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**LICENSED**  
PROPERTY REPORT

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**Morrissey's**

**Lisney**

HI

2019



Bruxelles, Harry Street, Dublin 2

“ Strong demand for Dublin licensed premises ”

## OVERVIEW

The strong demand for Dublin licensed premises in 2018 continued into 2019. In the first half of the year, six transactions completed. This number of sales does not reflect the demand present but is reflective of the continued limited supply, which is about half the levels expected. However, it is notable that the value of transactions in HI 2019 was significantly higher than last year. Purchasers have remained focused on prime city tourist hubs and affluent suburban areas. There is secondary demand for suburban properties with favourable land use zoning objectives. Such pubs have redevelopment potential to accommodate residential or mixed-use schemes.

## ACTIVITY

Demand for Dublin licensed premises was strong in the first half of 2019. In terms of the number of transactions, there were six sales. This is a similar level to last year, however the combined value increased significantly; €25m in HI 2019 compared to

€9m in HI 2018. This increase in value is largely attributed to the off-market sale of Bruxelles on Harry Street, which sold in March for a reported €9.2m. Off-market sales such as Bruxelles are of significant interest to the market. Given the lack of sales of prime pubs in recent years, they give a good indication of current market conditions.

Other high profile, prime city centre sales in HI 2019 included Davy Byrne's on Duke Street, reportedly achieving €4.5m and 10 Stephens Green for a reported €4.2m. Suburban sales included Rosie O'Grady's premises in Harolds Cross, which was sold off-market but for alternate use; The Homestead on Quarry Road in Cabra, which completed by way of a lease with purchase option; and the sale of Shanahan's in the Coombe.

In addition to these sales, there were several prominent pubs sale agreed at the end of June, which bodes well for the second half of 2019. Examples included The Kestrel in Walkinstown; The Cat & Cage in Drumcondra; Quinn's in Drumcondra;

The Magpie in Dalkey; Murray's in Kilmainham; and The Jar on Wexford Street. Also, sale agreed was the investment interest in JK Stoutman's and the adjoining retail premises on James Street. Additionally, the former East Side Tavern on Leeson Street recently reopened under the Madigan Group, which is occupying the premises under a lease agreement.

Generally, established group operators were not visibly active in recent months. The exception to this is the Press Up Entertainment Group, which has recently taken a new restaurant lease in the Opus Building at Grand Canal Dock (to be called MacKenzie's) and has agreed to buy the leasehold interest in the Clarence Hotel, Temple Bar. Press Up has further plans in the pipeline, such as a new fully licensed restaurant in the former New Ireland offices on Dawson Street and the new Mayson Hotel on North Wall Quay.

Other promoters that have recently secured licences include the owner of the Churchtown Stores premises in Dublin 14, which formerly operated as a hardware store, along with two JD Weatherspoon projects on Camden Street and Abbey Street. Separately, the St Andrew's Church project at the junction of Suffolk Street and St Andrews Street in the city centre, and the Clontarf Baths project, have both secured Declaratory Orders (i.e. applicant applies to the Circuit Court in advance of starting works on the premises for confirmation that the proposed premises is suitable to be licensed, hence reducing objections and delays in the future). Both will be granted publicans licences once the developments have been completed in accordance with the planning grant.

## SUPPLY

Supply in the Dublin pubs market is low. However, there was an increase in the number of well-located and profitable premises offered for sale in HI 2019. Pubs such as these have not been put on the market for sale in recent years because of the healthy trading environment, with many experiencing double digit growth. Trading levels have somewhat stabilised with only moderate growth forecast and as such, owners are considering selling. This is positive news for activity levels and will encourage other operators to follow suit.



Davy Byrne's, Duke Street, Dublin 2

Retirement may also assist in bringing assets to the market. Towards the end of 2018 this was evident when the leasehold interest in The Old Stand on Exchequer Street and Davy Byrne's on Duke Street were offered for sale. These transactions, coupled with the others recently agreed, should instil confidence in publicans who are considering retirement to sell their businesses.

In suburban locations, further supply could come from licensed premises that are on large sites and offer redevelopment potential. Some of these will incorporate a licensed premise use in the future as part of a mixed-use scheme, while others will not.



The Kestrel, Walkinstown, Dublin 22



## OUTLOOK

- Demand for prime well-located pubs is expected to remain a feature of the market for the remainder of 2019.
- The increased lending into the sector, both by pillar banks and non-traditional lenders, will continue.
- Limited supply levels should improve to what would be traditionally seen as more normal levels. As a result, in the medium-term the number of Dublin pub sales should grow to 25 to 30 transaction annually. While the 2019 outlook remains largely positive, the likely impact of external factors such as Brexit remain unknown. It is reasonable to expect that certain key tourism districts with a reliance on UK inflow will be adversely affected.

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