

Now Could Be the Time to Explore Liquor License Purchase

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The latest state auction selling Pennsylvania restaurant liquor licenses could be the best opportunity in years for small business owners to enter the industry, depending in which County you are seeking a quota license.

The 10th round of liquor licenses up for auction in Pennsylvania [is open](#), with bidding on each license starting at \$25,000.

There are 25, county-specific restaurant liquor licenses - the "R" classification - available for bidding, according to the Pennsylvania Liquor Control Board, which oversees the auction. Four of the available licenses are in central Pennsylvania, in Berks, Dauphin, Lebanon and Schuylkill counties.

Liquor licenses are designated for use in one county specifically and cannot be transferred to another county.

Bids in the latest auction are due by March 16, according to the state. This is the 10th time the state has held auctions for expired PLCB R licenses since the practice started in the fall of 2016.

The state came up with the auction idea [to meet the high demand for R liquor licenses](#) after revisions to Pennsylvania's Liquor Code making it easier for grocery stores and convenience stores to obtain a license. In that first auction, four licenses sold for more than \$500,000, and Carlisle-based Giant Food Stores LLC bought all four.

Private sales of the state's licenses also soared, creating a marketplace where small business owners like restaurateurs that wanted to buy a liquor license couldn't afford it, and small business owners that had a license sold it with the proceeds used as a surprise retirement account.

But as the grocery store and convenience store chains prioritized which of its stores it wanted liquor licenses for and filled out those strategic positions for the last three-plus years, the market has cooled. With 25 licenses available in the last auction in September, only six sold for more than \$100,000. Only one of those six sales were in central Pennsylvania.

As I [told the Central Penn Business Journal earlier this month](#), the demand for liquor licenses by the convenience and grocery store owners in York and Lancaster counties seemed to evaporate this past December. While that's not good news for the small business owners that held out for more money to sell their license, it's great news for, say, a cook who is saving to open a restaurant or bar, the construction industry who would build or renovate a new restaurant and financial institutions that would loan money for those construction projects.

While I continue to assist the chain restaurants and convenience stores on their purchase of liquor licenses in Dauphin County, those chains seem to have stopped looking for licenses in Lancaster and York counties, at least in

the short term. It's difficult to predict how much further the R license prices will fall, but they've definitely come back to earth, but for how long is difficult to predict. This latest auction could be an easy access point for a budding restaurateur or for a current restaurant or hotel that doesn't possess an R liquor license to purchase one. For help with the state's bidding process or for any help with purchasing a liquor license, please [reach out to me](#) or anyone in the [Barley Snyder Hospitality Group](#).

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Larry C. Heim

Counsel

Tel: 717-852-4021

Email: lheim@barley.com