



# To Contract or Not to Contract:

Considerations in an Oversupplied Hop Market

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**Hopsteiner**  
est. 1845

## Agenda:

- Introductions – Hopsteiner & Heather
- 2024 Hop Harvest and Status of the Industry
- Hop Contracting Considerations, Questions and Watchouts



- Introductions

# Quality Hops

## Since 1845

- Hopsteiner is a full service, vertically integrated hop supplier
- We grow, breed, and process the highest quality hops and hop products available
- Serving as a dedicated partner for breweries of all sizes
- While helping brewers source public and proprietary hop varieties from across the globe
- Began in Germany, headquarters in NYC since early 1900s



# Heather McReynolds – Northeast Rep

## My role

- Manage education, customer service, sales and outreach for Hopsteiner in the Northeastern US, based in Brooklyn, NY

## My background

- Started as a beer bar manager while in grad school at UF in Gainesville, FL (Go Gators!)
- Began brewing commercially at small brewpub in GA
- Moved to Brooklyn to brew at Sixpoint, became the head brewer of their 20bbl pilot facility in Red Hook
- Jumped to marketing and social media with Guinness
- Now three years on Hopsteiner team



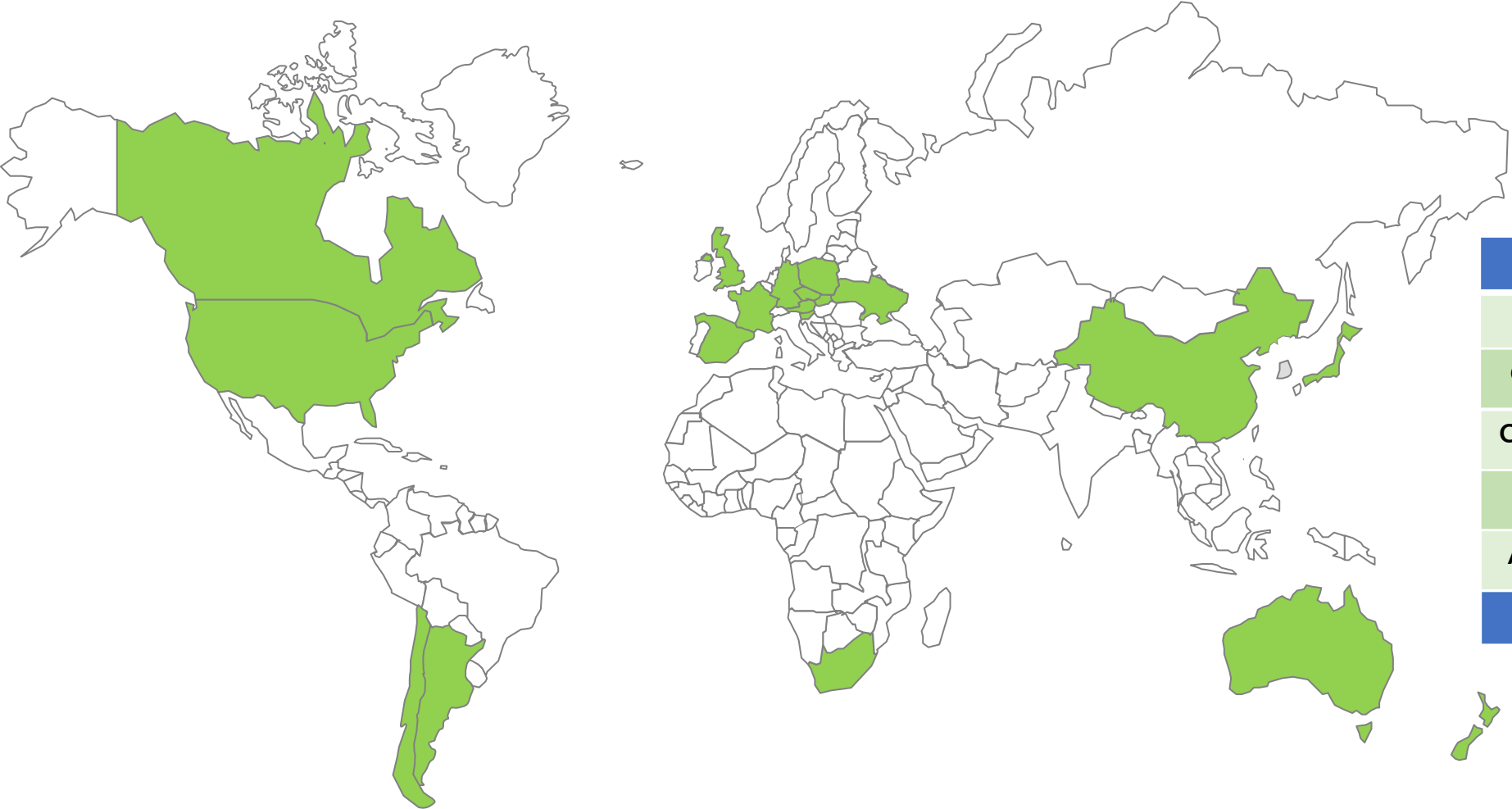
- 2024 Hop Harvest and Status of the Industry

## Industry Status After Harvest 2024

- After acres peaking in 2021, the US hop industry continues to remove acreage to correct an oversupplied market.
  - 2024's 44,543 acres down 18% from 2023
  - There were smaller acreage cuts in 2022 and 2023, but good yields negated them
  - Largest cuts to Citra™, Mosaic™, Simcoe™, and Cascade
- Average harvest in Germany, but continues to be a special consideration
  - No irrigation, crop relies on rainfall
  - Acreage isn't growing and US brewers are increasingly seeking out German hops
- UK, NZ, AUS all had average harvests

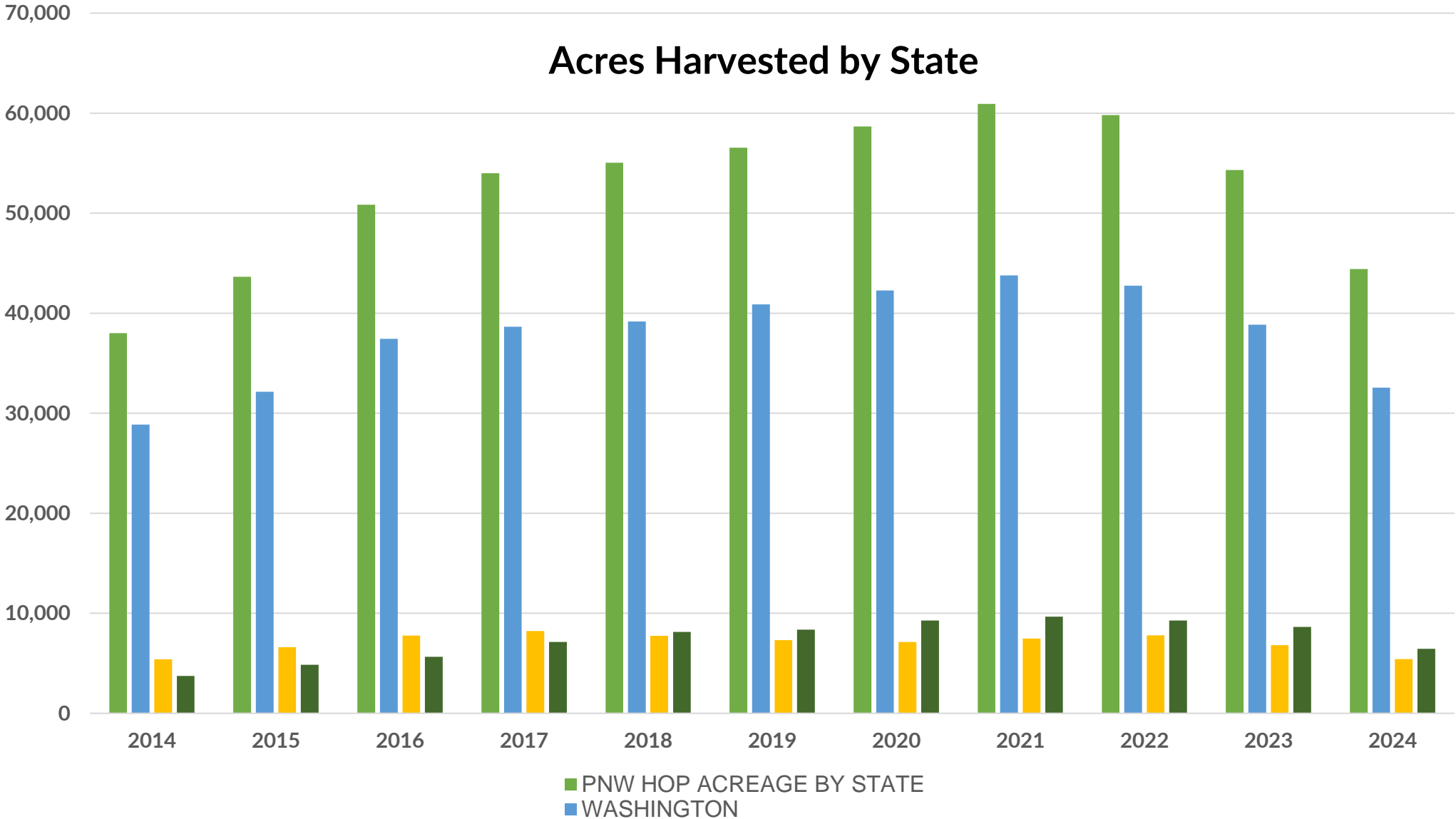


# Global Hop Market – Crop 2023



Country	Acres	%
USA	55,931	37.4%
Germany	50,974	34.1%
Czech Rep.	12,009	8.0%
China	6,343	4.2%
All others	24,208	16.3%
<b>Total</b>	<b>149,466</b>	





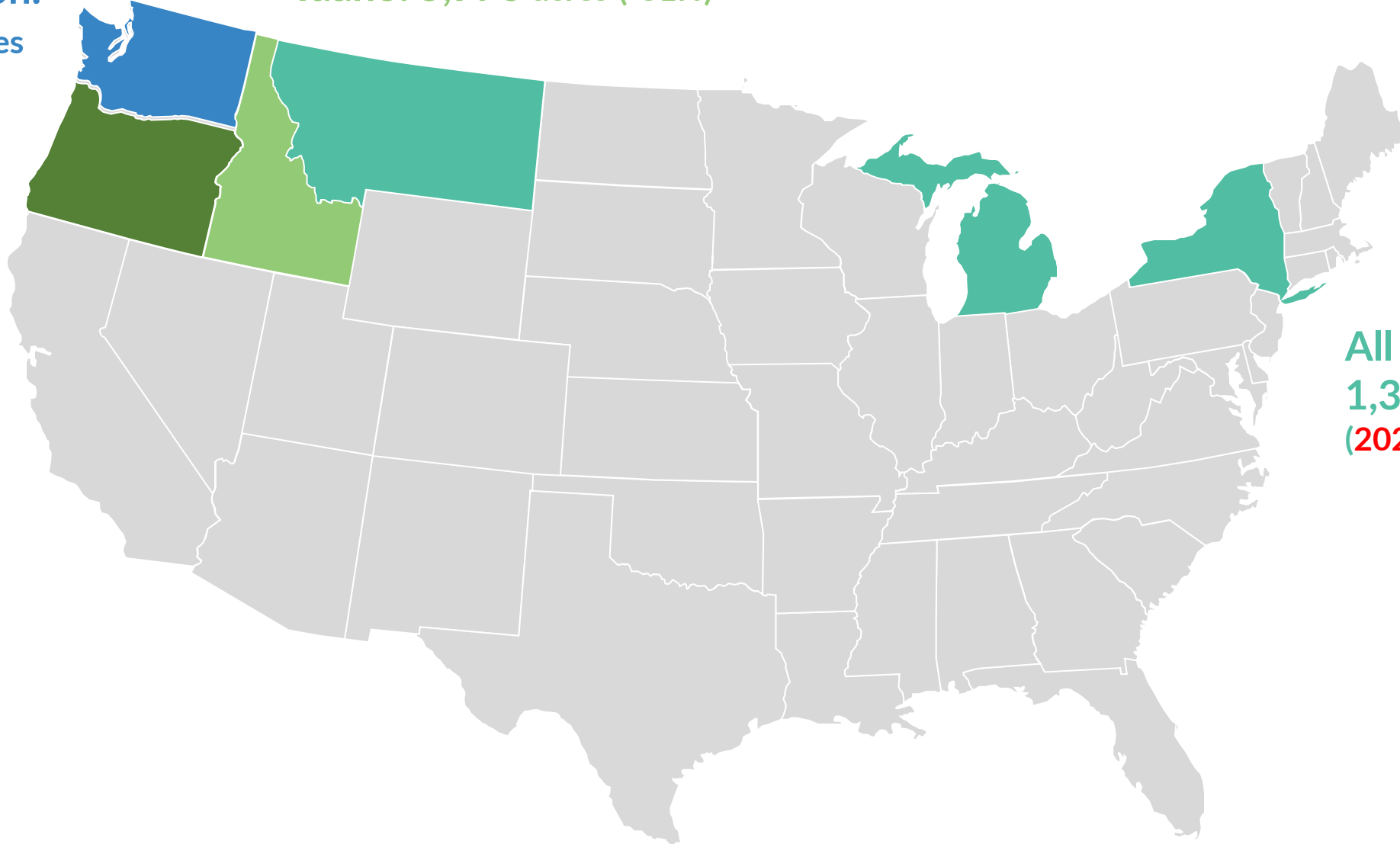
Source: 2023 Hop Growers of America "Stat Pack", USDA Strung and Harvested Acre Report, Production Report

# US Hop Market – Crop 2024

**Washington:**  
32,982 acres  
(-15%)

**Idaho:** 5,970 acres (-31%)

**Oregon:**  
5,591 acres  
(-18%)



**All Non-PNW:**  
1,392 acres  
(2023 - 0%)

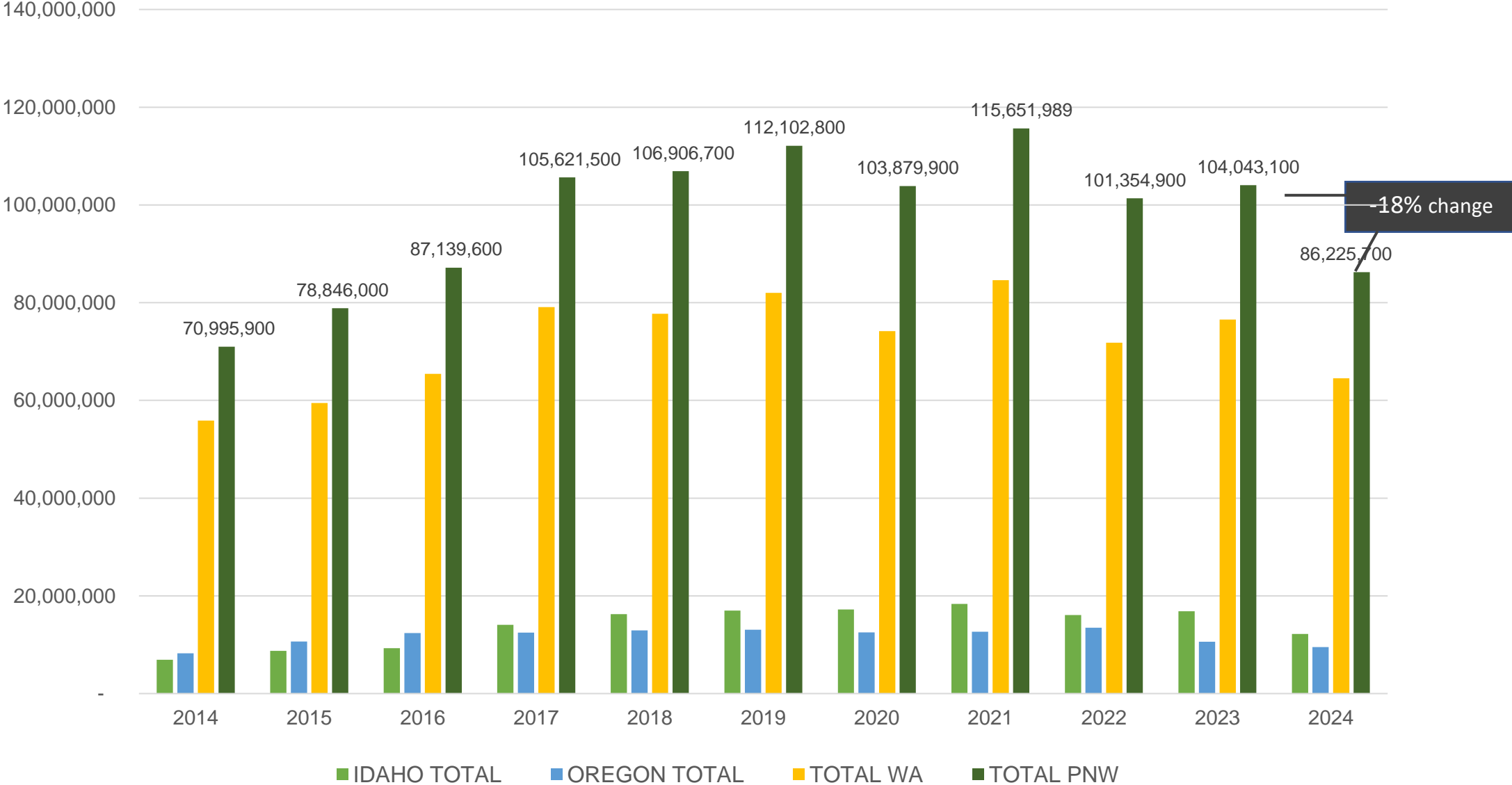
# Hop Market – Northeast Crop 2023



State	Acres Harvested 2023
Connecticut	10
Maine	15
Massachusetts	15
New Hampshire	2
New Jersey	10
New York	300
Pennsylvania	20
Rhode Island	5
Vermont	38
New England Total	85

# 2024 USA Crop Estimate – Pre-harvest

## Annual Hop Production in Lbs. (2024 estimated)



Source: 2023 Hop Growers of America "Stat Pack", USDA Strung and Harvested Acre Report, Production Report

# USA Crop 2024 Acreage by Variety

Variety	2023	2024 EST	% Change
Citra®	8,856	6,720	-24%
CTZ	6,354	5,488	-14%
Mosaic®	5,276	3,617	-31%
Simcoe®	4,206	3,310	-21%
Cascade	4,484	2,985	-33%
Centennial	2,489	2,515	1%
HBC 682	2,226	2,414	8%
Amarillo®	2,177	2,006	-8%
Helios™	1,509	1,969	30%
Chinook	1,701	1,208	-29%
Apollo™	1,011	1,081	7%
Eureka!™	1,177	887	-25%
Pekko™	1,045	800	-23%
El Dorado®	863	681	-21%
Strata™	899	613	-32%
Willamette	1,097	514	-53%
Idaho 7®	438	410	-6%
Azacca™	401	387	-3%
Saaz	380	380	0%
Super Galena™	368	355	-4%
Ekuanot™	373	347	-7%
Crystal	363	321	-12%
Palisade®	260	316	22%
Cluster	202	288	43%
Tahoma	489	283	-42%

Variety	2023	2024 EST	% Change
Nugget	394	276	-30%
Cashmere	349	257	-26%
Comet	283	228	-19%
Sabro™	203	203	0%
Summit™	200	200	0%
Mt. Hood	218	195	-11%
Calypso™	162	162	0%
Mt. Rainier	387	159	-59%
Hallertau	159	159	0%
Warrior®	148	128	-14%
Galena	130	120	-8%
Bravo™	219	115	-47%
Loral™	161	107	-34%
Sultana™	108	93	-14%
Lotus™	98	90	-8%
Delta™	19	76	299%
Ahtanum™	80	40	-50%
Sterling	30	40	33%
Northern Brewer	58	39	-33%
Magnum	28	28	0%
Liberty	25	25	0%
Glacier	18	18	-2%
Vanguard	18	18	3%
Tettnanger	11	11	0%
Triumph	30	30	0%
<b>TOTAL PNW</b>	<b>54,318</b>	<b>44,543</b>	<b>-18%</b>

Notable reductions of 20% or greater

- Citra
- Mosaic
- Simcoe
- Cascade

Notable increases of 20% or greater

- Helios
- Palisade™
- Cluster
- Delta

Notable stable varieties

- Centennial
- US Saaz
- Sabro™
- US Hallertau

- Hop Contracting  
Considerations, Questions, Watchouts

# Why is Contracting Important to Consider?

## Security of Supply

- Even with an oversupplied market, some varieties are still in tight supply/demand
  - Experimental varieties
  - European noble hops
  - Low-yielding hops
- Volatility in crop production can affect availability
- Forward contracting guarantees at least some supply to brewers



# Why is Contracting Important to Consider?

## Price Stability

- Hop prices can be volatile, contracts smooth out price swings

## Financial Planning

- Contracts give the brewer visibility into one of their most important raw materials costs

## Contracts Signal the Industry

- Growers and Brokers' planting and purchasing decisions are directly related to brewers' contracts
- Rarer varieties, experimentals, might not be planted without contracts in place





# When Does Contracting Make Sense?

Regardless of brewery size and production ask these questions:

- Is there a hop I'm using in multiple beers?
  - If my brewery stops brewing one of the beers, can I use the hop in other places?
- Is it important to the brewery?
  - Is it featured in a beer and/or highly desired for other reasons?
  - Or is it a more niche variety that's not widely grown? Would you consider substituting it?
- Can I at least use the contract minimum in a year, or take in the remainder? Consider contract terms.
  - Hopsteiner min is 220lb (5 cartons) per variety per year
  - If you don't anticipate using the total in a year, do you have cash to bring in what might be left to avoid storage and interest fees? Do you have cold storage space?
- Is consistent quality/same lot important to me?
  - Contracting and receiving the same lot during the year ensures flavor/aroma stability, continuity, ease of brewday use
  - Be wary of storage locations of hops from third-party sellers
  - Look at selection minimums
    - With Hopsteiner, you can select US hops in Yakima for 220lb minimum

# When Should You Reconsider Contracting?

## When, for the most part:

- You're a new brewery
  - You should be able to plan your hop needs for at least a year out before contracting
  - You should aim to get an idea of what beers/hops your customers like before locking in hops
- You're flexible on hop varieties, not married to any specific ones
  - You're fine using substitutes as needed, whether a hop is unavailable or has gotten expensive
- You're making a ton of one-offs or are a small-ish brewery making small batches
  - You probably don't want to be tied into a contract!



# So You Want To Consider a Contract?

- **Forecast your needs**
  - One year out is minimum, go two or three if you feel confident, depending on variety
- **Consider a stepped contract structure**
  - 90-100% contracted for current brew year (Year 0)
    - Communicate with supplier on current brew year spot availability!
  - 75% contracted for next brew year (Year 1), 50% contracted for Year 2
  - Recommended structure to facilitate frequent conversation with your supplier and allows for flexibility to meet any changing needs
  - Make note of when hops will be available
    - US, typically Dec/Jan/Feb after harvest. German hops can be as late as June
- **Ask lots of questions! Read the fine print!**
  - What are the storage and interest fees, and when do they kick in?
  - What are the shipping terms (EXW, required removal of inventory?)
  - When will I be invoiced? Do I have to prepay upon signing?
  - What flexibility is there for swaps, if needed?
- **Get quotes from multiple suppliers!**
  - Pricing may vary by more than you think, and some suppliers' terms may be more flexible, which could suit your business better

- Order your hops – it's common sense, right?
- Track your balances
  - What's the hop supplier's interface like?
- Keep track of your forecasts
  - Will you need more hops?
  - Or are you overcontracted?
  - Communication with your hop supplier is key, as well as your brewery's stakeholders



## Modifying Contracts

- Every supplier handles differently, ask upfront before signing
- A modification is NOT a cancellation
- At Hopsteiner, same year variety swap, pushing out to future crop years or a combination of both are available
  - Example - contracted for 220lbs Cascade, used 176lbs before it was no longer needed. Remaining 44lbs is swapped into another US variety

# To Sum Up Contracting

- Communication is KEY
  - With your supplier and your team
- Review frequently
  - Easier and less painful to adjust earlier than later
- Use your suppliers as a resource
  - I do this every day!
- Be aware of the general status of the industry
  - Currently oversupplied, but the pendulum will eventually swing back the other way
- A contract is a tool to buy hops... but also a partnership



# Resources

## Organizations

- Master Brewers Association (MBAA)
- Brewers Association

## Statistical Reporting

- Hop Growers of America ([usahops.org](http://usahops.org))
- USDA ([nass.usda.gov](http://nass.usda.gov))
- From individual suppliers (Hopsteiner, YCH, Haas, Crosby, etc)

## People/Blogs

- Stan Hieronymus ([appellationbeer.com](http://appellationbeer.com))
- Eric Sannerud (Hop Notes blog)
- Brewing Industry Guide