

INNOVATION CAMPUS

LIMERICK IS TURNING ITS BACK ON ITS GREATEST ASSET, ITS GEORGIAN CORE. LET'S REIGNITE IT!

HOW CAN WE BEST LEVERAGE GEORGIAN LIMERICK ?

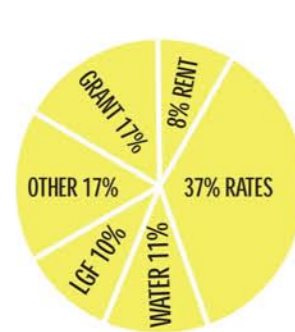
Georgian Limerick is not utilising its full potential. We estimate that there are approximately 55* vacant properties in the Georgian Quarter with an estimated vacant space of 14,190m²*. There are many reasons why this space is idle; private owners cannot afford the renovation, strict planning and conservation policy, high rates which deter businesses from taking the risk of setting up companies in the city.

We propose a City Centre Innovation Campus to incubate new business and encourage creative and regenerative growth, and provide the platform for an inventory of existing vacant space in the city with a view to providing affordable workspaces for start-up micro businesses. Our aim is to fill this space with graduates from the various institutions around the Limerick region, and in turn reduce the so-called "brain drain" that is happening every year in Limerick city. Alarmingly, in 2011 3,416 of the 4,243 students that graduated from institutions in Limerick left the region, to seek employment elsewhere¹. However, we feel that the setting-up of this Innovation campus will attract graduates to start-up businesses in Limerick city.

It is cheaper to set up a business in Limerick than other cities, with rates of €70-€110 per square metre are cheaper than Cork (€170-€200), and Dublin (€140-€320)². Initial investment will be sought through public and private funding (UL, LIT, LCC, private investment and European funding) for the purchase and renovation of Phase One of the campus. Micro-businesses will be charged a low rent, and an appropriate adjustment of existing rates will occur in order to catalyse the growth. Businesses in the campus can avail of UL and LIT's facilities and mentoring services from the various departments and academics attached to these institutions. Further to this the collaborative atmosphere that we hope to nurture in this campus will help to grow and enhance the start-up businesses. A micro-business identity card will also be introduced that will allow participants to avail of discounts across the city.

¹ figures gathered by researchers on preliminary survey
² figures from reports available on institutions respective websites
³ figures from Economic and Spatial plan 2030

LESS VACANCY LOWER RATES MORE INCOME



LIMERICK CITY COUNCIL AIMS TO GET 37% OF ITS INCOME FROM RATES IN 2013*



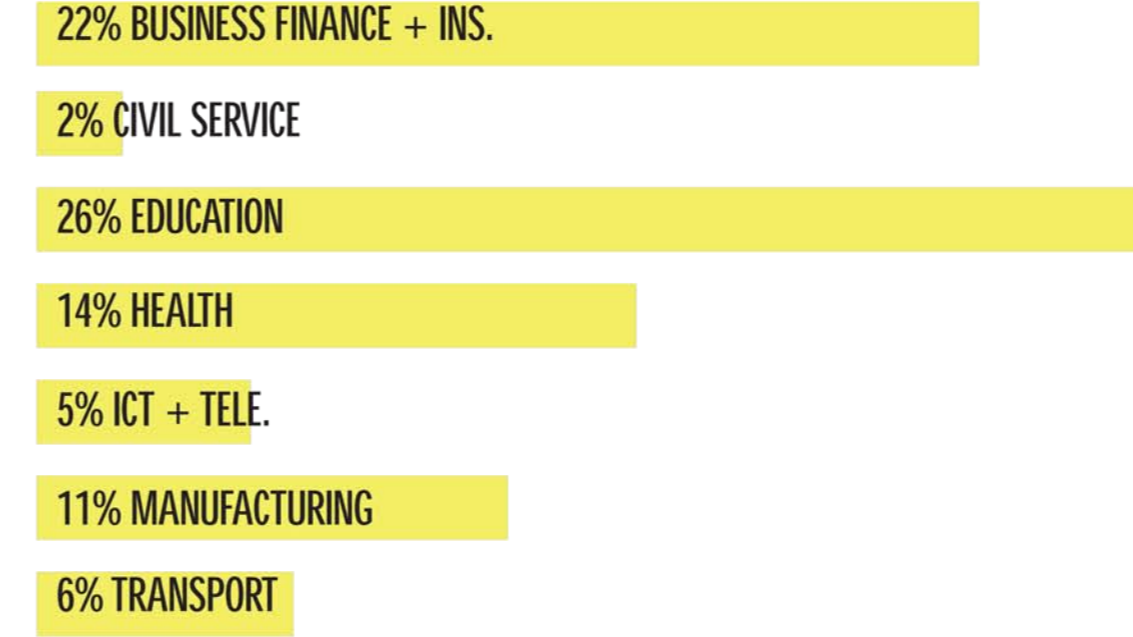
55*

THERE ARE 55 VACANT UNITS THAT COULD INSTANTLY BE TURNED INTO SOMETHING POSITIVE

BAD HOUSING DRIVES OUT GOOD

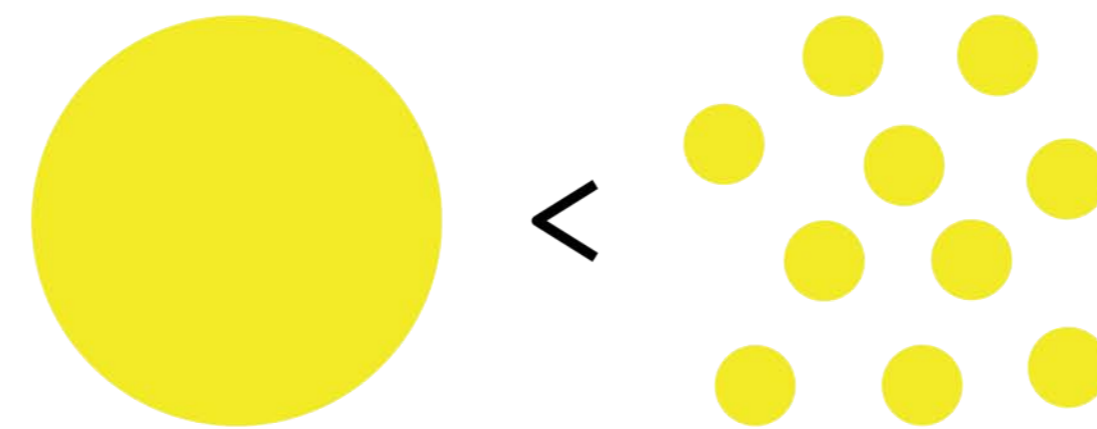
In Limerick city there are good houses and bad houses. Individuals that purchase a house in Limerick city don't know whether it is a good or bad house. After owning a house for a specific time, the house owner can form an idea of the quality of his/her house. Therefore there is an asymmetry in available information; the sellers have more knowledge about the quality of the house than the buyer. However good houses and bad houses must still sell at the same price- since it is impossible for the buyer to tell the difference between the good house and the bad house. Therefore most houses sold will be bad houses and good houses will not be sold at all. The bad houses tend to drive out the good houses because they sell at the same price. This happens because it is impossible for the buyer to tell the difference between the good house and bad house.

explanation adapted from George Akerlof's noble prize winning paper "a market for lemons"



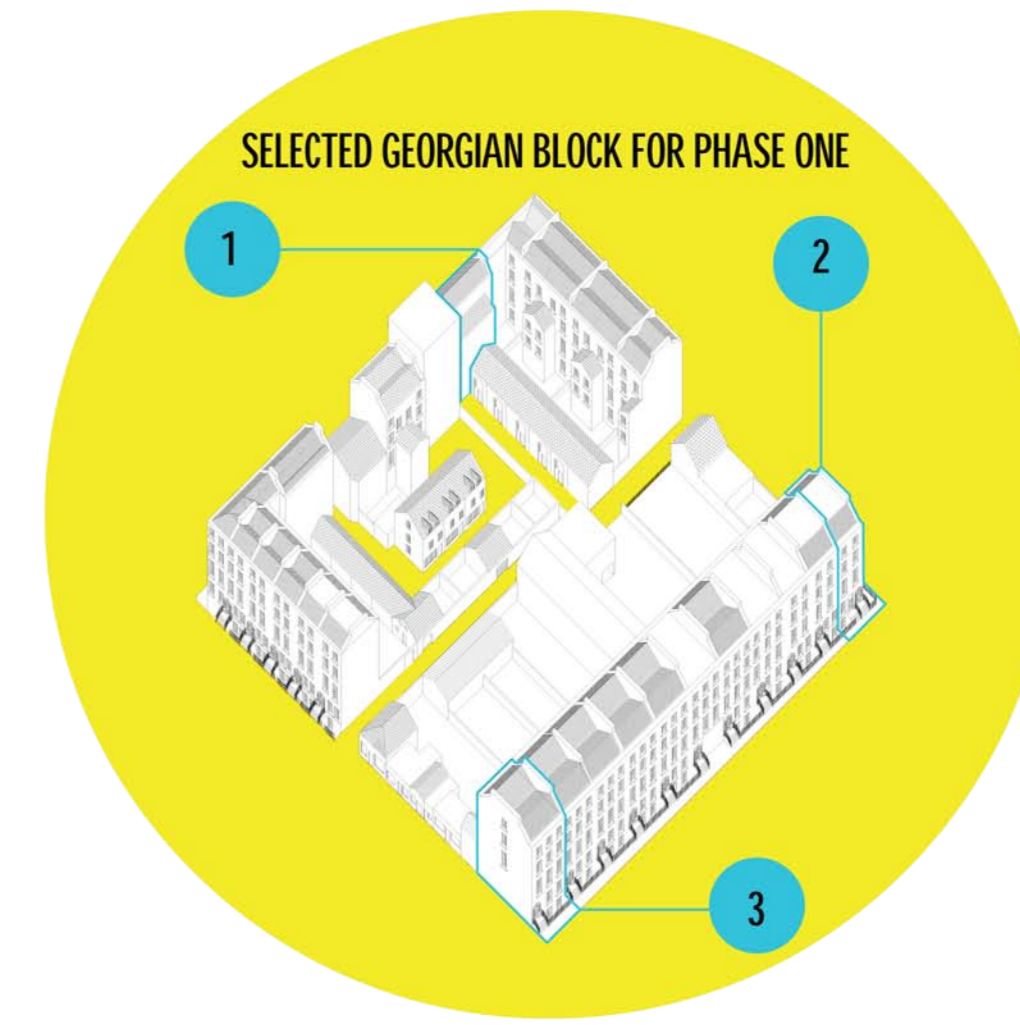
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3416 OR 80% OF THE GRADUATES LEAVE THE REGION EACH YEAR, HOW DO WE TURN THIS BRAIN DRAIN AROUND?



MANY AND SMALL NOT FEW AND BIG

The Economic and Spatial Plan for Limerick 2030 highlights the need for an innovation hub for the city. It has been earmarked as a flagship building development. We are proposing an innovation campus that occupies the ageing core of the city. This campus will be sprinkled among the Georgian blocks as a type of urban acupuncture. We aim to heal the city through many small interventions rather than one proposing one large cure. Businesses in the innovation campus will benefit from being part of a vibrant entrepreneurial community based around synergy and collaboration. We aim to create an atmosphere for creative and regenerative growth in a time of great challenges and volatility in our industry. We believe in the capacity of the businesses we locate to imbue real, exciting and economically measurable benefits to citizen and place.



FINANCIAL OPTIONS

- Option 1**
 Three way purchase between UL LIT & LCC
 310m2 building
 Cost: €450,000 (including renovation)
 3 floors x 4 desk space per floor rented at €55 per desk space per week = €660 per week
 Rent of €34,320 per year (€22,010 typical rates)
 This could fall under the charitable tax exemption umbrella, therefore UL and LIT would not pay taxes on rental income.
- Option 2**
 Private owner leases to UL & LIT
 81m2 building
 Cost: €10,000 deposit and full refurb @ €80,000
 No purchase required, 20 year lease
 6 desks rented at €55 per week = €330 (€17,160 each year)
 €343,200 over 20 year period.
- Option 3**
 Privately purchased building
 Investment of 232m2 building
 Cost: €300,000 & €150,000 refurbishment
 10 start-ups @€55 per week (€28,000 each year) within 16 years the owner of the property makes back the initial investment.

Financial Option 3

Bob is 55 and owns a Georgian building. Bob is currently under sea out financial pressure and needs a quick sale.

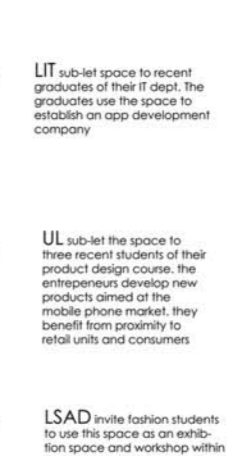
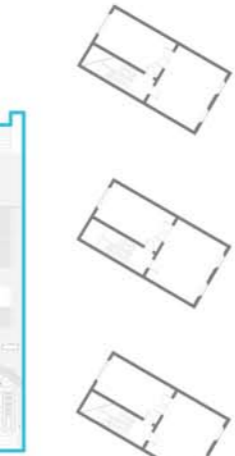
UL and LIT offer him €300,000. They invest a further €150,000 renovating the building and pay €9,000 in legal fees and stamp duty. UL & LIT have a loan of €300,000 and invest €150,000 in private funds.

Each business pays €55 per week for their desk space. In this scenario UL & LIT collect rent of €33,750 in the year compared with €22,010 of typical rates. In Year 1 other room payments for coffee flow is €6,310, some for years 2 to 7.

In Year 7 they sell the property for €500,000. This gives them a profit of €19,239. Taking into account the net investment of €150,000 the internal rate of return is 14%.

The investor acquires the property and takes all commercial risks in terms of rental yields, capital appreciation etc. The rate of return from the investment will depend on a number of factors. There will be no cap (up or down) on the return.

City benefits from the increased vitality, city centre usage and an increase in local employment.



UL sublet space to recent graduates of their 1st year product design courses. The products owned of the middle phone market. They benefit from proximity to retail units and consumers.

LIT sublet space to recent graduates of their 1st year product design courses. The products owned of the middle phone market. They benefit from proximity to retail units and consumers.

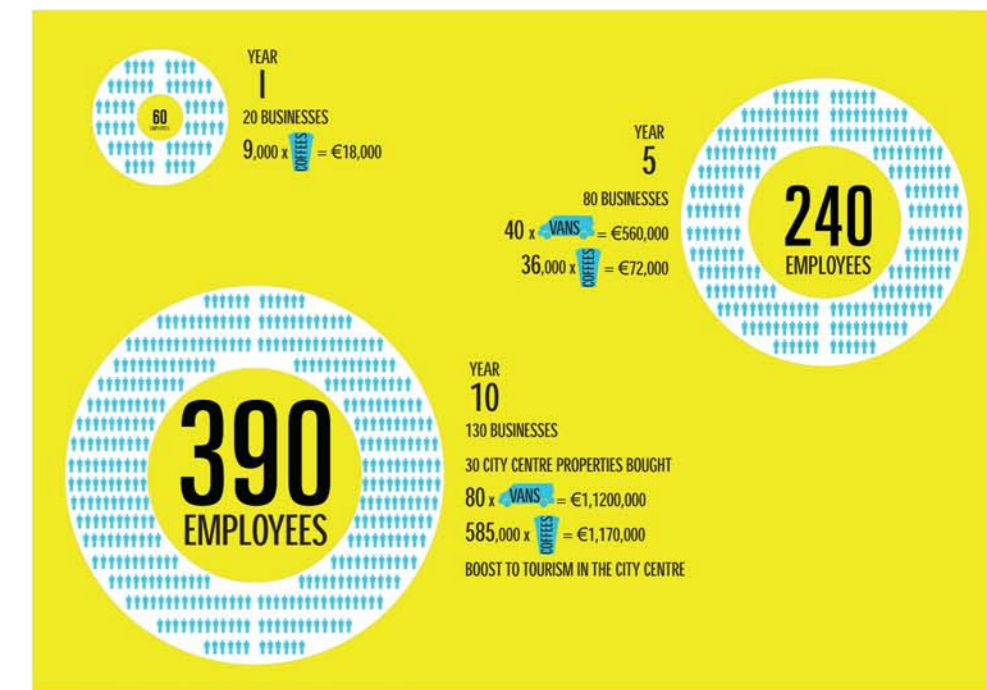
LSAD invite fashion students to use the space as an incubation space and workshop within the city. The students benefit from multi-disciplinary environment and public interaction.

Shared Clinic this space is a communal space shared among the users of the building. Lecturers come to advise and critique graduate projects as agreed with UL and LIT.



20*

NEW GRADUATE START-UPS
 65 NEW JOBS FOR LIMERICK



P.S. this has already happened here



We would like to thank Ger and Pat at BDO for their advice and expertise on the proposed business model.