

CITY SQUARE

BLACKPOOL, CORK

EXCELLENT MULTI-FAMILY INVESTMENT OPPORTUNITY



A CITY CENTRE MULTI-FAMILY OPPORTUNITY

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01. THE OPPORTUNITY

City Square offers investors an excellent opportunity to acquire a highly impressive multi-family investment, located in Lady's Well, close to Blackpool, and within walking distance of Cork City Centre.

This modern development is designed in three distinct blocks, each including a secure internal landscaped courtyard for the exclusive use of the residents. The overall scheme comprises 145 residential units, of which 127 form part of this sale, including a selection of high-specification one, two and three bedroom apartments and duplexes.

The development also offers 16 commercial units located at ground and first floor level and a total of 280 car parking spaces.

With virtually full residential occupancy generating a current overall gross income of approximately €1,815,600* per annum, and an additional €177,200 per annum gross from the commercial element, City Square presents a unique opportunity to acquire a hugely successful multi-family investment.

For Sale by Private Treaty
(Tenants not affected)

* assumes full occupation including 4 show apartments

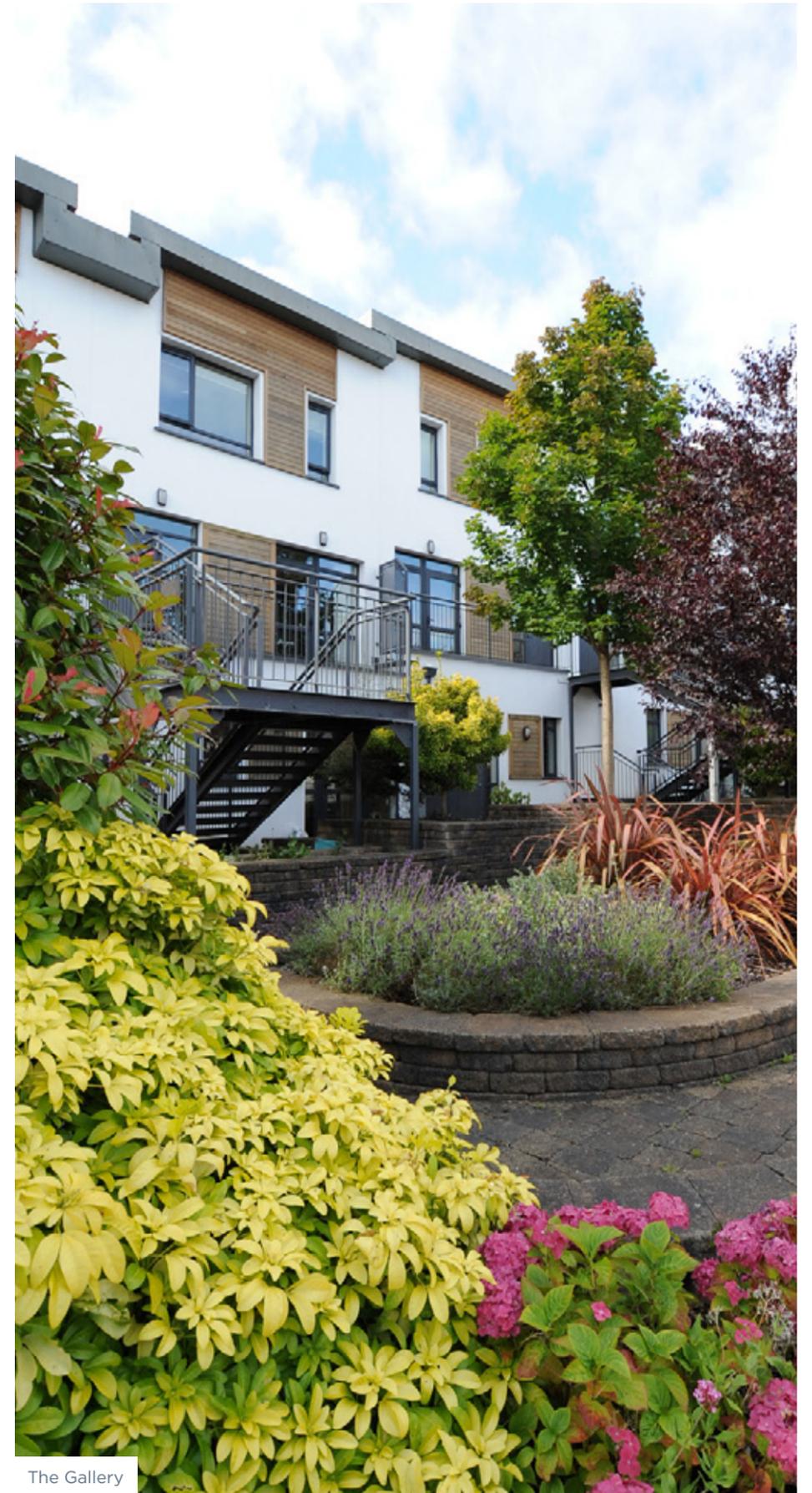
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Virtually full residential occupancy, in addition to a number of commercial tenancies, generating a current overall gross income of approximately €1,992,800 per annum.



For illustrative purpose only



The Plaza



The Gallery



Sample Interior

02. INVESTMENT SUMMARY



MODERN MULTI-FAMILY INVESTMENT OPPORTUNITY

CONVENIENTLY LOCATED WITHIN 10 MINUTES
WALKING DISTANCE OF CORK CITY CENTRE



127 RESIDENTIAL UNITS

COMPRISING OF 86 APARTMENTS & 41 DUPLEXES
WITH 280 BASEMENT CAR PARKING SPACES



INCLUDING A MIX OF RETAIL & OFFICE UNITS

SITUATED AT GROUND AND FIRST FLOOR LEVEL
RANGING IN SIZE FROM APPROX 648 - 5,640 SQ.FT.



CURRENTLY PRODUCING AN OVERALL GROSS
RENTAL INCOME OF APPROXIMATELY

€2 MILLION PER ANNUM



VARIOUS ASSET MANAGEMENT OPPORTUNITIES TO
INCREASE OVERALL INCOME

“

Well-established city
centre scheme with genuine
reversionary potential.

MULTI-FAMILY APARTMENTS

THE PLAZA	34 Units	€499,800 Annual Gross Income
THE COURTYARD	50 Units	€710,400 Annual Gross Income
THE GALLERY	43 Units	€605,400 Annual Gross Income

* Please note the above assumes 100% occupancy of all units including show apartments.

COMMERCIAL

3,375.3 sq m
(36,332 sq ft) GIA
of commercial accommodation

€177,200
per annum passing rent



MULTI-FAMILY APARTMENTS
COMMERCIAL

03. WHY INVEST IN CORK?



STRONG DEMAND OUTSTRIPPING SUPPLY

Minimal supply of less than

120 

residential properties available for rent in Cork City in February 2018

New household formations growing

4x 

faster than new housing completions in Cork County (2011 - 2016)

ROBUST POPULATION & LABOUR MARKET GROWTH



5.1%

increase in population in Cork City and suburbs between 2011-2016



19,300

Net new jobs created in the past year in the south west of Ireland

**EXCELLENT
GROWTH
PROSPECTS**



13.8%
17.5%

forecast rental growth on new lettings from Q2 '17 - Q2 '19

forecast house price inflation (HPI) by December 2019

ATTRACTIVE ENGLISH SPEAKING LOCATION FOR GLOBAL FIRMS



APPLE'S ONLY GLOBAL CORPORATE HEADQUARTERS outside the US is in Cork



8 OF THE TOP 15 GLOBAL PHARMACEUTICAL COMPANIES located in the greater Cork area

Key large employers include **AMAZON, DELL EMC, PFIZER INC.** and **NOVARTIS** with added **BREXIT DISPLACEMENT POTENTIAL**



A YOUNG WELL-EDUCATED & TALENTED WORKFORCE



Cork, Ireland's second city, has a population of

542,868



35%

of people in Cork are aged between 20-39 compared to 28% nationally

Highly skilled talent pool with graduates from **UCC, CIT, Tyndall & Rubicon Research Institutes**



WELL CONNECTED, CONTEMPORARY EUROPEAN CITY



FLIGHTS TO OVER 68 DESTINATIONS FROM CORK INTERNATIONAL AIRPORT including daily direct flights to London, Paris & Amsterdam



A VIBRANT SPORTING CULTURE with Gaelic games, rugby and soccer

VOTED ONE OF THE TOP TEN EUROPEAN CITIES TO VISIT BY THE LONELY PLANET GUIDE



04. LOCATION

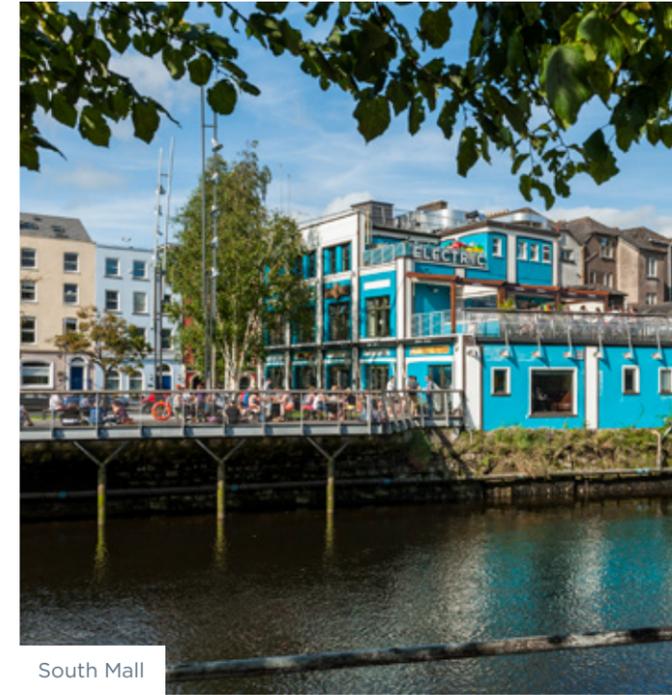
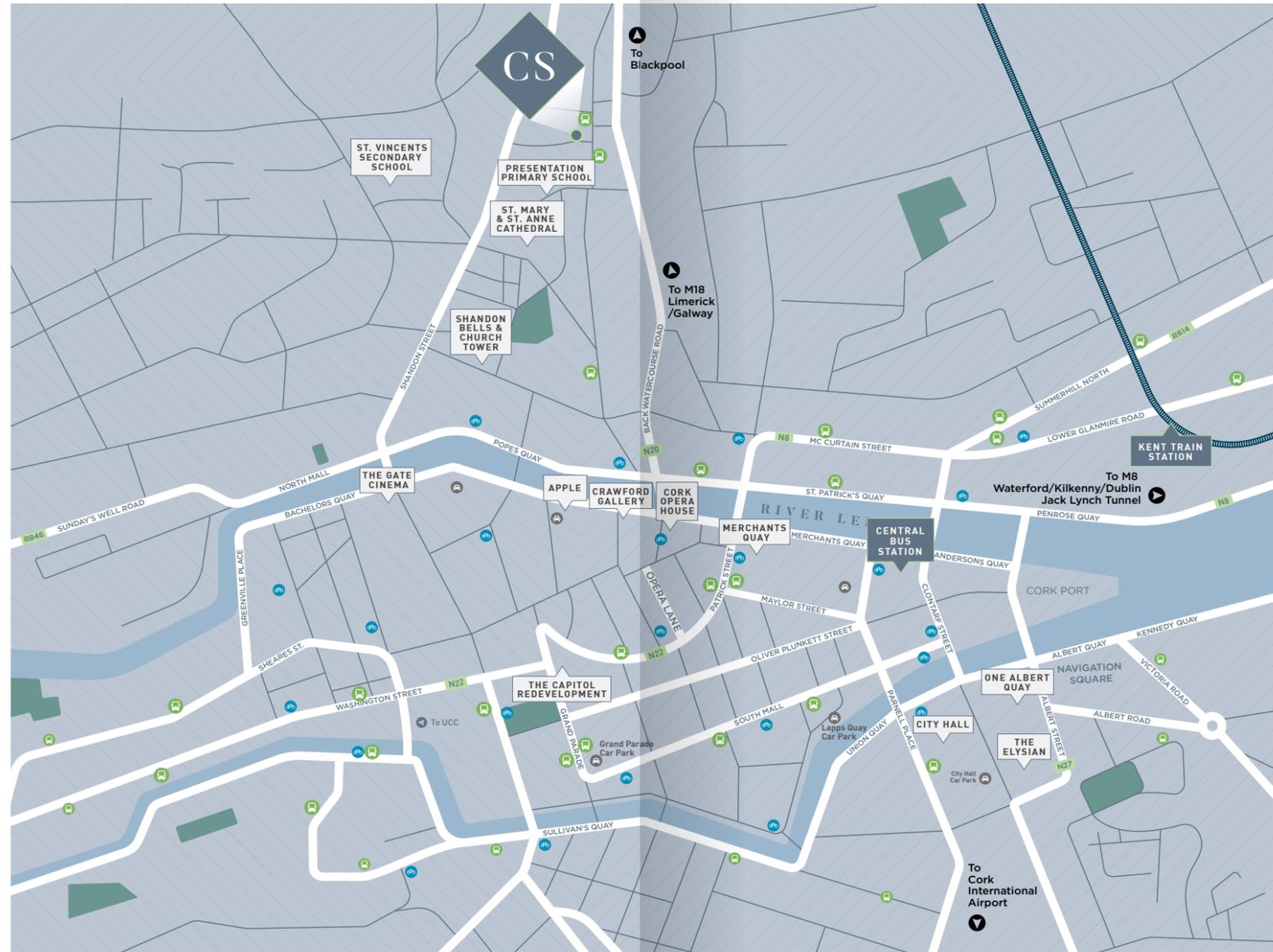
City Square is a unique residential development with ancillary accommodation. The development is centrally located in Lady's Well, approximately 500 metres from Cork City Centre, with extensive frontage onto Watercourse Road.

The scheme benefits from easy access to the N20 main Cork to Limerick Road (which runs parallel to Watercourse Road), Cork Opera House and The Jack Lynch Tunnel.

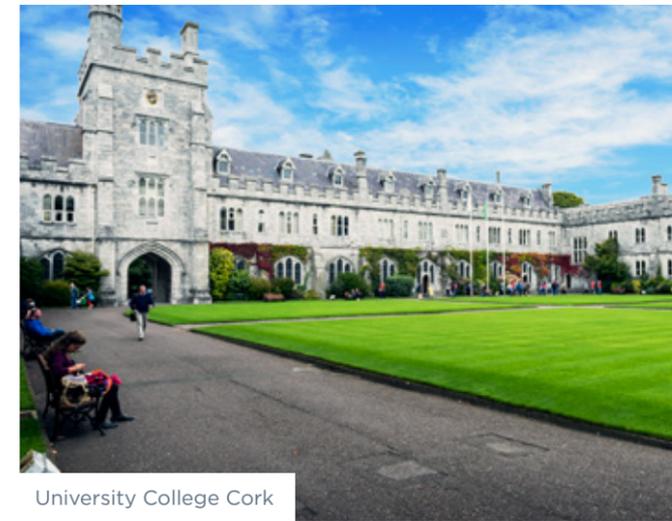
The area has excellent public transport links which include a regular bus service from Blackpool to Cork City Centre. Kent Train Station is also within walking distance of the development.

The city has a vibrant, diverse and young skilled workforce with a strong employment base including Apple, Dell, Amazon, Pfizer and GlaxoSmithKline. Cork International Airport, Ireland's second largest airport, is located approx. 8 km south of the city centre.

Cork boasts a number of educational institutions including University College Cork (UCC) and Cork Institute of Technology (CIT), which form part of a community of 30,000 full and part time students.



South Mall



University College Cork



English Market



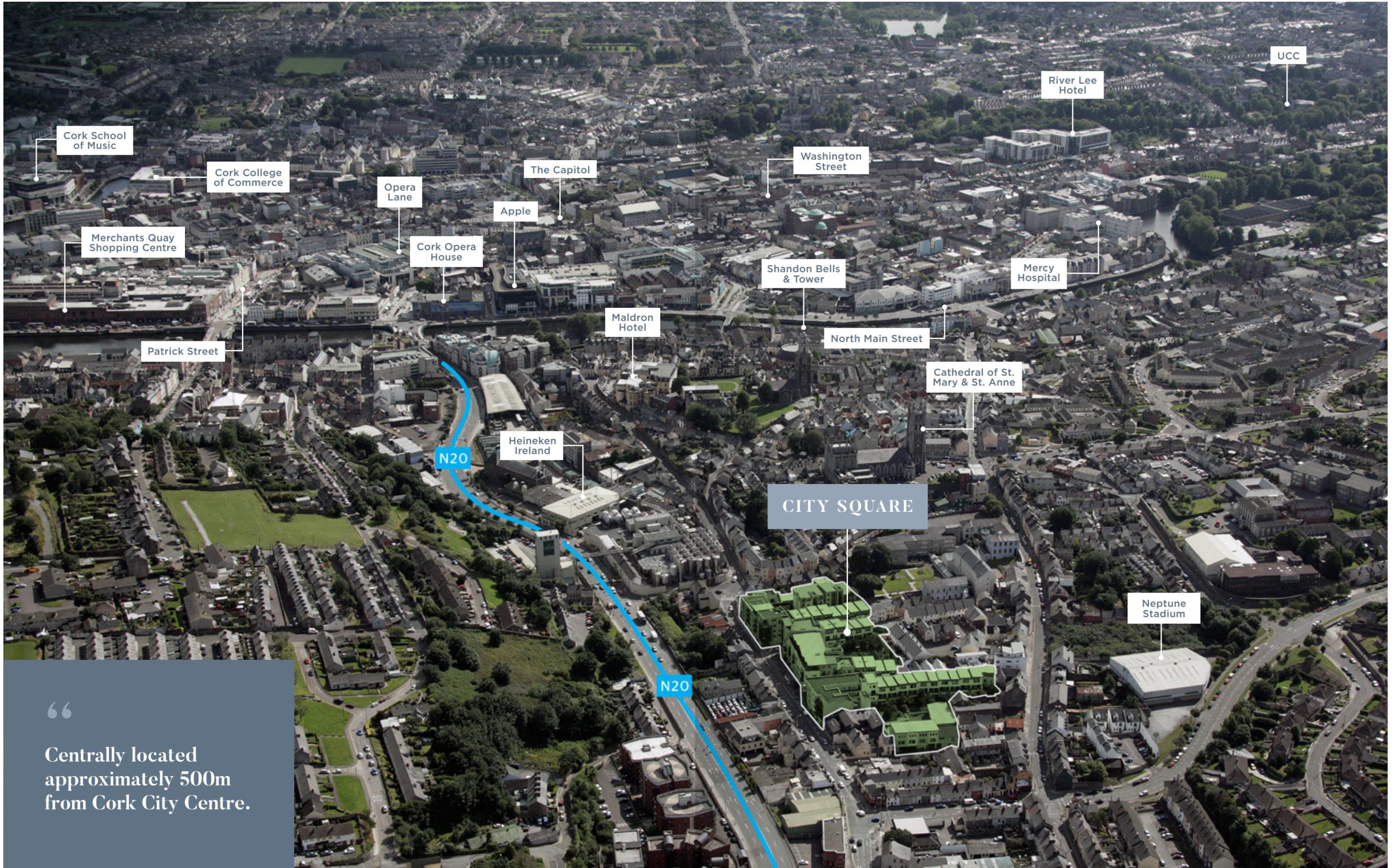
The Marina, Blackrock



Opera Lane



Holy Trinity Church



“
Centrally located
approximately 500m
from Cork City Centre.

05. DESCRIPTION

City Square comprises an impressive multi-family scheme including a mixture of one, two and three bedroom duplexes and apartments in addition to ancillary commercial accommodation.

This landscaped development, which is situated on an overall site of 2.70 acres, incorporates three residential blocks, known as The Courtyard, The Plaza and The Gallery, in addition to ground and first floor commercial space and a basement car park.

The multi-family element of City Square comprises 145 apartments

in total, of which 127 make up the subject sale. The Plaza, The Courtyard and The Gallery comprise of 34, 50 and 43 units respectively, with the blocks ranging in height from 2 to 5 storeys.

The overall development was constructed in 2007 and has the benefit of basement car parking with lift access to all floors, in addition to private internal courtyards offering secluded and appealing landscaped areas for the residents.

The commercial element of the development extends to

approximately 3,375.3 sq m (36,332 sq ft), and comprises of 16 units which includes retail space, office space and a proposed crèche with the benefit of high visibility and strong passing vehicular and pedestrian traffic from Watercourse Road.

Tenants in the scheme at present include a pharmacy, a medical centre and a gym. The vacant units range in size from 52.4 sq m (564 sq ft) to 530.9 sq m (5,715 sq ft) totalling 1,862.9 sq m (20,052 sq ft).

127 RESIDENTIAL UNITS // 25 ONE BED // 76 TWO BED // 26 THREE BED



The Courtyard



Sample Interior



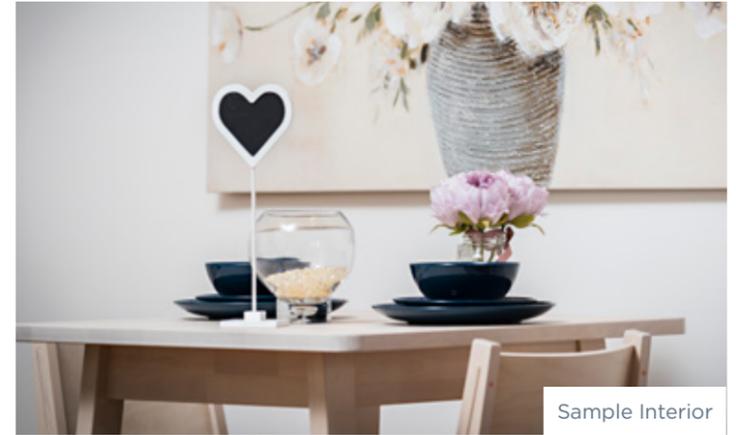
The Plaza



Sample Interior



Sample Interior



Sample Interior



Sample Interior



The Gallery

06. RESIDENTIAL ACCOMMODATION

Block	One Bed Apartment	Two Bed Apartment	Three Bed Apartment	One Bed Duplex	Two Bed Duplex	Three Bed Duplex	Total
The Plaza	6	13	6	0	5	4	34
The Courtyard	8	23	3	1	8	7	50
The Gallery	10	17	0	0	10	6	43
Total	24	53	9	1	23	17	127
Average Size (Sq M)	54.10	76.28	101.13	57.51	98.04	107.94	82.50
Average Size (Sq Ft)	582.30	821.09	1,088.56	619.00	1,055.25	1,161.86	888.01
Total Sq Ft	13,975.09	43,517.58	9,797.00	619.00	24,270.80	19,751.70	111,931.17
% Unit Type	18.90	41.73	7.09	0.79	18.11	13.39	100

Please note the approximate areas referred to above are indicative only and all interested parties should satisfy themselves regarding their accuracy.

07. FEATURES AND SPECIFICATION

- Uniquely designed gated complexes
- Landscaped central courtyards
- Large balconies / terraces
- Fully fitted kitchens and bathrooms
- Bright, spacious and modern units
- Fully furnished throughout
- Secure underground car parking
- Intercom / fob access throughout the development

08. RESIDENTIAL TENANCY

The Multi-Family Residential element of City Square is 97% occupied and let under standard residential tenancy agreements, typically for a 12 month period. The gross rental income from the scheme will be approximately €1,815,600 per annum, upon letting the 4 show apartments which have been held for sale inspection purposes.

AVERAGE PASSING RENT PER MONTH

Block	One Bed Apartment	Two Bed Apartment	Three Bed Apartment	One Bed Duplex	Two Bed Duplex	Three Bed Duplex	Average
The Plaza	€950	€1208.33	€1,250	n/a	€1,150	€1,350	€1,181.67
The Courtyard	€993.75	€1,177.27	€1,216.67	€750	€1,187.50	€1,435.71	€1,126.82
The Gallery	€1,011.11	€1,176.47	n/a	n/a	€1,215.00	€1,383.33	€1,196.48
Average	€992.86	€1,179.41	€1,238.89	€750	€1,191.30	€1,407.14	

09. COMMERCIAL ACCOMMODATION

Unit	Floor	Tenant	Area Sq M (GIA)	Area Sq Ft (GIA)	Lease Start	Lease End	Break Date	Contracted Rent
Office Space	Ground, First floor & Basement	Fóroige	525.8	5,660	1 August 2017	31 July 2027	31 July 2022	€€45,000
Retail Unit 1	Ground	Vacant	52.4	564	-	-	-	-
Retail Unit 2	Ground	Vacant	69.2	745	-	-	-	-
Retail Unit 3	Ground	Vacant	265.1	2,853	-	-	-	-
Retail Unit 4	Ground	Classes Lake Pharmacy Ltd	137.8	1,484	26 Nov 2008	25 Nov 2033	N/A	€30,000
Retail Unit 5 & 6	First	MD Clinic	269.1	2,896	1 Apr 2014	31 Mar 2024	31 Mar 2020	€31,000
Retail Unit 7	First	Erik Henry	481.6	5,184	10 Aug 2017	9 Aug 2022	N/A	€€35,200
Retail Unit 8	Ground	Vacant	123.7	1,331	-	-	-	-
Retail Unit 9	Ground	Vacant	77.8	838	-	-	-	-
Retail Unit 10	Ground	Vacant	74.8	805	-	-	-	-
Retail Unit 11	Ground	Vacant	72.8	784	-	-	-	-
Retail Unit 12	Ground	Vacant	101.3	1,090	-	-	-	-
Retail Unit 13	Ground	Janice McCarthy	98.3	1,058	16 Nov 2017	15 Nov 2027	15 Nov 2022	Year 1 €€9,000 Year 2 €€9,500 Year 3 €€10,500 Year 4 €€11,000 Year 5 €€11,500
Retail Unit 14	Ground	Vacant	530.9	5,715	-	-	-	-
Crèche	Ground	Vacant	494.9	5,327	-	-	-	-
Carpark	Basement	OPW	20 spaces		27 Jul 2009	26 Jul 2019	N/A	€€27,000
Total			3,375.3	36,332				€177,200

* Please note these areas were measured and certified by McGovern Surveyors. A copy of the full report is available in the data room.



10. ASSET MANAGEMENT

The investment offers multiple asset management and enhancement opportunities in the short to medium term to increase rent roll and add value as detailed below:

Residential Rental Growth

The key to unlocking the reversionary residential income potential will be through pushing the rents of existing tenancies annually by the allowed 4% rate, in addition to refurbishing the apartments which naturally become vacant so that market rents can be achieved as prescribed within the PRTB legislation.

Future Development

Planning permission has recently been applied for the conversion of the existing vacant 494.9 sq m (5,327 sq ft) crèche building into four residential units including one 1 bed unit, two 2 bed units and 1 three bed unit. The Hillgrove Lane site also provides an opportunity to develop a high-end 2 bed town house of 96.5 sq m (1,039 sq ft) (S.P.P.). Feasibility studies have been prepared for both of these future development opportunities and are available on the Data Room.

Let the Vacant Commercial Units

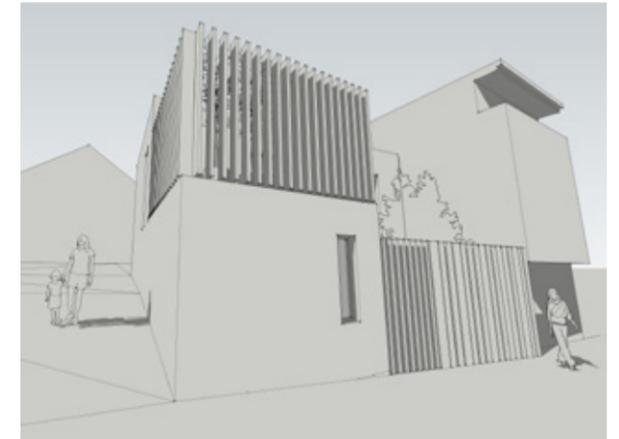
There is an opportunity to finish out and obtain tenants for the currently vacant retail units which total approximately 1,368 sq m (14,725 sq ft) excluding the aforementioned 494.9 sq m (5,327 sq ft) crèche.

The vacant retail units range from approximately 52.4 sq m (564 sq ft) to 530.9 sq m (5,715 sq ft). Potential occupier types for these retail units include food and beverage offerings, health & beauty, sporting goods, fitness, electrical goods and clothing retailers.

Proposed Crèche Conversion (S.P.P)



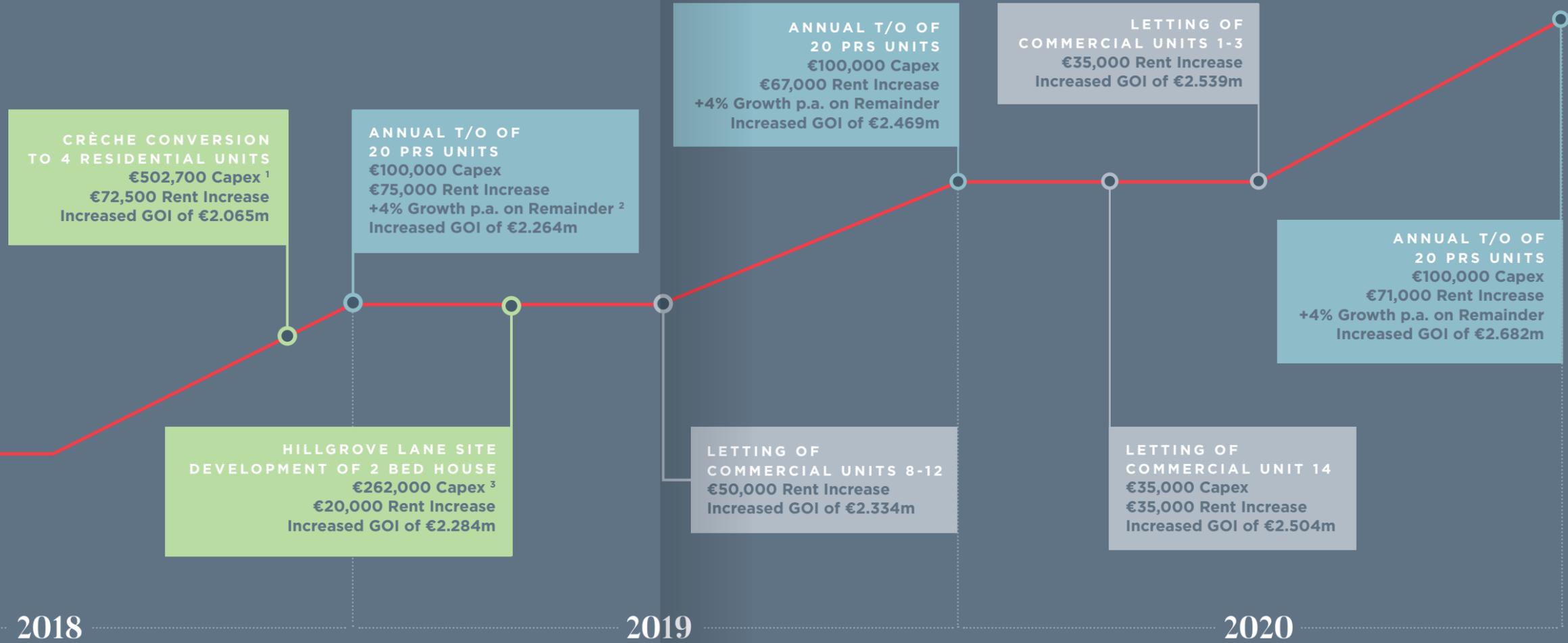
Proposed Dwelling at Hillgrove Lane (S.P.P)



...Extensive asset management opportunities including upgrading residential units to drive rental levels, commercial leasing and development of additional residential units (S.P.P)

ASSET MANAGEMENT TIMELINE

CURRENT GOI OF €1.993m



1. Estimated capital expenditure based on Budget Estimate contained on the Data Room.
 2. The estimated increased rental income for the remainder of the residential units at rent review is based on 4% growth over the two year period since the previous rent review.
 3. Estimated capital expenditure based on Budget Estimate contained on the Data Room.

Notes: The above timeline is provided on a without prejudice basis and for illustrative purposes only. The agents, vendors, solicitors, et al do not warrant the accuracy of the above in any way. Please note our views on estimated rental levels, refurbishment costs and capital expenditure are indicative only and should not be relied upon as such for acquisition, loan security purposes or any other decisions. They are given in the course of our estate agency role and do not come within the scope of the Valuation and Appraisal Manual issued by the Society of Chartered Surveyors.

11. MARKET RESEARCH

ECONOMIC OVERVIEW

Ireland's economy continues to perform especially well with total output now rising at a faster annual rate than any other country in the EU.

Growth is also broad based, with the South West of the country (which incorporates counties Cork and Kerry) adding close to 50,000 net new jobs since the cycle low.

Consequently, unemployment here has fallen sharply from a high of 14.9% to 6.4%, helping drag down the national rate. This has created competition in the labour market and, as a result, average earnings have been rising for over three years.

At the same time jobs growth has provided the fiscal space for tax reductions in four consecutive budgets, leading to a significant lift in real household disposable incomes.

The uncertainties that have been hanging over the global economy for some time still persist and, in our view, neither Brexit nor the US Tax Cuts and Jobs Act are positive for Ireland. Despite these headwinds, however, strong economic momentum is set to continue with consensus GDP growth forecasts of 3.8% for 2018 and 3.1% for 2019.

HOUSING DEMAND AND SUPPLY

Cork's population has grown strongly in recent years. According to the latest Census, a net additional 23,836 (+4.6%) persons were added to the headcount between 2011-2016. At 5.1%, growth in the City and surrounding suburbs was even faster over the same period. Latest data indicate that the South West of the country has continued to experience population growth.

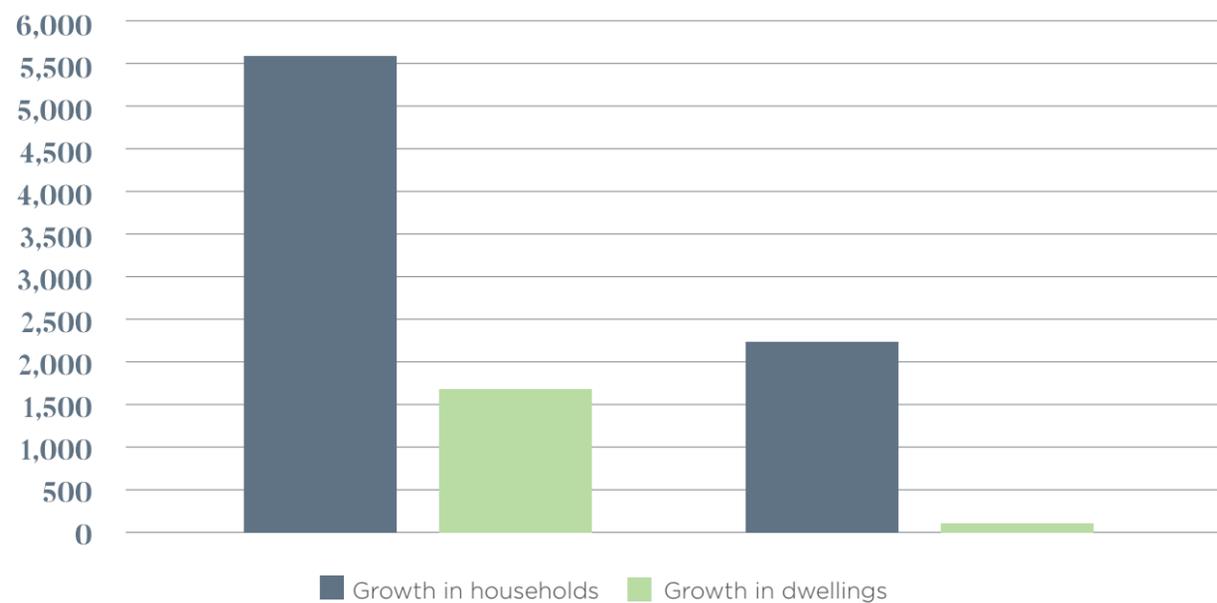
While strong population growth led to the formation of 7,867 net

additional households in Cork between the Census years of 2011-2016, housing construction failed to keep up.

In total just 1,820 additional housing units were delivered across the entire county during this period. The disparity was most acute in Cork City where 2,260 additional households were met with just 127 additional units (see Figure 1). As a result the overhang of vacant housing stock has been quickly eroded. Official figures show that housing vacancy rates in Cork City fell from 11.1% in 2011 to 7.8% in 2016. However, even these figures are likely to overstate the true vacancy level.

Vacancy rates are now negligible across Ireland's major cities and this is corroborated by data from property portals which show that listings of actively marketed properties are at near-record low levels.

Figure 1: Growth in Household Formations and Dwellings (2011 - 2016)



Source: CSO

PRICING

The fundamentals of the Cork housing market, as noted above, remain inflationary. Rising demand due to population growth has so far been met with a sluggish supply response, particularly in the City. While this imbalance had been facilitated by the use of vacant stock - 93% of net housing absorption in Cork City was accommodated through the utilisation of formerly vacant units between 2011 and 2016 - this overhang has effectively run out, and this will put additional upward pressure on capital values and rents.

Latest data show prices in the South West of the country are rising by 11.8% per annum.

HPI in the region has averaged 12.3% over the past three years, in-line with growth in the overall Ex. Dublin index (11.8%).

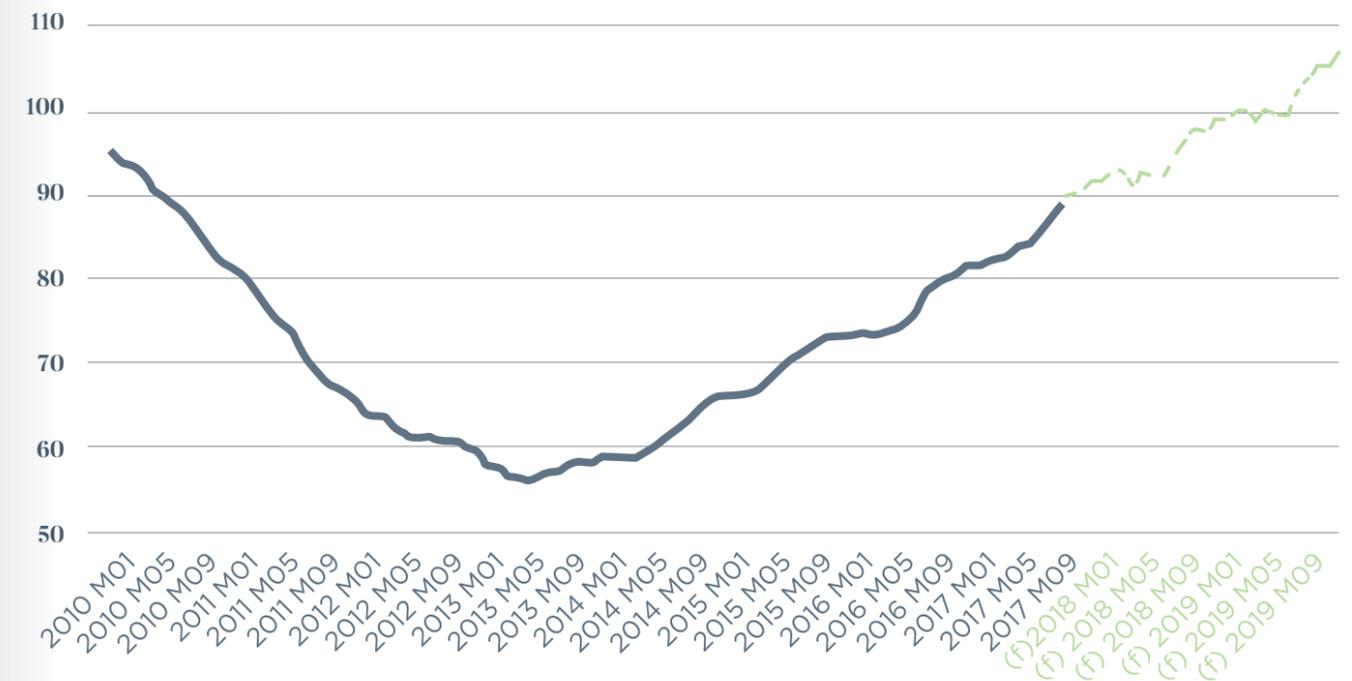
Given that our expectation is for HPI in both Dublin and Ex. Dublin to converge to 6-10% in 2018 and 2019, we feel confident in applying the same outlook to the South West region. Taking the midpoint of these forecasts would result in compound growth in the region of 16.6% between January 2018 and December 2019.

The same factors will also underpin rental growth. Again using our latest Ex. Dublin forecast as indicative of the Cork City market points to further compound rental growth of 12.9% between Q1 2018 and Q4 2019.



Rising demand due to population growth has so far been met with a sluggish supply response, particularly in the City.

Figure 2: Residential Property Price Index - Ex. Dublin



Source: CSO, Savills Research

TENURE STRUCTURE OF IRISH HOUSING MARKET

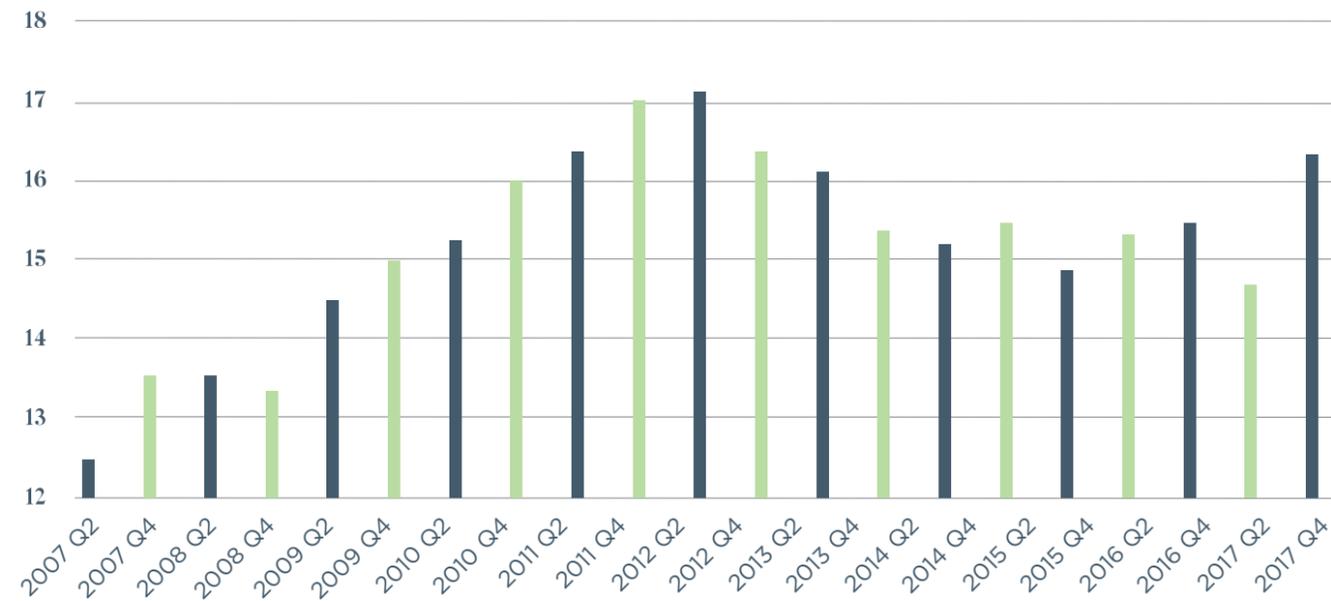
Currently, 202,500 households are renting privately outside Dublin, making up 16.3% of all households in this location. While this has not deviated by more than four percentage points either side of where it is currently in the past decade, a number of distinct trends are clearly evident (see Figure 3).

- Ireland's transition from boom to bust during the Global Financial Crisis saw the proportion of households renting privately outside Dublin increase from 12.4% in Q1 2007 to 17.1% in Q1 2012.
- As the economy began to recover, and property prices bottomed out, aspiring buyers with capital began to take advantage of rebased prices to become

homeowners. Consequently the proportion of households renting privately outside Dublin fell from 17.1% in Q1 2012 to 14.3% in Q3 2015.

- With Ex. Dublin prices now 63% above their cycle low, homeownership has once again become less affordable. This is likely to be most prevalent in larger regional cities like Cork where absolute prices are considerably higher than more rural locations. Consequently, a net additional 28,500 households have been driven into the Ex. Dublin PRS since Q3 2015 and the downward trend in the proportion of households renting privately has now reversed, increasing from 14.3% in Q3 2015 to 16.3% currently.

Figure 3: Proportion of Households Renting Privately Outside Dublin



Source: CSO

RENTAL MARKET

As noted above, Cork's population grew by 23,836 (+4.6%) between 2011-2016. Reflecting the universal tendency towards urbanisation in Ireland since 2011, the rate of growth in and around the City over this period was even stronger at 5.1%. This, along with the expectation of an increased flow of migrants - who generally opt for private renting as an initial tenure choice - should result in continued strong rental demand in and around Cork City.

Additionally, in the absence of a marked pick-up in home building, any shift from renting to home ownership will inevitably have to be facilitated by the conversion of rental properties to owner-occupation. Indeed, while the number of households renting privately outside Dublin has fallen by 5,300 since 2012, this decline has gone hand-in-hand with and even greater reduction in the supply of rental units (-19,900), resulting in an inward drift in the vacancy rate which ultimately drives rents.

RENT FORECASTS

Rental growth forecasts for the Ex. Dublin residential market were first developed and published by Savills in October 2016. These have since been extended out to Q4 2019. Before considering the forecasts several points should be noted.

Firstly, rent controls were introduced in Cork City, Ballincollig-Carrigaline and Cobh in December 2016, January 2017 and March 2017 respectively, generally limiting rental growth to a maximum of 4% per annum. However, properties that have not been previously rented within the last two years and those that have undergone substantial refurbishment works are exempt. This allows for the possibility of a divergence between average rental growth rates and rental growth rates on newly let properties. The modelling results below relate more closely to the latter.

Secondly, the model is driven by lagged values of the vacancy rate. Our expectation is that the demand for rental property outside Dublin should remain robust due to

continued population growth. We allow for a slight tenure shift from private renting to owner-occupation but do not expect this to be a major factor.

Despite signs of a pick-up in housing development nationally, we are also assuming continued lagging supply. In this context, any shift to owner-occupation should have a modest impact on the vacancy rate - that is, any reduction in rental demand is likely to be offset by a reduction in the number of rental units as investment properties are sold back to owner-occupation.

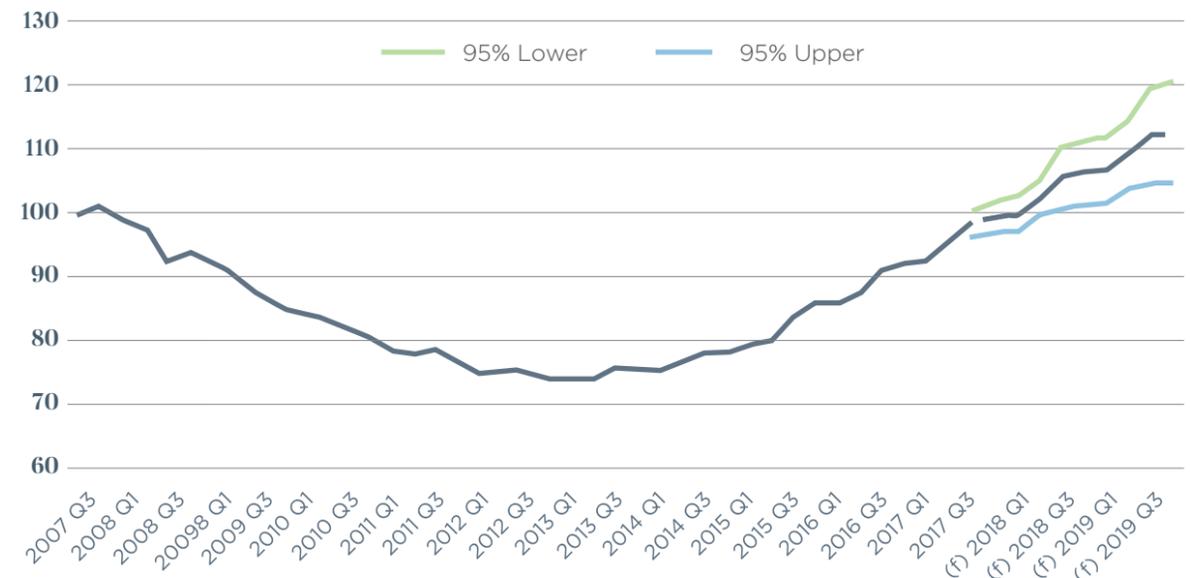
Factoring-in all of these assumptions we are assuming that the vacancy rate in the Ex. Dublin PRS will only rise modestly over the forecast horizon - from 1.34% in Q1 2018 to 2.04% by December 2019.

FORECASTING RESULTS - EX. DUBLIN

The forecasts produced by the model under our vacancy rate assumptions are summarised below.

- Continued real growth in Ex. Dublin residential rents is expected through the forecast horizon
- Rents on new lettings are expected to rise by 12.9% compound over the period Q1 2018 - Q4 2019 in real terms
- Average real rental growth of 6.9% per annum is expected on new lettings over the same period
- The percentage growth rate in rents on new lettings is likely to moderate gradually through the forecasting window due to (a) the drag exerted by an increasing base (b) assumptions of a modest outward drift in the vacancy rate from 1.34% to 2.04%.
- Nonetheless real annual growth of 6.0% in rents on new lettings is forecast even at the furthest horizon of the forecast window in Q4 2019.

Figure 4: Forecast Real Rental Growth (Ex. Dublin) Q1 2018 - Q4 2019 inclusive



As with any forecast generated by an econometric model, there is a statistical margin of error around the predicted rental growth rates. This is visually displayed in the graph above which shows the 95% confidence intervals around our central forecast. If our vacancy rate assumptions are accurate, there is only a 2.5% chance that the rental index will have risen by less than 7.9% in Q4 2019 compared to Q1 2018. Equally there is a 2.5% chance that compound growth in the real rental index will exceed 17.6% over the same period

Source: CSO

12. FURTHER INFORMATION

TITLE

Freehold / Long Leasehold

BER

Residential Range: **BER B1 D1**

Commercial Range: **BER C1 G**

BER No: Available in the data room

Energy Performance Indicator:

Available In the data room

PRICING

On application.

VIEWINGS

Viewings are strictly to be arranged through the sole selling agents.

PROJECT WEBSITE

The agents will provide a dedicated username and password following the execution of a Non-Disclosure 'click through' Agreement (NDA) by interested parties.

WWW.SAVILLS.COM/CITY SQUARE

13. CONTACTS

SELLING AGENTS



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RECEIVERS

On the instructions of  **Grant Thornton**

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DISCLAIMER: Conditions to be noted: 1. These particulars do not constitute an offer or contract or any part thereof and none of the statements contained in the particulars as to the property to be relied on as a statement or representation of fact. 2. The vendor does not make or give, nor is the Agent(s) or its staff authorised to make or give any representation or warranty in respect to this property. 3. All descriptions, dimensions, references to condition and necessary permission for use and occupation, and other details are given in good faith and are believed to be correct but any intending purchaser or tenant should not rely on them as statements or representations of fact but must satisfy himself/herself by inspection or otherwise as to the correctness of each of them. 4. In the event of any inconsistency between these particulars and the contract of sale, the latter shall prevail. 5. The terms, Vendor and Purchaser, where the context requires shall be deemed to refer to Lessor and Lessee and Landlord and Tenant respectively. 6. Prices are quoted exclusive of VAT (unless otherwise stated) and the purchaser/lessee shall be liable for any VAT arising on the transaction.



www.savills.com/citysquare