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# Liquor license prices surge as competition heats up

Premium content from Pittsburgh Business Times - by Tim Schooley

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To **Don Rodgers**, who has three restaurants in the plans for his Village at Cranberry Woods development, it's deja vu with a hangover.

About 10 years after he paid a near-record \$350,000 for a liquor license in Butler County, Rodgers is again experiencing liquor license sticker shock: Only two restaurant liquor licenses are available in Butler County at a price tag of \$250,000.

"It's unreasonable that we should have to pay that kind of money for a liquor license in this area," said Rodgers, who has raised the issue with Cranberry state Rep. **Daryl Metcalfe**, seeking a legislative remedy.

"I didn't realize how few licenses there were in Butler County," said Rodgers, principal of Creative Real Estate Development Co. "And it's supply and demand."

While Cranberry's ongoing boom is the region's most extreme example of escalating liquor license costs, a number of bar and restaurant observers see the availability of liquor licenses and their rising prices becoming a growing issue in areas such as the city of Pittsburgh and Allegheny County, Washington County and nearly everywhere else.

"Within the last year, license availability has been at an all-time low, causing licenses to increase in value," said **Gary Garda**, principal of Garda Realty/TLC Brokers, who has been scouting out available licenses and marketing them for 17 years.

He knows first hand the value of a Butler County license right now since he's marketing one for \$250,000, which is up from \$220,000 last year.

Garda's own research sees values rising elsewhere. Allegheny County licenses that sold for

\$35,000 to \$40,000 last year are ranging from \$40,000 to \$45,000 this year. The City of Pittsburgh? Last year: \$40,000 to \$45,000; this year: \$43,000 to \$48,000. Everywhere else, he said, they're up.

Why? Reasons vary, depending on who you talk to.

Garda believes Pennsylvania's 2001 intermunicipal transfer law, allowing liquor licenses to be moved to different towns within the county, has proven to be a band aid that is showing its limitations.

But other reasons include a regional economy that has remained strong, a new source of liquor license demand coming from grocery and convenience stores, and a state liquor code that requires unused liquor licenses held in safekeeping to be phased out if not reactivated for new bars or restaurants.

**Cris Hoel**, a lawyer who represents breweries, wholesalers and restaurants in liquor-related issues, said he expects a major source of license demand to come from retailers who establish separate restaurant facilities within their stores. That change is allowed thanks to a December ruling by the [Pennsylvania Supreme Court](#).

"You have a new factor now, which is the sudden onset of eligibility for many more candidates for licenses that weren't envisioned by the code when the quotas were established," Hoel said of the new option retailers have to acquire restaurant liquor licenses and use them to sell beer.

He sees no reason for grocery stores, convenience stores, mass merchandisers such as [Target](#) and [Costco](#), and even drug stores not to pursue liquor licenses of their own.

"Under the current arrangements, most of the liquor licenses will wind up with grocers, pharmacies, convenience stores and mass merchandisers like Target and Costco," Hoel said.

While that hasn't happened yet, [Giant Eagle](#), as perhaps the region's biggest new customer of liquor licenses, has moved quickly to sell beer and wine in its stores. Giant Eagle's website lists 22 stores that now sell beer, 16 of which are within the five-county region of Pittsburgh.

"Twenty-two licenses is a hell of a lot of licenses. It really is," said **Marc Reisman**, a Downtown lawyer who mostly represents the kind of independent bars and restaurants who have told him they can't afford to be in Cranberry.

"It's absolutely affecting price," Reisman said, describing the issue as a problem that could hamper new restaurant development.

**Ned Sokoloff**, a principal of Ross-based [Specialty Group](#), a restaurant services firm, sees the demand from grocery stores as less of an issue than the ongoing phasing out of liquor licenses in safe keeping as their owners often find themselves unable to pay the fees to keep them.

Describing his business as extremely busy right now, with licenses still generally available, Sokoloff sees a longer-term issue.

"A lot of licenses have been lost just to the regulation," Sokoloff said. "There's going to come a time, if they don't issue any new ones, that there will be no more licenses available."

While some predict values in Allegheny County could be above \$100,000 in the next few years, **Don Rodgers** is facing a development challenge with liquor licenses in Cranberry now. "There has to be some type of legislative remedy," said Rodgers, recalling when he paid \$65,000 for a license in Cranberry. "We're not the only area that suffers from this."

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