

Texas Craft Beer's Explosive Growth Creating Jobs, Pumps \$608 Million Into Texas Economy in 2011 Despite Market Restrictions

Could Reach \$5.6 Billion Annually, According to Economic Impact Study

Austin, TX — July 23, 2012 — An economic study commissioned by the **Texas Craft Brewers Guild** (TCBG) shows explosive growth for independent Texas craft brewers, with economic contributions to the state economy exceeding \$608 million, and job creation underway through all stages of production and sale. The study projects the industry's economic impact could reach \$5.6 billion annually in less than a decade should its development resemble that of the Texas wine industry.

The study, based on survey data of TCBG member breweries and brewpubs, shows Texas craft brewers having measurable impact across Texas' local and regional economies:

- Annual brewery sales reaching reaching \$75.9 million with volume nearly doubling year over year.
- Direct economic impact surpassing \$222 million (output of brewing, wholesale and retail tiers).
- Active job creation through direct and ancillary industries, with brewer payrolls contributing \$24.5 million directly and represent 51.2 percent of the state's brewery jobs.
- \$16 million contributed to local and state tax revenue.
- 92 percent of Texas craft brewers are planning capital expansions, representing upwards of \$30 million invested in the next five years.

"No doubt about it, Texas independent craft brewers are local small businesses that are making a significant contribution to Texas' bottom line," says Tim Schwartz, TCBG president and director of brewing operations at Blanco-based Real Ale Brewing Co. "These contributions are directly benefitting local and regional economies. Craft brewers are keeping money in state, and show no signs of letting up."

"Truly, the economic impact of Texas' independent craft beer industry measured in this study is the tip of the iceberg," says University of Texas-San Antonio Economics Professor Scott Metzger, author of the study and founder/CEO of San Antonio-based brewpub Freetail Brewing Co. "Given consumer demand and planned increases in capacity, a tremendous opportunity exists for ongoing and future growth — provided legislation may be passed allowing Texas' craft brewers the same access to market enjoyed by brewers in other states and by the Texas wine industry."

According to Metzger, while the data tells a remarkable story, the numbers would be even better if Texas brewers weren't operating at a disadvantage compared to brewers in other areas of the country.

"In other states, brewers can sell their packaged goods directly to consumers through tasting rooms. In other states, brewpubs can sell their beer off premises, at festivals, for instance, and as packaged goods in retail stores, not just at their brewpub location," explains Metzger. "These sales opportunities are lost for Texas craft brewers — and they add up."

For the study, Metzger modeled exactly how these opportunities could add up, were certain statutory reforms enacted, and assuming the same trajectory Texas wine traveled from 2001 to 2009 — a highly conservative trajectory, Metzger argues, given how much more accessible craft breweries are compared to wineries in terms of their physical locations and distribution.

The result? An economic windfall estimated to top \$5.6 billion annually within eight years.



Texas Craft Brewers Guild

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"Sounds astounding, but given what's happening across the country with craft beer, it's not. It's actually conservative," Metzger says.

Demand is, in fact, booming. Even in a stagnate economic environment, craft beer has managed year-over-year double-digit growth throughout the 2000s. In 2011, craft beer sales by volume rose 13 percent over the previous year. In relation to the overall beer market, these gains translate to a 5.7 percent market share by volume, and a most-impressive 9.1 percent market share by dollars. Should this pace be maintained, market share by volume will top 10 percent by 2016, a huge leap from 2007's 3.7 percent market share.

In craft beer-friendly states like Oregon and California, the leap has already happened. Over 13 percent of beer consumed in California is produced by independent California craft brewers, while nearly 16 percent of beer consumed in Oregon is produced by independent Oregon craft brewers.

Back in Texas, which nationally ranks in the bottom ten for breweries per capita, a paltry 0.7 percent of beer consumed comes from independent Texas craft brewers, according to Metzger. All these factors point to tremendous growth potential — growth that would directly benefit local and regional economies throughout Texas.

"As has been the trend nationally, the number of brewers in Texas is rising, with 78 now actively licensed, and another 61 in planning, according to the Brewers Association," Metzger says. "In this respect, Texas mirrors the nation, which has seen the number of craft breweries and brewpubs increase from just over 1,400 in 2007 to over 2,000 in May 2012."

Both demonstrating the statutory adversities and celebrating the industry's growth is Texas' biggest craft beer party, the annual [Texas Craft Brewers Festival](#), an all-day event specifically centered on independent Texas craft brewers. The event, produced by Austin's Young Men's Business League, with support from members of the Texas Craft Brewers Guild, and benefitting the nonprofit Austin Sunshine Camps, is expected to be bigger than ever, according to Festival Chairman Brain Peters, founding brewer for Austin's Uncle Billy's Brew & Que chain, and himself launching a brewpub, Austin Beer Garden Brewing Co.

"The Texas Craft Brewers Festival launched in 2004 with around ten brewers and brewpubs participating. This year, we sent nearly 60 invitations to package brewers and breweries in planning," Peters says. "Those are incredible numbers, but missing altogether are the brewpubs. Since the festival's early days, state laws have been interpreted and enforced such that Texas brewpubs are prohibited from participating in any beer festivals."

So as the party gets underway October 6 at Fiesta Gardens near downtown Austin, beers will flow and money will change hands, but half of Texas' craft beer businesses will be stuck back at the bar.

Download the complete study and support materials here:

[Texas Craft Brewers Guild Economic Impact of the Texas Craft Brewing Industry](#)

For questions on the study and the overall state of the Texas craft beer industry, contact:

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