

Over a Barrel

A Record 16 Million Unsold Barrels Mark Bourbon's Biggest Reality Check in Decades

BY BARBARA BASBANES RICHTER

The Bubble Bursts

Too much of anything is bad, but too much good whiskey is barely enough” applies to bourbon’s runaway success of the past two decades as production nearly quadrupled and bidding wars erupted over premium bottles crafted by Kentucky’s master distillers. Unchecked growth finally gave way in the past two years, leaving a record 16 million barrels of aging amber now sitting unsold. Distilleries faltered, forcing a sudden, sometimes painful, reassessment of how this happened and where to go from here.

“Warehouses were bursting at the seams and going up way too fast,” industry veteran and spirits consultant Jeff Hopmayer says about the past decade. “Many held investor barrels—far more than anyone could possibly sell. The distilleries toppling now didn’t fail because the whiskey wasn’t good. They failed because they forgot that growth without guardrails is a ticking time bomb.”

Among the first was Garrard County Distilling, which shuttered in April 2025 after 14 months of operation and \$250 million invested in a new distillery. In August 2025, Luca Mariano filed for bankruptcy protection under about \$34.5 million in obligations just weeks after opening, and then closing, its Danville-based distillery. Also in August, news broke that industry darling Uncle Nearest, recently valued at \$1.1 billion, defaulted on \$108 million in loans and faced accusations of inflating the value of its whiskey barrel inventory.

The big players stumbled, too. Diageo’s Bulleit and Campari’s Wild Turkey posted losses exceeding 7 percent, while Brown-Forman closed a barrel-making plant in Louisville, all triggered by an unsustainable business paradigm.

Building the Bubble

Following a 2018 Kentucky law legalizing vintage bottle resale, bourbon turned from drink into investment vehicle. The state’s output jumped 475 percent between 1999 and 2022, with most happening after the emergence of the collector’s market. New distilleries and investor-backed ventures raced to fill warehouses

for a buying spree they assumed would never end as legitimate demand morphed into speculation. Many companies “built for the boom, not the bust,” says Hopmayer. “Too much inventory, too much debt, too much ego, and not enough discipline.” During the mid-2010s, distilleries and rickhouses went up financed with investor capital and cheap debt under the assumption that every barrel would find a buyer.

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Those bets paid off for years. During the pandemic buying frenzy, three-year whiskey sold for \$80 and up, and by 2024, limited release bottles averaged over \$200 apiece. But customers soon reached a saturation point. “When young bourbon costs more than a well-aged scotch, that’s not innovation, that’s delusion,” Hopmayer says. “Consumers eventually pushed back, and when they did, shelves started filling with dusty bottles.”

Shifting Appetites

Bourbon writ large is hardly monolithic, but a reset is underway as mainstream and mid-tier brands face oversupply and falling demand. Overall spirits sales in the U.S. are slipping for the first time in three decades as alcohol volumes fell 2.6 percent in 2024 and continued dropping around 6.3 percent through the first quarter of 2025.

Premium offerings, however, are staying strong. Bourbon drinkers have not disappeared, but who they are and how they drink has changed. For one thing, “they are becoming more moderate,” says Janelle Basa, vice president at Taffer’s Bourbon, a spirits brand created by *Bar Rescue* host Jon Taffer. Americans



(L-R) John Taffer, creator of Taffer's Bourbon and CEO and founder of Five Springs, Lisa Sawyer Derman

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under 35 years old are drinking less and the sober curious movement has shifted from fad to new normal. “The entire industry is watching what’s happening with Gen Z drinkers,” says Five Springs CEO Lisa Sawyer Derman. “There’s a big focus on health, which is one reason why we think THC alternatives and ready-to-drinks are having such a surge.”

The use of GLP-1 weight-loss drugs like Wegovy and Ozempic have also dramatically altered people’s alcohol tolerance, so they’re being more deliberate about what they drink and why. For example, Derman says her bourbon is a natural choice for calorie-conscious drinkers because of its lower alcohol content. And of course, people are going to bars again since the end of the pandemic, but they’re ordering differently: fewer rounds, but better bottles.

Smokey Hill founder Blake Johns attributes sustained growth in the luxury and craft categories to distillers balancing tradition with innovation by “staying true to craft roots and prioritizing product quality over sheer volume.” Using heirloom grains and aging bourbon in secondary barrels to build on flavor are a few ways to innovate while maintaining the high standards that bourbon demands. Other distilleries are pivoting from bourbon’s reputation as a stereotypical

“man’s drink” by focusing on younger consumers and women through a revived cocktail culture and partnering with bartenders and mixologists to create bourbon-based libations.

Competition beyond traditional spirits has changed in the past few years, especially as cannabis and hemp-based beverages are no longer fringe products. Non-alcoholic alternatives keep trying to crack the market but basic principles of chemistry keeps working against them.

“Bourbon aging requires compounds that are both water- and alcohol-soluble,” explains Bryan Quoc Le, food scientist and author of *150 Food Science Questions Answered*. The mouthfeel



(L-R) Smokey Hill founder Blake Johns and food scientist and author, Bryan Quoc Le

COURTESY TAFFER'S BOURBON; COURTESY FIVE SPRINGS; COURTESY SMOKEY HILL

and complexity of bourbon are particularly difficult to replicate without additives that would legally reclassify the spirit as flavored whiskey. “Non-alcoholic versions risk becoming merely flavored water, as the alcohol-soluble compounds that give bourbon’s distinctive profile can’t be extracted.”

Also contributing to the current oversupply are ongoing trade tensions and tariffs. Exports of American whiskey to Canada dropped 85 percent, with double-digit drops in the EU and Japan as well, worsening the stateside rickhouse glut. At least the local regulatory landscape is shifting in producers’ favor. Federal rules permit new bottle sizes, and the Alcohol and Tobacco Tax and Trade Bureau finally formalized “American single malt whiskey” as a category. State laws are changing, too. In Pennsylvania, updated regulations will allow ready-to-drink bourbon cocktails to reach more customers. New York law recently extended COVID-era policies allowing bars and restaurants to sell alcoholic drinks to go, and several states, including California, Nebraska, and New Hampshire, have softened the rules surrounding direct-to-consumer shipping.

Echoes of Whiskey Loch

Master blender and 2XO founder Dixon Dedman recalls how, in the 1980s, scotch makers surged the market, but when buyers vanished, so did the distilleries. That era, dubbed Whiskey Loch, should serve as a cautionary tale for American blenders today. Then, as now, distillers raced to produce while buyers began pulling back. Whiskey Loch devastated the Scotch whisky industry, but it ultimately proved to be a cyclical low point from which the industry recovered. Soon enough, scotch began its revival, and in



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the years since, some (not all) bottles produced by now-defunct distilleries have become highly coveted by connoisseurs.

As for today’s predicament, Dedman thinks the real shift is in bourbon drinkers themselves. “The consumer is far more educated now and less likely to buy any new, supposedly allocated product with a high price tag.” Dedman believes this correction will force distilleries to “figure out who they are, what they are, what they want to be, and how they can connect with the consumer.”

Companies with staying power will be those with something to say and are committed to the future of bourbon in America. Uncle Nearest and Wild Turkey have history. Belle Meade is investing in communities and relationships, and several distillers, from Maker’s Mark to Heaven Hill are focusing on sustainability initiatives like responsible forestry and waste reduction—top priorities for today’s bourbon drinkers.

True Spirit

People going out to drink are looking for experiences to pair with their quaff, and recovery will hinge on distillers providing bartenders with the tools to deliver, like food pairing recommendations, cocktail recipes, and memorable stories worth sharing. When

consumers spend \$70 on an ounce and a half of whiskey, they expect more than pretty liquid in a Glencairn glass. To attract new customers, some distilleries are turning to flavored spirits, a sub-sector of the market valued at \$10 billion in 2023 and projected to nearly double by 2032. The brands with staying power will be those

with something exciting to say while perfecting their bourbon. “Are you building a brand or just moving liquid?” asks Andy Nelson, co-founder of Belle Meade Bourbon. “It’s tempting to pull back during uncertain times, but the long-term nature of whiskey demands consistency.”

(L-R) Master blender and 2XO founder, Dixon Dedman and co-founder of Belle Meade Bourbon, Andy Nelson



COURTESY BELLE MEADE BOURBON; VICTOR SIZEMORE; D570/GETTYIMAGES.COM; COURTESY FIVE SPRINGS

Blake Johns said experiments with alternative grains, including blue corn, show how craft producers can push boundaries while honoring the tradition inherent in this uniquely American spirit. Taffer’s Browned Butter Bourbon is promoting bourbon and food pairings as well as culinary integration, like bourbon-based bread pudding and sauces. Five Springs is focusing on a “bourbon refresh” by incorporating botanicals and other flavors. Tourism will be important to bourbon’s rebound. Kentucky’s Bourbon Trail welcomed 2.7 million visitors last year, and the Tennessee Whiskey Trail alone welcomes roughly 8 million tourists annually. People clearly want to come visit the land where these drinks are made and the distillers tend the product. Tennessee’s annual Grains & Grits event sold out its increased ticket allocation in just seven minutes. The Kentucky Bourbon Festival in Bardstown has sold out for four consecutive years, and may do so again for the 35th anniversary edition scheduled for September 2026. Each pumps

much-needed revenue into restaurants, hotels, and local attractions. Steady domestic traffic and an increase from abroad should buoy the industry in the coming year, and distilleries tantalizing visitors with more behind-the-scenes tours and seasonal pop ups will naturally extend visitor stays.

The slowdown has allowed distillers to reassess their identities and remember that authenticity and innovation aren’t opposing forces. The most resilient producers are, and will continue to be, rooted in creating outstanding spirits while sharing the stories that burnish the reputations of these distilleries: Belle Meade is building deep relationships, Smokey Hill champions its distinct western influence, and giving back to veterans is at the core of the Four Branches ethos. Ultimately, strength will come from commitment to craft and to preserving the rich heritage of this spirit. And doing all that takes time, as Hopmayer reminds us: “Growth is sexy, but longevity is what makes a legacy.” †