

# Portland's growing distillery industry provides economic boost

Joshua Badcock's vodka company is the newest addition to Portland's burgeoning craft distillery industry.



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Joshua Badcock became a vodka distiller the old-fashioned way.

When he met his fiancée's Russian-born father for the first time, he decided it would be politic to order the same drink, horseradish-flavored vodka.

To his surprise, Badcock liked it. The results of that fateful meeting is a Badcock-branded line of vodkas flavored with horseradish and cucumber.

Badcock Vodkas, distilled by Bend Distilling, landed in Oregon liquor stores and restaurants six months ago. Badcock is now working on opening a tasting room.

With about \$3,000 in monthly revenue, Empty Bottle is a tiny addition to Oregon's young craft distillery industry. There currently are 43 active distilleries in Oregon, a number that fluctuates but which state officials confirm is on the rise.

Local distilleries generated \$53.3 million in sales in Oregon in 2011, according to the Oregon Liquor Control Commission. The homegrown brands accounted for almost 12 percent of alcohol sales in state-controlled liquor stores.

Like wine and beer before it, locally distilled alcohol is fast gaining an audience in Oregon, which has one of the nation's highest concentrations of distilleries, according to a national trade council.

"It's really the distillers' time," said Christie Scott, spokeswoman for the state liquor control agency.

The OLCC is chartered by the state constitution to promote Oregon businesses. At the OLCC warehouse, workers repackage Oregon-produced products, which means stores can order one or two bottles to test the market.

“It gets their stuff on the shelf,” Scott said.

Driving demand rests on distilleries, and the result is a booming distilling and tourism industry in Portland’s Central Eastside Industrial District, where a loose band of distilleries have formed “Distillery Row” to woo attention from residents and tourists.

The earliest purveyors, such as House Spirits Distilling, chose the area for its cheap rent. Later arrivals seek it out for the traffic the Distillery Row designation brings to tasting rooms.

Distillery Row is the brainchild of five original distilleries that realized they could win more attention if they worked in concert.

They formed Distillery Row Tours as a nonprofit mutual benefit association and organized events to showcase their products. They coordinated tasting room hours and promoted Distillery Row as a destination where visitors could walk from one business to another.

The presence is small but the impact is not.

“Distillery Row is very popular,” said Megan Conway, spokeswoman for Travel Portland, the city’s tourism agency, which has embraced the distilleries alongside its breweries and wineries.

However, “Distillery Row” has been more of a success than the actual distilleries.

Of the original five, three are out of business, with newcomers taking their places.

Michael Heavener led one of the now-closed businesses, Highball Distilling.

When Highball closed, he signed on as president of Distillery Row Tours & Passport LLC, which promotes the area and publishes a passport showcasing member distilleries and neighboring businesses.

The first passport launched in 2011 and was an immediate success, selling out all 3,500 copies.

The second version is due in June. It will highlight five distilleries, including Vinn Distillery Inc.

Wilsonville-based Vinn is slated to open a tasting room in Portland this summer.

“It just kind of made sense to come together and promote each other and the neighborhood,” Heavener said.

House Spirits Distillery was among the first distilleries to call on the Central Eastside, relocating to Portland from Eugene in 2006. Founder Christian Krogstad moved in search of a wider audience. He found its quarters on Southeast Seventh Avenue on Craigslist.

“Rents were really affordable in this part of town,” Krogstad said.

The move paid off. House Spirits employs 15 people and will produce more than 9,000 cases of its flagship product, Aviation Gin, this year. It sells for about \$200, representing nearly \$2 million in potential revenue.

The Central Eastside Industrial Council welcomed the distillers with open arms

The council adamantly wants the area across the Willamette River from downtown Portland to retain its historic, industrial character. The new crop of alcohol-fueled businesses gives new life to old buildings.

“These guys are manufacturing and bringing in jobs. They need supplies. One business supports more businesses,” said council director Terry Taylor.

Distilleries and tasting rooms are a natural fit for the quirky warehouses and industrial buildings in the neighborhood.

“The natural characteristics of these buildings are in tune with the creative side of the microbrewing industry. They kind of work together,” said Tyler Sheils, an industrial broker with Jones Lang LaSalle who concentrates on the Central Eastside.

### **Fast Facts**

The Oregon Distillers Guild was the first such organization in the country:  
[www.oregondistillersguild.org](http://www.oregondistillersguild.org).

**Oregon is home** to 46 distilleries, which produce more than 336 different products.

Oregon distillers generated \$53 million in annual sales in the state—almost 12 percent of Oregon’s total liquor sales

in 2011.

Wendy Culverwell covers real estate, retail and hospitality.