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THE DUBLIN LICENSED PREMISES SOLD IN 2023

THE FOUR PROVINCES

25 RAVENSDALE PARK
KIMMAGE
DUBLIN 12.

THE BARGE

42 CHARLEMONT STREET
DUBLIN 2.

THE BACHELOR INN

31 BACHELORS WALK
DUBLIN 1.

MULLIGAN'S

86 SANDYMOUNT ROAD
SANDYMOUNT
DUBLIN 4.

THE CLOCK

110 THOMAS STREET
DUBLIN 8.

FLASH HARRY'S

20/22 TEMPLE ROAD
BLACKROCK
CO. DUBLIN.

THE SHIPWRIGHT

16/20 THORNCASTLE STREET
RINGSEND
DUBLIN 4.

FADE STREET SOCIAL

4-6 FADE STREET
DRURY STREET
DUBLIN 2.

JW SWEETMAN'S

1-2 BURGH QUAY
DUBLIN 2.

THE ABBEY TAVERN

29 ABBEY STREET
HOWTH
CO. DUBLIN.

THE BREWERY BAR

5-9 NEWPORT STREET
DUBLIN 8.

BRU HOUSE

12 FAIRVIEW
DUBLIN 3.

THE TERENCE INN

94/96 TERENCE ROAD NORTH
TERENCE
DUBLIN 6.

MCCLOSKEY'S

83-85 MOREHAMPTON ROAD
DONNYBROOK
DUBLIN 4.



The Strand House (formerly Bru House), 12 Fairview, Dublin 3



Daata Blackrock
(formerly Flash Harry's),
20/22 Temple Road,
Blackrock, Co. Dublin

THE HEADLINE

56 LOWER CLANBRASSIL
STREET
DUBLIN 8.

MCLOUGHLIN'S

73 GEORGES STREET UPPER
DUN LAOGHAIRE
CO. DUBLIN.

THE GOLDEN BALL

ENNISKERRY ROAD
KILTERNAN
CO. DUBLIN.

NO. 4

4 DAME LANE
DUBLIN 2.

GUNPOWDER

MAIN STREET
CLONDALKIN
DUBLIN 22.

THE GLEN OF AHERLOW

29 EMMET ROAD
INCHICORE
DUBLIN 8.

THE GRAND SOCIAL

35 LOWER LIFFEY STREET
37 GREAT STRAND STREET
DUBLIN 1.



2

OVERVIEW OF THE DUBLIN LICENSED PREMISES PROPERTY MARKET 2023

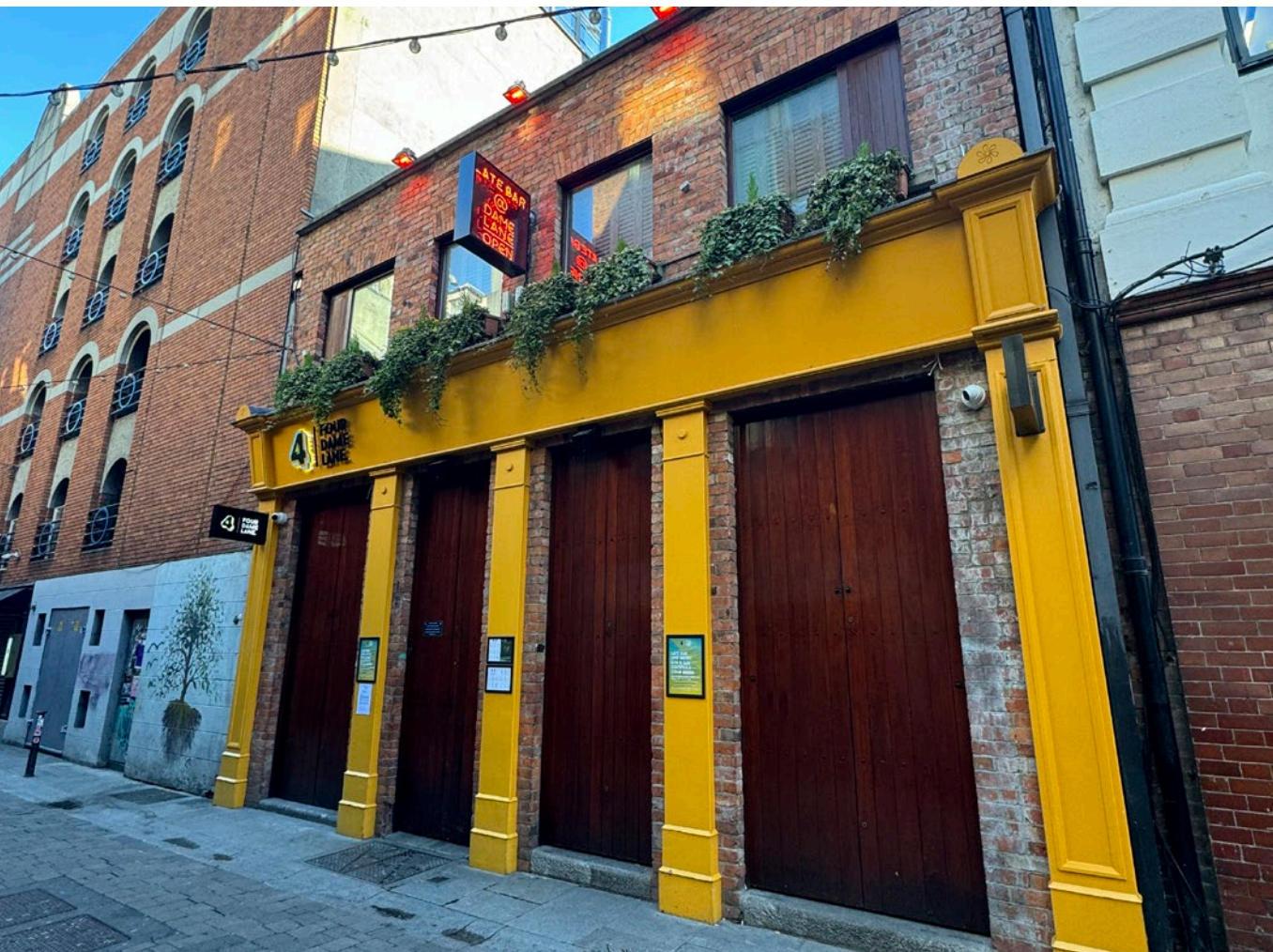
The 2023 Dublin licensed premises property market again witnessed a stable level of activity that was buoyed by good demand resulting in a consistent volume of sales being completed throughout the year.

21 pubs changed hands with a combined value in the order of €50m. This compares to 24 transactions in 2022 realising a combined value of just over €53m.

Almost 30% of sales completed realised sums north of €3m and Publicans remained

the dominant purchaser class accounting for approximately 70% of all sales.

Off-market transactions remained a feature of the market accounting for almost one quarter of all sales completed.



No. 4, 4 Dame Lane, Dublin 2

Fade Street Social, 4-6 Fade Street, Drury Street, Dublin 2



21
PUBS
CHANGED
HANDS
IN 2023
WITH A
COMBINED
VALUE OF
ALMOST
€50M

The year however was not without its challenges with operators continuing to experience difficulty in sourcing adequate well-trained staff, the rising cost of product principally through Heineken and Diageo price increases, the looming end of revenue debt warehousing and rising insurance costs.

Overall, the 2023 Dublin Licensed Premises Property market was again characterised by keen and consistent operator-led appetite to acquire, particularly within the €1m to €3m price bracket. Developer appetite remained slack and activity was hampered due to rising build costs, delays in the planning process and difficulties in sourcing loan finance. Private Equity which featured strongly in the 2021 market remained active in sourcing opportunities however did not complete any acquisitions for a variety of reasons.

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MARKET INSIGHTS

Supply remained consistent throughout 2023. 76% of all sales completed came from properties that were publicly offered for sale, compared to 43% in 2022.

Supply was influenced by various factors. Certain offerings were retirement driven, others centered around business realignment and some were debt and restructure related.

DEMAND & PURCHASER PROFILE

Core demand in 2023 was again focused from within the industry with Publicans remaining the dominant purchaser class accounting for 70% of volume and 66% of value. Activity within this sector has increased year on year over the past three years which illustrates continued operator confidence within the market.

Investor demand also remained stable although accounted for a slightly lesser volume than witnessed in 2022 realising 25% of volume and 33% of value.

Developer activity reduced again representing only 5% of volume and 1% of value with appetite likely hampered by rising construction costs and planning delays.

PUBLICANS REMAIN THE DOMINANT PURCHASER CLASS,

ACCOUNTING
FOR

70%

OF VOLUME &

66%

OF VALUE

DEVELOPER ACTIVITY REDUCED,

REPRESENTING
ONLY

5%

OF VOLUME &

1%

OF VALUE

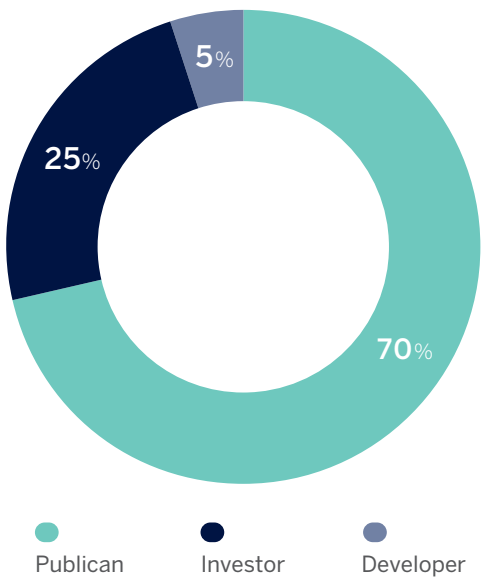


McCloskey's, 83-85 Morehampton Road, Donnybrook, Dublin 4

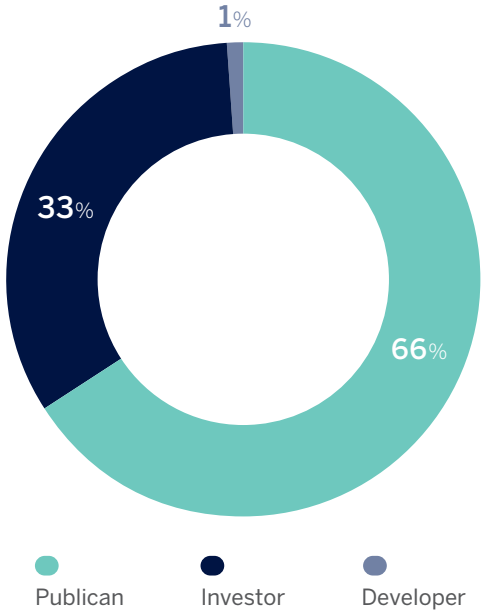
Private Equity purchasers remained active in sourcing specific opportunities within the upper tier of the market however did not complete any transactions. When consideration is given to the asset classes targeted by PE purchasers coupled with their specific criteria relating to profitability

requirements and future business development potential, it is clear that that are very few opportunities that meet their specific demands. We believe that the scarcity of the opportunity pursued is a direct factor in their reduced activity within the past 24 months.

PURCHASER CATEGORIES BY TRANSACTION VOLUME



PURCHASER CATEGORIES BY TRANSACTIONS VALUE



The Grand Social, 35 Lower Liffey Street, Dublin 1

J.R. Mahon's (formerly J.W. Sweetman), 1-2 Burgh Quay, Dublin 2



ACTIVITY

Stable activity was witnessed with 21 transactions realising a combined value in the order of €50m.

Completions remained consistent with 6 sales recorded in Q1, 6 in Q2, 7 in Q3 and 2 in Q4.

Appetite remained for well-located city centre premises as illustrated by the sales of JW Sweetman's on Burgh Quay, The Barge on Charlemont Street, The Bachelor Inn on Bachelors Walk, the Fade Street Social investment, and Grand Social on Lower Liffey Street.

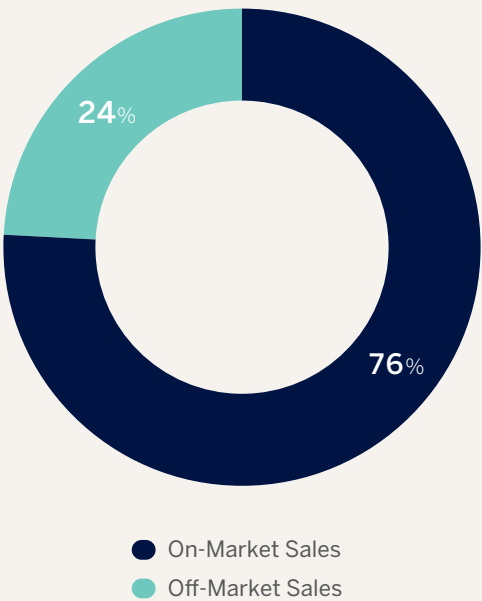
The suburban market continued to witness keen demand with sales completed for large well known and established premises such as The Abbey Tavern Howth, Mulligan's Sandymount, Terenure Inn Terenure, and McCloskey's Donnybrook.

Whilst off-market activity continued to feature, the 2023 market was characterised by a dominance of transactions completed from public offerings accounting for 76% of volume and 75% of total value. This is a reversal of the trend witnessed in 2022 where off-market transactions accounted for 58% of volume and 69% of value.

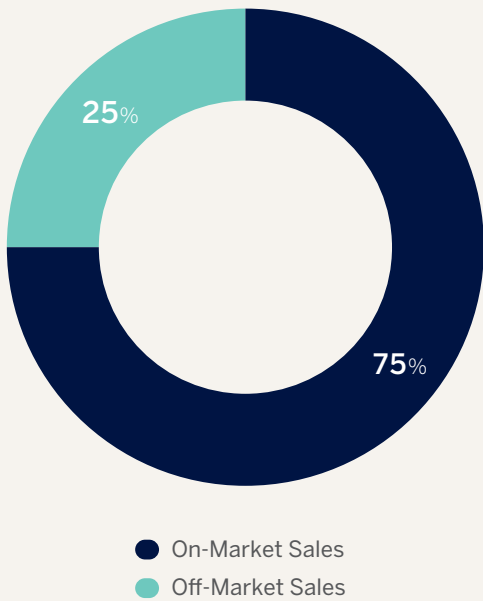
By year end there were a further 10 sales agreed, 2 of which had contracts exchanged with the remaining 8 at contract stage. The assets with contracts exchanged and anticipated closings due in the early new year were The Cremore House in Glasnevin and The Kingswood Lodge in Tallaght.

Moving into 2024 we expect the initial months to remain consistent in terms of assets being made available for sale supported by good demand from existing publican purchasers who continue to seek opportunities via both public and off-market approaches.

OFF-MARKET SALES BY VOLUME



OFF-MARKET SALES BY VALUE



The Abbey Tavern, 29 Abbey Street, Howth, Co. Dublin

BUSINESS CHALLENGES

STAFFING

The hospitality sector continues to experience staffing challenges with many businesses reporting consistent difficulty in securing appropriately trained and skilled personnel.

The issues surrounding staff shortages have had an inflationary impact upon labour costs directly resulting in wage & salary increases.

The 12% increase in the national minimum wage to €12.20 per hour as introduced in January 2024 has added further to these increasing costs.

Generally, staff costs account for approximately 60% to 70% of the operational overheads of a typical licensed premises and can reflect in the order of 30% of total revenue generated. Rising costs therefore negatively impact upon both profitability and viability.

RISING UTILITY COSTS

Whilst rising utility costs have subsided due to the fall in global energy charges concerns remain surrounding the energy markets sensitivities to global influences.

Operators clearly understand the impact of these influences and the potential for fluctuation in charges. Owing to the nature of the business conducted and high energy consumption requirements, many are now

considering potential for alternate energy sources and are taking steps towards enabling greater self-sufficiency's and renewable energy sources.

REVERSAL OF VAT REDUCTION ON FOOD SALES

The reversal of the vat reduction on food sales within the tourism and hospitality sector was greeted with both concern and condemnation.

Whilst the vat rate on the sale of alcohol has remained at 23%, Government provided a temporary reduction in the rate for the hospitality and tourism sector from 13.5% to 9.0%. This reduction was most recently reversed in August 2023 and came into effect on the 1st September 2023.

Concerns relating to the reversal of this rate to 13.5% centre principally around the negative impact upon the viability of businesses, potential for loss of trade in an environment where operational overheads are increasing, and damage to the performance of the tourism sector with erosion of competitiveness and value for money to the consumer.

Both representative bodies, the Licensed Vintners Association (LVA) and the Vintners Federation of Ireland (VFI) continue to present a shared voice and continue to lobby government for a return to the 9% rate on food sales in an effort to protect jobs within the industry.

REVENUE DEBT WAREHOUSING

Revenue related warehoused debt remains a concern for the hospitality industry on the whole. This warehoused debt, accumulated during pandemic times by businesses experiencing cashflow and trading difficulties, captures VAT, PAYE (income tax, prsi, usc & lpt) together with TWSS and EWSS. Interest is currently charged at 3% with a final Phased Payment Arrangement (PPA) to be agreed with Revenue by the 1st May 2024. The PPA will enable payment of these final tax debts in instalments which will also be subject to interest penalties. Ongoing tax liabilities must also be kept up to date for the duration of the PPA period.



The Terenure Inn, 94/96 Terenure Road North, Terenure, Dublin 6

The Barge, 42 Charlemont Street, Dublin 2



LICENCE VALUES

Licence values remained stable throughout 2023 mirroring the values achieved throughout 2022 at an average of €50,000 to €55,000 per licence.

Purchaser appetite continued to be driven by the off-licence sector of the market, predominantly for the creation of new retailing concerns such as supermarkets and convenience retail outlets. Demand from forecourt retailing fell indicating that operators within this sector had possibly achieved their target of licensing their identified stations over the past number of years.

We anticipate that future supply of licences is most likely to emerge from business that have become unviable or that are located within lesser populated locations. Typically, the delivery of licences from such sources ultimately results in a repurposing of the property for other uses.

Licence values may therefore slacken throughout 2024 and we anticipate values to be achieved within the region of €45,000 by year end.

LICENCE VALUES
**REMAINED
STABLE**
THROUGHOUT 2023
AT AN AVERAGE OF
€50,000
TO
€55,000
PER LICENCE



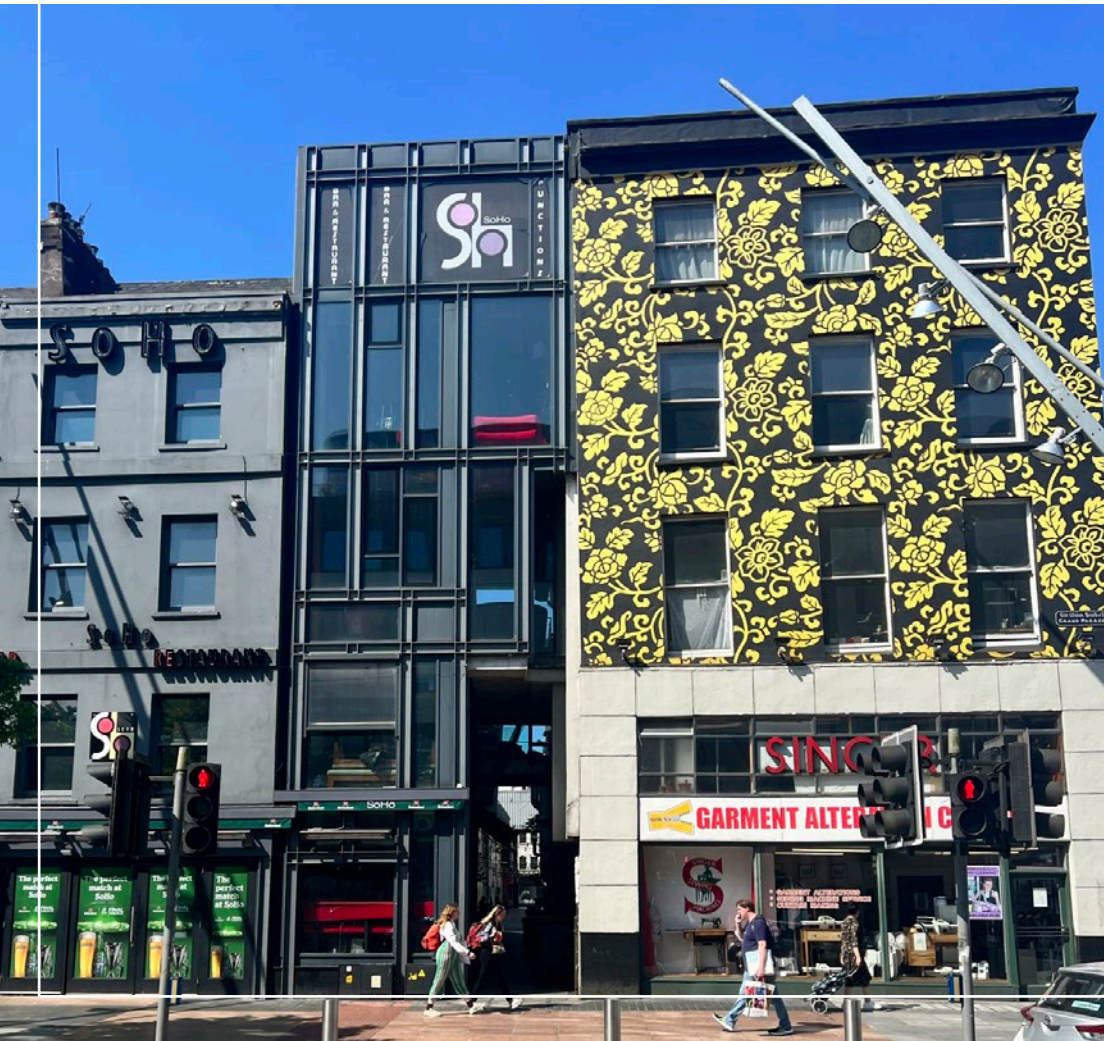
4

THE PROVINCIAL MARKET IN 2023

Appetite outside of the populated cities and large towns remained slack with little purchaser demand.

Notable transactions within the regional cities were the sales of SoHo and The Rendezvous in Cork and Richardsons in Galway City. All three achieved prices within the €2m to €4m bracket highlighting strong demand for quality premises within those cities potentially driven by the rarity of similar opportunities coming to market.

Appetite outside of the populated cities and large towns remained slack with little purchaser demand. Closures of non-viable businesses within sparsely populated rural areas continued and this sector of the market will continue to struggle. Availability of Publicans Licences from these locations is likely to increase which could depress value further.



SoHo Bar & Restaurant, 77 Grand Parade, Cork



The Coach House, Roundwood, Co. Wicklow



CLOSURES OF NON-VIABLE BUSINESSES

WITHIN SPARSELY
POPULATED RURAL
AREAS CONTINUED

TOURISM AREAS

CONTINUED TO
PERFORM WELL

Well established regional tourism areas continued to perform well due to their ability to conduct meaningful volumes of seasonal trade.

The Department of Housing's decision in February 2022 to provide certain planning exemptions for the conversion of hospitality property to residential use could provide a stimulus for the repurposing of non-viable licensed premises. Certain grants are also available for conversion of unused, vacant and derelict commercial properties which could prove to be an incentive for the purchase and conversion of such opportunities.

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OUTLOOK 2024

Whilst the licensed premises trading environment faces certain headwinds we believe the outlook for future activity remains positive.

Demand in 2024 is likely to again be focused on large suburban premises in locations that enjoy good discretionary spend together with city centre locations providing scope for premium pricing as both possess the scale and capacity to sustain high volumes of trade with strong profit.

We anticipate a decline in demand for some food driven businesses and particularly for premises located within price sensitive areas. In these cases, price expectation between vendor and purchaser is unlikely to be aligned.

Purchaser profile will continue with Publicans being the dominant purchaser class, followed by investors. Developers are unlikely to be active given the rise in build costs and delays in planning processes resulting in site values likely falling below existing use values.

DEMAND IS
LIKELY TO BE
FOCUSED ON

**LARGE
SUBURBAN
PREMISES**

TOGETHER WITH
**CITY
CENTRE
LOCATIONS**



Farmer Browns, Enniskerry Rd, Kiltarnan, Co. Dublin

McLoughlin's, 73 Georges Street Upper, Dun Laoghaire, Co. Dublin



PURCHASER
PROFILE WILL
CONTINUE WITH
**PUBLICANS
BEING THE
DOMINANT
PURCHASER
CLASS**



Even though Private Equity purchasers did not transact in 2023 they did remain active in seeking out opportunities and whilst terms were agreed on a number of assets those sales did not conclude for a variety of reasons. We expect PE to continue to actively seek opportunities, however, owing to their specific set of criteria and resultant limited availability of suitable assets we anticipate only a nominal number of transactions which will likely be within the €6m + value bracket.

A softening of profitability for certain businesses and trading locations is

expected where rising staff costs and increases in the cost of product cannot be passed onto consumers. Businesses that do not enjoy the potential to increase their pricing are likely to already be experiencing stabilised levels of trade with revenue growth falling behind cost inflation. For the most part the viability of these businesses will not be threatened, however, the operators will likely work harder for less return in 2024 which may become an influencing factor in decisions to sell versus to hold.

CHART A: LICENSED HOUSE SALES ANALYSIS 2014 - 2023 REPRESENTED AS THE ANNUAL PERCENTAGE OF THE TOTAL NUMBER OF TRANSACTIONS IN THE DUBLIN MARKET

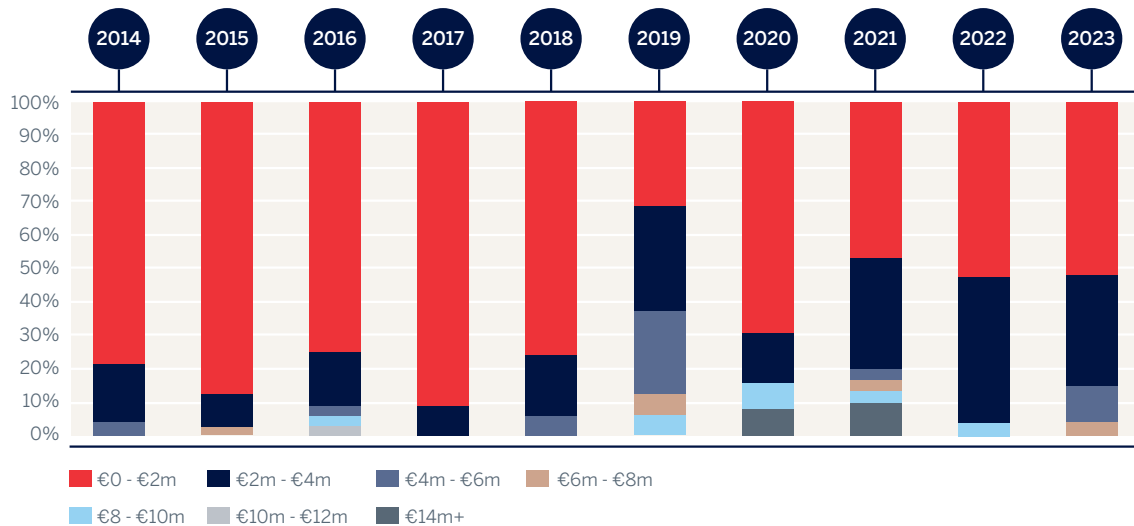


CHART B: VOLUME OF LICENSED HOUSE TRANSACTIONS IN DUBLIN 2014 - 2023 REPRESENTED AS A PERCENTAGE OF THE TOTAL NUMBER OF PUBLIC HOUSES IN DUBLIN

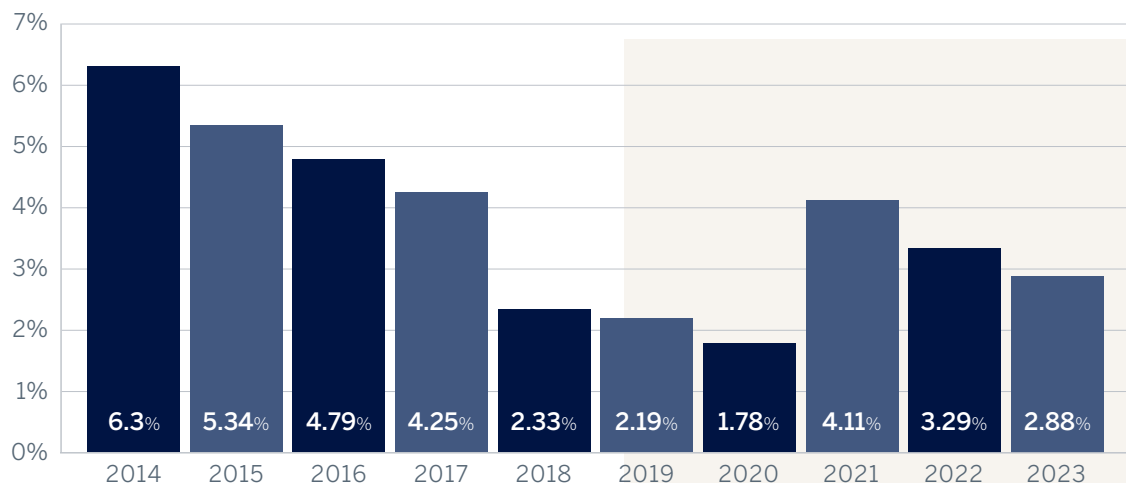


CHART C: THE CAPITAL VALUE OF THE LICENSED HOUSE TRANSACTIONS / SALES
IN DUBLIN 2014 - 2023

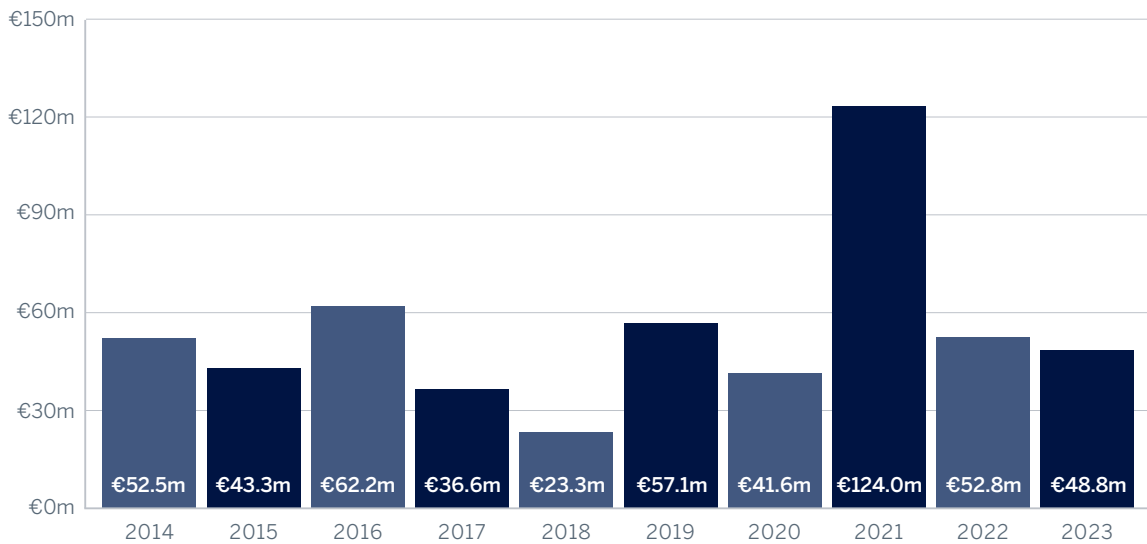


CHART D: AVERAGE ONE MONTH LENDING RATES 2014 - 2023

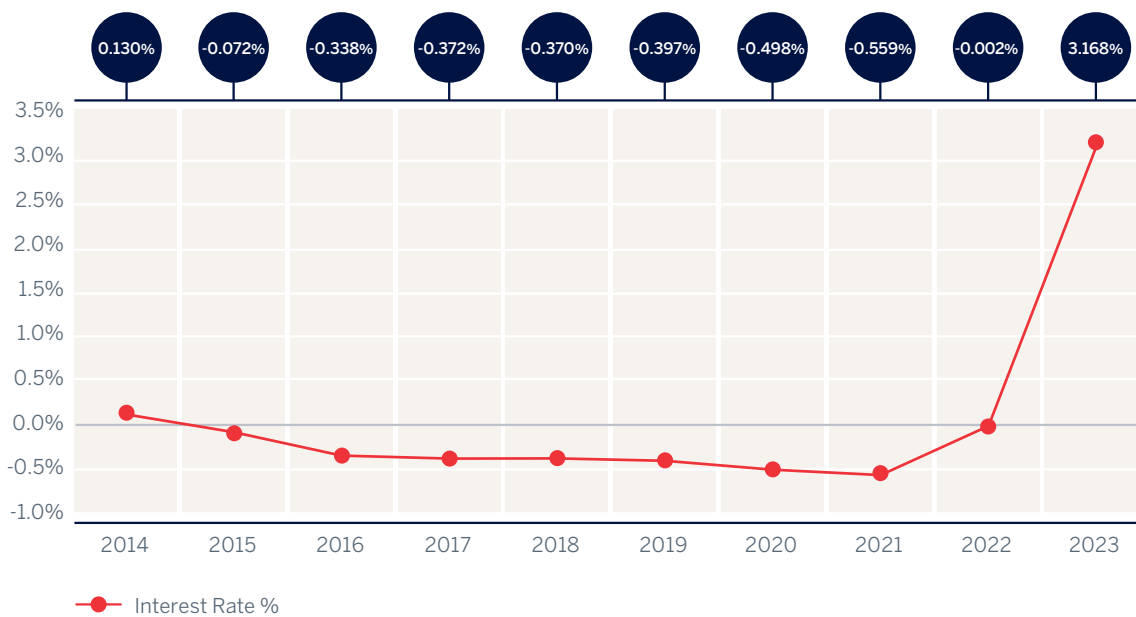


CHART E: EXCISE DUTY FEE FOR THE RENEWAL OF A 7-DAY PUBLICANS LICENSE UNDER THE 1992 FINANCE ACT

	TURNOVER NET OF VAT	FEE
1	Under €190,500	€250
2	€190,500 – €381,000	€505
3	€381,000 – €635,000	€1,140
4	€635,000 – €952,000	€1,775
5	€952,000 – €1,270,000	€2,535
6	€1,270,000 +	€3,805



CHART F: NATIONAL INFLATION RATES 2014 - 2023

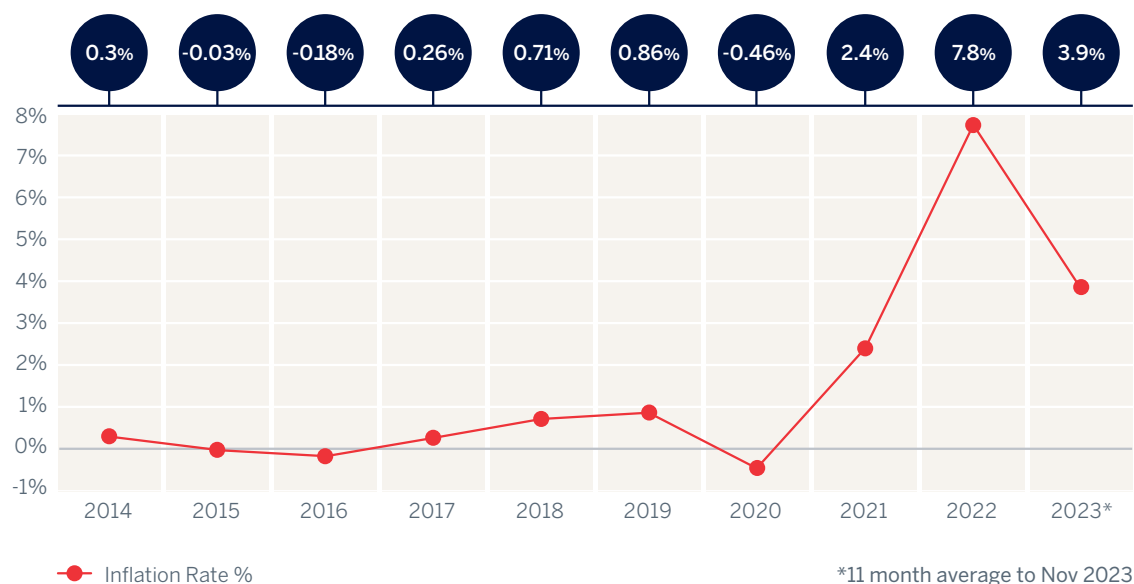


CHART G: ANALYSIS OF THE MODE OF DISPOSAL FOR LICENSED PREMISES SOLD IN DUBLIN 2014 - 2023

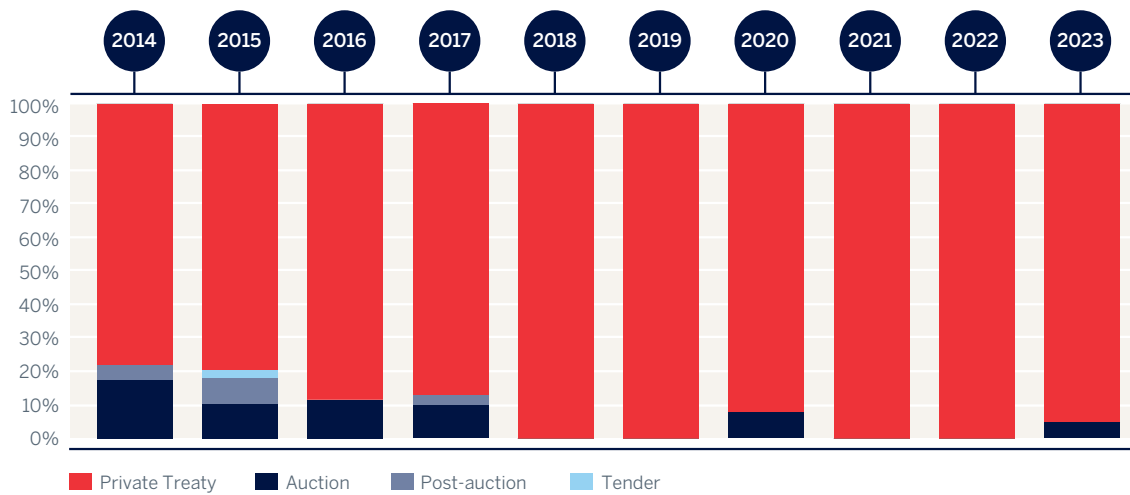
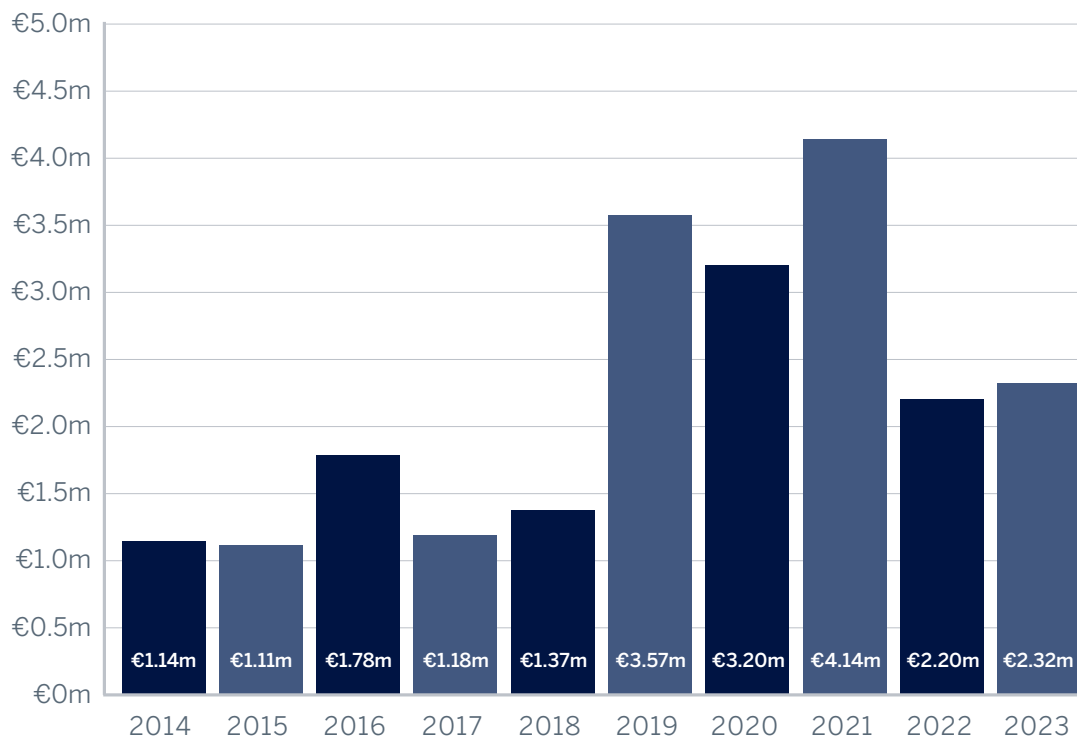


CHART H: THE AVERAGE SALE PRICE OF THE LICENSED HOUSE TRANSACTIONS / SALES IN DUBLIN 2014 - 2023



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REVIEW 2023 OUTLOOK 2024

Licensed premises
property market