



# OUTLOOK 2024





## LICENSED & LEISURE

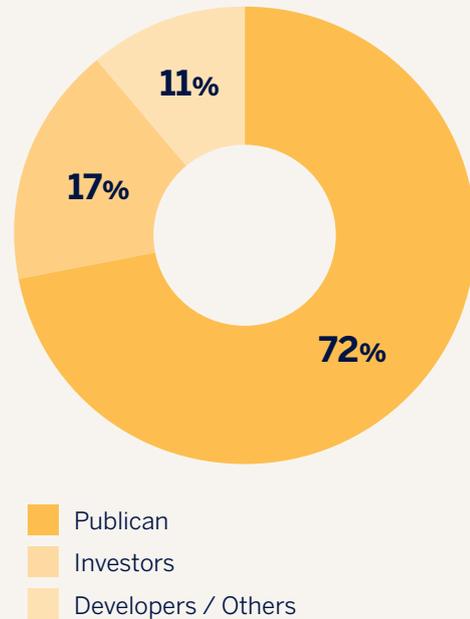
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### **PUBLICANS WILL REMAIN MOST ACTIVE**

Following on from a solid 2023, activity in the licensed premises property market will remain good in Dublin and in most of the larger regional cities this year; particularly in the €1m to €3m price range. Demand will continue to be focused on large premises in affluent suburbs as well as properties in the city centre with scope for premium pricing and at least four days of high-volume trade. Requirements will be softer for some food-driven premises and for those in off-prime locations; in these cases, vendors and purchasers are unlikely to be aligned on pricing. Similar to other property market sectors, off-market deals will continue as those with demand actively target premises in required locations or potential vendors test the market quietly.

The profile of purchasers will also continue as per 2023 with publicans most active followed by investors. Developer demand will be more limited as site values of suitable redevelopment opportunities will stay below the existing use value as a licensed premises – due to the prevailing elevated cost of construction and finance, as well as the cost of planning delays. Private equity purchasers did not conclude any deals last year, but they were active and did agree terms on several assets that did not complete for a variety of reasons. This cohort of purchaser will continue to actively seek opportunities in 2024 and we expect to see a few transactions in the €6m+ value bracket as the year progresses.

### **2023 BUYER PROFILE - DUBLIN**



Source: Lisney.

## 18 LICENSED PREMISES

WERE SOLD IN DUBLIN IN 2023 WITH COMBINED SALES PRICES OF

€45m

McCloskeys, Morehampton Rd, Dublin 4



HEADING INTO  
2024, THERE ARE  
**12 LICENSED  
PREMISES**  
IN DUBLIN SALE  
AGREED WITH A  
COMBINED VALUE OF  
**€28m**

### **RIISING OPERATIONAL COSTS TO CONTINUE**

In terms of the trading environment, the licensed premises sector has been contending with increased costs in recent years, some of which have been passed on to customers, and some which have not. Examples in the past 18 to 24 months include higher energy and insurance costs, as well as increased product costs from Diageo and Heineken.

This year there are further headwinds in terms of costs with the national minimum wage increasing by 12% in January (to €12.70 per hour). Given that staff costs comprise 60% to 70% of a typical licensed premises operating expenses (and 30% of revenue),

this may impact the profitability, and indeed the viability, of some operations, especially those without the ability to increase prices. It could mean many publicans will have to do more work for less return in 2024. This may influence their decision whether to continue in the trade or not, and we do expect to see more cost-impacted premises come to market in 2024.

Another challenge facing the hospitality industry this year, including some publicans, is Revenue-related warehoused debt from pandemic times. This includes VAT, PAYE (Income Tax, PRSI, USC and LPT), TWSS and EWSS where interest is being charged at 3% and is due to be paid in full on 1st May 2024.





Lisney  

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Sotheby's  
INTERNATIONAL REALTY

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