

H1

DUBLIN LICENSED PREMISES

The Market in Numbers

Activity



7

pubs sold in
Dublin

Offer



21

pubs were offered
for sale in H1

Supply



Shortage of supply
for well-located
properties



Overview

Strong demand has continued throughout the first six months of 2018. Perhaps not surprisingly, premises situated within population heavy districts with large tourism traffic are driving this demand. Increased interest is also stemming from growth in bank lending to the sector together with non-traditional lenders providing

additional options for prospective purchasers that were previously unable to secure funding. There remains an acute shortage of supply, particularly for well-located pubs.



Activity

The first six months of the year were very active with seven licensed premises selling in Dublin with a combined sales price of €7.95m. These included the sale of Residence on Stephen's Green; Stillorgan Orchard in Stillorgan; Liam Walshe's on Parkgate Street, Dublin 7 and the Brewery Bar on Newport Street, Dublin 8. This is on a par with activity in the same period last year when eight premises sold with a combined sales price of €9.2m.

A total of 21 premises were offered for sale in H1 2018, highlighting the level of demand currently in the market. Two of these had sold at the end of June. Some of the pubs currently on the market are The Lighthouse; McLoughlins and Walters in Dun Laoghaire; Kielys in Donnybrook and O'Dwyers in Kilmacud.

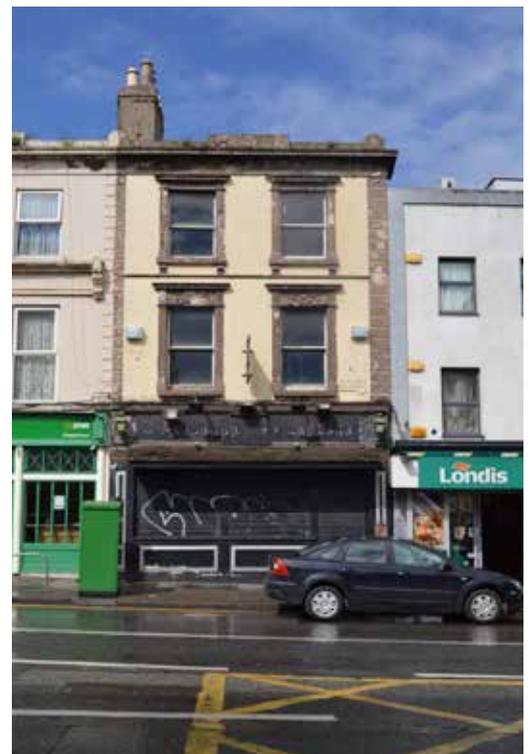
In addition, six premises are sale agreed going into the second half of the year. Among there are Bakers Corner in Deansgrange and Shanahans, The Coombe.

The overall trading environment has improved in the last 24 months and is resilient, however varies across different locations. The city centre and tourism related districts fare best along with certain suburban districts, while more rural areas are not witnessing any real improvement.

While consumer spending has improved, this additional revenue has not necessarily found its way into the licensed trade sector with consumers social habits continuing to evolve thereby diverting spend to other leisure and entertainment parts of the market.



The Residence, St Stephen's Green



Liam Walsh, Parkgate Street



Supply

The licensed premises market continues to be characterised by rising demand and an acute shortage of supply, particularly for well-located properties.

Licensed premises that have survived the economic downturn and now have sustainable levels of debt have likely witnessed a sharp upturn in trading levels over the past two years. As such, their owners are unlikely to want to sell. This is the principal reason behind the lack of supply. With trade and

corresponding values increasing year-on-year understandably vendors are reluctant to dispose of assets.

The net result is that the market, particularly for prime properties, has yet to be tested. We anticipate that when operators of these assets decide to enter the market they will be well received and yield strong prices.



The Brewery Bar, Newport Street



The Orchard, Stillorgan



Outlook

- In the short-term, as the market continues to improve, purchasers will remain frustrated by the lack of supply.
- Demand will continue to be predominantly for city centre and well populated urban environments, together with established tourism districts.
- Trading localities previously regarded as “fringe” areas will remain favourable second options for purchasers.
- To encourage an increase in supply, normalised lending should be established thereby supporting operators to release assets either by way of retirement, restructure or repositioning.
- We expect to see the renewed confidence in the sector assist in an increase in supply in the medium-term.

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