerating. What started as predominantly a volume decline has spread into a price decline. Is it the case that this is driven by a demand fall, or is this about savvy collectors who are holding back bottles and therefore there are fewer bottles going around? We are sceptical of this latter argument – if the demand had remained, and there were fewer bottles for sale, we'd expect to see prices rise, not decline.

We also looked at unsold lots and saw the results seen in **Fig. 01**. There is no obvious trend in our dataset of a rising number of unsold bottles.

There has been a steady drift downwards in the volume of lots transacted (**Fig. 02**), with the seasonal uplift in Spring and Autumn as the auction houses take the stage.

Number of Bottles Unsold
by Month

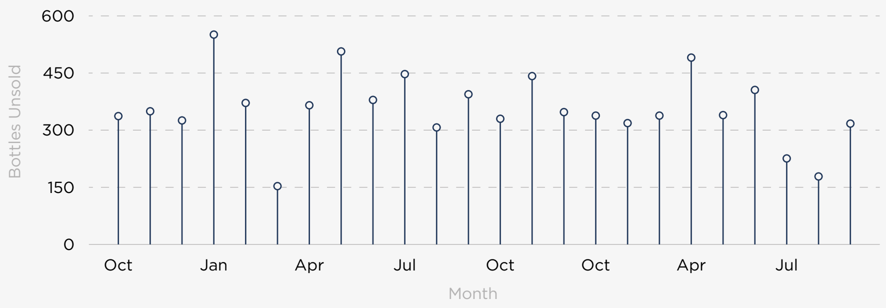

Fig 01 Noble & Co analysis.

Volume of Whisky Transacted (Oct '22 - Sep '24)
by Quarter

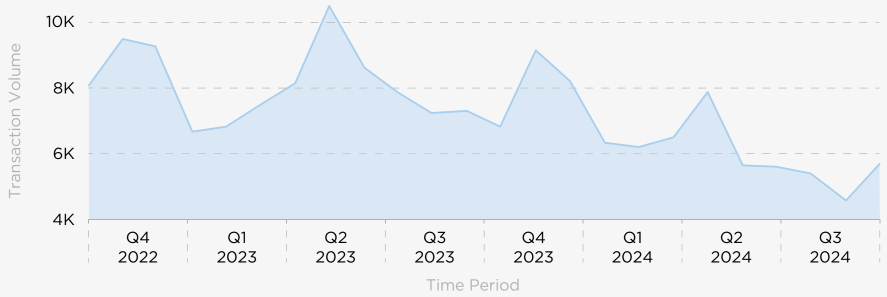

Fig 02 Noble & Co analysis. Measure (is Volume), Date (is on or after 01/10/2022 and is on or before 30/09/2024)

Value of Whisky Transacted (£) (Oct '22 - Sep '24)
by Quarter

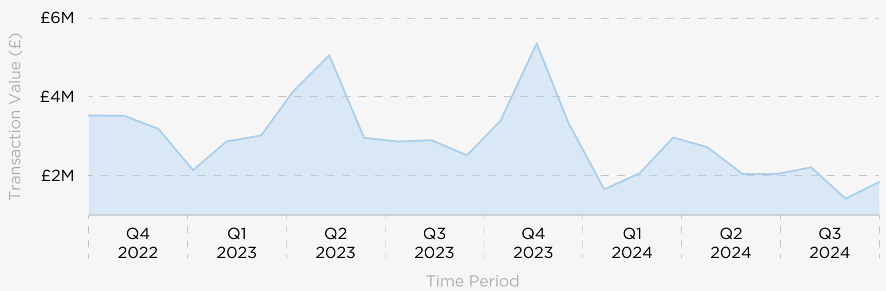

Fig 03 Noble & Co analysis. Measure (is Value (£)), Date (is on or after 01/10/2022 and is on or before 30/09/2024)

3 Month Rolling Value of Whisky Transacted (£) (Oct '22 - Sep '24)
by Quarter

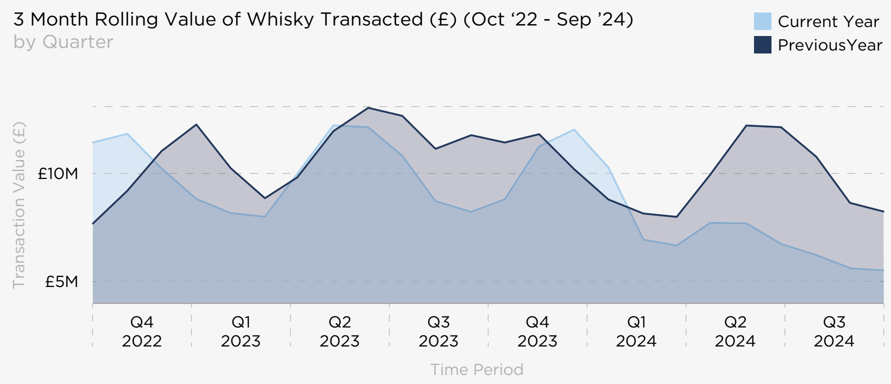

Fig 04 Noble & Co analysis. Rolling Measure (is Total), Date (is on or after 01/10/2022 and is on or before 30/09/2024)

Period	Average Price in Period	% Change in Period
12 Months - Oct 2023 to Sep 2024	£393	6%
YTD - Jan 2024 to Sep 2024	£315	-18%
Q3 - Jul 2024 to Sep 2024	£302	-13%

Value has also been in decline over the period. The data shown in **Fig. 04** helps in showing the decline without the confusion of seasonality. This trend graph shows the current year and the previous period on a month by month basis. You can easily see the scale of the relative decline, with little signs of hope.

Average prices are also shifting. Driven by a mix shift to lower priced bottles, we believe there is an underlying price decline also. Prices continued to decline in Q3, albeit at a slower rate.

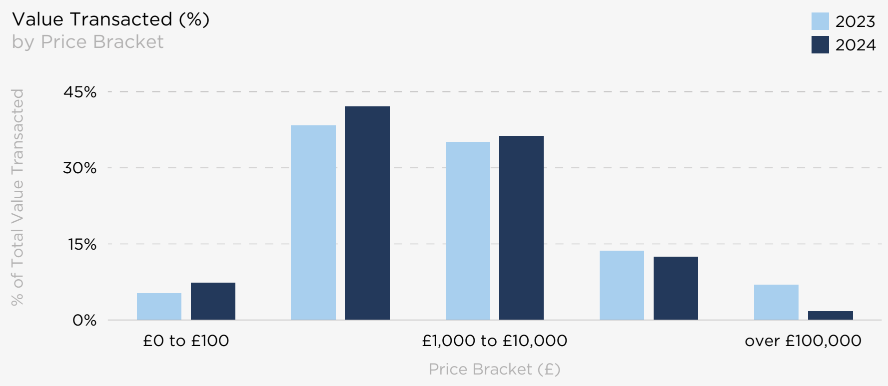

Fig 05 Noble & Co analysis.

Market Analysis by Price Bracket

Within the price brackets, the year has seen a shift in where activity is taking place. The data in **Fig. 05** compares Jan to Sep 2023 vs Jan to Sep 2024. We have noted previously about the slow down at the top end. We see this as driven by a slowdown in Asian buyers (in particular China) and also by this being a collector base that can afford to wait to sell. In the lower price brackets, the main shift is from the £1,000 to £10,000 price bracket into the £0 to £100 and £100 to £1,000. We can see that there have been lower declines in value at the lowest-priced brackets.

Image credit: Bonhams (Talisker - 12 Year Old)

Time Period	Average Price 2023	Average Price 2024	Change £	Change %
Q1	£54	£53	-£1	-2%
Q2	£54	£51	-£3	-5%
Q3	£54	£54	£0	0%

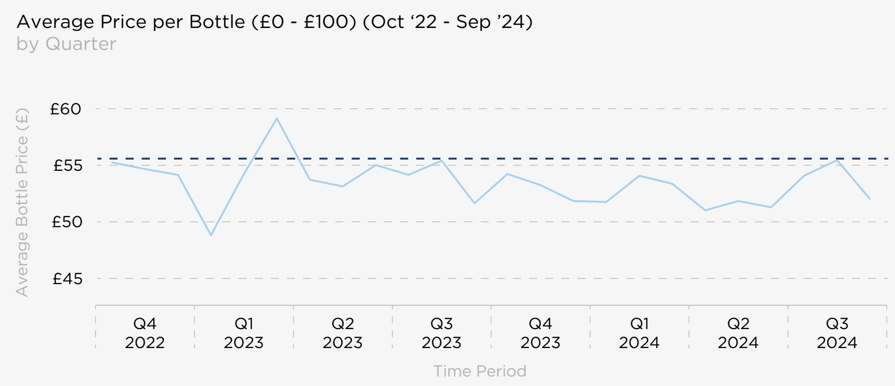

Fig 06 Noble & Co analysis. Measure (is Value(£)), Value (is less than or equal to £100)

£0 to £100: We do not include the £0 to £100 segment when talking about Fine and Rare, but at a time where prices are in decline, we have included it in case it reveals useful trends. Some bottles selling for close to £100 will have dropped down into this segment, which will be helping to reduce the overall volume decline in this segment.

Prices are drifting down, but not as much as in other segments.

Image credit: Bonhams (The Glenlivet - 12 Year Old)

The £1,000 to £10,000 bracket **has seen the value decline most this year**

Declines in Volume and Value
Bottles Priced £1,000 to £10,000

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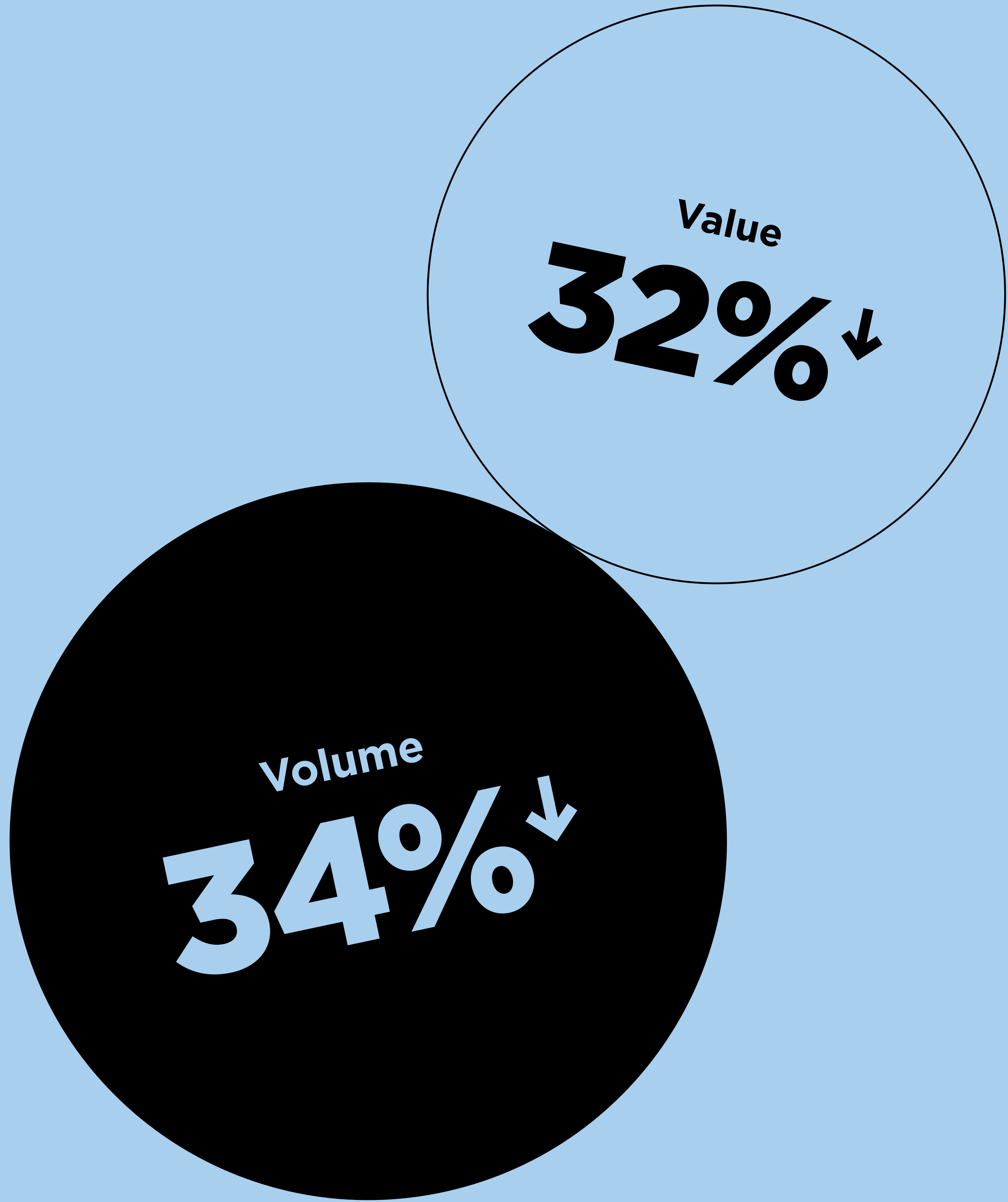

Time Period	Average Price 2023	Average Price 2024	Change £	Change %
Q1	£275	£268	-£7	-2%
Q2	£267	£258	-£9	-3%
Q3	£271	£253	-£18	-7%

Average Price per Bottle (£100 - £1,000) (Oct '22 - Sep '24)
by Quarter

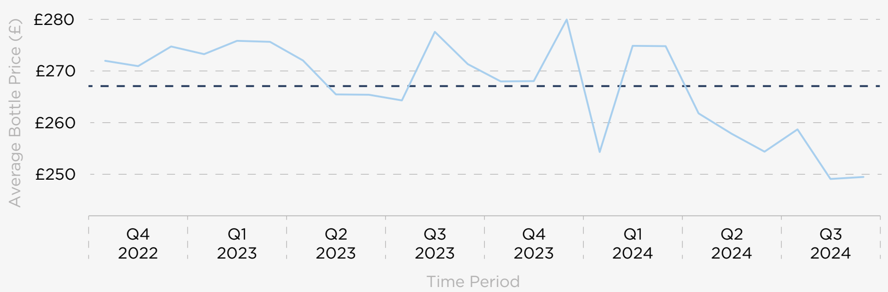

Fig 07 Noble & Co analysis. Measure (is Value(£)), Value (is greater than or equal to £100 and less than £1,000)

Time Period	Average Price 2023	Average Price 2024	Change £	Change %
Q1	£2,237	£2,183	-£55	-2%
Q2	£2,075	£2,199	£124	6%
Q3	£2,166	£2,203	£87	4%

Volume of Bottles Sold (£1,000 - £10,000) (Oct '22 - Sep '24)
by Quarter

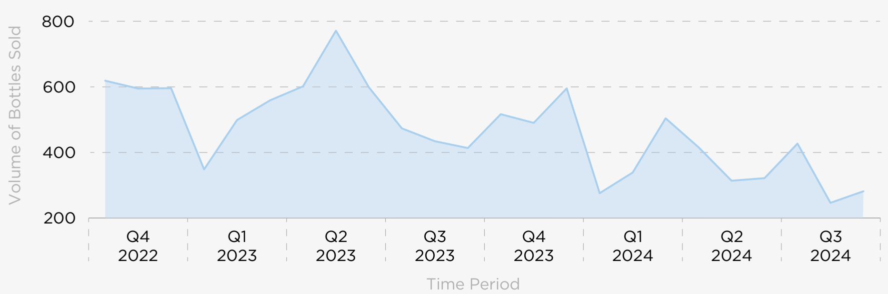

Fig 08 Noble & Co analysis. Measure (is Volume), Value (is less than or equal to £1,000 and less than £10,000)

Average Price per Bottle (£1,000 - £10,000) (Oct '22 - Sep '24)
by Quarter

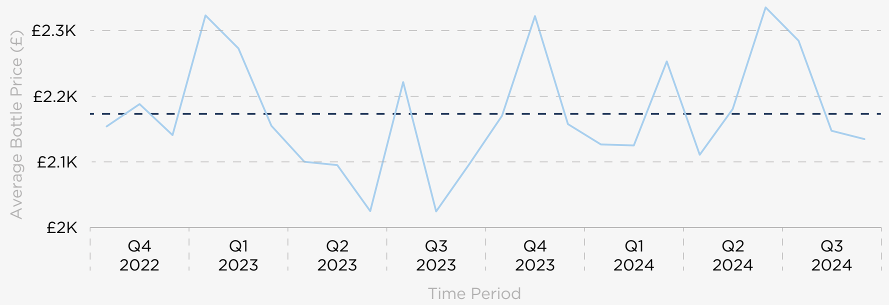

Fig 09 Noble & Co analysis. Measure (is Value (£)), Value (is less than or equal to £1,000 and less than £10,000)

£100 to £1,000: In the first of the Fine and Rare segments we review, we have seen volume slow down (-24%) in the first 9 months of 2024 versus the same period in 2023, and there has been a decline in value (-35%). Value transacted continued to decline in Q3 (-34%).

£1,000 to £10,000: In the next bracket up, we saw an ongoing decline in value (-25%) in Q3.

Image credit: Bonhams (Tamnavulin - Moon Import, 1966, 10th Anniversary)

Image credit: Bonhams (Clynelish - 23 Year Old, Cadenhead Sestante Import, 1966)

Time Period	Average Price 2023	Average Price 2024	Change £	Change %
Q1	£22,997	£24,710	£1,712	7%
Q2	£22,012	£28,203	£6,191	28%
Q3	£25,023	£23,840	-£1,183	-5%

Volume of Bottles Sold (£10,000 - £100,000) (Oct '22 - Sep '24)
by Quarter

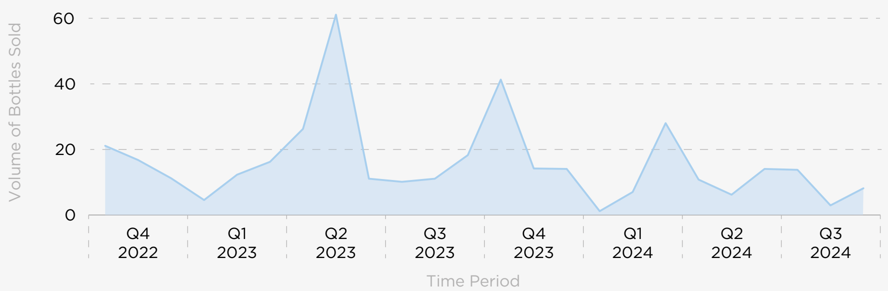

Fig 10 Noble & Co analysis. Measure (is Volume), Value (is less than or equal to £10,000 and less than £100,000)

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Average Price per Bottle (£10,000 - £100,000) (Oct '22 - Sep '24)
by Quarter

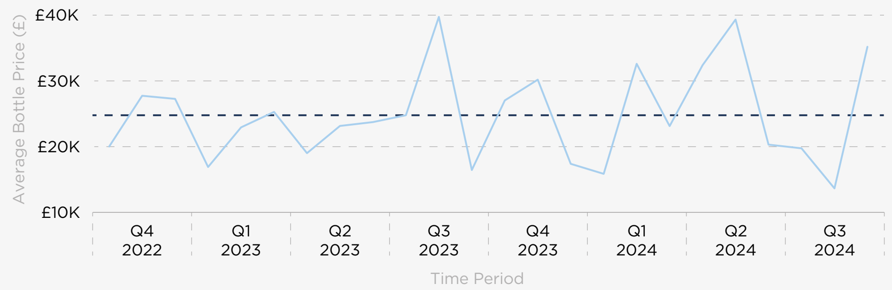

Fig 11 Noble & Co analysis. Measure (is Value (£)), Value (is less than or equal to £10,000 and less than £100,000)

Value Transacted (Over £100,000) (May '18 - May '24)
by Quarter

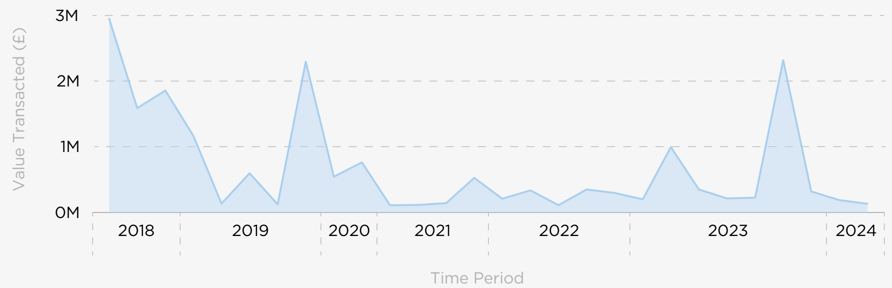

Fig 12 Noble & Co analysis. Measure (is Value (£)), Value (is greater than or equal to £100,000)

£10,000 to £100,000: For the second bracket from the top, volumes have become relatively low and aggregate figures are skewed by just a few bottles. We tracked 92 bottles in the first 9 months of this year, compared to 170 bottles in the same period in 2023. The price trend graph is shown in order to demonstrate the volatility due to the changing mix of what is being sold. A single bottle could change the graph significantly.

Over £100,000: We have noted previously that there has been next to no activity in this space. The graph of value (**Fig. 12**) is deceptive as any time there is a 0 bottle month, the graph will remove the month entirely. We note the value transacted has declined significantly from pre-Covid levels. We are curious to see what impact the recent tax changes in Hong Kong has on this segment.

Speyside continue leading the market with higher prices on average

Value Transacted
By Region

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Speyside	53%
Islay	17%
Highland	14%
Campbeltown	12%
Lowland	3%

Region	% of Value Transacted 10/23 to 09/24	% of Value Transacted 07/24 to 09/24	Change in Volume 23/24 vs 22/23	Change in Avg. Price 23/24 vs 22/23	Avg. Price 12 Months to Sep 24
Speyside	59%	53%	-27%	4%	£854
Islay	14%	17%	-29%	5%	£451
Campbeltown	10%	12%	-17%	7%	£354
Highland	14%	14%	-13%	10%	£439
Lowland	3%	3%	-11%	-12%	£397

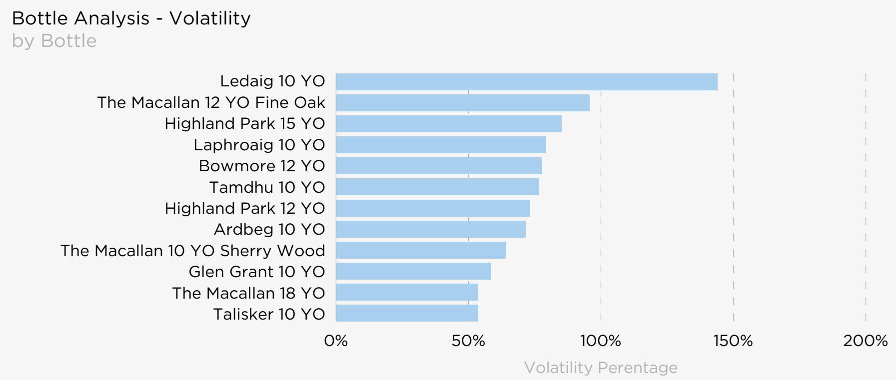

Fig 13 Noble & Co analysis. From 01/01/24

Market Analysis by Whisky Region

In the context of analysing the secondary market, analysis by regional segments has limited relevance. We find it of interest, in case there are notable themes. We continue to flag Speyside whiskies as achieving a higher price on average and Lowland whiskies are still a small part of the market, lagging on volume and price performance.

Volatility: This is the first time we have included volatility in a while. **Fig. 13** shows the levels of price volatility (positively or negatively) that these bottles experienced in 2024.

Volume: We reviewed bottles seeing the highest volume in the secondary market for the period between January to September 2024. Our takeaway is that these remain the brands and bottles that are rarely available in the

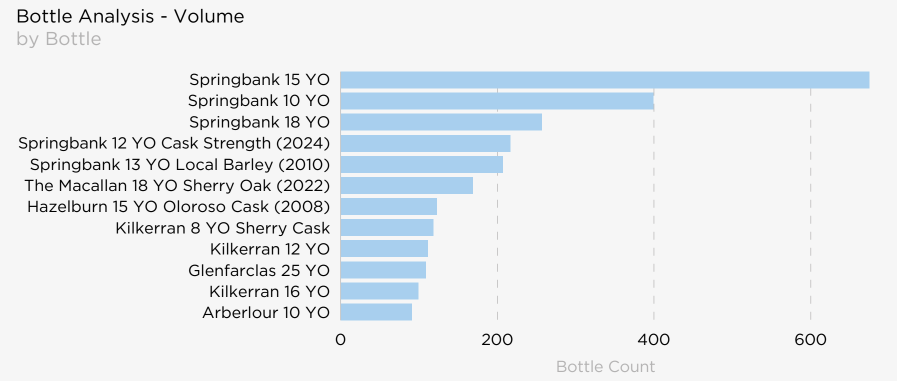

Fig 14 Noble & Co analysis. From 01/01/24

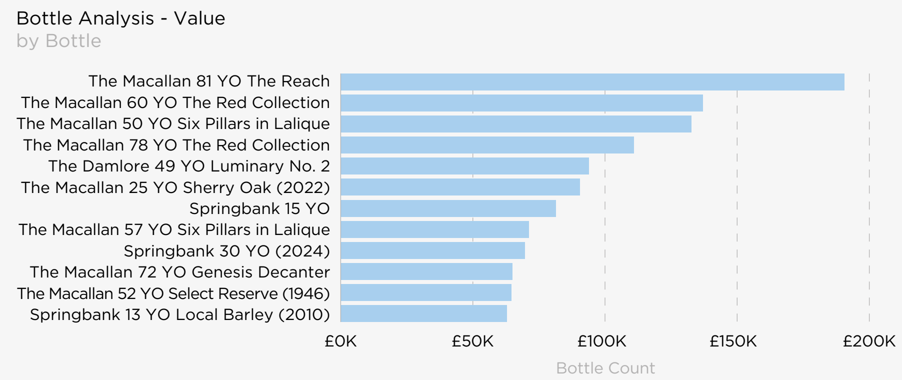

Fig 15 Noble & Co analysis. From 01/01/24

primary market, or are quickly snapped up (e.g. Springbank bottlings). This is more about access to desired bottles for drinking as it is to collectability.

Value: The data presented in **Fig. 15** looks at the total transacted value for these bottles in 2024.

Unsurprisingly, given the brand's dominance of the secondary market, The Macallan appears regularly. Springbank and The Dalmore (The Luminary No.2 49 YO selling for £93,750 in May) are the other brands to make an appearance.

Bottles That *Caught Our Eye*

Bottle Sold	Auction Lot Date	Winning Bid
The Macallan *57 Year Old, Lalique Six Pillars 3rd Ed.*	12.09.24	£71,392.48
The Macallan *60 Year Old, Lalique Six Pillars 4th Ed.*	12.09.24	£61,873.48
The Macallan *50 Year Old, Anniversary Malt, 1928*	12.09.24	£52,354.49
The Macallan *60 Year Old, Lalique Six Pillars 5th Ed.*	12.09.24	£28,557.00
The Macallan *15 Year Old, Fine & Rare, 1947*	12.09.24	£17,134.19
Glenfiddich *50 Year Old, 1st Edition, 1937*	12.09.24	£11,422.80
Bowmore *50 Year Old, Vaults Series, 1969*	08.09.24	£22,400.00
The Macallan *40 Year Old, The Red Collection*	08.09.24	£15,680.00
The Macallan *52 Year Old, Select Reserve, 1946*	19.08.24	£10,080.00
The Macallan *37 Year Old, Fine & Rare, 1937*	11.08.24	£20,160.00
The Dalmore *45 Year Old (2023 Release)*	11.08.24	£10,080.00
The Macallan *50 Year Old, The Red Collection*	18.07.24	£36,108.80
Bowmore *52 Year Old, 1965*	18.07.24	£30,950.40
The Macallan *Exceptional Single Cask, 1950*	18.07.24	£28,371.20
The Macallan *Down to Work, 1967*	18.07.24	£25,792.00

Noble & Co Whisky Intelligence Annual Report December 2024

Bottles That *Caught Our Eye*

Bottle Sold	Auction Lot Date	Winning Bid
Mortlach *70 Year Old, G&M Generations, 1938*	18.07.24	£24,502.40
Glenfiddich *50 Year Old*	18.07.24	£18,054.40
Balvenie *56 Year Old, DCS Compendium, 1962*	18.07.24	£16,764.80
Bowmore *43 Year Old, White Bowmore, 1964*	14.07.24	£15,120.00
The Macallan *Pro Nobilitate Ebert, Hainzl & Co Import, 1940*	14.07.24	£10,640.00
The Macallan *40 Year Old, (2017 Release)*	11.07.24	£17,344.95
Ardbeg *Cask #3678 & 3679, 1965*	11.07.24	£12,389.25
Highland Park *50 Year Old, 1964 (2018 Edition)*	11.07.24	£12,389.25
The Macallan *52 Year Old, Select Reserve, 1946*	09.07.24	£13,743.40
Bowmore *38 Year Old, Bourbon Cask, 1964*	09.07.24	£12,686.22

High-Value Bottles

Although the market has been on its knees for a while, we have seen some high-value sales still go through. The Macallan bottles from the Lalique Six Pillars collection remain sought after. Bowmore, The Dalmore, The Balvenie, and Mortlach also appear on this list regularly. The Macallan Fine & Rare 15 YO is an unusual bottling. Distilled in 1947, it was bottled in 1962, re-bottled in 2002, and one of only 270 bottles produced. It sold for £17,134.

Conclusion

The secondary market is in a downturn. This will end, albeit the data shows few signs of hope of that yet. Buyers are moving to cheaper bottles, and savvy collectors are holding on. Spare a thought for the businesses that operate in this market – the auctioneers and auction sites, where times are tough.

Industry Interview with: **Jonny Fowle**

Sotheby's
Vice President and Global Head of Whisky

sothebys.com

Q1

You obviously focus on the most valuable bottles and get to see the collectors who are seeking the exceptional bottle. What do you see happening in the market currently?

Our end of the market is the top, and our average global bottle price is about £15,000. We have auctions where the average price is £100,000. What we've found in the last couple of years is a pretty steady decline in pricing. This is mostly across the board, but on occasion prices still go up or stay solid. Noticably, the bottles which went up sharpest in value came down proportionally.

Japanese whisky, for instance, went up very quickly and came down again very quickly. We've pretty much reset back to where pricing was at in 2020/2019 now. The issue that we have, though, is that during that time, distillers themselves started increasing prices. And while the secondary market has gone back down, this isn't the case with the primary market. Anything bought within the last probably five years is a difficult proposition to try and sell at auction. If you bought something in 2020 to 2023, the likelihood is you've overpaid.

> **“In 2019, our data showed that 80% of our buyers were from Asia. Since then, that has declined a lot, and America has made up for the shortfall.”**

Q2

Is that specific to Scotch, or do you see that right around the world in any category?

Realistically, when I talk about anything to do with collectible whisky, I'm talking about single malts. So Scotch and Japanese almost exclusively. I would say that There are three factors that make American Whiskey much stronger. Firstly, the American economy has been quite solid, whereas other global economies have performed poorly. Secondly, American whiskey's price point is relatively low when comparing them to other single malts. Our average value per bottle for US whiskey is about $1,000 instead of £15,000 for others. Thirdly, there's an awful lot of Americans as well. You cannot underestimate the sheer volume of people in America who collect Whiskey.

Q3

My perspective is that with the slowdown within the Chinese economy, the clampdown on corruption, and the changing environment in Hong Kong, that area of the world has maybe slowed down for the highest-end bottles. Then there's been the narrative that the average collectors are ageing younger. Millennials coming out of post the financial crisis have valued having tangible assets. Can you talk about the collector base themselves and the changes you have seen?

When I first joined Sotheby's in 2019, our data showed that 80% of our buyers were from Asia. Since then, that has declined a lot, and America has made up for the shortfall. We've definitely seen a swing from East to West. There are two reasons involved there. Firstly, we're selling more American whiskey than we used to; it appeals exclusively to the domestic market within the US. That skews our data a bit, but it shows that with Scotch whisky and Japanese whisky, interest has swung to the West as well. Japanese whisky tends to stay stronger in the East, so you have a more loyal Asia buyer base purchasing Japanese whisky. Scotch whisky is more evenly spread globally, but the highest value items that we have sold over the last few years, with a few exceptions, have gone to America.

Our age demographic is about 30 to late 40s now. It used to be higher before I joined Sotheby's. The historic data showed that 50 plus has previously been the key transactor demographic. We've probably seen an average drop in age by about 15 years or more.

Image credit: Sotheby's (It's All in the Detail: Creating the Rarest Japanese Whiskey Bottles)

Image credit: Sotheby's (American Bourbon and Rye Whiskey Auction)

Q4

You said recently on the FT podcast, when we were speaking together, that people should drink Scotch more. But was that driven by a sense of there's just too much Scotch and single malt sitting in the hands of investors rather than collectors and drinkers, and there needs to be a bit of a rebalancing where the supply is actually going to?

My ethos on this is to drink better, not necessarily more. But I think the key issue here is to drink at all. Currently, we see a market in which people buy high-priced things on speculation that the high price will get even higher. And so it just sits on the shelves, and no one really engages with the product itself. People just want to engage with the price point without opening the bottle. So you don't introduce scarcity into the market, and that is a key volatility factor which has just dropped out of the market.

When you remove the ability for the consumer market to warp the supply-demand ratio, you remove a huge opportunity for price increases. Some people think that holding on to bottles and never drinking them means they have a profitable asset, but they are really just stagnating the market, and we don't see the development that we once did when people were actually able to enjoy whisky for the sake of enjoying whisky.

Q5

If you go out 10-20 years, what do you think the relative attractiveness will be of Japanese, Scotch, Irish, American, single malt, or any other category you want to throw into that mix? How do you see that playing out?

I think that American whiskey is going to catch up a lot. I think American whiskey's average price will increase a lot from where we currently are. If my money had to be put anywhere, I'd probably put it in American whiskeys. Kentucky Bourbons specifically. However, I still don't think anything will ultimately knock Scotch off the top perch in this industry. It has the history; it has the specificity around what's in the bottle, which you aren't getting, for instance, in blended whiskey or particularly in Irish whiskey.

Scotch Whisky has created a formula that seems to resonate with its collectors in the most profound way. And because the Japanese have managed to replicate that formula, they do nearly as well, a close second. Prices will go up and down, but generally, you'll see Scotch at the top, Japanese in the middle, and America at the bottom. But America will close that gap.

Q6

What three brands do you get most excited about globally, either up-and-coming, or major established ones that you just see doing really well so far?

The key brands that we work with are in Scotch, The Macallan, which makes up the majority of what we sell. In US whiskey, it's Van Winkle and in Japanese, it's Karuizawa and Yamazaki. Though it is worth looking beyond those brands to see who has changed the game in any way recently.

In Scotland, I think Bowmore is really interesting. This is a brand that's been around for a very long time, but doesn't seem to have the global recognition that someone like The Macallan does. However, when I look back at the history of high pricing, Bowmore has always been there. They're very innovative in terms of their new product development and their willingness to experiment. So if you look at the Distillers One of One Charity Auction, for instance, Bowmore has been up there with the highest prices in 2021 and 2023 because they're creating something completely unlike anything anyone's ever seen before, and I think that having a corporate entity which is willing to take these risks is really interesting.

In America, I think Michter's is really interesting. It previously was a Pennsylvania distillery, and the brand was bought by Joe Magliocco of New York, who revived it a few decades ago. They have done an interesting thing in buying a Pennsylvania brand and reestablishing it in Kentucky, but have managed to embed it in the hearts and minds of American collectors, who tend to be traditionalist and patriotic. It has managed to take something that shouldn't really fit the profile and appeal to that market. When we take a look at the high-priced items we sell in America, we sell Van Winkle, we sell Willett, we sell Michter's. The quality is consistently very high.

Number three is The Glenturret. The fact they have managed to do this gastronomy crossover is very ambitious again. They have worked with us on numerous projects and I think that they look at whisky through a slightly different lens than others do, whether it be a hospitality lens or a gastronomy lens.

Image credit: Sotheby's (7 Key Steps to Starting the Ultimate Whisky Collection)

Q7

Auction sites are getting to sale prices now of £100,000. There's something about auction houses you can never replace in an auction site, but how do you see that relative relationship in the market playing out?

One thing about all the online auction houses is that they are hyper dynamic. They can turn sales around; on a monthly basis, they turn around thousands of bottles. If you take a look at the trajectory of companies like Whisky Auctioneer or Unicorn Auctions in the US, their growth has been staggering.

An issue with these companies is the ubiquity of the offerings. Every month, it's more or less the same stuff, and there are so many thousands of bottles, and I think that as more and more of these companies pop up, the speed at which the market will fatigue is expedited. It's a slight quantity over quality issue with online auction houses. Although they do underpin the collector community, more particularly in Scotland. I don't think the whisky market would be as buoyant if it didn't have them - they're hugely beneficial. But I would like to see them become a bit more curated, and maybe a bit less commodity-driven.

Which Brands **Top the Tables?**

Article by **NOBLE & CO**

From 2023 to 2024, the landscape has shifted significantly for many whisky brands, with some seeing impressive gains and others enduring marked declines. Here, we analyse some of the most notable trends in brand values within this period.

Noble & Co Whisky Intelligence Annual Report December 2024

Top 10 *Brands* **by Value**

Distillery	Value 2023	Value 2024	Value % Change
The Macallan	£24,072,933	£14,211,097	-41%
Springbank	£4,298,537	£2,881,690	-33%
Bowmore	£1,980,365	£1,323,052	-33%
Ardbeg	£1,682,409	£883,721	-47%
Glenfarclas	£638,566	£676,671	6%
The Balvenie	£734,253	£605,365	-18%
Glendronach	£668,334	£498,807	-25%
Laphroaig	£753,641	£484,642	-36%
Port Ellen	£444,569	£480,312	8%
Highland Park	£550,737	£433,954	-21%

Top 10 *Brands* **by Volume**

Distillery	Volume 2023	Volume 2024	Volume % Change
The Macallan	26,994	13,329	-51%
Springbank	13,399	8,355	-38%
Ardbeg	5,260	2,723	-48%
Bowmore	3,337	1,924	-42%
Bruichladdich	1,812	1,377	-24%
Glendronach	1,642	1,135	-31%
Arran	1,632	1,132	-31%
The Balvenie	1,407	1,086	-23%
Glenfarclas	1,086	1,024	-6%
Lagavulin	1,810	1,008	-44%

Top 10 by Value

In the 12 months up to September 2024, the top 10 traded £22.5 million across 33,093 bottles, representing 74% of the total value of our database (including Maltdaq for this analysis). The same figures were £37.5 million across 58,125 bottles in the same period in 2022-23, representing an 80% share of the market. This decline in total value and volume reflects a cooling in the secondary market, with a large drop of 6.3% in total market value share from The Macallan as a result of its 12-month volume dropping just over 50%, which is partly the result of a slowdown in new releases. With the 200th anniversary this year, this is likely to bounce back.

Top 10 by Volume

If we look beyond The Macallan and turn attention to the other top 10 brands by volumes sold between 2023-24, there were no increases in volume. While the decrease of Glenfarclas was moderate, the remaining brands in the list exhibited significant volume declines overall.

Top 10 by Value Increase

Reviewing the most substantial changes in value (by %) across the database, Coleburn has seen an increase in value of 175%, and has been followed closely by Glenturret, with a 173% increase as a function of rare bottles selling at top-end price points. Glenglassaugh is the other one to catch the eye in this table.

Top 10 by Value Decrease

On the opposite end, the largest declines in secondary market value are led by Lagg, with the most significant drop of 98%. Following behind is GlenWyvis and Annandale also saw major declines in value, down 84.6% and 80.1%, respectively. Even the more established brands, like GlenAllachie and Tamdhu, experienced significant value reductions, following cooling of the market. GlenAllachie is the surprise in this table, with the strength of the brand in the primary market and the recent re-brand.

Top 10 *Brands* by Value Increase

Distillery	Value 2023	Value 2024	Value % Change
Coleburn	£7,932	£21,819	175%
Glenturret	£84,838	£231,619	173%
Lochside	£10,353	£25,402	145%
Glen Moray	£25,288	£48,732	93%
Longmorn	£47,067	£89,922	91%
Glenglassaugh	£56,103	£100,242	79%
Glenkinchie	£4,659	£8,015	72%
Glen Keith	£13,933	£23,768	71%
Inchgower	£10,501	£17,785	69%
Glen Garioch	£42,010	£70,635	68%

Note: Greater than 10 bottles

Top 10 *Brands* by Value Decrease

Distillery	Value 2023	Value 2024	Value % Change
Lagg	£28,129	£564	-98%
GlenWyvis	£4,366	£671	-85%
Annandale	£2,373	£472	-80%
Nc'nean	£15,228	£4,845	-68%
Tullibardine	£76,205	£24,908	-67%
GlenAllachie	£626,515	£206,765	-67%
Braeval	£3,058	£1,064	-65%
Tamdhu	£193,460	£68,356	-65%
Isle of Raasay	£6,977	£2,725	-61%
Speyside	£132,719	£56,562	-57%

Note: Greater than 10 bottles

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Top 10 *Brands* by Volume Increase

Distillery	Volume 2023	Volume 2024	Volume % Change
Speyburn	17	39	129%
Glenlochy	19	39	105%
Glen Keith	59	113	92%
Tamnavulin	26	49	89%
Lochside	31	58	87%
Coleburn	17	31	82%
Ardmore	60	101	68%
Glenkinchie	23	38	65%
Glen Mhor	49	79	61%
Glenury Royal	36	54	50%

Note: Greater than 10 bottles

Top 10 *Brands* by Volume Decrease

Distillery	Volume 2023	Volume 2024	Volume % Change
Lagg	227	5	-98%
GlenWyvis	36	3	-92%
Annandale	13	3	-77%
Nc'nean	88	29	-67%
GlenAllachie	2,072	726	-65%
Speyside	682	272	-60%
Isle of Raasay	52	21	-60%
Tamdhu	799	344	-57%
Braeval	15	7	-53%
The Macallan	26,994	13,329	-51%

Note: Greater than 10 bottles

Top 10 by Volume Increase

Looking at volume increases, Speyburn has had the strongest year of all the distilleries in our database with regard to volume change from the previous year. Earlier this year, Speyburn had rolled out two new whiskies – the Bourbon Cask and Rum Cask Finish. We would note the obvious that the table above shows brands where all of the volumes are pretty low.

Top 10 by Volume Decrease

Here we have highlighted distilleries that have had the largest volume declines from 2023-24, reflecting brands that saw the steepest reductions. We've noted earlier the decline in brand leader The Macallan, and the surprise drop in GlenAllachie. Tamdhu is a brand seen to be on the up generally, so it is also not one you would expect to see in this table.

The Macallan remains in top spot despite a significant drop in **value and volume**

Change in Value & Volume
2023 to 2024

Noble & Co Whisky Intelligence Annual Report December 2024

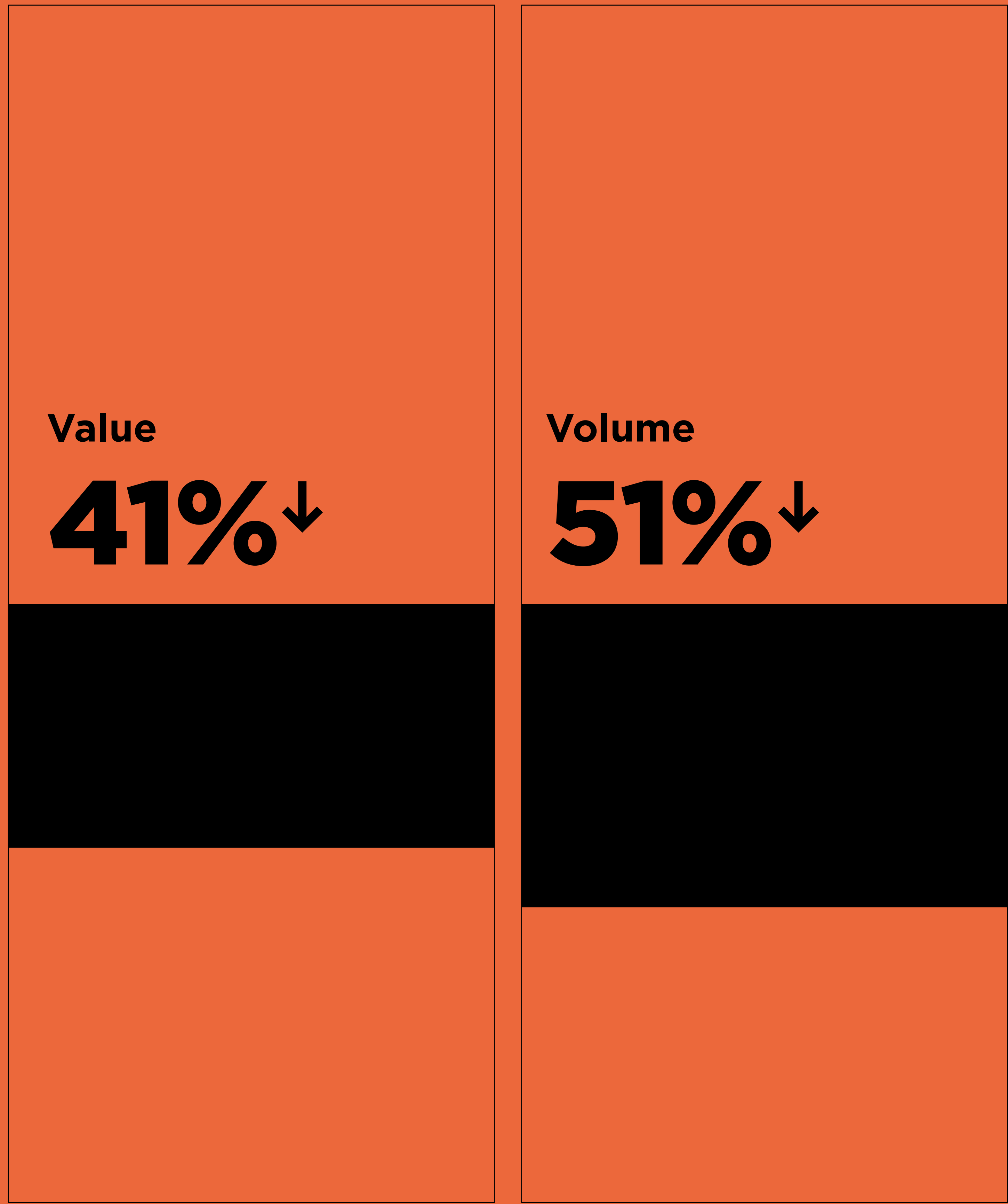

Image credit: Bonhams (The Macallan - 18 Year Old HBOS The Mound)

Image credit: Bonhams (Glenfiddich - 50 Year Old Release No.2)

A Changing **Overseas Buyer** Dynamic

Article by **NOBLE & CO**

The luxury whisky market is set for a significant transformation due to recent policy changes announced in Hong Kong. The Hong Kong government's strategic reduction in import duties for premium spirits is poised to reshape the region's role as a leading hub for high-end spirits trading. This article explores how these policy adjustments will impact whisky investments and influence purchasing patterns among affluent Chinese consumers.

Noble & Co Whisky Intelligence Annual Report December 2024

> **"Reduced tarrifs in Hong Kong are expected to drive increased demand for premium whiskies among Mainland Chinese buyers, especially from the growing middle class and wealthy elites who are interested in luxury collectibles."**

Sources

[1] Hong Kong Business

[2] CaskX

[3] Bastille Post Global

[4] Bain & Company

Hong Kong's New Liquor Duty Reduction

As part of its 2024 Policy Address, Hong Kong's government had introduced substantial cuts in import duties on spirits priced above HK$200 (approximately £20). The introduction of these regulations reduce the import duty from a substantial 100% to just 10% for premium spirits.[1,2] The aim of this measure is to boost Hong Kong's luxury market while continuing to impose high taxes on cheaper alcohol in order to discourage overconsumption.[3]

This reduction in tax mirrors a similar strategy that had been used in 2008 when Hong Kong eliminated wine duties entirely, successfully transforming it into a powerhouse for global wine trading. The government has hopes to replicate this success with the spirits market now, by drawing collectors and investors from across Asia.[2]

Impact on Chinese Consumers and the Whisky Market

Reduced tarrifs in Hong Kong are expected to drive increased demand for premium whiskies among Mainland Chinese buyers, especially from the growing middle class and wealthy elites who are interested in luxury collectibles. Previously, Chinese consumers faced high costs due to steep import duties, prompting them to purchase whiskies abroad or through grey markets.

In recent years, China's middle class has demonstrated strong taste for high-end experiences and premium goods. Chinese consumers are expected to account for about 40% of global luxury consumption by 2030[4] with such spending being used to signal their status. Whisky, particularly Scotch, has gained popularity from being a symbol of sophistication.

Image credit: Sotheby's (Collection of Scotch bottles)

Investment Opportunities in the Spirits Sector

For whisky investors, this policy change presents an opportune moment for them to capitalise on a market set for growth. With the reduced tariffs, Hong Kong could see a surge in demand for rare and aged whiskies, and in particular, those from Scotland, Japan, and the United States. The reason for the tax cut is likely to help stimulate activity in the luxury spirits market.

Hong Kong's unique position as a freeport means that the spirits stored in bonded warehouses can be held tax-free until sold[5], further enhancing its appeal to investors. Having this logistical advantage and it being coupled with the lower duties, positions Hong Kong as a central hub for high-value whisky auctions to to take place, which would be expected to attract buyers from Mainland China and other parts of Asia. However, we have heard of disappointing experiences with the quality of storage, leading to damaged packaging - so there may be more to do on the quality of storage for this luxury end of the market.

Balancing Public Health and Economic Growth

While the reduction in duties is a welcome change for investors and consumers, it is carefully calibrated to avoid promoting excessive alcohol consumption. The government's decision to maintain higher taxes on lower-priced spirits is reflecting a commitment to public health by discouraging binge drinking among the general population. This nuanced approach ensures that the benefits of the tax cuts are concentrated in the luxury segment, which is aligning with Hong Kong's broader economic strategy of focusing on high-value commerce.

Potential Challenges and Long-term Implications

However, the policy isn't without its challenges. Smaller producers and retailers specialising in cheaper spirits may not benefit much from the tax cuts, potentially exacerbating the market's focus on high-end products. Additionally, as Hong Kong seeks to solidify its position as a luxury goods hub, it will face ongoing competition from other Asian cities like Singapore, wich is also aiming to attract HNWIs and luxury brands. Singapore will continue to have strength in the primary market and exporting into South East Asia and Australasia. Hong Kong will remain the leading secondary market in Asia.

Conclusion: A Bright Future for Collectors and Investors

In summary, the decision made by Hong Kong to reduce import duties on premium spirits points to a significant opportunity for the whisky industry. By lowering barriers to entry for high-end products, Hong Kong is not only reinforcing its reputation as a luxury hub but also potentially reshaping the whisky trading dynamic throughout Asia. As Chinese consumers continue to seek premium spirits, this policy could result in a new wave of interest in rare and collectible whiskies.

For collectors, the reduction in tariffs opens the doors to new opportunities, particularly in the auction and secondary markets. By leveraging Hong Kong's tax-friendly environment and strategic location, distilleries, and collectors stand to gain from this change.

Sources

[5] Acclime

Image credit: Bonhams (Glenfiddich - 30 Year Old, Silver Stag's Head Decanter)

Industry Interview with: **Isabel Graham-Yooll**

Wisgy
Founder

wisgy.co.uk

Q1

Tell us about who are you and what Wisgy is?

I started in the wine trade many years ago, and then specialised in whisky and spirits. I've worked with retailers, brokers, traders, set up a spirits department for Bordeaux Index and grew Whisky.Auction into the most trusted auction site for the secondary market. I have specialised in secondary market spirits for a long time.

One thing I was aware of early on in working within the secondary market was the risks. How can you avoid getting caught out? That steered me towards setting up Wisgy. I am very passionate about whisky, spirits and wine from a consumer point, as an enthusiast, not 'where do I put my investment funds'?

There's one thing that wasn't available to anyone and it was independent advice which is driven without any conflicting interest. I don't represent any companies. I don't represent any individuals. I talk to everyone. I look at data and I am tasting whisky more than ever. Wisgy is a consultancy to offer collectors and companies reassurance about the authenticity of their holdings though our rigorous authentication processes.

For instance, human nature says if something's worth £100,000, you want it to be real. Everything in you is trying to convince you it's real. You need someone with no vested interest to say whether this is a real bottle or not.

Q2

Criminals will now go to a factory and place a bulk order for glasses and labels. This is organised crime on scale producing bottles, it's not one person buying a bottle off eBay and then refilling it. What are you seeing?

The message between the UK and other locations is different because we're an island nation and we're very well-regulated. We're an established nation with good legislation. When there is a crime, there is an authority that will look into tackling it. If you're looking comparatively at the whisky industry in the UK people started discussing legislation 150 years ago. There are rules.

Where it's someone having a go buying empty bottles on the internet, refilling them, and then patting themselves on the back for being so clever at deceiving all these people who think they are experts, that's a psychological thing that's going on with that person where they feel the need to con people to make money. It can escalate over time and the forgers can become quite prolific.

Large-scale production of counterfeits - that's organised crime. It tends to be in underregulated

Image credit: Wisgy (Isabel Graham-Yooll)

jurisdictions. In any region in the world experiencing conflict, I can almost guarantee there is someone producing counterfeit spirits there - because arms and war are expensive. You'd think in a war zone they'd have better things to do with their time.

At best you can keep it localised and check products carefully at borders. This is particularly prevalent within China. In the rare whisky secondary market, bottles are hugely valuable and fortunately at Wisgy, we have all the skills and expertise for authenticating them.

Q3

It's obvious that the secondary market has declined. This is predominantly macro. There's nothing specific going on in the secondary market for spirits. We see the same in art, watches etc. This is the cost of living, higher interest rates, people being more cautious with what they're investing in, and reality. As the macro climate changes that will improve it. Do you concur?

There's nothing surprising about what is happening. Everyone was saying this boom couldn't last. If you've studied whisky history you will know that there have always been cycles of booms and busts, which have sometimes been quite aggressive. The only question ever was when was it going to happen?

'Over optimism' and 'self-correcting' are phrases that I've heard used repeatedly because they make sense. People who really understood the trade were looking at these prices and shaking their heads. The question isn't what is happening. The question is what do you do about it?

The market will recover because it is cyclical. This was a very rapid and steep descent. Are we at the bottom of it? I don't see it that way. All the data points tend to suggest that we have another 12 to 18 months of this.

Q4

There are people who believe that bottles should only ever be drunk, therefore they are worth what you would pay to drink them. Others want to put them in a trophy cabinet and they are worth what they perceive they are worth. Then some people want to invest in them thinking they can make a turn on them. That investment segment has been carried out in the last 12-18 months.

Those investment people that caused the astonishing peaks in prices, they've walked away. They're simply not in the game. It's not a question of seeing if they'll come back. They've gone. So the next time, it's going to be a whole new market.

Online auctions in particular have democratised the collector market. It used to be the preserve of a handful of collectors. They would turn up at an auction, have a little lunch beforehand, and agree among themselves who would bid, how much they would bid and then go in and do it.

A lack of transparency in whisky prices has for many years been a problem. Secondary market online sales have transformed things. They've become part and parcel of the market. Now consumers can easily track whether the bottle they want at £100 or £1,000 or £100,000 is really a bargain. Before it was, just gut instinct, now there is plenty of available data.

Q5

What is the solution in cask investing when the narrative is that a lot of the players in the cask investment market are promising false returns, are not marketing in a sensible way, and don't really know what they're talking about? Is it the FCA should step in and regulate? Or HMRC should do something here? Is it an educational point? Is it the distillers should just get together and stop selling to them? What's your perspective?

All the above. Education is fine. but it won't fix everything. Think of the amount of education from banks and authorities to prevent people getting caught up in telephone frauds. Yet you still see it happen. You can educate people, but anyone can still get caught out on the wrong day.

The FCA is a bit perplexed about what it is they're being asked to get involved in. As far as they're concerned, cask schemes have nothing to do with regulated financial services at all. The SWA is there to protect the interests of its members who, despite the reputational threat to the industry, see this as a secondary market problem and not theirs. Therefore the SWA is not going to get involved.

Distillers with established brands have their own dedicated teams

Image credit: Glengoyne (Glengoyne - Cask Strength)

selling casks to HNWIs. Some newer distilleries need cash, and working with cask investment companies can be a quick way to raise funds.

HMRC has done things that have actually backfired. Every last trader now tells you 'I've got a WOWGR'. It's not a barrier.

At every level there needs to be change. It's down to self-interest in the end. Every stakeholder needs to understand what risks there are to themselves, to consumers and to the reputation of the Scotch whisky industry.

Q6

What are the brands you're most excited about? I'm intrigued by the Dalmore, for example. I think there's so much potential in it, but what brands excite you?

The Dalmore is an interesting brand because there's a lot of long-aged stock. That puts them in an attractive position. There has been a history of chasing easy wins rather than establish their roots within the real whisky enthusiast community. Instead, they bypass that and go straight for the luxury consumers and investors and that is something that makes them fragile.

What I'm really interested in are long-established brands with mature stocks on the market. I'm not talking about mature 40 or 50 year old whisky. I'm talking about 12 to 25 year old whisky from experienced distillers and blenders producing things that only they know how to. They understand the market in their soul and in their hearts.

What is particularly interesting is when they can do something unexpected and do it well. For instance, **Glengoyne** built up an entire reputation based around sherry casks and they have got this bottling now that's a really lovely bourbon cask whisky. It has elegance and complexity, but they're using the skill and knowledge they already have over all this time to do something with well-made whisky.

Chichibu - Quantities are too small to trouble major investors. Tasting their new releases and watching how people pounce on them; demonstrates how very

clever they are. Their stock is allocated carefully and is priced attractively. It's a strong name, with strong branding. It's the exemplar to all new distilleries.

If looking at what to collect and what makes a good collection, look for a range that is extensive, but is also potentially finite. That makes the perfect collection. For instance, the likes of the **Diageo Rare Malts** and **Diageo Special Releases** which people recognise them straight away. Also **The Macallan** 18-year-olds, which are released annually.

Image credit: Wisgy

The idea has to be really good, the whisky has to be even better. Fancy packaging is what you do after you've decided everything else is good. You can look at the Macbeth series as an example. All characters from Shakespeare's play have been given a different whisky. Each whisky has been chosen to match the character's personality. Each character label has been illustrated by Quentin Blake. Each Act is being released in batches. All very clever.

Just like the successful bottlings in the Hanyu Card Series, there are different quantities of each bottling. In the Macbeth series, some are extremely limited in number while others are bottled in far greater quantities and they are priced according to availaility as well as their age. You can join in the fun and buy your £100 bottle or you can go really crazy and buy 'The King' for £10,000. This series has been put together by the people who understand collecting. The creators are both collectors. Think about it, you could collect everything except the really expensive ones, but you need those valuable ones to have the complete collection. That's the genius.

Do Cask Finishes Have **an Impact at Auction?**

Article by NOBLE & CO

Whisky distillers have long relied on traditional American oak for ageing but, over the past 30 years, there has been an increase in the use of alternative woods and casks for ageing and finishing. Historically reserved for special releases, an increasing number of distilleries are experimenting with an array of wood types to create new and complex flavour profiles. In this article we look at the more recent trend of finishes.

Noble & Co Whisky Intelligence Annual Report December 2024

Image credit: Sotheby's (Borders Distillery - '1987' Private Cask)

We are fascinated by whether the rise of finishes is something that is actually consumer led or is a function of the shortage of bourbon barrels, leading to the need to have a faster turn on the ones that are available – hence the rise of finishes. Also, will certain finishes have a premium in the secondary market? Or through time, will we see this as being a fad that will eventually pass? We will watch with interest.

A New Era in Flavour Profiles

Most distillers will tell you that 60 to 80% of the flavour of whisky comes from the wood itself. There is a difference between those that see the previous liquid (sherry, wine, port etc) as drawing the harshness from the wood (e.g. The Macallan and its use of sherry barrels) and those that see the wood forming the majority of the flavour.

As consumers increasingly seek complexity in their whisky, cask finishes are offering a way for brands to stand out in an ever-expanding market. Whether or not the consumer wants this is another question entirely.

We analysed our dataset for bottles including “finish” in the

Most Common Whisky Finishes
by Finish Type

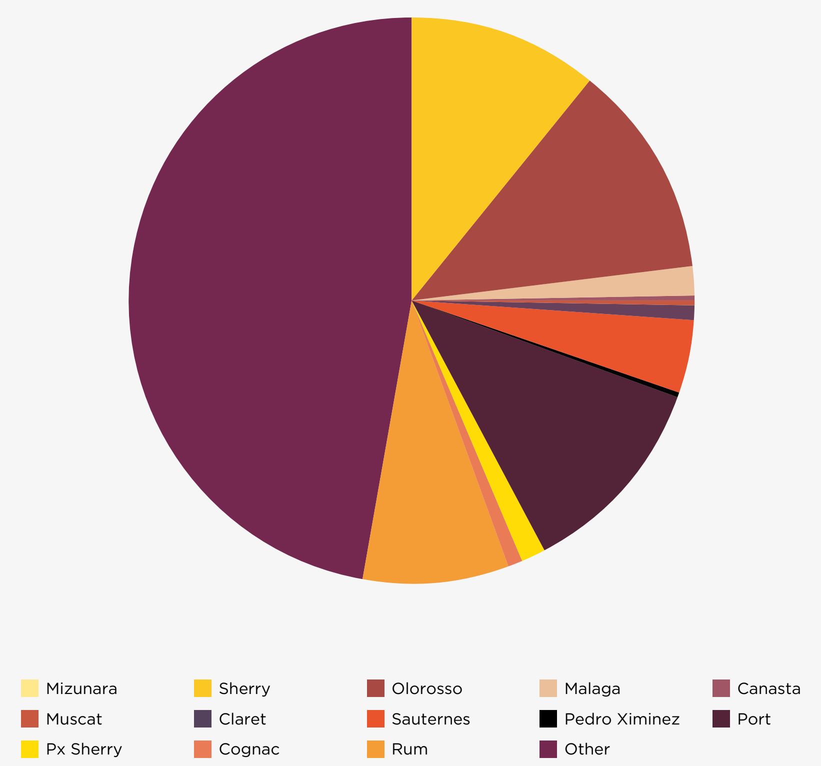

Fig 16 Noble & Co analysis.

title. This gave us 9,098 bottles, only a small portion of the c.1m bottles that make up the entire dataset. We then analysed these by the most common finishes found and looked at the mix. Unsurprisingly there were few Mizunara, lots of Sherry and a few wine casks.

We drilled down to look at the average price realised per bottle. This is obviously only one factor in the value of a bottle – liquid quality, bottling year, age, brand, limited release, packaging etc. will all play their part too. What stands out is the premium for the Mizunara and also how PX and Oloroso are not generating much of a premium over other finishes just yet. Some distillers would argue that the spirit is in the finishing barrel for such a short period in relation to the full maturation process that the finishing barrel is unlikely to have too much of an effect on flavour.

Average Price per Bottle
by Finish Type

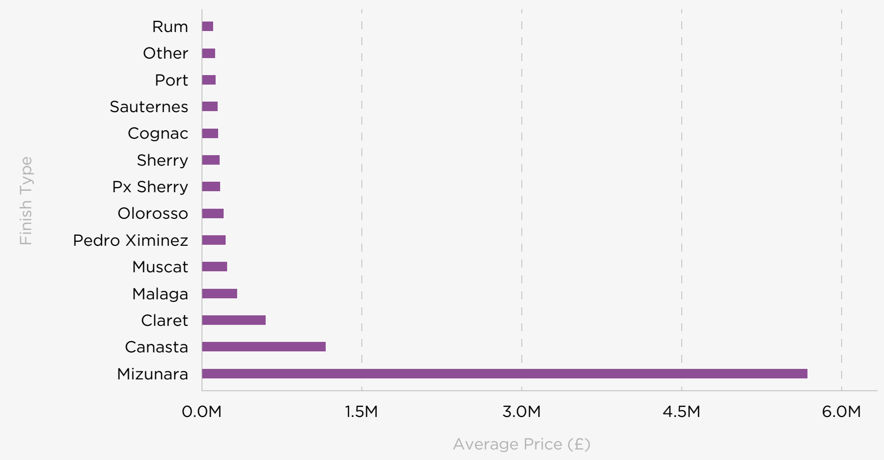

Fig 17 Noble & Co analysis.

The Mizunara premium above is more likely, in our view, to be about the underlying maturation wood than the finishing cask.

Mizunara Oak: A Rare Maturing Option

One trend in cask finishing is the use of Mizunara oak, a rare and costly wood which is native to Japan. With its own interesting flavour profile (mainly vanilla, apple, coconut and sandalwood) Mizunara has become the wood of choice for premium whiskies that are coming from Japanese distilleries such as Yamazaki and Chichibu.

Mizunara has drawbacks, as it can be difficult to work with, porous, more prone to leaks compared with traditional cask woods and only c.200 Mizunara casks are made each year due to laws in Japan on the number of trees which can be cut down. The scarcity of the casks means distillers can even expect to pay significantly more per cask than for a first-fill Sherry cask and this has historically led to a premium value on the bottles sold.

Looking Ahead

The cask-finished whisky trend doesn't show a sign of slowing. As brands seek to create new releases, for some, the option of these cask finishes allows for a different marketing proposition. Distillers will continue to turn to varied and sometimes exotic wood types. Climate changes may make some of these casks harder to source in future. We continue to watch our dataset to see what this means for the secondary market.

The Future of Whisky **in a Changing Climate**

Article by **NOBLE & CO**

***'The only constant is change'* – this statement from the Ancient Greek philosopher Heraclitus portrays how the natural world is in a constant state of movement. Life, the world around us, and everything in it are subject to ongoing transformation.**

Some change is fixed, like shifting seasons, whilst other change is progressive or evolutionary, such as nature and our environment.

Noble & Co Whisky Intelligence Annual Report December 2024

Image credit: Bowmore (Bowmore Distillery)

The whisky industry has long recognised the challenges of climate change and the need for adaptation. Whisky production is extractive by its nature, using the likes of cereals, water, yeast and wood for barrels as natural ingredients through labour, heat, and power-intensive processes such as malting, fermentation, distillation, and maturation. The flavours of whiskies, alongside their provenance and appeal to investors are all derived from how it is meticulously distilled.

Therefore, the various stages of whisky production have been developed to suit the climate of the region. Scotch Malt Whisky benefits from a maritime climate and its character is influenced greatly by its regions: Highland, Speyside, Islay, Campbeltown, and Lowland.

The ongoing climate change impacts experienced in these regions, predominantly arising from the warmer air and water temperatures, create challenges around conserving the ongoing character, consistency, and quality of Scotch Whisky.

Over the centuries, there has been this symbiotic relationship between the time-honoured practices of master crafting the finest whiskies using the natural resources that they have at their disposal, with the stewardship responsibilities in maintaining the land and protecting its provenance, natural capital, and biodiversity assets.

The whisky industry has been an early pioneer in embracing sustainability, investing in new technologies and implementing practices help to minimise the ecological impact. This includes:

1	**Sustainably sourcing raw materials, prioritising locally grown cereals to support local communities and minimise transportation**
2	**Introducing non-fossil fuel renewable heat and power sources, including wind, solar, and hydropower, and supporting early innovations in green hydrogen**
3	**Responsible use of peat and water consumption, by minimising use, recycling where possible, and investing in restoration projects**
4	**Minimising waste through generating biogases as by-products, using eco-friendly packaging, and capturing greenhouse gases to remove environmental pollutants**
5	**Use of electric vehicles in the transportation and distribution of the product**

The Scotch Whisky Association's ambition is that the sector will achieve Net Zero by 2040, five years ahead of the target set for Scotland as a whole. However, it is the stock being produced and laid down today that will heavily influence the investment market for fine and collectible whiskies beyond 2045, and sustainability will have a large role to play.

What will both support and drive long-term whisky investment value beyond 2045? It is difficult to make predictions, especially about the future. I am reminded of a dystopian picture presented by Russell Mulcahy in the opening scenes of Highlander II – The Quickening. Released in 1990, it is set in 2024 and the world is encased in an electromagnetic shield built in response to the depleting ozone layer and the devastating radiation that it was letting through. It blocked out the sky and stars and created a perpetual state of heat and humidity within the planetary

atmosphere, which served to cause technology development to stagnate.

Although, present day in 2024, Mulcahy's vision of a protective shield around the world has not played out, we are faced with a climate crisis that is becoming even more unpredictable to measure.

Scotland's climate is changing faster than scientists previously predicted, with an increasing likelihood of more frequent and more extreme weather events. Changes that were expected to take place over the next three decades are already happening (James Hutton Institute) with the increasing risk and frequency of droughts being one of the biggest things to impact on the whisky sector.

Perhaps an obvious prediction therefore, is that an increasing level of investment in innovation and new technologies is needed, with cross-sectoral support and collaboration, to mitigate both supply-side risks and to ensure stock can be produced to meet future demands for the investment market, but more so to evolve sustainable production and distribution methods to ultimately preserve and enhance investment value through brand and demonstration of regenerative practices in producing stock.

This is of greater importance to the older distilleries which have their own unique challenges in finding the correct bespoke technology solutions to retro-fit to their current infrastructure. The collaborative and supportive approach amongst distillers within the Scotch Whisky sector remains a key strength.

We have seen examples where reinvestment in ESG is taking place from rare whiskies which have sold at auction, and which benefitted from significant use of natural assets in their journey.

Image credit: Bonhams (Bottles from Port Ellen, Brora & Talisker)

Image credit: Sotheby's (The Macallan - 81 Year Old The Reach, 1940)

The Macallan's 'The Reach 81 Years Old' was sold at Sotheby's in London for £300,000 in October this year. The bulk of the proceeds (£260,000) were used to create the 'Artisan Apprenticeship Fund' and had been invested in four companies, which enabled recruitment and training of apprentices including apparel production and glass making, to help drive increased cross-sector collaboration and partnership.

It is also predicted that greater transparency will be demanded to support underlying investment value in whiskies through the growing need to know and understand the environmental life journey of the products we are purchasing and consuming.

With increased environmental consciousness, consumers are often seeking out sustainably produced products. Sustainable whiskies are becoming a more

prominent feature in investment portfolios and those distillers providing greater commitment to sustainability may begin to see enhanced brand image and reputation translating into the value of their products, including rare whiskies.

Environmental regulation only sets the floor and above market returns may largely be gained through going beyond in 'greening' the production of the stock over the next decade and in how that is evidenced.

I imagine a future in which every item we purchase and consume comes with its own Natural Capital account, a record of what has been extracted from nature, to make, store, bottle and deliver it (liabilities), what has been put back in to nature through restorative, collaborative and renewable measures (assets), and where the equation doesn't quite balance, what has been done to reconcile the difference.

I'm optimistic that whiskies in the future will continue to taste close to the ones we enjoy today. Sustainability will continue to shape the investment market, with those distilleries that are demonstrating a commitment to long-term environmental stewardship and reflecting consumer values presenting the strongest investment opportunities.

The market may move to greener investment opportunities, and perhaps the best way to predict the future is to create it.

Image credit: Bonhams (The Macallan - The Red Collection)

Auction Sites Versus Auction Houses: What the Data Shows

Article by **NOBLE & CO**

In this article, we revisit a topic we last addressed a year ago. What is the relative performance of auction houses versus auction sites, and are we seeing a significant change? We update the analysis that we conducted last year and determine how the market is changing.

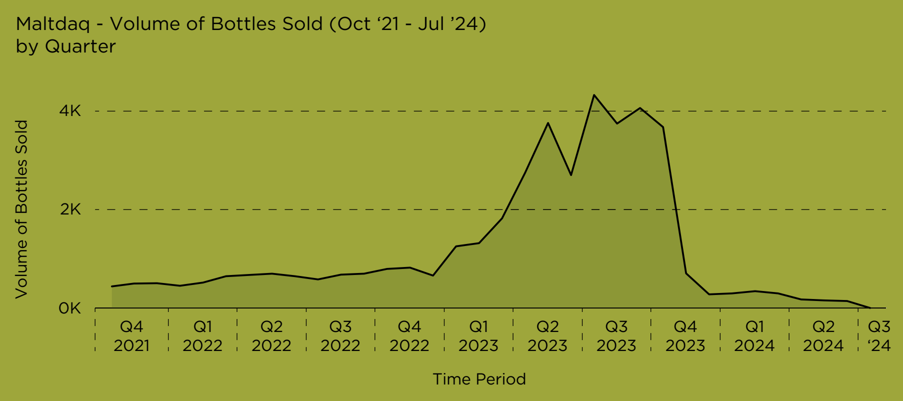

Fig 18 Noble & Co analysis. Measure (Volume), Auction Site / Auction House (Maltdaq)

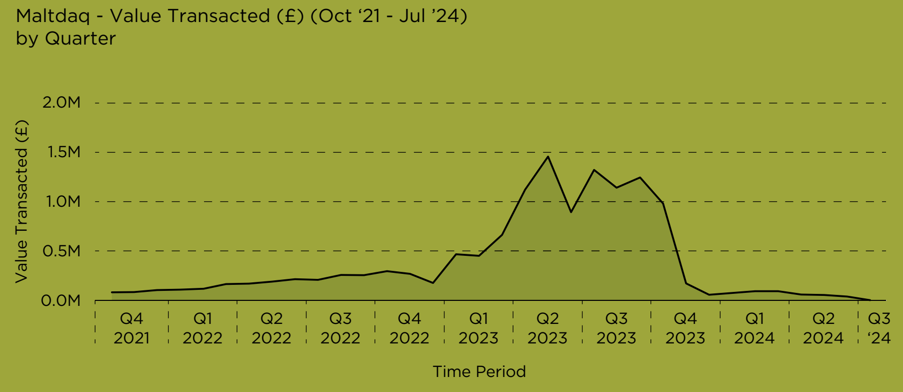

Fig 19 Noble & Co analysis. Measure (Volume), Auction Site / Auction House (Maltdaq)

The Sad Demise of Maltdaq

In July 2024 we saw the closure of Maltdaq. The business had taken an innovative approach when it launched, aiming to be the stock market of the whisky trading world. It offered live bid and ask prices and saw decent volumes as a result. However, the decline in the market meant that it faced an unsustainable future and the founders took the unenviable decision to close the business. Maltdaq had taken a meaningful market share in its short existence, and its collapse is seen clearly in the data we assessed.

Auction Sites Versus Auction Houses

There is no significant shift in the splits by volume over the year, or even at the most recent data point of September 2024. Auction Houses have seen a 13%

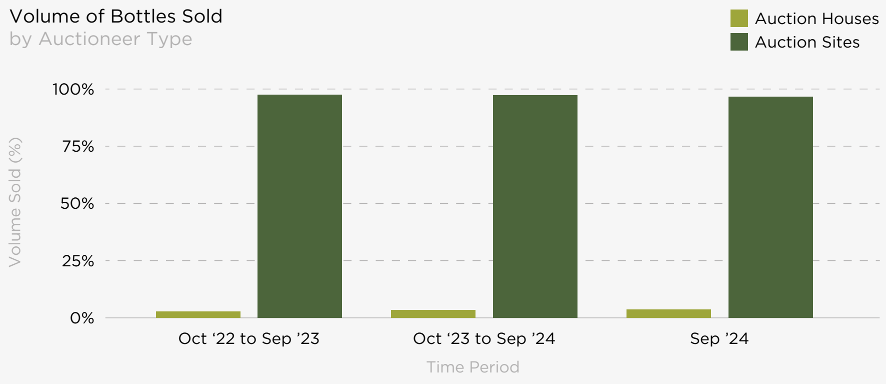

Fig 20 Noble & Co analysis.

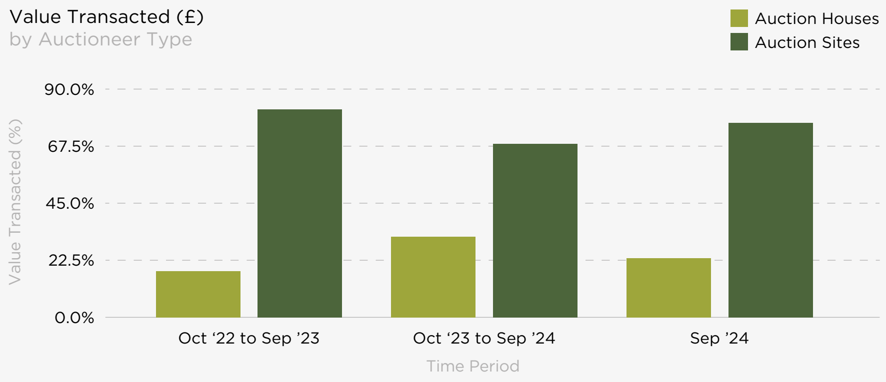

Fig 21 Noble & Co analysis.

volume decline versus a 28% decline for Auction Sites. Stripping Maltdaq out, the decline of the Auction Sites was just 15.7%, but some of the other auction sites would have been winning over Maltdaq business.

The dynamics in value are much more interesting. As a reminder, Auction Houses have a higher percentage of value transacted as they focus on higher-value items sold at auction. We can see in the last twelve months that this grew from 18.1% of total value transacted to 31.7% - this is a material shift. Whilst the average price per bottle sold by the Auction Houses rose from £2,385 to £3,452 (+44%), the average price per bottle sold by the Auction Sites fell from £277 to £230 (-17%). Maltdaq had a limited impact on that average price decline.

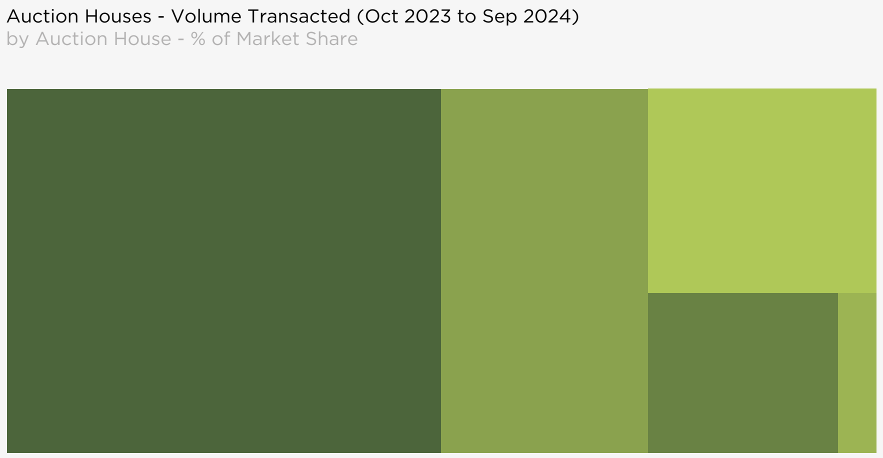

Fig 22 Noble & Co analysis.

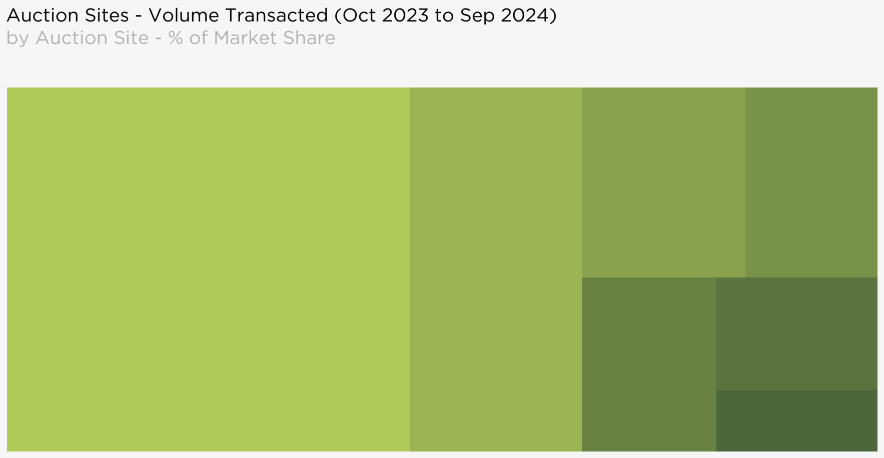

Fig 23 Noble & Co analysis.

Auction Houses: We have anonymised the auction houses above but there are three major players, with one party now holding 45% of our auction house dataset by volume, and 81% by value. Both of these figures are significantly up on the 12 months prior.

Auction Sites: Within our dataset of the auction sites (note that we do not capture all auction sites currently), there is one significant site (54% of volume and 58% of value traded), and several others of a similar size behind it.

Insights Into the Data Methodology

How We Collected Data

Data Collection

We collected the data through APIs, file transfer and direct gathering with the express consent of the data providers. The data includes transactions that mostly happened at auction within the UK and some that happened in overseas locations, particularly Hong Kong. The data goes back as far as 2010, but not all data providers gave data back to 2010. The data was collated up to 30th September 2024 and the majority of the analysis refers to the time period from 1st October 2023 to 30th September 2024. The recorded price includes the sale total, auction fees, and VAT. We secured data from the main auction houses as well as a meaningful proportion of the auction sites. However, we do not have a dataset covering 100% of the fine and rare whisky market transacted at auction. We believe that this is a representative sample, but there is always the possibility that there could be meaningful trend differences when 100% of the market is analysed.

Data Cleansing and Analysis

We gathered new data for the period 1st August 2024 to 30th September 2024. This consisted of 11,811 bottles and 11,808 auction lots, which accounted for 2,292,980 data points. The total all-time dataset now includes 992,864 bottles, 975,418 auction lots and 19,857,280 datapoints. There were 91,098 single malt bottles in the period 1st October 2023 to 30th September 2024.

The data was cleansed and filtered by whisky type, geography, auction source, age, bottle size, region, brand, bottler, price of the auction, distillery, distillery status, date of the auction, edition, and number of items in the auction lot. Single malt casks were not reviewed for this analysis. This involved negative screening for certain key words and phrases and excluding these, followed by spot checks and manual checks where possible given sample sizes.

The data analysis and visualisation tools used enable the review of data at a single transaction level and gave us sight of the raw data behind the filters. The full dataset does include blended scotch transactions but we excluded these from our analysis. Transactions of whisky from other countries were excluded, where identifiable. We used the approved data to define the whisky indices.

The majority of the analysis has focused on bottles sold as single bottles, not as part of collections (as it is complex to attribute value to any one bottle within a collection sold as a group). We have focused on 70cl bottles (700ml) and 75cl bottles (750ml) as these account for the vast majority of transactions and the standard size bottles in most markets.

Sources of data included Bonhams, JustWhisky, Maltdaq, Prestige Whisky Auction, Scotch Whisky Auctions, Sotheby's, Speyside Whisky Auctions, Whisky.Auction, Whisky Shop, Wyatt Trading and Aste Bolaffi. Not all sources provide data for the same time period and therefore in general the data analysed is either restricted to a shorter time period, or for longer analysis, to a subset of the auction sources.

We assessed the single malt Scotch whisky market with bottles selling for over £100 at auction. The figure of £100 is an arbitrary one and was chosen by Noble & Co. Volume, value and average prices paid can be skewed by a number of factors.

Value may change over a period because the mix of what is being sold is changing, or there is a temporary release of more supply, or the timing of major auctions.

Volume for a particular brand may increase because a collector released one large amount of stock, or there is a key brand announcement. Volumes refer to the number of bottles sold. We focus on auction lots of single bottles, rather than including multiple bottle lots, where attribution of value per bottle is more complex and less reliable. However, our analysis has shown that multiple bottle lots only account for 3% of auction volumes.

Average prices paid can move based on currencies, taxation, fees and gaming of auctions by collectors. Prices taken were the winning bid in pounds and any reference to 'value' for a bottle or bottles relate to those winning prices.

When value is considered in this report it is taken to mean the amount paid by the buyer to acquire the bottle x the volume of transactions that occurred in the period. This is not representative of the value of all bottles of whisky held by investors or collectors, it is instead the amount transacted at auction. It also excludes any private transactions that did not happen through auctions. Total value captured in the year to September 2024 was £33.2m. As we noted in our prior report, this is not the entirety of the auction market and trends for the whole market may be different. However, we believe that the dataset is statistically significant and any variation is unlikely to be meaningful. We estimate that this £33.2m is equivalent to 45% of the overall auction market.

Bottles were matched based on the title of the lot, the bottle age, volume (bottle size), brand, distillery and abv. Any bottles which did not have all information available for age, volume, abv and either a brand or distillery could not be confidently matched and were not grouped into bottle titles. We then applied a natural language processing tool to perform 'fuzzy matching' of the bottle lot title to match bottles with similar titles. A manual check was performed using the winning bid for each bottle title match to confirm outliers were indeed valid and to tune the natural language processing tool. Our current method limits the number of false bottle matches but may create multiple bottle title matches for the same product. For the purposes of this analysis we sought to minimise the number of bottles which could be grouped incorrectly.

We may have included indices in this report. These are indices based on all of the relevant bottles, rather than selecting particular bottles. The downside of this methodology is that the bottles sold in any given period will change, thus skewing the index. However, the upside is that it is more representative of what is happening in the auction market as a whole. Past performance is no guide to the future. The indices are subject to fine-tuning and may change in future releases, but we expect the overall behaviour to be the same.

Image credit: Sotheby's (Glenfarclas - 40 Year Old)

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Image credit: Sotheby's (Kilchoman - American Oak Cask of New Make, 2021)


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