

Liverpool: Capital of Culture 2008

Marc Da-Silva sails across the Mersey to see what property investment opportunities this year's European Capital of Culture may still have to offer.

Liverpool has long been stuck in the shadow of neighbouring city Manchester, despite having once been a major worldwide trade port during the eighteenth century. Following a sharp decline in Liverpool's docks and manufacturing industries in the mid 1970s, the city suffered from mass poverty, crime, unemployment, redundancy, unsuccessful strikes, drug problems and a declining population. Despite cheap property prices, many homes across the city remained unoccupied because very few people wanted to live in them.

Towards the tail end of the twentieth century, regeneration became a key strategy in Liverpool in an attempt to rejuvenate the city's fortunes, with approximately £3 billion worth of investment earmarked for the city, according to Paul Furlong of Venmore.

Then in 2003 Liverpool received a major

boost when it was crowned the European Capital of Culture 2008. This prestigious accolade had previously helped transform Britain's last city of culture, Glasgow, from a place in decline into a thriving tourist

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destination. Winning the coveted award further enhanced Liverpool's regeneration plans and thrust the city into the global limelight and attracted greater investment levels. Since then the transformation in the city has been astounding. A significant level of residential and commercial investment within the city centre and surrounding areas

has helped completely change the face of the city centre, attracting millions of tourists and helping to improve employment levels.

Furlong comments: “Liverpool's successful bid to become European Capital of Culture 2008 has had an enormous economic impact on the city, attracting an estimated £2 billion, in addition to the £3 billion worth of development that was already planned for the city. The award has also helped create thousands of new jobs. It is therefore not hard to see why many commentators are predicting a seismic shift in rental and capital growth in Merseyside over the next decade.”

Many outstanding mixed-use developments have recently been constructed or are in the process of being built. These schemes include a new 10,500 capacity Arena and Convention Centre on the Kings Waterfront, the Princess Dock, which will revitalise the riverfront, a new Museum of Liverpool, Central Village – a mixed-use development located behind Bold Street, a new science Park at John Moores University, office, retail, leisure and residential space in the heart of the city's business centre, including St Paul's Square and Pall Mall, while the historic Port of Liverpool, Lime Street Station and Blue Coat Art Centre are amongst a number of projects currently undergoing refurbishment. Various other infrastructural improvements have also been made, while the tramline and canal route have been extended. The heart of the city now aims to promote itself as a business and conference centre.

The biggest project of them all is the £920 million Paradise Project, the largest regeneration project in Europe. Construction work on this retail-led development got under way in 2004 and will be completed in 2008. With 42 acres of 40 individually designed buildings, six distinct districts, and over 1.6m sq. ft of shopping space, this development is

expected to have the largest impact on Liverpool city centre since the post-war construction.

Liverpool Council leader Warren Bradley commented: “Even if we look back to Liverpool's golden era in the nineteenth century, there has never been such a concentration of investment and development. We really are witnessing history in the making.

“It is nothing less than a rebirth and a renaissance which is probably unique in this country in terms of its scale and intensity.

and possibly greater prospects for capital growth.”

Unsurprisingly, Liverpool has attracted a wide range of property investors from all over the country as well as overseas. Whilst some have been ploughing their money into the commercial property sector, others have benefited from a strong residential property market, in which property prices have appreciated significantly.

Roxanne Stowell of Knight Frank reports: “In the nine months following the title nomination in June 2003, the average

some parts of the city centre, which has made it difficult for some investors and homeowners to sell their residential units.

Furlong says: “Some inexperienced and naive investors purchased property in Liverpool without doing their due diligence and have since had their fingers burnt.

Property investors can no longer expect to benefit from significant short-term capital gains, as was the case between 2003 and 2005, when the local property market went through the roof. Capital growth has since slowed to more sustainable

levels. Investors currently buying property in Liverpool should now look upon their purchase as a medium- to long-term investment, rather than a means of getting rich quick.”

There are a number of areas worth considering for property investment. Investors wishing to buy in the city centre should consider modern schemes such as Downing's Eden Square project, City Lofts' Princes Dock tower and Elysian Fields by developer Iliad, due to the fact that demand for these projects remains strong, according to Stowell. She also reports that an average annual rental yield of around 5.5% is still achievable.

Looking elsewhere, Furlong reports that Venmore is currently experiencing high rental demand from applicants wishing to rent in south Liverpool, in areas like

Allerton and Woolton, while the postcode districts of L13, L14 and parts of L15 and L7 are also proving extremely popular.

Prospects for capital growth also look good in L7 along with L6, in areas such as Low Hill, Wavertree and Edge Hill, which are all undergoing regeneration. Furlong forecasts that average property prices in these areas will appreciate up to 15% over the next four years. He also urges investors to consider a regeneration initiative on Great Homer Street, known as Project Jennifer.

Furlong says: “Project Jennifer is a very

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For those of us lucky enough to live and work here, it is an incredibly exciting time.”

Alan Bevan of City Residential reports: “A lot of residents in Liverpool do not yet fully realise the benefits of what is currently happening to their city. Very few people wanted to live in the city ten years ago, because it was so run-down. The place has now changed dramatically and is becoming a far more appealing place to work and live. Yet overall development in the city remains a couple of years behind the likes of Manchester and Leeds, suggesting that there is more room for improvement

house price in Liverpool increased by 21.2%, against an average increase in the North West of 12.9%. Average property prices in Liverpool rose by 91% between January 2003 and September 2007.”

However, the property market in Liverpool, like most of the UK, has somewhat stagnated. Higher interest rates and national economic uncertainty have increased pressure on household finances and caused a greater degree of caution amongst buyers.

Furthermore, there is reportedly an oversupply of new-build apartments across



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important scheme, located close to the City, it is destined to be the new City Suburb. Braidwater has just launched a residential development called Poets Park, while developer St Modwan recently announced that it will totally refurbish the area, which will include a new Tesco superstore, leisure and community facilities.”

Another scheme worth researching for investment is the Edge Lane Project, which incorporates highway improvements, new employment opportunities and new and improved housing.

Stowell says: “In addition to the major

road and environmental improvements there are also a range of development sites along the Edge Lane corridor.

Liverpool Land Development Company has appointed Urban Splash to bring the imposing art deco former Littlewoods building back into use with plans for a hotel, residential and business use. Langtree is working on detailed designs for a site which will include high-quality managed offices and business space for owner-occupiers.”

Stowell also points to Anfield, which will be redeveloped into an area of high-



quality public space once Liverpool Football Club moves to its new stadium in Stanley Park. Stowell adds: “There are plans for a proposed new village centre of Anfield, along with Breckfield at the centre of Walton Breck Road and Oakfield Road, in order to create a social and commercial focus to the area. A number of homes will be demolished and redeveloped. The community facilities in the area will also be improved and expanded upon with the redevelopment of the Vernon Sangster Centre. Stanley Park will also be restored to its former glory with emphasis on its heritage value, and the structures within the park will be used for community, tourism and leisure purposes.”

There is no doubt that the European Capital of Culture award has acted as a major catalyst for change and attracted a whole host of property investors to Liverpool. Although property prices generally look as though they will remain static in the short term, the medium- to long-term prospects for capital growth look positive. Wherever you choose to invest in Liverpool, always ensure that you undertake a good degree of due diligence and seek independent advice wherever possible.

Marc Da-Silva is a freelance journalist specialising in UK and overseas property and investments.