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## Community and Economic Development in North Carolina and Beyond Blog: Brewery Incubators On the Rise

By CED Program Interns & Students

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The CED Blog has previously covered the economic development power of

breweries to revitalize downtown Main Streets. And the blog recently detailed the utility and potential of retail incubators in helping aspiring entrepreneurs launch a business and establish a physical store location. And now, something new is brewing that combines these strategies: the emergence of brewery incubators.

Given the growth of craft brewing—the industry contributed \$55.7 billion to the national economy in 2014, and here in North Carolina, the economic impact of craft breweries increased significantly from 2012 to 2014—it was perhaps only a matter of time until the incubator model, which has been a strategy for supporting new business growth for several decades, was applied to the world of craft beer.

Today, brewery incubation is a nascent trend, with only a handful of existing incubators currently in business across the country. And just like the craft beers being brewed in a myriad of styles, the brewery incubator model takes on a variety of forms. Some brewery incubators offer formal training programs to help hobby home-brewers learn the ropes of the business, while others focus on aiding small brewers with marketing and distribution logistics. But in general, much like co-working spaces or retail incubators, the brewery incubator model is designed to help aspiring brewers enter the market by helping offset initial start-up costs, providing a shared space and access to equipment, and allowing for interactions and collaborations amongst participants.

North Carolina is poised to gain its first brewery incubator next year, with the Rocky Mount Brew Mill set to open sometime in early 2017. The Brew Mill is part of the broader redevelopment of Rocky Mount Mills, the longest operating cotton mill in North Carolina. The mill shut down in 1996, and its redevelopment is now being led by the Capital Broadcasting Corporation, the developer behind Durham's American Tobacco campus. The hope is that the Brew Mill will spur local economic development, driving demand for future retail, office and residential development that will occur in other buildings within the Rocky Mount Mills complex. In anticipation of the Brew Mill's expected impact, two breweries have already opened in refurbished mill houses across from the Brew Mill's future home.

Let's now take a look at some specific elements of existing and planned brewery incubators that can help inform a town interested in exploring the possibility of opening an incubator of their own:

- **Partner with local educational institutions:** The Rocky Mount Brew Mill is partnering with Nash Community College to offer a degree program in brewing, distillation and fermentation. Classes will be taught at the Brew Mill, giving students the opportunity to learn from brewery incubator participants. The partnership is designed to take advantage of the expertise concentrated at the Brew Mill, while creating a pathway to employment for Nash



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Community College students.

- **Leverage existing brewery market to support new businesses:** The Steel Barrel Incubator, in Spokane, WA, opened in June 2016 in a neighborhood within an emerging downtown brewery district home to five local breweries. Breweries operate within the Steel Barrel Incubator as individual LLCs, and can serve their brews to customers through the Steel Barrel Tap Room, or move out and start their own brewpub as their business expands. By helping incubate new breweries in an area that already draws in craft beer loving consumers, these new businesses will be able to launch in a market with proven demand.
- **Provide a formal technical assistance program:** The Skeleton Key Brewery opened just last month outside of Chicago, and is designed to help entrepreneurs take their homebrew hobby to the next level. The incubator will offer a 12 week training program, offering participants lessons in commercial brewing, branding, financing and business planning. Their goal is to “help experienced, passionate homebrewers minimize the risk associated with bringing their award-winning brews to market.” The Skeleton Key Brewery will serve its own beers brewed on-site, as well as those made by incubator participants.
- **Focus on scaling up production and distribution:** Unlike some of the brewery incubator models discussed above that provide access to shared equipment as well as technical assistance and are targeted to new brewers, the Brew Hub in Lakeland, FL is focused on partner-brewing and primarily serves existing craft breweries that face capacity constraints. Under the Brew Hub model, craft brewers can brew their beer to their specifications at the Brew Hub facility, enabling them to “expand their distribution without the overhead costs of building a new brewery .” The Brew Hub also assists craft breweries with distributor agreements and services to help expand their market reach. The Florida Brew Hub has been open for two years, and there are plans to open at least four other similar facilities in the next five years.

Most of these brewery incubators are brand new, and the oldest has only been around for two years. It’s therefore difficult to measure their economic impact, and we won’t know for some time if these incubators are successful in creating new, sustainable craft beer businesses within their communities. Yet for those interested in the economic development potential that lies at the intersection of craft beer and entrepreneurship, brewery incubators represent a new, innovative model.

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