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# Heaven Hill Cuts Bourbon Output as Demand Cools

Kentucky distillers trim production and jobs after years of expansion, even as tourism stays strong.

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Heaven Hill Brands is cutting bourbon production this year and other Kentucky distillers are trimming output and jobs as global demand cools, a shift that is rippling through the state’s signature spirits industry even as companies continue to invest in new facilities and tourism remains strong.

The slowdown comes after years of rapid expansion in Kentucky, where bourbon makers added capacity to meet what they expected would be sustained growth at home and abroad. Heaven Hill, known for Evan Williams and Elijah Craig, opened a new $200 million distillery in the heart of bourbon country last year, adding 155,000 barrels of capacity. Now the company says it will produce less bourbon than it did last year as it paces production after a decade of growth.

The industry's adjustment reflects a mix of weaker consumer demand, higher costs and uncertainty over trade policy. Liquor consumption has fallen from pandemic-era highs as inflation has squeezed household budgets and younger drinkers have cut back. Tariffs have raised the cost of imported inputs and complicated efforts to expand overseas sales. Energy prices have also become a concern after U.S. attacks on Iran pushed oil markets higher, raising worries about fertilizer costs for corn, bourbon's main ingredient.

Kentucky produces about 95% of the world's bourbon, and the industry supports 24,000 jobs in the state, according to research led by Michael Clark, an economist at the University of Kentucky. But that employment base is under pressure. Distillery jobs were down 1.7% year over year as of last September, Clark found, and nearly a third of distillers surveyed said they had cut jobs. Brown-Forman, owner of Woodford Reserve, cut 12% of its workforce in 2025. Lofted Spirits laid off workers last year and has reduced bourbon output by at least half, its chief executive said.

The strain is also showing up among suppliers. Canton Wood Products, a barrel maker in Lebanon, Ky., said sales fell to about 7,000 barrels last year from roughly 14,000 in 2022. The company laid off 8 of its 38 employees after tariffs increased the cost of oak imported from France and Japan. Barrel inventories across Kentucky have climbed to record levels, with 16.1 million aging barrels in storage, up 57% from 2020, Clark said.

Still, the downturn is uneven. Some large producers say they are adjusting production without seeing a long-term collapse in demand. Greg Hughes, chief executive of Suntory Global Spirits, which owns Jim Beam, said inflation and weaker demand in developed markets are the main reasons for the slowdown and argued that the industry will recover as newer markets grow. Heaven Hill's executive chairman, Max Shapira,

said current tariffs were not especially significant for his company because exports account for only about 10% of revenue.

In Bardstown and other bourbon towns, tourism continues to cushion the blow. Last year’s 2.7 million visits to Kentucky’s Bourbon Trail were roughly flat with 2024, according to the Kentucky Distillers’ Association. Visitors still line up for tastings and tours at major distilleries and smaller brands alike. Local business owners say bourbon remains central to their economy even as production shifts.

The industry is still planning for growth over the next several years. Clark estimated that Kentucky distillers have $1.45 billion in expansion projects planned through 2030, on top of $2.1 billion already completed since 2020. But he warned that tariff uncertainty could slow some investment decisions as companies wait for clearer signals on demand and trade conditions.

For now, many distillers are trying to balance excess inventory with long-term bets on bourbon’s appeal abroad and at home. Some are turning to other spirits to fill unused capacity. Lofted Spirits has shifted part of its production toward rum because it can be sold sooner than aged whiskey. Others are holding back output while waiting for demand to stabilize.

The debate over what is driving bourbon’s slowdown has also become political in Kentucky, where Governor Andy Beshear has blamed tariffs for hurting producers’ ability to sell overseas and buy supplies more cheaply. Distillers have been more cautious publicly, saying they are dealing with normal cycles in a business where production decisions must be made years before bottles reach shelves.