

# State of the San Diego Wine Industry 2026



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(SDCVA).

All conclusions, errors and omissions are the sole responsibility of the author. We thank  
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## **Executive Summary**

San Diego County's wine industry entered 2026 facing a more constrained and complex operating environment. While the region continues to benefit from good consumer relations, strong harvest quality, and sustained interest in wine production, wineries are increasingly navigating softer sales conditions, persistent grape oversupply, and rising operating costs. These dynamics are reshaping business strategies across the sector nationwide, and San Diego is no exception.

This report examines how local wineries are responding to these pressures through survey data, public datasets, and newly developed economic indices. Overall, our findings suggest that the industry remains stable and increasingly resilient in a new era characterized by moderated growth, increased cost pressures, and more conservative investment and pricing strategies.

Two new composite indicators introduced in this report reinforce this shift. The new Wine Industry Operating Pressure Index (WIOPI) registers elevated levels of operational pressures, driven primarily by rising costs, while the new Regional Wine Economy Index (RWEI) indicates continued, but measured, economic expansion. Together, these metrics highlight a central theme: the challenge facing wineries in 2026 is less about generating demand and more about sustaining profitability in a higher-cost, lower-growth environment.

## **Sales & Growth**

- Year-over-year sales conditions remain uneven, with wineries reporting mixed performance rather than consistent growth, reflecting the broader softness in national wine demand.
- Median tasting fees remain stable at \$20—well below the \$38 national average—suggesting continued reliance on value-oriented, direct-to-consumer experiences.
- The number of active and planned wineries held steady at 172 in 2026, indicating continued long-term interest in the region despite slower near-term expansion.

## **Industry Workforce**

- Wage growth in San Diego County has modestly increased, even as wages in major regions like Napa and Sonoma have begun to plateau or decline following post-pandemic peaks.
- Hiring expectations rebounded in 2026, with 24% of wineries planning to add employees, signaling targeted expansion in hospitality and direct-to-consumer operations.

## **Harvest & Production**

- The 2025 harvest produced strong quality outcomes, with two-thirds of wineries reporting “good” or “excellent” conditions, despite more mixed yield results.
- Grape purchasing behavior remains highly conservative, with 46% of wineries planning to buy less fruit—nearly identical to 2025—indicating a prolonged market adjustment to oversupply.
- Varietal diversity declined to 43 reported grapes, suggesting a strategic shift toward core, commercially viable varieties.

## **Business Conditions & Operations**

- Wineries reported a more moderate assessment of 2025, with most describing the year as either “good” or “neutral,” indicating relative stability compared to broader, more varied industry sentiment.
- Pricing power has weakened significantly, with a majority of wineries now planning to hold prices and a growing share anticipating price reductions.
- Planned capital investment has declined sharply, falling to just 10% of respondents, reflecting a more cautious approach to expansion.
- More wineries are actively adjusting business operations, and increasing focus on marketing, digital sales, and workforce changes.

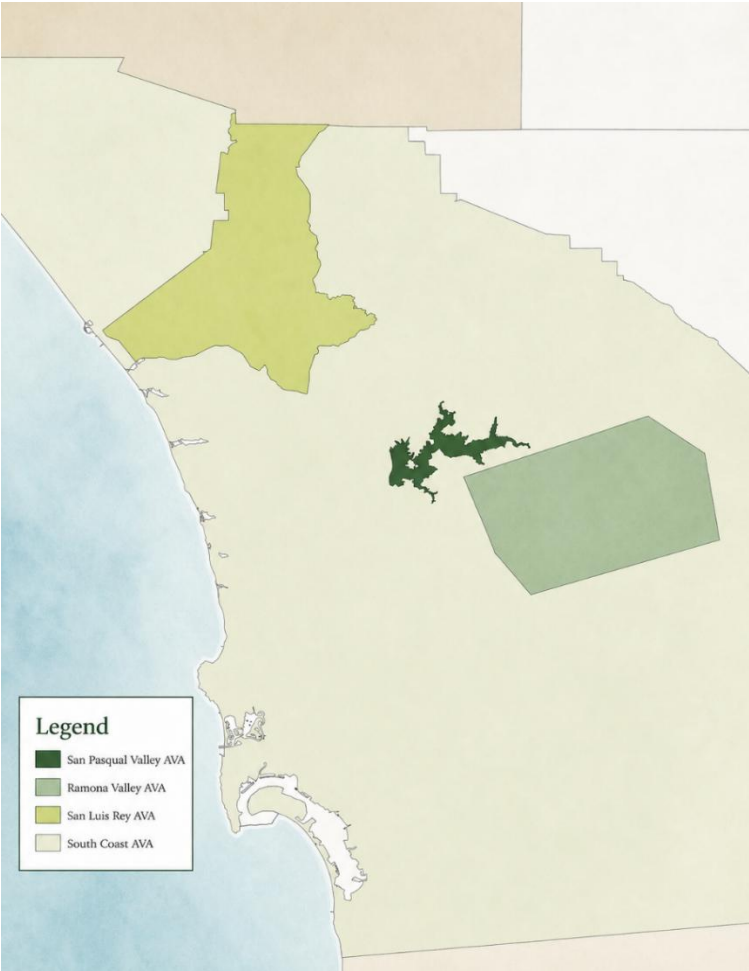
## **Industry Conditions & Outlook**

- Overall, the industry is transitioning from a growth-oriented cycle to one defined by stabilization, cost management, and strategic adaptation.
- The new Wine Industry Operating Pressure Index (WIOPI) indicates elevated operational strain, driven primarily by rising costs and regulatory pressures.
- The new Regional Wine Economy Index (RWEI) suggests the sector is experiencing continued but moderate economic expansion.
- Cost pressures remain the dominant challenge facing wineries, outweighing demand-side concerns and shaping business decision-making.

**Industry Overview**

San Diego’s winemaking community spans the entire county, with vineyards, production sites, and tasting rooms distributed across diverse local geographies. For more than four decades, the region’s suitability for grape cultivation has been formally recognized through American Viticultural Area (AVA) designations issued by the Alcohol and Tobacco Tax and Trade Bureau. These include the San Pasqual Valley AVA, the South Coast AVA, and the Ramona Valley AVA (see Figure 1). Most recently, in August 2024, the San Luis Rey AVA was approved, encompassing a North County corridor from Oceanside to Fallbrook and highlighted in orange in Figure 1.

Figure 1: AVAs in San Diego County, April 2026



For this report, we analyzed winegrower license data from the California Department of Alcoholic Beverage Control, recognizing that the dataset can include duplicate or inactive businesses, as well as meaderies, cideries, and wineries located outside the county. Consistent with our prior methodology, we conducted a detailed review of license holders that have not yet opened a physical establishment, classifying them as either “planned” or “inactive” based on current status. As of March 2026, we identified 172 unique active and planned wineries in San Diego County—unchanged from 2025 and representing a 3.61% increase from 2024 (166). Although some wineries have closed and not renewed their licenses, we also note that 11 ABC Type 2 Winegrower License permits have been issued or reissued locally since March 2025. While this is roughly half the number recorded in the previous year-over-year period (19 between March 2024 and March 2025), it still signals sustained interest and ongoing reinvestment in the region’s wine industry.

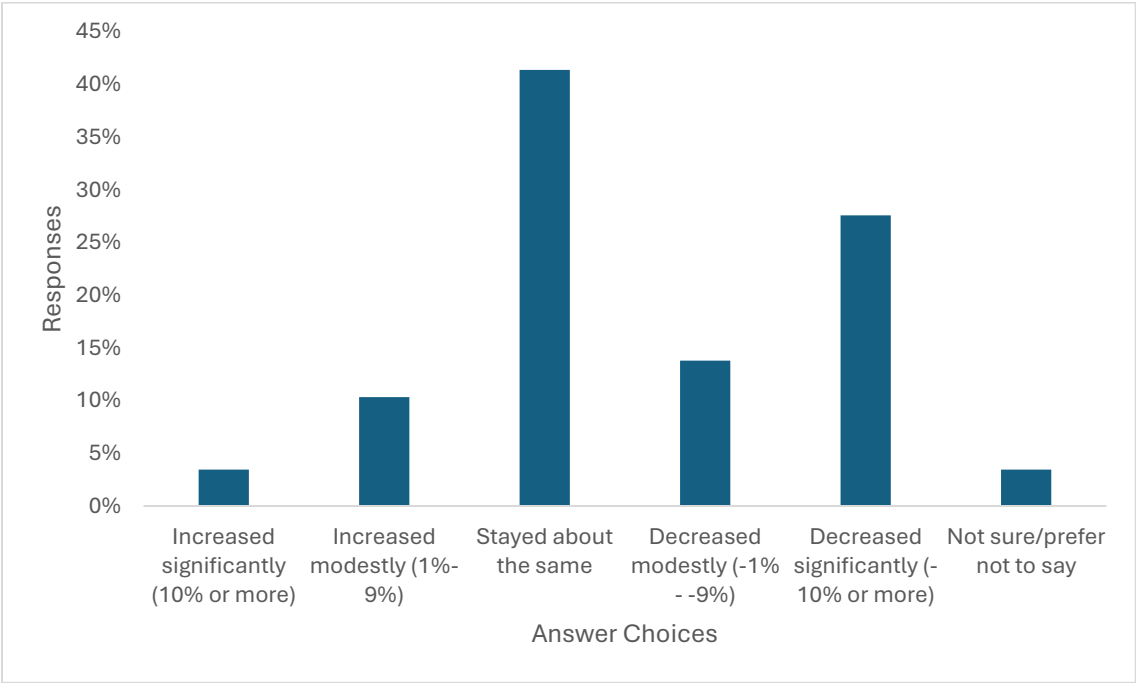
## **2026 Annual Survey**

Amid continued industry headwinds in 2026—including softening wine sales, elevated production costs, and ongoing grape oversupply—we sought to better understand how San Diego wineries are adapting their operations and shaping their outlook for the near term. To explore these dynamics, we partnered with the San Diego County Vintners Association (SDCVA) to distribute a 15-question survey to its members. We also circulated the survey directly through our proprietary database of regional wineries and owners, compiled from industry directories, winery websites, and social media channels. The survey was administered in multiple waves from mid- to late-February 2026. In total, we received 29 responses, representing a 17% response rate. The respondent pool reflects a representative cross-section of the industry by size, business model, and geographic location within the county.

## **Sales**

For this year’s report, we modified our methodology for evaluating industry sales activity. This shift was driven in part by a lower survey response rate, but also by the increasing difficulty of modeling sales in an environment where year-over-year growth is no longer assured. Instead, we asked vintners to directly characterize their year-over-year sales performance across six answer choices (see Table 1).

Chart 1: Responses to the Survey Question, “Compared to the previous year, how did your winery’s total revenue change in 2025?”



Overall, the results point to a mixed and somewhat constrained sales environment. The largest share of respondents (41%) indicated that sales “stayed about the same,” suggesting a broad stabilization in revenue after several years of volatility. However, a combined 41% of wineries reported declining sales, including 28% who experienced significant decreases of 10% or more—far exceeding the share reporting growth.

By comparison, only a small portion of respondents indicated any level of sales increase, with just 3% reporting significant gains and 10% reporting modest growth. Taken together, these results indicate that while some wineries have maintained stable performance, the balance of activity has shifted toward leveling off.

These findings reinforce broader industry trends observed at the state and national levels, where softening demand, changing consumer preferences, and increased competition are placing downward pressure on sales. For San Diego County wineries, the data suggest a transition from a growth-oriented environment to one defined by stabilization, uneven performance, and more downside risk for some wineries.

For the second year in a row, we also asked respondents to share their average tasting fee. Responses ranged from \$10 to \$30, but the median and mode response was \$20. This is contrast to the average tasting fee identified in 2023 by the Silicon Valley Bank’s (SVB) annual wine industry survey, which was \$38.<sup>1</sup>

## **Harvest**

The Wine Institute’s 2025 California Harvest Report described that, overall, a long, mild growing season resulted in balanced grapes with bright acidity and concentrated flavors, though yields largely varied average to below average, depending on the region <sup>2</sup>. With regard to the San Diego region, the report indicated that the “following a cool season, with mild weather during flowering and a good fruit set, San Diego vintners are expecting great quality for the 2025 wines. Tempranillo fared especially well, according to some growers.”

Our survey findings mostly matched those of the Harvest Report. On the issue of harvest yield, respondents were decidedly split, with “average” and “below average” both receiving the greatest response rates (37% and 37% respectively), a shift away from the prior year that saw “above average” as the most popular response choice, and “below average” responses steadily declining (see Chart 2). On the issue of harvest quality, we saw strong indications of exceptional grape quality – 2/3rds of our survey participants chose either “good” (46%) or “excellent” (21%) as their answer choice (see Chart 3). Together, these results point to strong vintage potential for wines made from the 2025 harvest.

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<sup>1</sup> Silicon Valley Bank. 2026 State of the US Wine Industry. Projected Grape Needs for 2025, Chart 17, Page 24. <https://www.svb.com/globalassets/library/uploadedfiles/wine/svb-state-of-the-us-wine-industry-report-2025.pdf>

<sup>2</sup> Wine Institute at the University of California, Davis. 2025 Harvest Report. Accessed April 15, 2026. [https://wineinstitute.org/wp-content/uploads/2024/11/WineInstitute\\_Harvest\\_2024\\_report.pdf](https://wineinstitute.org/wp-content/uploads/2024/11/WineInstitute_Harvest_2024_report.pdf)

Chart 2: Harvest Yield, San Diego County, 2021-2025

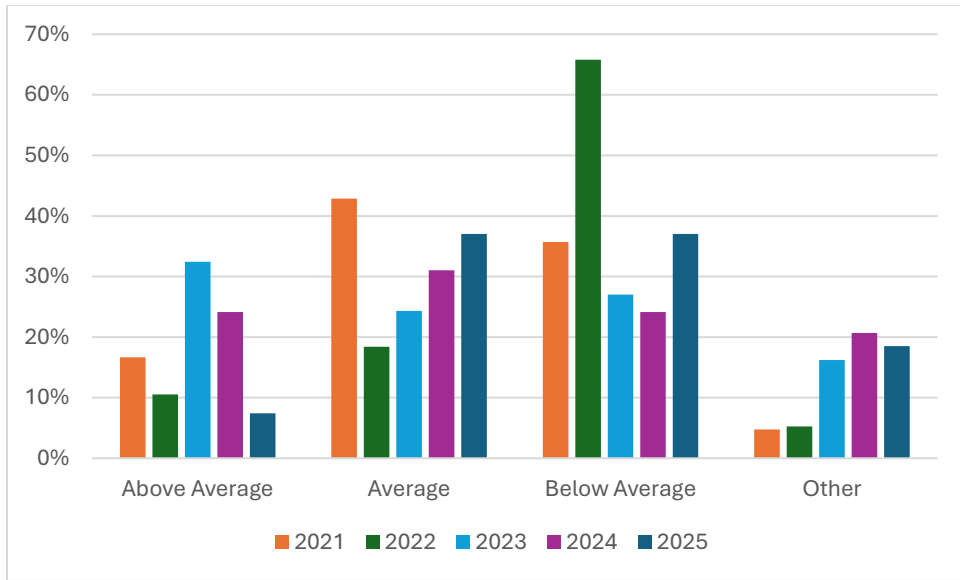
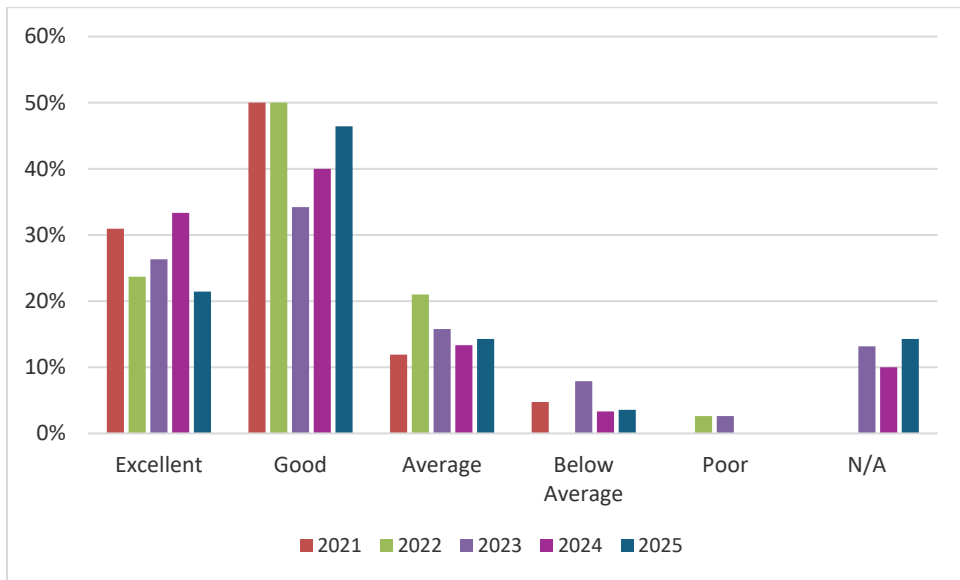
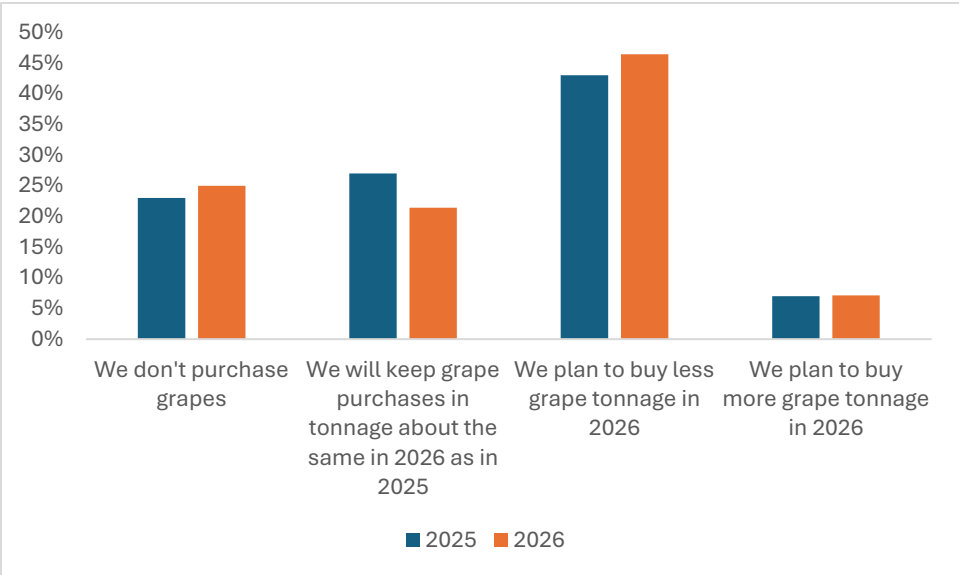


Chart 3: Harvest Quality, San Diego County, 2021-2025



We also explored wine grape needs for this year, particularly in light of slowing retail sales and California’s ongoing grape oversupply. Respondents were asked to project their grape needs for 2026 across four categories (see Chart 4). Overall, 46% of vintners indicated plans to purchase less grape tonnage this year—closely mirroring the 43% reported in 2025. Remarkably, response patterns were nearly identical across both years. This response consistency suggests a market in a holding pattern, where persistent oversupply and soft demand continue to shape conservative purchasing strategies. Notably, only 7% of respondents reported plans to increase grape purchases.

Chart 4: Projected Grape Needs for 2026, Survey Respondents



We next asked respondents to identify which wine grape varieties they grew, cultivated, and/or sold in 2025 (see Table 1). The leading varieties remained consistent with prior years, with Cabernet Sauvignon (65%), Malbec (62%), Merlot (62%), and Sangiovese (62%) ranking at the top. We would also note that, for the first time since the development of this report, two white varieties appeared in the top ten responses, Sauvignon Blanc and Albariño. While Sauvignon Blanc has appeared before in this list, one plausible explanation for Albariño’s emergence among the top varieties is its strong alignment with shifting consumer preferences. As wine drinkers—particularly younger and more casual consumers—continue to favor lighter-bodied, aromatic, and food-friendly

white wines, Albariño offers a compelling alternative to more saturated categories like Chardonnay. Its crisp acidity, citrus-forward profile, and versatility with coastal cuisine make it especially well-suited to the regional lifestyle. It is worth noting that the 2025 Wine Institute Harvest Report noted that the fastest growing varieties by plantings in the San Diego region were Albariño and Cabernet Franc.<sup>3</sup>

Table 1: Top Ten Grape Varietals Grown, Cultivated and/or Sold in 2025

Answer Choices	Responses
<b>Cabernet Sauvignon</b>	65%
<b>Malbec</b>	62%
<b>Merlot</b>	62%
<b>Sangiovese</b>	62%
<b>Cabernet Franc</b>	50%
<b>Syrah</b>	50%
<b>Grenache</b>	46%
<b>Albarino</b>	42%
<b>Sauvignon Blanc</b>	42%
<b>Zinfandel</b>	38%

In total, respondents reported 43 unique varietals—down from 57 in 2025 and slightly below the typical range observed in previous survey cycles (45–62). While this decline is partly attributable to a lower survey response rate, it likely also reflects broader industry adjustments in 2026. Wineries may be streamlining their portfolios to focus on core, higher-performing varietals amid slowing sales and elevated production costs, while also reducing experimentation with lesser-known or emerging grapes. Additionally, ongoing grape oversupply and shifting consumer demand may be encouraging producers to consolidate around varietals with more established market recognition and sales stability.

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<sup>3</sup> Id, page 5.

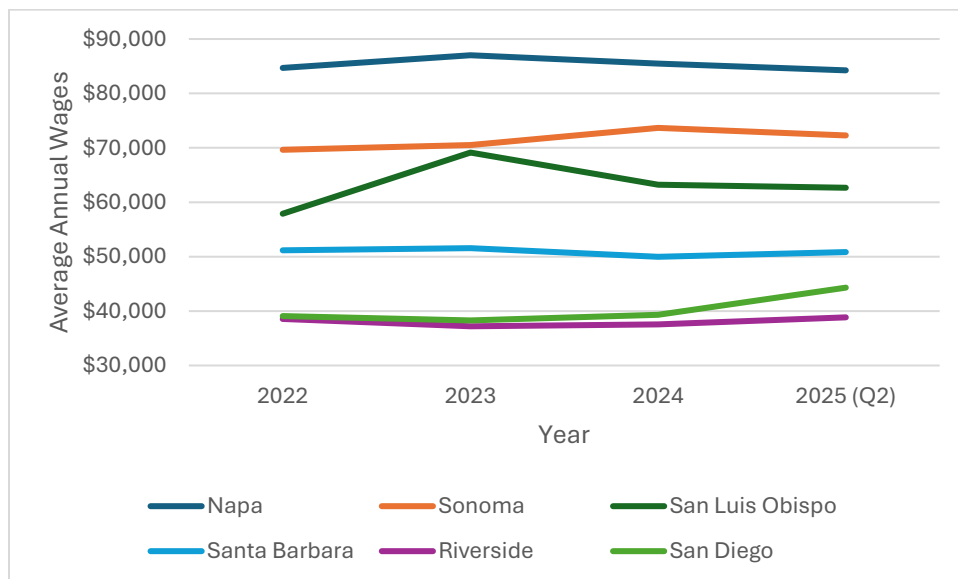
## Workforce and Wages

Due to another year of limited survey responses, we have insufficient data to analyze the change in industry jobs by occupation. We would note that overall, most job growth that did occur in 2025 was likely due to the continued trend of an increase in part-time positions, hospitality jobs, and larger wineries adding positions.

Average annual wages in San Diego County’s winery sector remain below those observed in California’s larger, more established wine regions (see Chart 5). This gap continues to reflect the region’s industry structure—characterized by smaller, boutique, and independently owned operations—as well as some limitations in how wage data is captured across smaller firms. That said, recent trends suggest a modest but consistent upward trajectory in San Diego wages, particularly between 2024 and 2025 (Q2).

In contrast, wage growth in leading regions such as Napa, Sonoma, and Santa Barbara appears to have plateaued or slightly softened after reaching recent highs in 2023 and 2024. This leveling off may indicate a normalization following post-pandemic wage pressures, cost containment efforts, or a cooling in overall industry growth. Taken together, these trends suggest a narrowing—albeit still significant—wage gap, driven less by rapid gains in San Diego and more by stabilization in higher-wage regions.

Chart 5: Average Annual Industry Wages, by County, 2021-2025 (Q2)



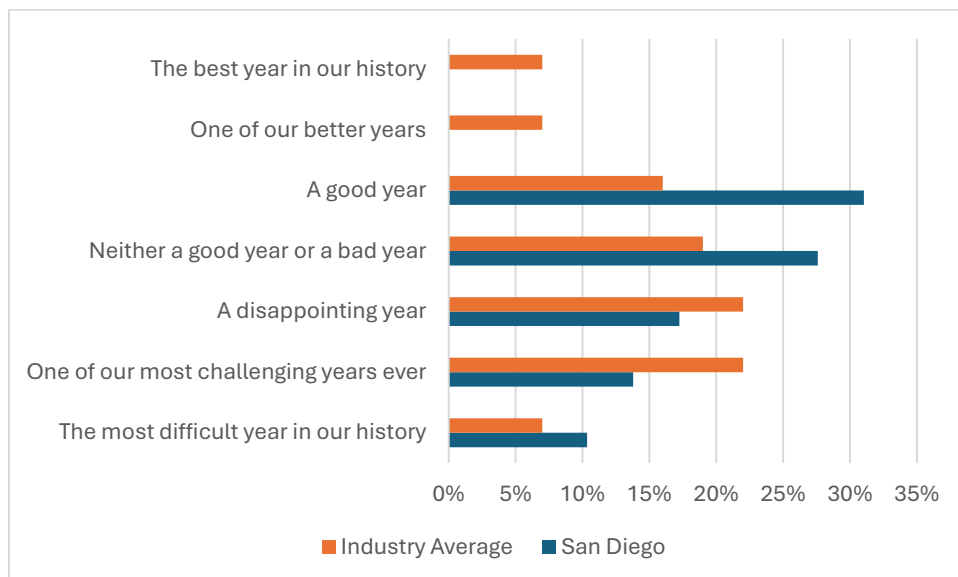
## Business Operations

Overall, San Diego County wineries reported a more tempered assessment of 2025 relative to the broader industry (see Chart 6). A plurality of respondents characterized the year as either “a good year” or “neither a good year nor a bad year,” (31% and 28%, respectively) with notably higher shares in these middle categories compared to the industry average. This suggests a more stable operating environment at the local level.

At the same time, San Diego wineries were less likely than the industry overall to describe 2025 as “a disappointing year” or “one of the most challenging years ever.” This divergence may indicate a degree of insulation from the more acute pressures facing larger wine regions, where exposure to wholesale markets, distribution channels, and inventory backlogs has been more pronounced.

However, San Diego respondents were slightly more likely to characterize the year as “the most difficult year in our history,” pointing to a subset of wineries—likely smaller or newer operations—that are still highly vulnerable to cost pressures, shifting demand, and capital constraints. Taken together, the results suggest that while the region has avoided the full extent of industry-wide challenges, it remains uneven, with performance varying significantly across producers.

Chart 6: Responses to the Survey Question “How was your year?”

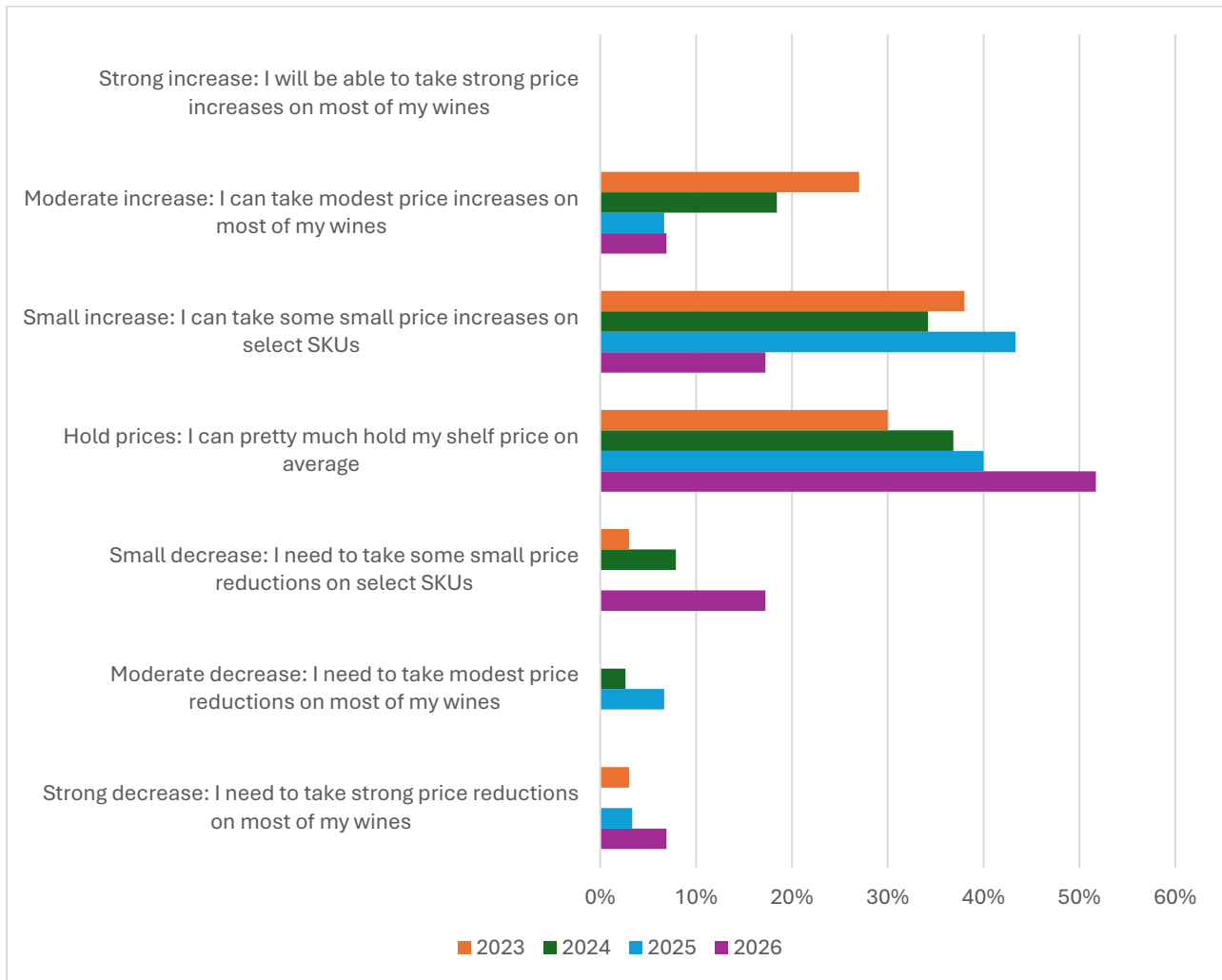


Responses to pricing expectations point to a clear shift toward price stability—and, increasingly, pricing pressure—by 2026. As in prior surveys, we asked vintners about their expected net retail price changes for the year (see Chart 7). While “small increases” remained a leading response in 2025 (43%), the 2026 results show a notable transition, with a majority of respondents now indicating they plan to “hold prices” (52%), the highest level observed across the survey period.

At the same time, the share of wineries expecting to implement any level of price increase—whether small or moderate—has steadily declined since 2023, reflecting weakening pricing power in the current market environment. Moderate increases, which peaked during the pandemic-era pricing cycle, have fallen sharply and now represent only a small fraction of responses.

Importantly, 2026 also marks a meaningful uptick in respondents indicating the need for price reductions, particularly “small decreases,” suggesting that some wineries are beginning to respond to softer demand, inventory pressures, and increased competition through discounting strategies. Taken together, these results signal a transition from a period of pricing expansion to one of stabilization—and in some cases, early-stage price compression—across the industry.

Chart 7: Survey Responses to the Question “Select the statement that most closely matches your belief about the expected net retail price changes for your wines this year.”



Responses to anticipated business actions over the next six months highlight a mix of continued commercial focus alongside emerging signs of financial caution (see Table 2). Consistent with prior years, the most common response in 2026 was “increase marketing or sales” (66%), returning to its 2023 peak and underscoring a renewed emphasis on revenue generation amid a more competitive and slower-growth environment.

At the same time, several indicators point to tightening operating conditions. The share of respondents expecting to “obtain financial assistance or additional capital” rose to 10% in 2026, up from just 3% in 2025, suggesting a growing need for liquidity or external support. Similarly, the percentage of wineries anticipating the need to “identify and hire new employees” increased to

24%, which may reflect both workforce gaps and efforts to expand direct-to-consumer or hospitality operations.

In contrast, planned capital investment has declined significantly. Only 10% of respondents indicated they expect to make a capital expenditure in 2026—down from 32% in 2023—while relatively few reported plans to cancel or postpone projects. This data trend suggests that many wineries have already scaled back or deferred major investments in response to economic uncertainty. Additionally, the share of respondents indicating potential business closure rose to 10%, the highest level observed across the survey period, pointing to heightened vulnerability among a subset of operators.

Finally, responses related to strategic adaptation show a mixed picture. Interest in developing online sales channels rebounded to 28% after declining in prior years, while efforts to identify new supply chain options (17%) and export markets (10%) remained steady. Notably, the share selecting “none of the above” fell sharply to 17% in 2026, indicating that more wineries are actively considering operational or strategic changes in the current environment.

Table 2: Survey Responses to “In the next six months, do you think this business will need to do any of the following? Please select all that apply:”

Answer Choices	2023	2024	2025	2026
Obtain financial assistance or additional capital	13%	11%	3%	10%
Identify new supply chain options	18%	16%	17%	17%
Develop online sales or websites	34%	26%	17%	28%
Increase marketing or sales	66%	61%	60%	66%
Identify and hire new employees	26%	18%	13%	24%
Make a capital expenditure	32%	26%	20%	10%
Cancel or postpone a planned capital expenditure	8%	11%	13%	3%
Identify potential markets for exporting goods or services	3%	5%	10%	10%
Permanently close this business	0%	5%	3%	10%
None of the above	18%	29%	30%	17%

## **Wine Industry Operating Pressure Index (WIOPI)**

To better assess the operational challenges facing the wine industry, this report introduces the Wine Industry Operating Pressure Index (WIOPI), a composite measure designed to capture the degree of cost and operational strain experienced by wineries. While traditional economic indicators focus on growth and expansion, the WIOPI provides a complementary perspective by measuring the intensity of pressures that affect day-to-day business operations, including costs, regulatory burden, and supply-side constraints.

The WIOPI is constructed using survey responses collected across a range of operational factors, including labor costs, regulatory requirements, economic conditions, consumer demand, and supply availability. Respondents evaluated the extent to which each factor has impacted their operations using a five-point Likert scale. These responses were converted into weighted average scores, ensuring that each factor reflects the collective experience of the industry while preserving variation across respondents.

To create a standardized and interpretable metric, the weighted averages were normalized to a 0–100 index, where higher values indicate greater levels of operational pressure. Sub-indices were developed by grouping related factors into three categories: cost pressures, demand conditions, and supply constraints. These sub-indices are calculated as the average of their component indicators, allowing for both a high-level assessment of overall operating conditions and a more detailed understanding of the underlying drivers of pressure within the industry. Chart 8 illustrates the index, and Table 3 shows the underlying data and metrics of the index chart.

The inaugural 2025 Wine Industry Operating Pressure Index registered a score of 72.8 (see Chart 8), indicating that wineries are operating under elevated levels of economic and operational pressure. This finding highlights a business environment where challenges are not isolated but broadly experienced across the industry. While wineries continue to operate and, in many cases, grow, the intensity of these pressures suggests that maintaining profitability and operational stability has become increasingly difficult, which reflects nationwide industry trends and challenges.

The tabulated survey responses reveal that cost pressures are the primary driver of this elevated index level. The Cost Pressure sub-index reached 81.8, reflecting sustained increases in labor costs, regulatory compliance requirements, and broader economic expenses. We would

stress that these factors represent structural challenges that are largely outside the direct control of individual wineries, and their combined effect is placing significant strain on margins. In comparison, supply constraints (68.8) and demand conditions (60.8) contribute to the overall pressure environment but remain secondary to the cost-side impacts.

Taken together, the results suggest that the wine industry is navigating a period defined less by declining demand and more by rising operational complexity and cost escalation. While consumer activity and market demand remain relatively stable, the ability of wineries to translate revenue into profitability is increasingly constrained. This dynamic underscores a central theme emerging from our survey findings: the industry’s core challenge is not generating business, but sustaining it efficiently in the face of mounting pressures.

Chart 8: Wine Industry Operating Pressure Index, 2025

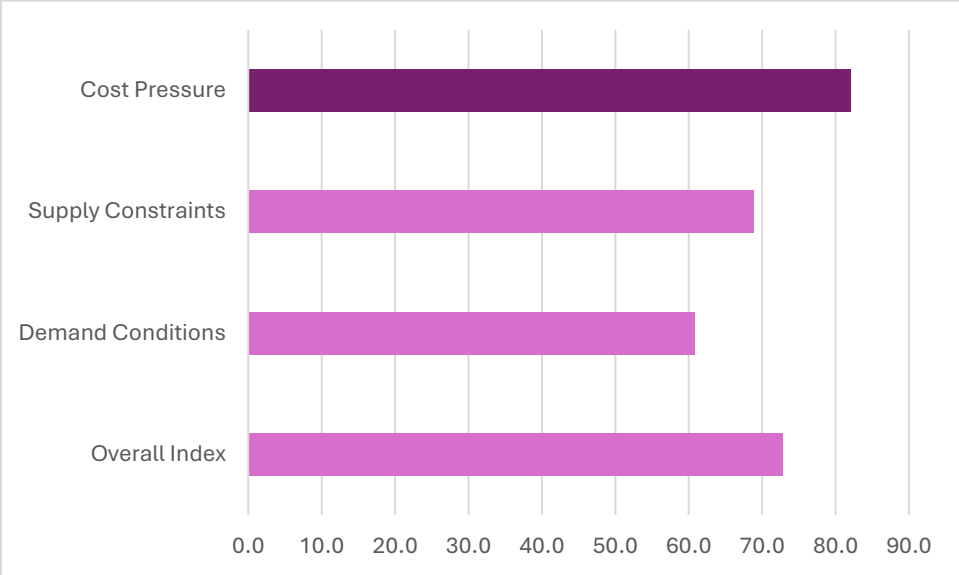


Table 3: Wine Industry Operating Pressure Index, 2025

Category	Components Included	Score (1–5)	Index (0–100)	Interpretation
<b>Overall Index</b>	All factors	3.91	<b>72.8</b>	Elevated operating pressure
<b>Cost Pressure</b>	Labor Cost, Regulatory Burden, Economic Conditions	4.27	<b>81.8</b>	Severe pressure
<b>Supply Constraints</b>	Grape Supply, Labor Availability	3.75	<b>68.8</b>	Moderate pressure
<b>Demand Conditions</b>	Consumer Demand, Tasting Room, DTC Sales	3.43	<b>60.8</b>	Slight softening

### Regional Wine Economy Index (RWEI)

To better understand the evolving economic landscape of the regional wine industry, this report introduces the Regional Wine Economy Index (RWEI), a composite indicator designed to measure overall business activity and economic momentum. The index captures key dimensions of winery performance, including business conditions, employment and operations, investment behavior, and broader regional economic influences. By consolidating these factors into a single, standardized metric, the RWEI provides a clear and consistent framework for assessing industry trends over time.

The RWEI is constructed using survey responses that reflect directional changes in business conditions, such as whether key indicators—like revenue, hiring, or investment—have increased, remained stable, or decreased over a given period. These responses are converted into net balance scores, calculated as the difference between the share of respondents reporting increases and those reporting decreases. This approach, commonly used in economic diffusion indices, captures both the direction and breadth of change across the industry.

To ensure comparability and interpretability, net balance scores are normalized to a 0–100 scale, where a value of 50 represents neutral conditions, values above 50 indicate expansion, and values below 50 indicate contraction. Sub-indices are then created by grouping related indicators

and averaging their standardized scores, producing a set of component measures that collectively inform the overall index. This methodology allows the RWEI to serve as both a high-level economic barometer and a more granular tool for understanding the drivers of industry performance.

The inaugural 2025 Regional Wine Economy Index registered a score of 64.2, indicating that the regional wine sector continues to experience moderate economic expansion. This suggests that, on balance, wineries are still benefiting from favorable market conditions, including steady consumer activity and a supportive broader economic environment. However, the pace of growth appears measured rather than robust, reflecting a more cautious operating landscape compared to prior periods of stronger expansion.

A closer look at the underlying components reveals that regional economic conditions remain the strongest driver of performance, with a sub-index score of 70.1, supported by tourism activity and broader market stability. Business performance indicators, including revenue and sales trends, also remain positive at 66.5, though they show signs of unevenness across producers. In contrast, employment and operational activity (61.3) and investment and expansion (58.9) indicate a more restrained posture, suggesting that wineries are managing growth carefully rather than aggressively scaling operations.

Taken together, the data points to an industry that remains on solid footing but is increasingly characterized by cautious optimism. While demand and external economic conditions continue to support expansion, softer investment activity and measured hiring trends indicate that wineries are balancing growth opportunities against ongoing operational challenges. This dynamic reflects a maturing phase of the economic cycle, where stability persists but forward momentum is tempered by uncertainty and cost considerations.

Chart 9: Regional Wine Economy Index, 2025

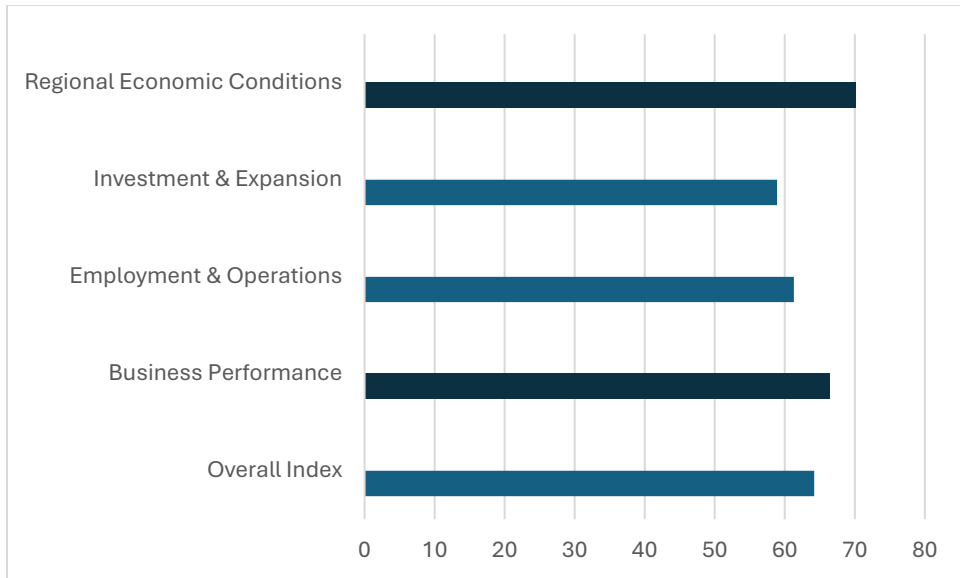


Table 4: Regional Wine Economy Index, 2025

Category	Index Score	Interpretation
<b>Overall Index</b>	<b>64.2</b>	Moderate expansion
<b>Business Performance</b>	66.5	Positive but uneven growth
<b>Employment &amp; Operations</b>	61.3	Stable, cautious hiring
<b>Investment &amp; Expansion</b>	58.9	Slower forward investment
<b>Regional Economic Conditions</b>	70.1	Strong external environment

## **About Section**

### *About the San Diego County Vintners Association*

The San Diego County Vintners Association (SDCVA) is a membership organization that supports and promotes the extensive winegrowing community throughout San Diego County (south of Temecula). With 172 operating and planned wineries throughout the county, San Diego continues to gain attention from wine enthusiasts across the country. The SDCVA welcomes visitors to San Diego County – where California wine began. [www.sandiegowineries.org](http://www.sandiegowineries.org)

### *About the Author*

Vince Vasquez is President and CEO of Polycraft Institute LLC, a public policy think tank based in Carlsbad, California. Professionally, Vince has worked as a public policy researcher for more than 20 years. He has authored more than 40 policy papers on a range of economic and workforce issues, including craft brewing and the wine industry. Vince has a bachelor's degree in political science from the University of California, San Diego, a master's degree in business administration from National University, and has completed coursework in viticulture and enology at MiraCosta College.

# State of the San Diego Wine Industry 2026



The San Diego County Vintners Association (SDCVA) is a non-profit organization and a passionate community dedicated to championing the viticulture and winemaking spirit of our region. Our story is as deep as our roots; as the site of the first vineyards planted in California in 1769, San Diego is the true birthplace of the state's wine heritage.