



PROPERTY

A Northern Powerhouse Dockside Regeneration Property Report

Q3 2022

Liverpool A Northern Powerhouse

Liverpool, the UK's fifth largest metropolitan city, is booming. Located in the North West of England on the River Mersey estuary, it is the UK's top area for start-ups, scale ups and Unicorns: start-up companies with a value of over \$1 billion and home to the UK's largest annual house price increase year on year.



An expanding and dynamic city, with sport and culture at its heart, associated with such icons of popular culture as The Beatles, The Titanic, the Grand National and of course football, Liverpool has much to offer residents, businesses and investors.

A thriving creative and digital economy, three universities, a growing population (up 33%) and a regeneration program of £14 billion have earned Liverpool a place in the UK Top 20 Progressive Cities (Bankrate, 2020) and Liverpool City Region a spot in the top 5 of most improved/best performing economic partnerships across the UK (UKCI, 2021).

In parallel leisure and retail opportunities have also expanded: the award winning destination Titanic Hotel, at Stanley Dock opened 2014, with luxury brand retailer Flannels opening their seven storey 120,000 sq ft store, stocking high-end brands such as Balenciaga, Balmain, Prada and Tom Ford in 2021 and launching Flannels Beauty in the city.

Competitive property prices, offering excellent value in comparison to many other UK cities: on average 30% lower than Manchester and 65% lower than London, with strong rental yields, further adds to the city's appeal.

Liverpool is a city on the move, guided by its maritime heritage and culture, the historic docks are once more the jewel in the city's crown. The regeneration of its iconic waterfront and old docks is creating a new residential quarter, new business locations, a new recreation and leisure destination, and a new sports stadium, raising Liverpool's appeal further and driving both growth and value of prime waterside residential real estate.

“We recognise Liverpool as a powerhouse of culture and style - it's a symbiotic home for Flannels.”

Michael Murray, CEO Flannels



History

The name was first recorded around 1190 as 'Liuerpul', which comes from the Old English 'lifer', meaning thick or muddy water, and 'pol, meaning a pool or creek. The origins of the city date back to 1207, when King John issued 'letters patent' advertising the establishment of the new borough of 'Livpul'. Over time this evolved through numerous spellings, eventually settling on Liverpool, which was awarded city status in 1880.

Liverpool remained a relatively small port until the 18th century, when it seized a large portion of the growth in transatlantic trade. The building of the first ever commercial wet dock in 1715, by Thomas Steer, was able to accommodate up to 100 ships and greatly helped Liverpool's growth in trade. Between 1715 and 1929 forty-two docks were built, making Liverpool, at its peak, the second largest port in the UK and one of the busiest in the world.

Many Liverpudlians worked on ships and their visits overseas brought many cultural influences back to the city, while foreign ships also brought immigrants: Liverpool is home to the oldest black community in the UK and in the late 1800s was home to the largest Chinese community outside mainland China and Liverpool's China Town is still thriving.

In time, more than 40% of the world's trade would pass through Liverpool's docks: by the mid 1800s inward tonnage had reached 1.4 million tons and by the 1900's it peaked at 12.4 million. Its growth during this time as a major port was paralleled by the expansion of the city throughout the Industrial Revolution. To help passengers and goods reach the various docks the Liverpool Overhead Railway was built. Opening in 1893, originally spanning five miles (8 km) from Alexandra Dock to Herculaneum Dock, the lightweight electric trains ran on overhead tracks, pre-dating electric trains in both New York and Chicago. It was later expanded and at its peak almost 20 million people a year used it. It closed in 1956.

Liverpool was also a major port of departure for millions of European emigrants sailing to North America and Australia in the 19th Century, it was home to two of the most famous shipping lines, Cunard and White Star, and the port of registry of the ocean liners RMS Titanic and RMS Queen Mary. Development of infrastructure around the docks, including the North Warehouse at Stanley Dock, built in 1846-54 and the creation of 1.6 million sq ft (148,644 sq m) of tobacco storage space at Tobacco Warehouse in 1900, all helped ensure the port of Liverpool thrived.

World trade contributed to the wealth of Liverpool's merchants and businesses, who helped build the city, commissioning and creating demand



Eleanor Roosevelt at Stanley Warehouse, Liverpool 1942 - National Archives and Records Administration



Aerial Reconnaissance view from Pier Head to Albert Dock 1945 - Royal collection of the United Kingdom

for homes and offices that were befitting their status and success. Their architectural legacy is an impressive range of both private homes and commercial buildings: from the houses of Canning (the Georgian Quarter) and Aigburth to the Palm House in Sefton Park and from the largest religious building in Britain (eighth largest in the world - Liverpool Cathedral), to Liverpool's Pier Head landmark, the Three Graces: the Port of Liverpool building, the Liver Building and the Cunard Building.

As the second city of empire, Liverpool played a pivotal part in both World War I and II. The city's position as a global port and its role in shipbuilding also made it a key target and as such suffered during the Blitz of WW II, with 80 air raids devastating homes and killing thousands of people. Liverpool was one of the most bombed city outside of London.

History

Modern Era I - Decline

After the war Liverpool struggled to recover from the damage caused and a decline in manufacturing at the docks led to increasing unemployment. The docks could not withstand the steady process of deindustrialisation that followed, compounded by the urban decay and dereliction that was to follow in the 60s and 70s.



Music offered an escape for many in 60s Liverpool, leading to the creation of a unique music scene and sound that would take the world by storm. Defined by the magazine created to report on the scene, Mersey Beat, and with the Cavern Club at its heart, Liverpool's music scene was about to set the world alight.

On 9th February 1961 a local band called The Beatles made their debut, helping to put Liverpool back on the map, musically, ably supported by the likes of Billy Fury, The Searchers, Cilla Black and Gerry and The Pacemakers, who's song 'Ferry Across The Mersey' made top ten in the UK and US music charts in 1965: the song is synonymous with the city and was covered in the 80s by Liverpool band Frankie Goes to Hollywood, famed for their hit Relax and its banned supporting video.

By the 70s the docks, once pulsating with life, had become a silt-clogged, 148 acre (60 hectare) wasteland: by 1971 most of the smaller south end docks were closed, with Brunswick Dock closing in 1975. Technological advancements, economic structural changes, containerisation and the development of competing ports such as the Seaforth Docks near Bootle (along the estuary), which opened in 1971, all had a hand in the demise of Liverpool's historic docks.



Liverpool's Brunswick Dock 1960 - Mirrorpix

Modern Era II – Re-invigoration/Regeneration

The depression in Liverpool's maritime industries took its toll on the city and its economy, but rather than being forever consigned to history, the docks continued to play an important part in Liverpool's future, both in regard to a re-invigorated shipping industry and the regeneration of the city itself.

Re-invigoration

Seaforth Docks with its container handling facilities, freeport status (awarded in 1985) and 2016 extension has ensured that more cargo than ever continues to move up and down the Mersey. Its giant ship-to-shore cranes are capable of handling some of the largest containers used in modern day shipping, while its deep channel approach ensures that the ships that carry them can navigate easily to port.

Today the Port of Liverpool is the fourth busiest port in the UK and remains a key port for trans-Atlantic shipping, managed by Peel Ports who announced in 2019 a further investment of \$21 million in the port, to improve supply chain operations.



Liverpool Mega Cranes on the River Mersey

Regeneration

Albert Dock was one of the most advanced docks in the world when completed in 1846, but through advances in design and technology within fifty years of opening it was relegated to use for storage, and in the absence of any plan for its future post WWII it finally closed in 1972.

Various plans to redevelop the docks fell through and frustrated by lack of progress Margaret Thatcher's government set up two Development Corporations in 1981: the London Docklands Development Corporation to address London's Dockland, now the financial centre and residential area known as Canary Wharf, and the Merseyside Development Corporation, to address the regeneration of the Mersey Docks of Liverpool, Bootle, Wallasey and Birkenhead.

Waterside Living

Future of Liverpool Docks

The redevelopment of Liverpool Docks will redefine waterside living in Liverpool and the city itself. The 30-year vision, started in 2018, is already transforming the city's northern docks, as a vibrant, world-class, mixed-use waterfront, location emerges.

The residential and leisure destination will also house the city's arts quarter, to be established in the Ten Streets, as well as a new cruise ship terminal in 2023, ready to welcome ships from cruise lines including Cunard, Norwegian, Costa, Celebrity, Disney, Princess and Viking Cruises, making the docks not only a highly desirable location for residents and businesses, but also for the 54 million tourists who visit annually.

Of the forty-two docks and numerous ancillary buildings that were built during the docks' heyday, all have, or are set to, take on new lives: some have been filled-in to allow for new buildings, others have been shallowed for recreational use, some have become boutique hotels, others have become landmark luxury residential schemes and one will house a new stadium. Improved public transport for the area, currently being reviewed by Liverpool City Council, will increase accessibility and development activity progresses.

The first phase of Albert Dock opened in 1984 and was officially re-opened in 1988, by which time it was home to the Merseyside Maritime Museum, a television studio leased to Granada and Tate Liverpool. The dock was awarded royal status in 2018 in recognition of its importance to the city.

The opening of Albert Dock with its mix of attractions, restaurants and apartments in a prime waterside location, was a landmark in the re-development of Liverpool Docks, just as St Katherine's Dock had been for London's Docklands: both were warehouse buildings on city-centre waterfronts.

The potential of Liverpool's docks for regeneration was recognised by The Peel Group, the infrastructure, transport and real estate investment group, who purchased the Mersey Docks and Harbour Company in 2005, effectively making them the sole landowner of Liverpool Docks.

Outline planning consent for the site, achieved in 2013, resulted in the location being the largest planning consent ever awarded in the UK and The Peel Group, advised by Arup working in partnership with Liverpool City Council, the UK Government and other stakeholders were able to progress the project, identifying a number of individual mixed use and single use development schemes throughout the site.



A blended photograph (left) and CGI (right) illustrating the vision for the North Docks

Liverpool No. 1 for Price Growth

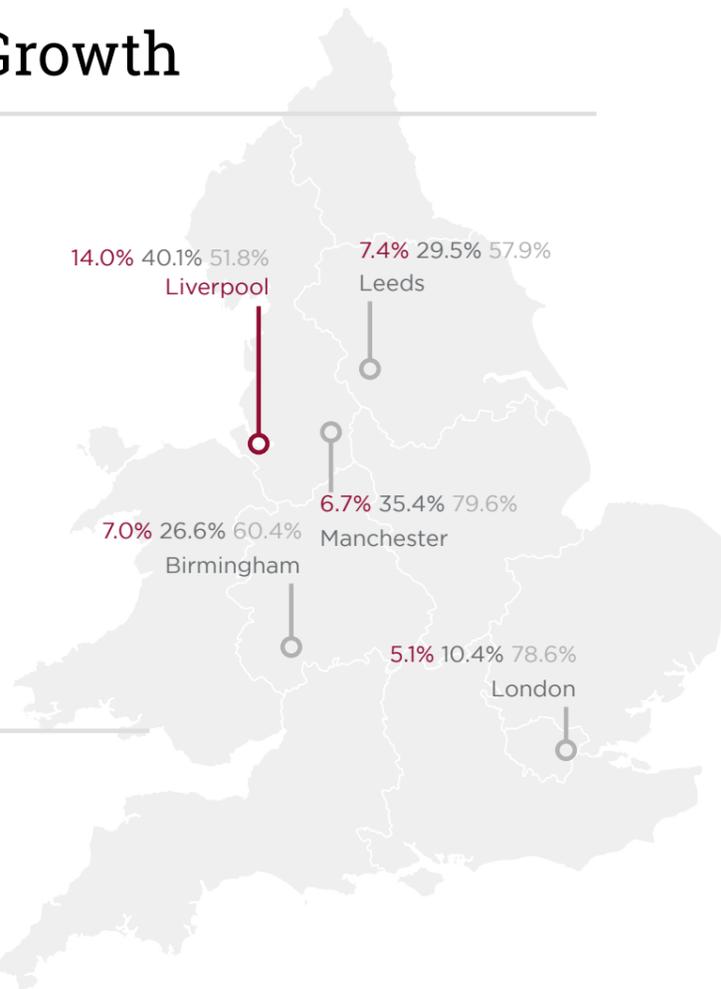
A growing economy and increasing population are key drivers of property price growth. Liverpool is a regional powerhouse, with one of the fastest growing tech clusters in the UK.

Liverpool currently tops the league for residential property price growth (Hometrack/Zoopla, 2022). Growth here in the past five years has significantly outperformed London and other key cities.

Previously, Liverpool had not experienced substantial growth compared to these other high-performing UK cities, suggesting that now is an ideal time to invest.

Residential property price increase %
Key: 1 year 5 year 10 year

Dataloft, UK HPI, November 2021, released January 2022



More for your money

Liverpool Waterfront's average-priced apartments offer a considerable price saving per sq ft compared to apartments in other key prime city locations; it is 65% less expensive than London and over 30% less expensive than Manchester, just an hour down the road.

In terms of quality, premium apartments (those in the top 25% of sales by price per sq ft) in the Liverpool Waterfront also offer substantial savings. A premium Liverpool Waterfront apartment can be purchased for a similar price to an average apartment in Manchester or Birmingham, and at just a small premium to Leeds.

Liverpool Waterfront offers better value (£/sqft)

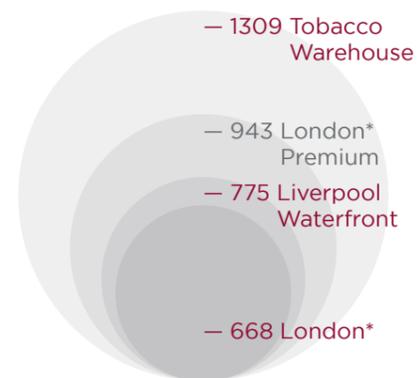


Key: All market Premium

Dataloft, Land Registry, DLUHC, based on 1-3 bed apartments sold over the past 12 months
Top 25% of sales based on apartments sold to date
*London data refers to Greater London

Space matters

Utilising the natural boundaries afforded by the original building, apartments in Tobacco Warehouse, Liverpool offer considerably more space (sq ft) than premium apartments in Liverpool and London.



Key Liverpool Waterside Schemes



The Stanley Dock Complex

Phase 1

The redevelopment and conversion of the North Warehouse into the Titanic Hotel and Rum Warehouse Conference Centre (Completed June 2014)

Phase 2

The redevelopment Tobacco Warehouse, Liverpool's largest listed building and the largest brick built warehouse in the world, to provide 538 apartments and commercial space. 190 completed to date

Phase 3

The redevelopment of the South Warehouse into 99 apart-hotel units, 155 apartments and commercial space (due to start 2022/2023).

Liverpool Waters

A seamless extension of both Liverpool's Commercial Business District and its iconic heritage waterfront. Extending for over 2km along the banks of the River Mersey, the scheme has outline planning permission for 20 million sq ft of mixed use development and will see over £5.5 billion invested in the area. Part of wider ongoing Liverpool regeneration, the project will also see extensive public realm development.

The Ten Streets

Liverpool's newest arts quarter, adjacent to Liverpool Waters, covers 125 acres (50 hectares). This area will focus on the city's creative industries, complementing the Baltic Triangle area, in addition to leisure uses with bars, theatres, markets and other businesses recently setting up in the area. It is envisaged to offer over 5 million sqft of employment space, which is expected to create over 2,500 new jobs and is also a natural extension of the city's Pall Mall office district. The regeneration is well underway with Stanley Dock, Titanic Hotel and the Tobacco Warehouse providing a focal point for this quarter.

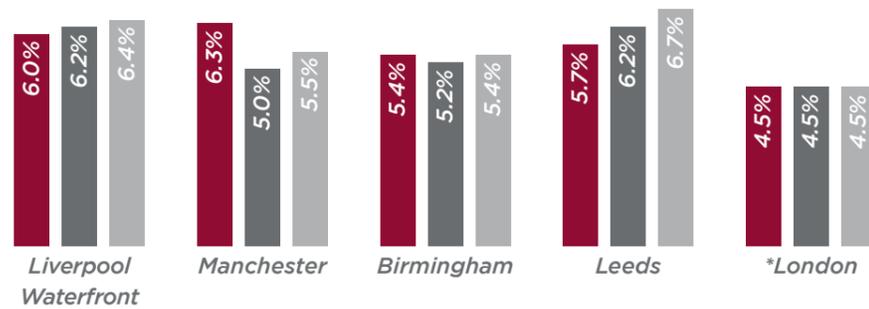
Bramley Moore Dock

Currently under construction and due to open at the start of the 2024-25 season is Everton Football Club's new 53,000-capacity stadium. In addition to the stadium further leisure/hospitality development will also take place. The wider stadium project will be a key catalyst for regeneration, both in the docks and the area around Goodison Park (Everton's current home ground), once they relocate.

A choice investment

Rental growth in Liverpool Waterfront has outperformed the wider Liverpool market since late 2017, when regeneration of the city centre and the waterfront gathered momentum. Yields in Liverpool compare favourably with the other major regional cities of Manchester, Birmingham and Leeds, and considerably outperform London*.

Comparative rental market yields



Key: 1 bed yield 2 bed yield All apartments yield

*Greater London
Postcodes: Liverpool Waterfront L3, Manchester M1-M4, Birmingham B1-B5, Leeds L1-L3
Dataloft DRMA, Dataloft Inform, based on 1-3 bed apartments let/sold over past 12 months
Indicative gross yields.

Perspective on the past

Residential property in Liverpool has consistently outperformed other traditional asset classes in the past five years, particularly in the past year.

The city is currently enjoying a £14bn regeneration boom and was named one of the top five most improved/best performing economic partnerships across the UK (UKCI, 2021). This provides a strong foundation for future growth.

Art, wine and cars offer alternative investment vehicles, but tend to be more volatile with their returns.

	1 year	5 years	10 years
Liverpool Residential property	14.0%	40.1%	51.8%
UK residential property	10.0%	25.8%	61.4%
London	5.1%	10.4%	78.6%
North West	10.8%	32.1%	55.3%
Gold	-2.2%	38.6%	25.5%
FTSE	16.5%	5.1%	31.4%
Art	2%	N/A	71%
Wine	12%	N/A	119%
Cars	4%	N/A	180%

Property - UKHPI (end Nov), CPI (ONS Nov, Gold LBMA (Jan 2022), FTSE (Jan 2022), Art, Wine, Cars (Knight Frank Luxury Investment Index)

Investing now

Interest rates remain low, and in the current climate the yield from a rental property may offer a better return than other investment assets.

6.4%

Liverpool Waterfront
Average apartment indicative gross yield

4.5%

Indicative gross yield
England and Wales

UKHPI, HomeLet

1%

Base rate of interest

Bank of England

2.1%

5-year fixed rate bond

Moneyfacts, 02.02.22

1.6%

5-year fixed rate ISA

Moneyfacts, 02.02.22

18.8% Growth

Forecast growth
in the North West

13.1% UK Savills

Over the next five years, property prices across the North West are anticipated to rise in the region of 18%. JLL anticipate city locations will outperform the wider regional markets.

Rental demand

Liverpool Waterfront has a strong and growing rental market.

Renters are drawn to the vibrancy, heritage and convenience of this location. 55% of the population live in private rented accommodation, far higher than the proportion in London and England as a whole (27% and 17% respectively)¹.

¹Dataloft Rental Market Analytics, Census 2011, English Housing Survey 2021

Liverpool Waterfront has a young renter population

69%

Renters aged 20-29

Dataloft Rental Market Analytics



Renter profile

- The private rental market in Liverpool Waterfront is currently younger than other areas, with an average age of 28. The Waterfront attracts tenants from the local area. Compared to the other cities, this market has the highest proportion of tenants (53%), who have moved from within 5 miles.
- A quarter of renters in the city centre commute over 25 miles to their place of work. Manchester can be reached in less than an hour from Liverpool, with an average of 250 direct trains per day (trainline).
- Of those renting here, many work here too, 39% of renters commute less than two miles to their place of work.

Distance from previous address

Liverpool Waterfront attracts both locals and those from further afield.



53%

of tenants have moved less than five miles from their previous address

Dataloft Rental Market Analytics

46%

People move to Liverpool from elsewhere in the North West

Dataloft, ONS 2021

47%

Renters work in financial/professional, tech and media/creative sectors (Liverpool Waterfront)

Dataloft Rental Market Analytics

27.4%

Average income spent on rent (Liverpool Waterfront)

Dataloft Rental Market Analytics

33%

Growth in population of Liverpool in past five years

ONS, 2015-2020

Culture & Society

Liverpool has long been a rich melting pot of cultural influences and styles, both home-grown and those from its maritime connections.

Natives of Liverpool are formally referred to as "Liverpudlians" and more informally "Scousers", named after a local stew popular with sailors in the city called Scouse: this is also the most frequently used name for the local dialect and accent.

Liverpool and Merseyside have produced countless artists, actors, comedians, sportsmen and women, and politicians including William Gladstone and Harold Wilson (former Prime Ministers), Ian Botham and Natasha Jonas (sportsman/woman), Ken Dodd and John Bishop (comedians) and Rex Harrison, Daniel Craig and Jodie Comer (actors), but it is in the field of music that Merseyside excels.

Merseyside musicians have released 56 UK number one hit singles, more than any other city in the world. From the city's most famous sons John, Paul, George and Ringo, AKA The Beatles and Cilla Black, via Marc Almond, Frankie Goes To Hollywood, *Orchestral Manoeuvres In The Dark* and *Dead Or Alive*, to *Spice Girl Mel C* and *Pixey*.



Liverpool One



Liverpool Football Club

Music is very much in Merseyside's blood, with no shortage of venues for live performances, from the traditional Philharmonic Hall in Hope Street and famous Cavern Club to more contemporary spaces like the Eden Rooftop, at the Shankly Hotel, and the Invisible Wind Factory and Ten Streets Social, both in the Ten Streets, and for those wanting to practice and record, this area is also home to the Vulcan Recording Studios.

Liverpool is world famous for sport: particularly football and horse racing, with two Premier League football teams (Liverpool FC and Everton FC), and being the home of the Grand National, held at Aintree Racecourse.

Retail: LiverpoolOne is in the top 5 of UK shopping centres (Trip 101, 2021) and includes a 14 screen cinema, adventure golf, niche retail and designer brands. Also Red Brick Market, Metquarter (exclusive boutiques), Flannels flagship store, Bold Steet and Ten Streets, offer a diverse range of lifestyle and fashion retail.



Culture: Liverpool boasts over 2,500 listed buildings and 250 public monuments and is home to the largest collection of museums and Grade I listed buildings outside of London: museums and galleries include The Beatles Museum, Tate Liverpool, the International Slavery Museum (the only one of its kind to look at aspects of both historical and contemporary slavery, and racism and discrimination).

Liverpool is the UK's most filmed city outside London (Invest Liverpool) and has played host to television programs such as *Peaky Blinders* and *The Crown*, and films including *Sherlock Holmes*, *Harry Potter* and the *Deathly Hallows*, *Captain America: The First Avenger* and *The Batman* (2022).



Tate Liverpool



Digi-Tech Economy: one of the fastest growing tech clusters in the UK and home to one of the top 25 High Performing Computer systems in the world (Invest Liverpool). The North West region is home to six (43%) of the UK's 14 digital Unicorns (UK Tech Cluster Group, 2021). There has been a 71% growth in information and communication businesses across Liverpool (2016-2021), meaning that residents are well-placed to benefit from the fact that tech dominate the list of best places to work in the UK (Glassdoor, 2022).



The Titanic Hotel Rum Bar



Education: Liverpool has a wide range of further and higher education establishments and is the top UK city for computer science research (Research Excellence Framework, 2014): with three universities it is one of UK's top cities for Graduate Retention (Sunday Times, HESA) and University of Liverpool is a world Top 200 University and UK top 40 (Guardian 2022).



Investment: £14 bn regeneration is taking place, including £130 million redevelopment of Stanley Dock and the Tobacco Warehouse, the largest heritage-to residential building conversion in UK history. Plus the adjacent Ten Streets, Liverpool Waters, Bramley-Moore stadium and new transport links.



The Liverpool Metropolitan Cathedral



Pioneering: £30m partnership set to make Liverpool City Region the most digitally connected in the UK, with full-fibre infrastructure up to 1,000mbps+.



People & Population: A young, dynamic and diverse population: nearly 30,000 people move to the city every year, of which 16% (almost one in every 6) are from Manchester, Birmingham, Leeds and London.

Over the past 5 years, Liverpool has seen a 44% increase in its population aged 19-30; higher than Manchester (42%) and significantly higher than Leeds (22%), Birmingham (19%) and London (-7%).



Duke Street Market (credit Social Bandits).

Connections - from Liverpool North Docks



The Pall Mall office district is a 15 min walk
The Three Graces is a 20 min walk
Liverpool One is a 25 min walk



M62 is just over 5 miles away, connecting to the M57 and M6, M53 is accessible via the Kingsway Tunnel.



Local stations include Moorfields Station in the City Centre, approx. 20 mins walk and Sandhills is approximately 20 mins walk away, with trains to Southport, Preston, Skelmersdale and Warrington, as well as Central Liverpool (approx. 7 mins by train).

Mainline trains station Lime Street is approximately 12 minutes away by taxi, with trains to London Euston (approx. 2 Hrs 50 mins by train), Manchester (approx. 55mins) and Birmingham (approx. 1 Hr 45 mins by train). Potential Ten Streets railway station TBC.

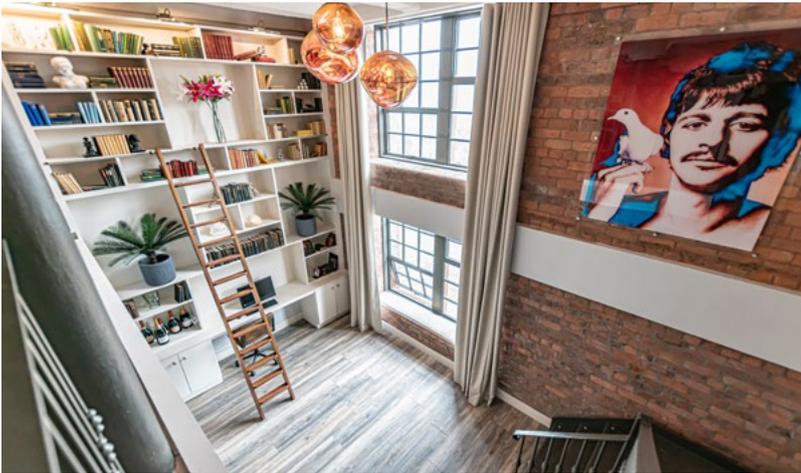


Liverpool John Lennon Airport is approximately 10 miles away (35 mins by taxi), with flights to a range of European destinations. Manchester Airport is 37 miles away (approx. 1 hr by car) with flights to a range of national, European and long-haul destinations.



Regular passenger ferry services operate between Liverpool and Dublin (approx. 3Hrs 45mins by ferry) and Douglas (approx. 2 Hrs 45 mins by ferry).

Property For Sale - Sample June 2022



Tobacco Warehouse, Stanley Dock From £265,000

From 2 Bedrooms 2 Bathrooms



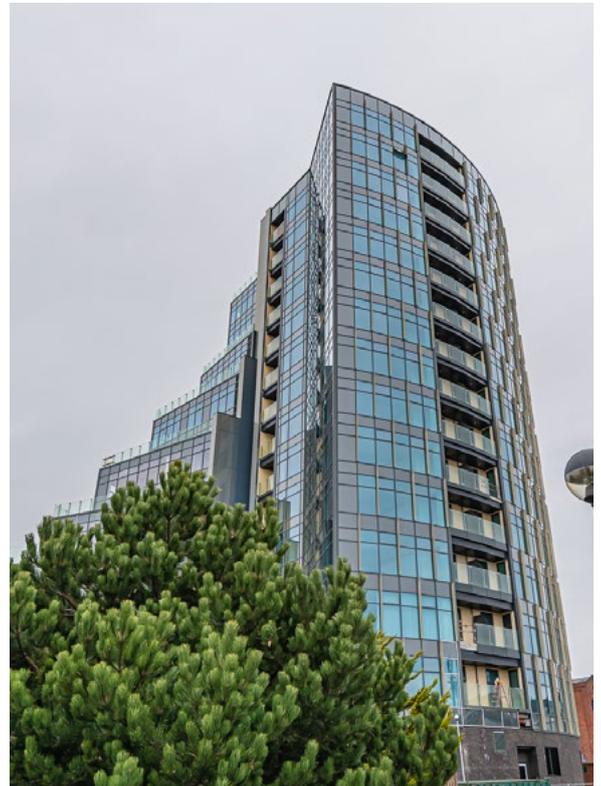
West Tower, Riverside Drive £260,000

2 Bedrooms 1 Bathroom



Albert Dock £425,000

3 Bedrooms 2 Bathrooms



Herculaneum Quay, From £165,000

1, 2 and 3 bedrooms apartments available

Specialist advice should always be sought when making investment decisions. Liverpool Waterfront refers to postcode L3. This is the postcode district for Tobacco Warehouse.

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