

# Cascade, Centennial & the Importance of Contracting

Contributed by Ashleigh Hayden, Yakima Chief Hops



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Cascade and Centennial are two of the most classic American hop varieties and have played important roles in the history of craft beer. Arguably seen as the foundational varieties of the craft beer movement, even as new varieties emerge, they are still strong contenders for brewing aromatic and flavorful beers. For many, these varieties are still synonymous with a delicious Pale Ale or West Coast IPA.

Since the early 2000's, these varieties have experienced an ebb and flow in the market, from low supplies and high prices, to an abundance of readily available inventory. Over the past few harvest seasons, our growers have experienced overall solid yields and great quality for both Cascade and Centennial hops, resulting in a steady, consistent supply.

Because of this, more and more breweries across the globe have begun to shy away from contracting these varieties, knowing that they have become so easily accessible at low prices due to a heavy supply. This is not uncommon in the hop market, however, it can be detrimental to a balanced supply chain. It can have a ripple effect that impacts the brewing industry as a whole.

Growers rely on brewer contracts to create appropriate forecasts before each growing season, determining whether to expand or reduce acreage and how many acres to allocate for which variety. As a commercial brewer, your contracts act as signals to the growers that allow them to respond to the needs of brewers accordingly.

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Unlike many other agricultural crops, hops have a tremendous upfront infrastructure cost, and are produced from perennial roots or rhizomes. Once a field is established, it can take two to three years for a grower to actually see [sustainable returns](#) on the acre. And due to the complex nature of hops, adjusting acreage comes at a significant cost to the grower and changes are limited within any given crop year.

Less contracts for Cascade and Centennial signals to the growers that there is less of a need for these hops, as they cannot accurately depict the true market demand without them. This has resulted in a gradual yet consistent reduction of acreage for these varieties. In addition, the previous high supply and low prices for Cascade and Centennial over the last year have ultimately led to unsustainable returns for growers, also causing them to allocate acreage to other varieties.

Each year, the USDA provides a national acreage update. Based on the harvested volumes for 2018 and 2019, as well as the overall acreage planted for 2020, you can see large shifts in acreage happening for Cascade and Centennial.

Source:

[https://www.nass.usda.gov/Statistics\\_by\\_State/Washington/Publications/Hops/index.php](https://www.nass.usda.gov/Statistics_by_State/Washington/Publications/Hops/index.php)

	Harvested	Harvested	Strung	
<b>Cascade</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>By State % reduction</b>
WA	4274	3711	2825	24%
OR	1064	912	721	21%
ID	836	710	452	36%
<b>TOTAL</b>	<b>8192</b>	<b>7352</b>	<b>6018</b>	
<b>Total % Reduction</b>	<b>10%</b>	<b>18%</b>		
	Harvested	Harvested	Strung	
<b>Centennial</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>By State % reduction</b>
WA	3875	3040	2421	20%
OR	698	614	461	25%
ID	0	0	0	
<b>TOTAL</b>	<b>6591</b>	<b>5673</b>	<b>4902</b>	
<b>Total % Reduction</b>	<b>14%</b>	<b>14%</b>		
<b>Overall Centennial and Cascade acreage change compared to all acreage in US</b>				
	2019	2020		
Cascade	9%	7%		
Centennial	6%	5%		

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So what does this mean as a brewer? As volumes of Cascade and Centennial become less available, and as farms still growing them need sustainable returns, the prices for these varieties will begin to increase. There will also be less inventory available on secondary markets. Without further signals from brewers through their contracts indicating that more volume is needed, we will continue to see a reduction of acreage for these varieties.

Due to their popularity, these varieties stand out as being largely affected by a lack of accurate contracting, but many other varieties see similar impacts. It is important now more than ever, especially in these uncertain times, to maintain and secure contracts for hops you know you will need. Relying on the spot market alone is not a viable long-term strategy and can also mean continued volatility for both growers and brewers.

To discuss potential adjustments to your contract, please reach out to your regional sales team. The best way to maintain a healthy supply chain is through transparent communications.



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