A pub is three purchases: the building, the trade and the permissions.

Pubs, bars and nightclubs turn over $21.3 billion a year across 6,853 businesses at an average margin of 8.1%, and gaming supplies 18.7% of that revenue (IBISWorld, June 2026). A lender values the trade on the earnings a new owner can maintain, discounts the gaming for the reforms under way, and will not settle until the regulators have approved you. Decide which of the three you are buying before you decide what to pay.

FREEHOLD GOING CONCERN
the building and the trade

The land, the hotel, the licence, the gaming entitlements or authorities where there are any, the fixtures and the business, in one price. Valued as one income-producing asset: the earnings a competent operator could maintain, capitalised at a market yield.

One going-concern loan. Two tests: value and cash flow.

LEASEHOLD
the trade, in someone else's building

The business, the licence and the fit-out, with the building leased. Less capital, more landlord risk: the lease has to outlast the loan, permit the use and survive the sale, and IBISWorld reports landlords using market reviews to reset pub rents higher (June 2026).

A business loan. The lease term is the clock.

FREEHOLD INVESTMENT
the building, with a tenant paying rent

You own property, not a pub business: its value rests on the rent, the lease term and the tenant's strength. A regional Victorian pub leased to a national operator on a triple-net lease sold for $3.495 million at a 4.96% yield in April 2025.

Commercial property, priced on the tenant.

What the market paid

Measure	Figure
Pub sales in 2025	$2.06 billion across 179 deals; New South Wales $920.8 million (76 deals), Queensland $820.3 million (48); private buyers 87.8%
Metro freehold going concerns	About 6.75% in Sydney; 7.5% to 9.5% in south-east Queensland; top-end yields compressed by up to 1 percentage point in 2025
Country pubs	10% to 12% as going concerns, 6% to 7.5% subject to a lease, for well-located regional pubs in Victoria and New South Wales; secondary or remote above 15%
Leased to a national operator	4.96%, on a triple-net lease (regional Victoria, April 2025)

M3 Property via the Australian Financial Review, December 2025; CBRE, November 2025; JLL via the AFR, December 2025; Opteon, June 2025; Latrobe Valley Express, April 2025. Yields are earnings or rent divided by price. Not a valuation.

METRO AGAINST COUNTRY

The same price buys about 1.5 to 1.8 times the earnings in the country that it buys in Sydney (our arithmetic on these yields), and the reasons are the risks: fewer buyers, fewer comparable sales, and one season or employer that can make the year. A private lender considers pubs as specialised security in metro areas only and names rural locations as what slows a file (2026).

Where the gaming risk sits

IBISWorld wrote in June 2026 that gaming machine reforms are set to erode a historically high-margin revenue stream, and that Victorian pubs heavily reliant on gaming, particularly in Melbourne's western and northern suburbs, face the most acute near-term earnings risk. Machines earn relatively high margins on comparatively little labour, so in a gaming venue the gaming line carries more of the profit than its 18.7% average share of revenue suggests.

A 2025 study cited by IBISWorld found more than half of Australian gamblers now gamble mainly online; poker machines remain the largest single source of gambling losses at about $15.8 billion a year. Victorian hotel and club player losses were $3,318.40 million in 2025-26 (VGCCC).

THE PUBS MOST EXPOSED

Not the weakest pubs: the ones whose profit is mostly machines, in a state still rewriting the rules.

DO THIS BEFORE YOU OPEN A LISTING

Get your capacity assessed on rebuilt earnings, for the structure you are buying: freehold going concern, leasehold or freehold investment. Knowing what you can settle changes which pubs are worth your Friday nights.

The earnings are advertised before anyone is paid to run the pub.

In many pubs this size the owners hold the licence, run the bar, manage the kitchen and do the books, and their family covers the weekend shifts. Add the insurance and energy contracts that will be yours, and the festival weekend that will not come back, and the earnings move. A lender rebuilds them, and its valuer capitalises the rebuilt figure, not the vendor's. So should you, before you offer.

The rebuild: a country freehold going concern, asking $4.2 million	Amount
Revenue: bar, bistro, bottle shop, $500,000 of gaming, six rooms	$3,400,000
Earnings as presented (EBITDA): 8.2 times on the price, a 12.1% yield	$510,000
The licensee-manager at market: $90,000 plus 12% super	– $100,800
The family's weekend bar and kitchen shifts, at award rates	– $45,000
Insurance and energy at your renewal	– $22,000
A festival weekend and an insurance recovery that will not repeat	– $30,000
What a lender assesses: 13.5 times, a 7.4% yield	**$312,200**

The pub has not changed. Only your understanding of it has. A 7.4% yield is a metropolitan yield for a country pub. Illustrative only, not a valuation and not a representation about any particular business.

STRESS-TEST THE GAMING

Cut gaming revenue by 15%, with 60% of the lost revenue coming off earnings, and the rebuilt $312,200 becomes $267,200. Value it again at 11% and the loan falls by about $245,000. If the deal only works on the unstressed number, the vendor is selling you the reform risk at no discount.

WHAT THE VALUER READS

Maintainable earnings after a market wage for management; recent sales of comparable pubs; the gaming and how exposed it is to the rules; the licence, its hours and conditions; the building's condition and any rooms; for a leasehold, the term left and the rent review.

Funding the $4.2 million: the lower test decides	Amount
Value on the rebuilt earnings at an 11% capitalisation rate	$2,838,000
What the security supports at 60% of that value	$1,703,000
What the cash flow supports at 1.5 times cover, 15 years at 8.5%	$1,761,000
The loan: the lower of the two	$1,703,000
Your equity: 59% of the price, before duty and costs	**about $2,497,000**

On the vendor's $510,000 the same pub needed $1.68 million, 40% of the price. On the stressed gaming line it needs about $2.74 million. That gap is the negotiation.

THE VALUER DOES THIS SUM FIRST

A bank's valuer capitalises the earnings a new owner can maintain at a market yield and the lender lends a share of the lower of that value and the price. More earnings raise the loan only if they raise the value too.

RUN IT ON A REAL LISTING

The funding check on our pub page takes the price, the earnings, the gaming and a capitalisation rate, and shows the loan each test supports, the equity to find and what a fall in gaming does: prevailfinance.com.au/buying-a-pub

THREE NUMBERS TO GET BEFORE YOU OFFER

Gaming revenue by month for three years. The full wage bill, with the hours the vendor's family works and what they are paid for them. And the valuer's view of the yield, or two recent sales that show it. With those three, you can price the pub the way the bank will.

Illustrative arithmetic on monthly principal-and-interest repayments. The 11% capitalisation rate sits inside the 10% to 12% Opteon reported for well-located regional going concerns (June 2025). Cover of 1.5 times and lending at 60% of value reflect broker commentary on pub lending published in 2026, not a lender's policy; one specialist business bank told us its minimum cover is 1.25 times (September 2026). Not a quote and not advice.

The machines and the licence are approved, not bought.

Gaming income is valued inside the going concern, and broker commentary in 2026 describes lenders holding back a margin on it for regulatory risk. The liquor licence and the gaming approvals do not pass with the keys: the buyer applies, the regulator and the police assess the buyer, and the timetable is the regulator's. Price the first, and build the contract around the second.

Gaming, state by state

State	What applies now
Victoria	27,310 entitlements (14,099 hotel, 13,211 club), at most 105 per venue, for 20 years from 16 August 2022. Gaming rooms closed 4am to 10am since 30 August 2024; a $100 cash load-up limit and a 3-second minimum spin rate from December 2025; carded play legislated May 2025, trialled at 43 venues, no statewide start date at 2 November 2026. The buyer needs the Commission's approval before settlement, notified 14 working days ahead; entitlements pass after settlement, with deferred payments paid out or taken over under a deed.
New South Wales	At most 30 machines per hotel; shutdown 4am to 10am, with more than 650 venues losing their variations in 2026; $500 cash input on new machines since 1 July 2023; hotel gaming tax rising in steps to 50% of quarterly gaming profit above $1.25 million. The 25 August 2026 package proposes a sinking cap, forfeiture of one in two entitlements moved between venues (today one in every two or three, depending on the transfer), facial recognition from 2028 and higher fees, with no start dates.
Queensland	An operating authority for each machine, sold by Public Trustee tender: minimum prices $499,602 South East, $184,262 Coastal, $156,126 Western. A trial to 30 June 2028 cuts the government's share of transfer proceeds from 33% to 15%. A buyer needs a new gaming machine licence.

TEST THE GAMING LINE BEFORE YOU BID

Gaming revenue by month for three years, the machine count, the entitlement or authority records, checked against what the regulator publishes by venue. One pub group paused Victorian expansion in 2025 after modelling a 10% to 30% fall in revenue under the reforms. Victoria votes on 28 November 2026 and New South Wales in March 2027.

The liquor licence transfer

State	Steps and timing
Victoria	The buyer applies to Liquor Control Victoria at least eight weeks before settlement; fee $259.10; a decision in about five to seven weeks; police have a month to object; new entrant training and responsible service of alcohol completed or enrolled. No alcohol sold until the transfer is granted and you have the right to occupy; you must email Liquor Control Victoria the right-to-occupy notice within 24 hours of settlement.
New South Wales	With the outgoing licensee's consent, or as owner in possession for 28 days. Provisional approval usually within 10 business days, confirmation within 60; the transfer takes effect only on provisional approval. Responsible service and, where required, responsible gambling training; a police certificate under three months old; a company licensee appoints a manager.
Queensland	The transfer application lodged well before settlement; an interim authority in about two to three working days, the full transfer in about two months; no liquor sales until the interim authority is granted; a licensee or approved manager may need to be on the premises.

PUT THE APPROVALS IN THE CONTRACT

The licence transfer and every gaming approval as conditions, with a sunset date set by the regulator's timetable. Agree who lodges what, who pays deferred entitlement instalments, and what happens to stock, staff, bookings and room guests if an approval lands late. Expect the lender to make the approvals a condition of its funding too.

READ THE LICENCE BEFORE YOU VALUE THE TRADE

Its trading hours, patron capacity and conditions decide what the trade can be, and in Victoria its compliance history includes any demerit points. A late licence you do not hold is not late trade you can buy.

Victorian Gambling and Casino Control Commission, October 2026; Premier of Victoria, November 2024; Liquor & Gaming NSW, 2026, and NSW Government releases, 2023 to 2026; Business Queensland, October 2026; Liquor Control Victoria, August 2026; Liquor & Gaming NSW, September 2026; Business Queensland, August 2026; AFR, May 2025. Checked 2 November 2026. General information, not legal advice.

The 12 deal-killers.

Run every pub past the list. One is a negotiation. Three is a walk, and at this stage walking costs you a few hours and two checks. Anything touching the gaming or the lease counts double, because a pub purchase is funded on the earnings a lender believes and the value its valuer signs.

1 **Gaming carrying the profit.** Most of the earnings from machines, in a state still rewriting the rules.

> **Rebuild on a stressed gaming line and price the risk into the offer.**

2 **Entitlements with strings.** Deferred payments owing, held by another entity, or fewer than the vendor thinks.

> **Get the regulator's records and settle the payments in the contract.**

3 **Takings you cannot verify.** A cash-heavy bar and bottle shop whose till reports do not match the bank.

> **Reconcile till to bank to BAS. A lender reads only what reconciles.**

4 **Trade that will not repeat.** A festival, a final, a one-year function contract, an insurance recovery.

> **Normalise it out of the earnings you pay for.**

5 **A lease shorter than the loan.** Or a market review due in year one.

> **Term and options that outlast the debt; the review clause read before the price.**

6 **Capital works you are inheriting.** Kitchen, cool room, roof, fire services, the rooms upstairs.

> **A building condition report before exchange, and the bill in the price.**

7 **A valuation below the price.** The valuer capitalises maintainable earnings at a market yield.

> **Order it early, with the evidence, inside the finance clause.**

8 **Accommodation that does not comply.** Rooms let without the fire and building approvals their use needs.

> **Check before you count their income.**

9 **A licence you have not read.** Hours, patron capacity, conditions and the compliance record.

> **Read them before you value the trade.**

10 **Approvals outside the timetable.** A settlement date the regulator cannot meet.

> **Conditions and sunset dates matched to the transfer and the gaming approvals.**

11 **The licensee and the chef leave with the vendor.** They are the trade.

> **A handover in weeks or months, key people retained, the roles costed in the rebuild.**

12 **A compliance history nobody mentioned.** Responsible service breaches, police incidents, noise complaints, gaming breaches.

> **In writing before exchange.**

TWO CHECKS, ONE AFTERNOON

Ask for the **regulator's records** for the licence and the machines: conditions, compliance history, entitlements or authorities and anything owing on them. Then reconcile **twelve months of till and gaming reports** to bank deposits and BAS. Either check can end a deal.

ANYTHING TOUCHING THE GAMING OR THE LEASE COUNTS DOUBLE

Gaming that depends on rules being rewritten and a lease that ends before the loan are not two findings among twelve. They are the earnings and the security, and those are the loan.

Score it: one column per pub you assess

1 _____	2 _____	3 _____	4 _____	5 _____	6 _____
7 _____	8 _____	9 _____	10 _____	11 _____	12 _____

The structure decides the lender. The valuation decides the loan.

A freehold going concern is funded as one loan against the valuer's going-concern value, tested on the earnings. A leasehold is a business loan sized on cash flow, with the lease term as the clock. A freehold with a tenant is commercial property, priced on the rent. The deposit follows from the lower of what the value and the cash flow support. The Reserve Bank raised the cash rate to 4.60% on 29 September 2026, so quotes dated before then have moved.

FREEHOLD GOING CONCERN

Funded against the going-concern value of the building and the trade, tested on rebuilt earnings. Broker commentary in 2026 puts lending at up to about 65% of value with gaming and about 50% without.

One specialist business bank lists hotels among the specialised assets it lends against at higher leverage, for owner-operators rather than passive investors (September 2026); a non-bank caps specialised securities such as motels and boarding houses at 55% to 65% of value, depending on location and valuation (September 2026); it did not name pubs.

LEASEHOLD

No building to lend against, so the loan is sized on cash flow and capped by the remaining lease term: broker commentary in 2026 puts it at 40% to 50% of value.

Property you own can be added as security. Cash-flow lenders lend without property at higher rates and shorter terms. Vendor finance behind the bank can close a gap.

FREEHOLD INVESTMENT

Funded as commercial property against the rent and the tenant's strength. The specialist bank that lends against hotels for owner-operators does not fund stand-alone property investment (September 2026), so the lender list changes.

Regional pubs sold subject to a lease traded at 6% to 7.5% (Opteon, June 2025); a triple-net lease to a national operator priced at 4.96% (April 2025).

Duty and GST: settlement-day cash

- ☐ **New South Wales.** Duty on land, interests in land including leases, and fixtures; goodwill and statutory licences such as liquor licences are not dutiable (Revenue NSW, August 2026).
- ☐ **Queensland and Victoria.** Queensland charges duty on business assets including goodwill; Victoria does not charge duty on goodwill. Victorian commercial land sold from 1 July 2024 pays duty one final time, then 1% a year of its unimproved land value from ten years later; confirm with the State Revenue Office that the pub's land use qualifies.
- ☐ **GST.** GST-free as a going concern only if it is for payment, the buyer is registered or required to be, both parties agree in writing, the seller supplies everything needed to keep trading, and the seller trades to the day of sale (ATO). Miss one and GST can be added to the price at settlement.
- ☐ **Shares or assets.** Buying the company that holds the licence can avoid a transfer but not the regulators, who still look at who controls a licensee. Ask your solicitor first.

Experience changes the gearing

One specialist bank asks for about 30% of the price on a standalone business purchase, tests cover of at least 1.25 times, asks for a resume and evidence of relevant experience before an indicative offer, and may set lower gearing for first-time operators (September and October 2026). A licensee of ten years or a venue manager staying on is part of the security.

WHO YOU ARE TALKING TO

Priyank assessed and approved business loans as a bank lending manager and commercial credit analyst, and has worked on pub and hotel purchases as a broker. The questions in this guide are the ones a credit team asks first: what the pub earns once the vendor's family stops working for nothing, what the gaming looks like after the reforms, and whether the approvals land in time.

BARS AND NIGHTCLUBS

A nightclub has no gaming or bottle shop to lean on. IBISWorld puts nightclub revenue at about $1 billion and risk at 4.7, Medium (September 2026): most operators run one venue, alcohol and related inputs take about a third of revenue, and the fit-out is worth little to anyone else. Plan on more equity or other property as security.

Subject to lender criteria, security position and eligibility. Lender positions in writing, April to October 2026; broker commentary as published in 2026; indicative only, not a quote. Revenue NSW; Victorian Department of Treasury and Finance; ATO; IBISWorld OD5405, September 2026. We arrange credit; we do not provide legal, tax or accounting advice.

Send the pack. Get an answer in 24 hours.

Send these to **priyank@prevailfinance.com.au** and within 24 hours you have our answer: fundable, not fundable, or what's missing. Once you accept our quote, your Action Plan follows in writing within one business day: what happens, in what order, the funding pathway scoped for that business, an indicative pricing band, and the finance clause date your contract needs.



Priyank Thakkar

Chief Vision Officer & Finance Broker. Former bank lending manager and commercial credit analyst.

priyank@prevailfinance.com.au
+61 404 442 211

With gratitude

About the pub

- ☐ The information memorandum and how the price was built
- ☐ Three years of financials and tax returns, add-backs itemised
- ☐ Monthly trading by line for three years: bar, food, bottle shop, gaming, rooms
- ☐ Till and gaming reports reconciled to bank deposits and BAS
- ☐ The licence with its conditions, hours and compliance history
- ☐ Entitlement or operating authority records, and anything owing
- ☐ The lease, or the title and a building condition report; the staff list

About you

- ☐ Statement of position, with the source of your deposit
- ☐ Two years of personal tax returns and notices
- ☐ Six months of loan statements, three months of transactions
- ☐ Photo ID and a resume of your hospitality or operating experience
- ☐ Your licensee or manager arrangements, the buying entity, and a twelve-month plan

Our fee is quoted up front. If the numbers say walk, we will still tell you to walk.

The industry in numbers: IBISWorld, June 2026

Measure	Figure
Revenue, 2025-26; forecast 2030-31	$21.3 billion; $23.3 billion
Change in 2025-26; forecast growth	down 0.9%; 1.8% a year
Businesses; venues	6,853; 10,308
Employees; average wage	81,200; $53,000
Profit; margin	$1.7 billion; 8.1%
Purchases; wages	37.5%; 20.2% of revenue
Gross margin; EBIT margin, 2024	61.0%; 10.9%
Debt to net worth; interest cover, 2024	1.5; 7.1 times
Fixed assets, share of total assets	88.0%
Risk score, 2027-28 (out of 9)	4.8, Medium

WHERE THE REVENUE COMES FROM

Liquor for drinking on the premises 36.5%, meals and soft drinks 19.6%, takeaway liquor 19.4%, gaming and wagering 18.7%, other 5.8%. The four largest groups, Endeavour (10.8%), Australian Venue Co (6.5%), Merivale (3.4%) and Redcape (1.6%), hold about 22% of revenue.

WHAT MOVES THE MARKET

Total alcohol available for consumption fell 3.7% in 2023-24, the largest single-year drop on record, and venues replaced volume with price, food and low-alcohol drinks. Rent, insurance and energy are taking a growing share of revenue, and private groups are buying venues off-market. IBISWorld forecasts revenue of $22.2 billion in 2027-28.

Source: IBISWorld, **Pubs, Bars & Nightclubs in Australia** (H4520) Industry Report, June 2026, and Risk Ratings Report, September 2026. Forecasts are forecasts, not records.

Indicative only. Pricing, gearing and approval are subject to lender assessment and full application. General information only, current at November 2026, not legal, tax, accounting or financial product advice, and it does not consider your objectives, financial situation or needs. Obtain advice from a qualified solicitor and accountant before acting. Worked examples are illustrative, not valuations, and do not refer to any particular business. Prevail Finance Pty Ltd · Australian Credit Licence 509527.