

2025 Georgia AG FORECAST

STRATEGIC INSIGHTS FOR GEORGIA'S #1 INDUSTRY



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EXTENSION

Georgia's Alcoholic Beverage Industry 2025 Outlook

Daniel Remar, Assistant Professor

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Main Takeaways

- For Georgia breweries, the year was marked by slowed growth and heightened competition amongst craft brewers, with production volume continuing to decrease moving forward. Georgia distilleries also saw a sizable contraction in 2023, attributed primarily to an increase in out-of-state distilleries and new products entering the market—especially at competitive price points. Wineries were the only beverage segment in Georgia to experience growth, driven largely by tourism demand and increased product quality, which should carry momentum into the future.
- Each beverage segment should continue to focus on growing on-premise sales and activities, leveraging consumer interest and demand for craft and quality to develop more dynamic experiences with tours and tastings, as well as increased opportunities to purchase products directly.
- Given the highly competitive nature of the alcoholic beverage industry, Georgia's breweries, wineries, and distilleries need to differentiate themselves. Marketing and communicating their locality is one relatively easy way to achieve this. This could include sourcing local ingredients, becoming more involved with the community by hosting events or sponsorships, or developing strategic partnerships with local restaurants to offer their products as signature or house exclusives.

Georgia's alcoholic beverage industry is comprised of three component sectors:

1. Breweries—establishments primarily engaged in brewing beer, ale, lager, malt liquors, and nonalcoholic beer
2. Wineries—establishments primarily engaged in one or more of the following:
 1. growing grapes and manufacturing wines and brandies
 2. manufacturing wines and brandies from grapes and other fruits grown elsewhere
 3. blending wines and brandies
3. Distilleries—establishments primarily engaged in one or more of the following:
 1. distilling potable liquors (except brandies)
 2. distilling and blending liquors
 3. blending and mixing liquors and other ingredients

For the last several decades, beer has had the largest market share of alcoholic beverage sales in the U.S. according to STATISTA, a statistics clearinghouse that aggregates data from thousands of sources. However, after years of sizeable growth that continued to eat away at beer's market share, 2022 marked the first time that distilled spirits became the dominant alcoholic beverage in terms of sales (42.1% market share compared to 41.9% for beer). Wine's market share has remained relatively consistent over the last two decades but has decreased from 17% to 16% in the last 5 years.

Breweries

In the U.S., breweries are classified by size, production volume, and ownership structure. One of the most important types of breweries, in terms of production, number of establishments, and social and economic impact, are **craft breweries**—small, independent operations that produce 6 million barrels of beer or less annually and less than 25% of the brewery is owned or controlled (or equivalent economic interest) by a beverage alcohol industry member that is not itself a craft brewer. Most Americans live within 10 miles of a craft brewer, and these establishments also tend to be very involved in their communities through philanthropy, product donations, volunteerism, and sponsorship or hosting of events. The United States is the second largest beer producer worldwide behind China. Figures from the National Beer Wholesalers Association show there were almost 14,600 total approved breweries in 2023.

According to the American Brewer's Association, the trade association representing small and independent craft brewers, the overall U.S. beer market shrank 5% by volume in 2023 (with \$116.9 billion in sales), with craft brewer sales volume declining by 1% (\$28.9 billion). Craft beer sales represented 13% of the U.S. beer market by sales volume. Though the number of total U.S. craft breweries grew slightly by 0.9% from 2022 to 2023 (from 9,675 to 9,761 establishments), regional craft brewers and microbreweries saw the largest year-over-year decline in operations from 2022 to 2023 (−1.5% and −1.9%, respectively) but with taprooms representing the largest growth margin of 3.7%.

In 2023, Georgia had 181 craft brewers, a slight increase from 2022 (170), which ranks the state 18th in the country. Even though Georgia ranks 45th in terms of breweries per capita, the state ranks 13th in the country in the number of barrels of craft beer produced. Georgia is also ranked 13th in the country for total economic impact. Looking at the economic impact data from UGA's IMPLAN analysis, in 2023 the **total value added** (TVA)—defined as the total market value of all final goods and services produced in a given period of time, or a measure of its contribution to GDP—for breweries in Georgia was down 5% (\$715 million) from 2022's record high of \$745 million, though still a significant improvement from 2021 (\$622 million) and 2020 (\$573 million). The second-highest TVA over the last decade was \$720 million in 2019.

Wineries

With over 11,000 wineries in all 50 states, the U.S. wine market is the largest and most dynamic in the world with a total value of more than \$107 billion. In 2023, there were just 76 large-scale wineries, or those that produce more than 500,000 cases of wine per year, in the United States in contrast to 5,851 limited-production wineries (which produce

Over the last 20 years, U.S. wine production volume has increased from around 600 million gallons to a peak of over 800 million gallons between 2013–19 and then steadily decreasing to around 725 million gallons in 2023. U.S. wine sales volume also has begun to experience a steep decline from 2021, going from a peak of 445 million cases sold annually to 378 million in 2023 (a 16% drop in 2 years). In terms of alcoholic beverage sales and market share in the U.S., wine has remained steady at around 15.5%, peaking at 17% in 2021 and declining to 16% in 2023.

According to the National Association of American Wineries, Georgia had close to 80 different wine producers, almost double from a decade ago. The majority of Georgia wineries are located in the northern part of the state, which is sometimes referred to as the “Napa Valley of the South.” The Georgia wine industry is a major magnet for tourists and tourism-driven expenses, generating close to 250,000 tourist visits and \$84 million in annual tourism expenditures, benefiting local economies and tax bases. Looking at the economic impact data for 2023, the TVA for Georgia wineries reached a record high of nearly \$73 million, up nearly 23% from 2022 (\$58 million) and over 80% from 2021 (\$30.7 million).

Distilleries

Consumer demand and interest in distilled spirits have increased significantly over the past 20 years, with it finally taking the lead of market share for all alcoholic beverage sales starting in 2022, beating out beer for the first time. Retail sales of distilled spirits reached over \$103 billion in 2022, with consumers continuing to demonstrate a preference for premium spirits and cocktail culture. Like breweries and beer in the United States, craft spirits and distilleries not only play an important role in the industry overall, but also they are an increasingly popular destination for tourists and can aid in community and rural economic development.

According to the American Craft Spirits Association, to be considered a craft spirit, it has to be produced by a licensed distiller that makes less than 750,000 gallons annually, is marketed as craft, cannot be controlled by a large supplier, and must be majority-owned by a craft producer. There are generally three categories of craft distillers based on their production volume—small, medium, and large. In 2023, the United States had 2,753 licensed craft distillers, growing about 2.4% from the previous year.

Distilleries are the smallest segment of the alcoholic beverage sector in Georgia with a total of 57 craft distilleries in 2023. Georgia is tied for 18th place among U.S. states with craft distilleries. Economic impact analysis shows that the TVA for distilleries was \$56.5 million in 2023, down 18% from 2022 (\$67.7 million) and down significantly from 2019 (\$105.5 million, the record high).