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FOOD & LIFESTYLE

TAPPING INTO RESILIENCE

How local breweries thrive amid market challenges

Chris Keeton, head brewer of Alaro Brewing Co., explains how the brewing system works.

MENGYUAN DONG



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The beer industry has faced its share of challenges recently. In the Sacramento region, brewers are working to adapt and find their footing in a changing industry.

Since the pandemic, many local breweries have changed their business models or added offerings to stay afloat. New Helvetia Brewing Co. [restructured its ownership](#) to navigate financial hurdles, while others [added food service to attract customers](#) and rely less on food trucks.

Despite the challenges, new breweries are still opening, and there are untapped areas offering opportunities. Many brewers are trying to stay positive about what's ahead, viewing it as an ongoing game of adaptation as they enter the new year.

Brewery saturation point, or not?

Statewide, the number of breweries steadily increased from 2011 to 2020, then reached a stable point with openings and closures balancing out, resulting in little overall growth, according to the Brewers Association.

However, Ryan Campagna, brewmaster at Touchstone Brewing Company, believes that saturation isn't a challenge facing the Sacramento region beer market.

"I've been asked a lot of times, like, 'When are there gonna be too many breweries?' I've never seen that asked in the wine industry," said Campagna.

Want to explore the local beer scene? [Here's an interactive map of breweries and taprooms across the Sacramento area.](#)

According to the California Craft Brewers Association, more than 1,100 craft breweries are currently operating across the state – the highest number in the country. However, when it comes to breweries per capita, California only ranks 31st.

A former president of the Sacramento Area Brewers Guild who remains on the board, Campagna said he hasn't seen a drastic decline in the industry like some other areas in the country are seeing.

“The days of building a small brewery and selling it for \$1 billion are probably over, but I think there's still plenty of room for growth,” Campagna said.
“People like to hang out and drink.”

Touchstone Brewing, owned by Touchstone Climbing, opened during the pandemic. The brewery initially sold canned beer through a roll-up door before opening its interior space and adding a kitchen this May.

Adjacent to the climbing gym Sacramento Pipeworks, which is also owned by Touchstone Climbing, the brewery has become a hub for rock climbers to socialize after their exercise. It's also attracted patrons beyond the climbing community, particularly since adding its kitchen and experiencing growing popularity.

Campagna told the Business Journal that he added three tanks during the past year, doubling beer production since he started.

Scott Johnson, a winemaker and co-owner of Solid Ground Brewing in Diamond Springs, agreed that the beer industry is far from reaching a saturation point compared to the wine industry.

“You might come to a wine region and find 40 wineries, but we’re certainly not finding 40 breweries in El Dorado County,” Johnson said.

Still, with the wide variety of beers available in the region, Johnson stressed the importance of maintaining high production quality to retain and attract customers.

Solid Ground Brewing produced 3,713 barrels of beer and cider in 2023. During the Covid pandemic, the company had to reduce staff, and its revenue fell to just 35% of pre-pandemic levels. Johnson said revenue has since rebounded to about its pre-pandemic levels, and the brewery now employs 20 people, up from 12 during Covid.

The power of community for breweries

“Do we really need another brewery?” This is the joke Chris Haupt often heard from customers when his brewery first opened. Based on his market research, his answer was yes.

A longtime home brewer, Haupt was confident that it was feasible to open a brewery in Auburn after the challenges of Covid. He and business partner Kris Bartow [opened Two Ass Brewing Company in July](#).

“We were 100% convinced that post-pandemic, people would still want to be part of the community and get together again,” Haupt said.

The concept for Two Ass Brewing is neighborhood-focused. It's located in downtown Auburn, with proximity to Old Town Pizza. About a quarter of its guests are locals who can walk to the brewery, Haupt said.



Two Ass Brewing Co. in Auburn

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Before Haupt opened Two Ass Brewing, Auburn was already home to well-known breweries including Crooked Lane, Moonraker and Knee Deep.

While he feels fortunate to be in a region where people are passionate about beer and that attracts tourists for beer trips, Haupt said that it takes effort to stand out among the competition.

Many breweries in the area focus on hoppy and hazy products, Haupt said.

To fill a gap and differentiate itself, Two Ass Brewing chose to emphasize the malty and grain side of beers, like German styles and American amber red ales.

Since opening, Haupt has seen month-over-month growth with a model focused on taproom sales and distribution to local businesses within a 15-mile radius.

“We’re friendly competitors,” Haupt said, when describing the brewing community in Auburn and the larger Sacramento area. “The breweries know

each other, we visit each other, and we're each other's customers."

In addition to hyper-local hubs, brewers have built a broader community in the region.

The Sacramento Area Brewers Guild hosts quarterly meetings for brewery owners to get together, share information, and drink beer, said Chris Keeton, the current president and also head brewer at Alaro Brewing in Midtown Sacramento.

The brewers talk about everything from parking issues to the rising costs of CO2 in those gatherings.

"You'd be surprised how much our companies actually collaborate," Keeton said. In the Midtown community, breweries support each other from sharing labels on the taps, making beers together, to recommending customers to one another.

"Those are really fun moments, and those moments are born off of hundreds and thousands of conversations and shared frustrations and shared dreams," Keeton said.

Consistency and adaptation in the beer industry

Still, brewers acknowledge that the industry has been through bumpy times in recent years resulting from the pandemic, competition, rising costs and changing consumer habits.

Being in Midtown, a good portion of Alaro's customers are working people nearby, and the death of happy hour culture during the pandemic and fewer lunch-goers hurt the business.

Alaro expanded its other beverage list, including cocktails, and started bottling beers after the pandemic. The team also comes up with creative ideas to sell the beers, such as creating a unique mosaic pattern for every beer style and optimizing the website's search engine optimization to boost exposure.

Solid Ground's Johnson never thought he would get into the food business when he got into the industry in its boom time, when [Ballast Point was acquired for \\$1 billion](#) and [Lagunitas Brewing Co. sold for \\$500 million](#). Now, Solid Ground has embraced diversification. Starting off as a winery and brewery, it now offers food, cider and sparkling wine as well.

"It's adapt or die," Johnson said.

It's also important to be realistic and cautious about scaling up, small brewery owners emphasized.

"Breweries can fail initially as they overbuild," Haupt said. While he has access to the entire building that houses Two Ass Brewing, he has so far utilized only one-third of the space. Haupt said he's monitoring how things progress and plans to decide by spring whether to expand within the current building.

Touchstone's Campagna also said he wants to keep his business small at this point. He credits its early growth to a business model that didn't rely too much on distributing to other sellers.



Ryan Campagna in his brewing facilities for Touchstone Brewing Co.

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"If the economy takes a little bit of a hit, or the industry takes a little bit of a hit, those focusing on distribution probably have a harder time," Campagna said.

Touchstone expects to close out the year having produced roughly 600 barrels of beer.

Many brewers said it's important to maintain consistency in their core beer offerings while adjusting the menu with innovative ideas.

Johnson has noticed a trend in Diamond Springs that patrons are going back to enjoying classic and simple beers – not flashy, crazy, "whatever IPA with all kinds of fruit in it."

Offering consistent beers and not following hype has panned out for Solid Ground.

“It’s like you’re gonna get this beer, and it’s gonna taste the same every time,” Johnson said.

Potential for brewery growth in Sacramento area

Looking at the map, there are roughly 85 breweries in the Sacramento region. Many are clustered in the city of Sacramento and along highways, but there are still untapped areas, such as Citrus Heights, Roseville and South Sacramento.

To encourage brewery growth, some cities have introduced incentives and strategies. Rancho Cordova, for example, [has developed the Barrel District](#) to promote its craft beverage scene.

In Citrus Heights, the city launched the [Business Attraction Incentive Program](#), offering grants to attract and support businesses, including breweries.

The application period for the program closed in June, and the city received one formal application for a brewery concept. Officials also had discussions with about five other groups interested in brewery ideas, said Meghan Huber, the city’s economic development and community engagement director.

Citrus Heights has been without a brewery for about 15 years, Huber said.

“It’s definitely a request that we got quite a bit from our community,” she said, explaining the motivation behind the city’s push to attract breweries.

DarkHeart Brewing held its soft opening in Citrus Heights on the Monday night before Christmas, becoming the city’s second beer-focused business after the taproom-only Humle Beer House. The city discovered DarkHeart after its former lease at 4339 Auburn Blvd. [was ended by the property manager](#).

City officials approved an \$86,000 grant to help DarkHeart restart its business. They also assisted with a site search, [ultimately securing 7110 Auburn Blvd.](#), which met requirements such as space, neighborhood connection, and parking.

“Doing business attraction like this isn’t just about a particular program,” Huber said. “It’s about having an ecosystem you can rely on between the business, the jurisdiction, the property owner, other support services, and development partners. You need to know what it takes to get them open.”

The Sacramento Business Journal has tracked at least seven breweries that are in the works. Besides DarkHeart in Citrus Heights, they are planned in places including El Dorado Hills, Roseville and Folsom.

THE LIST

Sacramento-area Breweries

Total number of barrels produced in 2023

Rank	Prior Rank	Brewery / Rank last year
1	1	Solid Ground Brewing
2	2	Crooked Lane Brewing Co.
3	3	Fort Rock Brewing
View This List		