



The Economics of Pacific Northwest Poultry: Investor Summary

OVERVIEW

Poultry is a relatively small part of Pacific Northwest agriculture and food systems; meat chickens (broilers) slaughtered in the region (Oregon and Washington) represented only 0.6% of the national total. Poultry of the Middle is virtually nonexistent in the Northwest: broiler farms in the wide range of size classes between 2,000–199,999 birds sold per year total only 1.2% of all farms, and produce 0.8% of all broilers sold from the region.



Indoor Broilers at Lazy B Ranch

In contrast to conventional poultry producers, who work under contract with large integrator firms that advance inputs and purchase output, alternative poultry producers purchase their own chicks, purchase or mill their own feed, and often slaughter and process some portion of the full-grown birds on the farm. Producers may also sell to multiple buyers including wholesalers, retailers, or direct to customers through on-farm sales or farmer's markets. Pastured poultry is the most important alternative production system for meat chickens. Pastured poultry systems can take a variety of forms, of which the field pen system is the most widely known and adopted in both the Pacific Northwest and the country as a whole.

Alternative poultry systems in the Pacific Northwest tend to be very small-scale. The vast majority of poultry operations (93.5%) in the region consist of less than 2,000 birds; these farms produce less than 0.2% of the birds sold in the region. To reach larger scale purchasing channels such as institutions, these micro-farms will need to scale up and reduce production costs. Investing in shared infrastructure including feed mills, processing operations, and joint marketing and sales approaches can assist small-scale producers in expanding operations.



SUPPLY DRIVERS

- **Feed Costs.** Feed costs can comprise 40% - 50% of the total production cost of pastured poultry, and 60% - 70% of on-farm costs (excluding processing).
- **Labor and Management Skill.** Improved management practices and skilled labor can reduce the amount of labor time needed to raise each bird, reducing production costs significantly.
- **Infrastructure.** Availability of low-cost feed and processing infrastructure is essential for reliable supply of pastured poultry to consumers.

DEMAND DRIVERS

- **Local Story.** Pastured poultry producers often market their products on the basis of local values and connection to place.
- **Institutional Purchasing.** Significant demand on the part of institutions (universities, hospitals, etc.) could be converted from conventional poultry to pastured poultry, if investments can be made to narrow the pricing gap.



Pasture pens at Botany Bay Farm

INVESTMENT RECOMMENDATIONS

- **Invest in existing small-scale poultry operations** to support growth to at least 15,000 net birds per year harvested, with a focus on increasing margins.
- **Invest in shared infrastructure for multiple farms.** It is possible that investing in shared feed milling or poultry processing infrastructure would reduce costs and increase viability for multiple producers.
- **Invest in “intellectual infrastructure”.** Software for inventory tracking, shared sales and marketing, brokerages or collaborative buying approaches could increase local poultry’s marketing power.
- **Conduct further research on price competitive local feeds.** Currently, feed comprises the single largest cost item for alternative poultry producers. The question of whether a feed produced in the Northwest would prove price competitive with existing commercial feeds requires further research.