

BAYLEYS

THIRST FOR Beer BRINGS HOP GROWTH

After several years of zero growth or even decline in consumption, it appears New Zealanders are re-discovering their taste for beer. Renewing that love affair is also helping a valuable local industry, without which the taste of beer would make it almost undrinkable.

Hops, the flower cones used for flavouring beer are enjoying strong interest from brewing companies and investors alike thanks to New Zealand's ability to grow a wide variety of them, offer organic varieties, and maintain a vigorous co-operatively owned industry body.

Hop growing has been part of New Zealand's primary sector for almost 150 years, and today the robust sector is riding on the back of strong consumer interest in craft beers. This sector of the beer market has grown 17 percent in the past year, driving the 3.7 percent increase in overall beer sales. Craft beer now comprises 14 percent of total beer sales in New Zealand.

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Hops are integral to give beer its flavour and character, and the Tasman district has about 420ha of land in hops, with expectations it may reach 600ha by 2020, and be worth \$30 million.

Bayleys' sales consultant Rob Wallace says he recently completed a sale of one of the country's largest hop farms to investors with an eye on the crop's value and potential.

The sale of the 120ha property in seven contiguous land titles was the result of its vendor retiring after a lifetime of hop growing.

The property was marketed and sold as a going concern, including significant plant inventory and over 80,000 shares in the co-operatively owned hop marketing company New Zealand Hops Limited.

The purchase was by an investor with existing property assets in New Zealand. The investor's previous purchases included a bare land block intended for a green-fields creation of an even larger hop farm.

“The buyers could see the potential for further expansion this hop operation offered. The market environment globally is very positive for craft beer as the making of it requires extra use of hops,” says Rob Wallace.

The ability to grow hops in New Zealand is confined to a relatively tight geographic band running between Upper Moutere in the Tasman district at the top of the South Island, through to Motueka.

With their specific sunshine hours, requirements for ripening, and large water demand at certain times of the ripening process, hops represent a specific crop for a specific area and bring their own high capital demands to establish.



"I believe the only limiting factor to the number of productive hop farms is the capital required to set up a hop farm. This is quite considerable because large frame works have to be erected to hold the crop three metres off the ground, and considerable water storage is required," said Rob Wallace.

New Zealand Hops Limited reported a harvest of 750 metric tonnes from 400 hectares in 2016, with 85 percent of the crop destined for export and the majority forward-sold on a contract basis.

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This is reinforced by a research culture in hops that extends over 60 years, based around the Riwaka Plant and Food Research team.

It has meant the industry has been able to develop some unique flavoured hops like the "Riwaka" hop bred through the "hops with a difference" programme at Plant and Food's research centre.

Rob Wallace says most hops are grown in integrated orchard operations, next to apples and pears, offering a diversity to the pip-fruit income.

He currently has an integrated crop farm on the market at present

that includes a variety of income streams across kiwifruit, apples and the hops, with room for expansion.

Bayleys' former national country manager Simon Anderson said the hop sector was not the highest profile part of the New Zealand primary sector, but brought yet another possibility to diversify income and offered another opportunity in a strong horticultural region.

"The success of this sector really highlights how New Zealand is capable of producing niche, high-value food and beverage products that deliver a sound return and reflect a deep level of grower commitment, research and innovation."

