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State of Beer: Revisiting Oregon's Brewing Industry

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There are few things that Oregonians are more proud of than their local craft beer. When traveling across Oregon it is possible to find a local brewery in all regions of the state. Oregon's brewing industry is very diverse. Breweries range in size and character from the new Thunder Island Brewing in Cascade Locks that serves their local community with a small two-barrel system, to large industrial breweries, such as the industry trendsetter Deschutes Brewery that now distributes its Bend brews to 25 states and two Canadian provinces.

The question is often asked, are we "over-beered" in Oregon? In other words, have we reached a saturation point where current breweries can supply the demand for craft beer? The answer seems to be no. During the past several years numerous new breweries were established, while many existing breweries continued to expand. New breweries are tapping into the wealth of industry expertise to serve local communities as well as tourists and outdoor recreationists looking to quench their thirst after a long day of play.

How Many Breweries are in Oregon?

This is a tougher question to answer than it may seem, because breweries do not fall into a convenient industry classification. Some breweries are classified under manufacturing, while others are classified as restaurants. Due to the lack of a formal industry classification it is almost impossible to develop a time-series of breweries in Oregon. Each brewery must be found individually by cross-referencing a variety of lists and databases. For this report, breweries were identified by using lists from the Oregon Brewer's Guild, Northwest Brewing News, Oregon Liquor Control Commission, and the Oregon Employment Department.

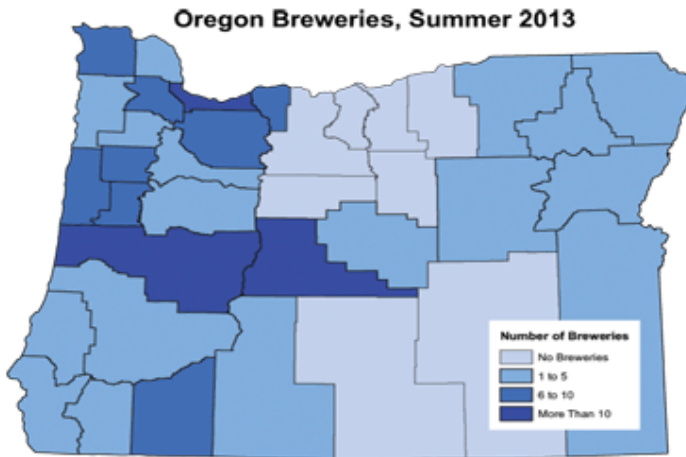
Brewing establishments fall into two general categories. There are manufacturing breweries that produce beer for general distribution. Many are smaller operations that tend to distribute kegs locally, while other operations may bottle or can their beer for a larger distribution. The other type of brewing establishment is a brewpub. These are restaurants or drinking establishments that brew beer onsite primarily for consumption at

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their pub. For this report only establishments that brew beer onsite are counted as a brewery. If a firm reports brewing at multiple locations then each establishment is counted into the total number of brewing establishments.

As of summer 2013, there were 188 brewing establishments in Oregon. Of those, it was possible to verify the employment and payroll totals for 157 establishments. The vast majority of the [industry employment](#) is accounted for in these 157 breweries as the remaining 31 establishments are either brand new or small family-run operations. Nearly 30 percent of these establishments are manufacturing breweries, while more than 70 percent are brewpubs.

Figure 1



Where are Oregon's Breweries?

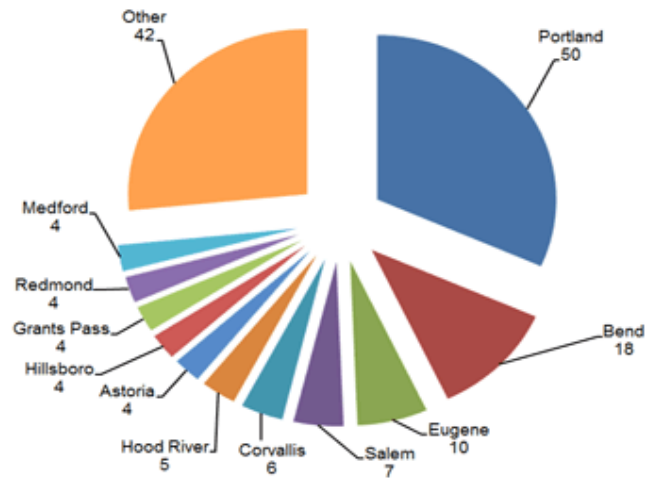
Breweries and brewpubs are spread across the state with at least one brewing establishment in 28 of Oregon's 36 counties. Multnomah County lays claim to 55 brewing establishments, more than any other county in the state. There are 24 brewing establishments in Deschutes County and 13 in Lane County.

On a per capita basis, Hood River County boasts more brewing establishments than anywhere else in Oregon, with one brewery for every 3,226 residents. The next highest concentration of breweries is in Clatsop County, followed by Deschutes County where there is one brewery for every 6,216 and 6,761 residents, respectively.

When looking at Oregon's top brewing cities the list isn't very surprising. As expected, there are more breweries in Portland than any other city in Oregon, followed by Bend and Eugene ([Graph 1](#)).

Graph 1

**Oregon's Brewing Establishments by City
Summer 2013**



How Many People Work in the Brewing Industry?

In the summer of 2013, the brewing industry accounted for an average employment of 5,127 (Table 1). Although breweries contribute thousands of jobs to Oregon's economy the industry represents less than 1 percent of Oregon's 1.45 million private-sector jobs.

Brewing is a relatively small industry, however it is growing rapidly. During the past year brewing employment grew by more than 10 percent or 481 jobs. Employment growth in the brewing industry far exceeded the 2.7 percent increase in Oregon's private sector. The majority of the industry's growth during the past year came from brewpubs (+324 jobs), but manufacturing breweries grew by a staggering 15 percent between summer 2012 and 2013. All regions of the state gained jobs in the brewing industry over the year with the Willamette Valley posting the most significant gains, up 29 percent or 167 jobs.

As with total breweries, the Portland Metro area dominates the industry in terms of **total employment**, accounting for 44 percent of Oregon's 5,127 brewing-related jobs. Central Oregon lays claim to the highest concentration of brewing-related jobs with 1.32 percent of private-sector jobs in the brewing industry.

**Table 1
Oregon Breweries Growing Rapidly**

	Employment, 3rd Quarter 2013	Over-the- Year Growth	Brewing as a Percent of Private-Sector Employment
Willamette Valley	738	29%	0.23%
Mt. Hood and Gorge	271	18%	1.03%
Central Oregon	870	15%	1.32%
Southern Oregon	294	12%	0.22%
Oregon Coast	553	10%	0.94%
Eastern Oregon	169	7%	0.32%
Portland Area	2,232	3%	0.29%
Total	5,127	10%	0.35%

Brewery Pay and Wages

More than 75 percent of the brewing industry's employment is in brewpubs. As a result industry wages and hours tend to be fairly low due to the restaurant component of these pubs. There is a high level of part-time employment in brewpubs, averaging about 22 hours a week. There are fewer part-time workers in manufacturing breweries where workers average closer to 30 hours a week.

The restaurant component of brewpubs also results in a lower median pay compared with workers at manufacturing breweries. Median brewpub pay in 2013 was \$12.61 an hour compared with \$16.24 an hour for workers in Oregon's manufacturing breweries.

During the past year, the brewing industry was responsible for \$129.4 million in payroll. [Average annual pay](#) in the industry was \$28,190, quite a bit lower than Oregon's private-sector at around \$44,000. The region with the highest annual average brewery pay was the Oregon Coast at \$33,455. It is also interesting to note that payroll increased by more than 12 percent over the year, while employment only increased by about 10 percent.

Why is the Brewing Industry Growing?

Many question the long-term viability of breweries and wonder whether or not there is a brewery bubble forming. This does not seem to be the case as American's taste for craft beer is gaining traction. According to the Beer Institute, craft breweries increased their market share of the beer industry from 2.6 percent in 2001 to 5.7 percent in 2011. These craft breweries are taking a bite out of the large domestic beer producers as their market share dropped nearly 6 percentage points over that 10-year period. Besides this growing taste for craft beer, the brewing industry is gaining traction in Oregon from an emphasis on providing a local product to a specific consumer, growing industry expertise, and beer tourism.

The new Thunder Island Brewing Company in the Columbia River Gorge opened their doors for business in 2013. This brewery was envisioned and developed to serve the small outdoor community in the area. According to their co-owner Dan Hynes, "We decided on Cascade Locks for its proximity to outdoor amenities? We wanted our brewery to be located in a place where we could connect with individuals who had similar passions and Cascade Locks was a perfect fit." They hope to draw in cyclists, hikers, backpackers, etc. who are recreating in the Gorge and looking for an après beer.

Oregon's brewers are gaining recognition as being experts in the industry. Oregon State University in Corvallis and Central Oregon Community College in Bend are tapping into this expertise to offer professional brewing programs to help supply an educated [workforce](#) for this growing industry. According to Nancy Jumper, Program Manager at COCC, "The college determined that providing education beyond home brewing was something that would support the growth of the local craft brewing industry." These programs are now drawing interest from prospective students around Oregon and beyond.

Finally, an emphasis on beer tourism is helping to bolster Oregon's brewing industry. In Bend, marketing efforts such as The Bend Ale Trail are being used to draw beer tourists. According to a recent survey from Visit Bend, approximately 45 percent of visitors stated they plan on visiting a brewery on their trip to Central Oregon. As a result, the tourism industry in partnership with local breweries is bringing outside dollars into local communities.

By tapping into new consumers, such as tourists, local communities, and outdoor recreationists, the brewing industry will likely continue to grow in Oregon. Educational programs and courses, such as those being offered at Oregon State University and Central Oregon Community College, are helping to supply the industry with an educated and knowledgeable workforce that it will need for future growth.

