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# 'The demand is insane': Pittsburgh and Allegheny County liquor licenses fetching north of 6 figures

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Image: ACBJ

Tim Schooley

A liquor license placard in Lawrenceville.

In a bar and restaurant business in which buyers and sellers are always coming and going, Sidney Sokoloff has experienced an

inversion of sorts on which ones are more prominent.

While there's a long history of there being a profusion of liquor licenses available in the city of Pittsburgh as well as Allegheny County, Sokoloff said that's no longer the case.

"Usually, we have a list of sellers. We have a list of buyers now," Sokoloff, a principal of Ross-based Specialty Group, which deals in liquor licenses among a host of restaurant services. "The demand is insane."

That is resulting in prices for liquor licenses in the city and county also inspiring that kind of description from would-be buyers. Sokoloff and others indicate the time in which a liquor license in the city of Pittsburgh or in various communities throughout the county could be had for \$30,000 or even twice that are long gone.

Instead, Pittsburgh liquor licenses are now selling for in the range of \$120,000 and a little less in other parts of Allegheny County, said R.J. O'Hara, a partner for the law firm of Flaherty & O'Hara, which specializes in liquor license work of all kinds.

Sokoloff suggested buyers at those prices be wary of trying to get a better deal.

"I don't see those prices staying that way for long," he said, expecting them to climb even higher.

Consider it another business outcome from the aftermath of the pandemic, as a pent-up demand for dining out combines with a lot of flux in restaurant operators to result in restaurant liquor licenses getting quickly snapped up in Pittsburgh and surrounding municipalities in the county.

Ron Sofranko, principal of Wexford-based Sofranko Advisory Group, which deals liquor licenses statewide among its restaurant services, remembers when the highest price for an Allegheny County liquor license was \$67,500 during Covid.

Since then?

"In the last eight to 10 months, the demand for Allegheny County restaurant licenses has gone though the roof," he said.

There's plenty of reasons and theories for the price increases for Pittsburgh and other Allegheny County liquor licenses.

O'Hara observed an influx of development around Pittsburgh's downtown, including of millennial-oriented entertainment concepts seeking to draw in young adults with experiences that also include drink menus. That includes new places such as Puttery and its on-the-way competitor Puttshack in the Strip, new duck pin bowling establishments such as Pins Mechanical Co. and Shorty's Pins X Pints, as well as others.

Plenty of restaurant liquor licenses have long been snapped up by grocery stores and convenience stores as well. O'Hara pointed out that previous restrictions that retail outlets had to sell wine and beer out of sections of their stores that had separate entrances and could accommodate 30 seats and offer food — functioning essentially as a separate restaurant — were largely eliminated in Harrisburg, enabling smaller convenience stores and gas stations to better get in on the game.

Sofranko sees Pittsburgh's restaurant industry in a major transition period, in which older operators are opting to retire and sell at the same time that a wave of newcomers are looking to buy in.

"A whole new generation is coming in," he said. "You have this big transition period right now."

Sokoloff expects the rising price of liquor licenses will add to other compounding financial challenges for independent operators at a time of rising interest rates and inflation.

"I do think that buyers will adapt," he said, adding the higher prices could "make people more mindful and intentional in how they're utilizing the license."

That could translate to higher drink prices as operators become more conscious of a need to recoup the investment in their licenses. It could also result, he added, in more restaurants operating on a BYOB basis, given the costs.

If it's any consolation, liquor license value increases in Pittsburgh and Allegheny County come in a place where values have long lagged the rest of the state.

"We're the least expensive," said O'Hara. "I think we're finally catching up a little bit."

The lack of licenses and values in the six figures is expected to hamper different kinds of operators. O'Hara notes that Chipotle Mexican Grill typically operates selling wine and beer in other states but has yet to do so in western Pennsylvania.

Sokoloff expects the prices to keep rising.

"We were one of the more reasonable counties," he said. "Now we're hitting six figures and it's only going to increase with the increased demand."




**Tim Schooley**

Reporter - *Pittsburgh Business Times*

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