

THE OUTLOOK FOR THE DUBLIN LICENSED PREMISES MARKET IN 2020 IS POSITIVE. THIS FOLLOWS ON FROM STRONG DEMAND FOR PUBS IN 2019



09

STRONG DEMAND

Bruxelles, Dublin 2

LICENSED & LEISURE

DUBLIN LICENSED PREMISES

The outlook for the Dublin licensed premises market in 2020 is positive. This follows on from strong demand for pubs in 2019. By mid-December 2019, 14 transactions were completed, which comprised about 2% of Dublin's licensed premises stock. There were also several pubs sale agreed (such as Murray's in Kilmainham, a new opportunity at 37 Dame Street, The Old Punch Bowl in Booterstown, The Bowery in Rathmines and the Magic Carpet in Cornelscourt), which will add to 2020 sales. In 2020, we expect a similar number of transactions to complete. However, it should be noted that more normalised market activity levels are between 3% and 4% of stock each year. Unfortunately, despite the strong demand for properties, supply is not keeping up.

A notable trend in 2019 was the fact that higher value, well-located prime Dublin pubs were sold. The combined achieved prices of the 14 premises totalled €51.3m compared to €23.4m in 2018; increasing the average lot size to €3.7m from €1.4m the year previous. We do not expect to see as many prime assets come to the market in 2020 but we do anticipate that a similar number of properties will trade hands in the sub-€2m price bracket, as is the norm.

Off-market sales generally account for 30% to 40% of the licensed premises market and it remained a notable feature of the market in 2019. The largest off-market deal was Bruxelles on Harry Street, which sold in March to the Louis Fitzgerald Group for a reported €9.2m. In addition, there are some high-value off-market sales due to close in the opening months of 2020 and as such, this is a trend we expect to continue as the year progresses.



€51.3
MILLION

€23.4
MILLION

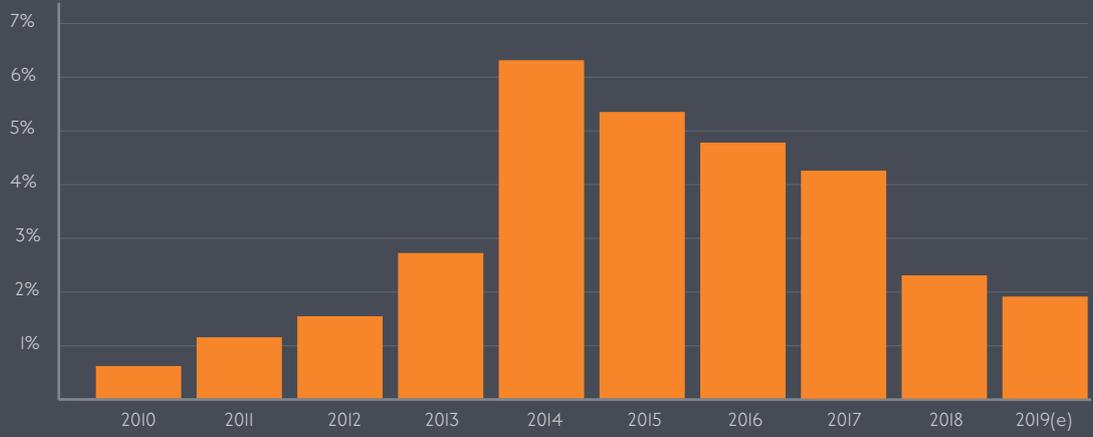
LOT SIZE
€3.7m
2019

LOT SIZE
€1.4m
2018

WE ANTICIPATE THAT
A SIMILAR NUMBER OF
PROPERTIES WILL TRADE
HANDS IN THE SUB-€2M
PRICE BRACKET

Suburban premises continue to be in demand, many of which are being considered for other uses. A high-profile sale in 2019 was Rosie O'Grady's in Harolds Cross, which was sold off-market for more than €5.5m for an alternative use. Additionally, the development potential of certain suburban pubs was highlighted by the sale of Uncle Tom's Cabin in Dundrum, where UTC Developments paid in excess of €3m for the property on 0.8 acres, which is zoned mixed town centre and residential.

PERCENTAGE OF DUBLIN STOCK SOLD (2010 - 2019(E))



Source: Lisney/Morrissey's



“ GROUP OPERATORS AND PROMOTORS WILL HAVE TO BECOME MORE FLEXIBLE AND OPEN TO NEW LOCATIONS OUTSIDE OF THOSE TRADITIONALLY CONSIDERED. ”

Davy Byrne's, Dublin 2

OPERATOR DEMAND

Group operators and promotors, such as PressUp and Bodytonic, will continue to be active in 2020. However, when they are seeking new premises, they will have to become more flexible and open to new locations outside of those traditionally considered.

PressUp added to its portfolio in 2019, acquiring a new restaurant lease, Mackenzie's, in the Opus Building at Hanover Quay and the leasehold interest in the Clarence Hotel in Temple Bar. It has further plans for 2020 including a new fully licensed restaurant in the former New Ireland offices on Dawson Street and the new Mayson Hotel on North Wall Quay.

Bodytonic recently took a lease on The Whitmore (former Porterhouse North) in Phibsborough and a lease on Jam Park (the former Wright Venue) at Airside Swords. We understand Bodytonic has further plans to expand. JD Wetherspoon continued its expansion in the Dublin market last year, securing licenses on Camden Street and Abbey Street. The Silver Penny on Abbey Street is open and Keavan's Port Hotel (pub plus an 89-bed hotel) is due to open in early 2020. It also acquired the HQ & Nutbutter bar and restaurant at Grand Canal, Dublin 2. We expect to see further activity in the year ahead from this operator.

SUPPLY

Retirement may also assist in bringing assets to the market in 2020. This was evident in 2019 with the sale of the leasehold interest in The Old Stand on Exchequer Street and Davy Byrne's on Duke Street. The success of these sales is encouraging for publicans who are considering retirement and selling 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. An example of this is German supermarket retailer Lidl offering a site with planning permission for a 500sqm pub on part of the former Belgard Inn in Tallaght.



Trading levels have stabilised with only moderate growth forecast and as such, some owners are considering selling, as was the case in 2019. This is positive for activity and supply in 2020 as it will encourage other operators to sell.

DEMAND FOR LICENCES REMAINS STABLE
WITH LICENCES TRADING AT ABOUT **€50,000**

The Old Punch Bowl,
Blackrock, Co. Dublin

OTHER FACTORS

LENDING

The increased lending into the sector, both by pillar banks and non-traditional lenders, will continue. Alternative lenders have become a larger part of the market, particularly targeting large towns and suburban areas, but also competing with the pillar banks for the key-trading areas. We expect this to continue in 2020.

BREXIT

While the sector outlook is largely positive, the impact of external factors such as Brexit remain unknown. In spite of this, the licensed premises industry is an indigenous one and as a result is somewhat insulated from the possible affects of Brexit. It is however reasonable to expect that certain key tourist areas with a reliance on the UK market, such as Temple Bar, could be adversely affected.

LICENCES

Demand for both '7-Day Ordinary' licences and 'Spirit, Beer & Wine Retailers' off-licences remained stable throughout 2019 with licenses transacting at about €50,000. Appetite was derived principally from the off-licence sector with licenses being extinguished and transferred to new retailing concerns such as supermarket and convenience stores. Demand was also present from hotels, although not to the same levels as in the past. We expect to see similar demand in 2020 with licenses continuing to transact within the same price bracket.

OTHER FACTORS