

Cork 2011

Cork developer Jack Lynch believes the National Asset Management Agency should 'wake up', writes **Gareth Naughton**

Nama should start selling to revive market



Construction work in Cork city during the boom years

The National Asset Management Agency (Nama) needs to start releasing properties for sale on a phased basis, if the property market is to get the jumpstart it so badly needs, according to prominent Cork developer Jack Lynch.

"Nama would want to wake up. It has a huge amount of properties on its books that it is holding on to, and it should be disposing of them and doing so in a sensible fashion, so that we can get things moving again," said Lynch.

"It can't throw it all on the market at once because that would kill it, but it needs to start getting it out there and, within a year, it would have it all disposed of."

"There are a lot of people out there that have money who would love to be investing in property, but they are not being given the opportunity."

Investment property was still considerably over-valued when potential returns were taken into account, Lynch said.

Lynch is the founder of Parkvine, a family-run property and residential letting company with a strong presence in Cork city centre.

The company owns and manages two major developments – Penrose Wharf on the

quays adjacent to Kent Railway Station and Thompson House on MacCurtain Street – as well as a number of residential properties with more

than 200,000 square feet of floor space on its books. Parkvine's properties were acquired and developed in the 70s and 80s, well in advance of the

boom. Lynch, who has been in the business for more than 50 years and who recalls interest rates hitting 26 per cent, took a far more sensible approach to

development than his rivals during the boom years, with the result that Parkvine is holding up well in the recession.

"You must be flexible. You

have to do that; these are different times.

Everyone's expectations were huge, but now you have to be proactive and make sure that it works for your tenant, because everybody has had cutbacks and is not doing as well as they have been," he said.

"I was in it way back when we were just scraping along. I only bought property if I could bring value to it. My thinking is that, you buy it right, do it up cost-effectively and you give the guy going in to rent the place from you a good deal so that he can succeed – and that is how we have been successful," he said.

Office space on Penrose Wharf

Parkvine is seeking tenants for one of the bigger buildings on its books – the 30,000 square foot former home of Siemens, which recently relocated to a smaller site in the suburbs.

With 8,000 square feet of open space on each floor, plenty of natural light, access to the main transport hubs in Cork and being only five minutes' walk from Patrick Street, the

four-storey building is likely to attract significant interest.

Other companies currently located in the complex – which, at full capacity, is home to businesses employing more than 1,000 people – include Vodafone and Esat BT.

"It would be suitable for a call centre use, research and development or any kind of office use, but it is

adaptable no matter what the business is. It is a modern building that will be tailored to suit each individual client depending on their needs," said Lynch. "We tailor the spaces we let to suit the requirements and we do a total fit-out. We did one there some years ago for a company employing 500 people, and all they had to do was buy the lock on the front door."

Skills shortage hits financial recruitment

By Dermot Corrigan



John Higgins

The financial services sector in the south is under threat due to a shortfall in critical skills, according to John Higgins, a partner with Ernst & Young in Cork.

"We are finding it next to impossible to recruit good people in Cork. All our competitors are quietly recruiting, while the shared services businesses are also expanding," said Higgins.

"We have been on the hunt for five or six good people with experience in our industry; qualified accountants with experience working in transactions, business modelling or corporate recovery. They are like hens' teeth. We cannot find them and others have the same problem."

Higgins said that a shortage of qualified candidates was a serious concern for companies in Cork. "We may have a serious unemployment problem countrywide, but there is an acute skills shortage in particular areas," he said.

"Those who are in jobs in Ireland are not moving. People overseas think there are no opportunities in Cork, Dublin or anywhere [else] in Ireland. Many of those who are unemployed at the moment, in Cork and nationwide, seem to have the wrong skillsets for the market."

Ernst & Young employs 110 people in Cork. "We are busier now than probably we were during the boom years," Higgins said. "Tax is a bit more difficult at the moment, but our audit practice is doing well and our transactions business, of which I am a part, is flying. Our corporate recovery business has lots of receiverships and liquidations, but also the real economy is recovering."

Cork had so far weathered the recession well, Higgins said.

"The Cork area has maybe not been hit as badly as other parts of Ireland by the recession. We were not leveraged as closely to the banking and property prices," said Higgins. "There was, and is, a very

good mix in Cork of local businesses, which are surviving, and inbound multinationals from Black & Decker to Apple to Eli Lilly to the funds operations which are continuing to expand. You will see more jobs announcements over the next 12 months. The availability of the right skills will become a much bigger issue."

The infrastructure put in place during the boom would continue to attract foreign di-

'We are finding it next to impossible to recruit good people'

rect investment in the years ahead, Higgins said.

"Cork compares very favourably with a similar-sized city of 200,000 people in the UK, say Hull for instance. We invested in the road network and have a very-well connected airport," he said.

"Businesses in Cork have ready access to all the professional services, including the big four financial services firms. There is an excellent third-level system with University College Cork (UCC) and Cork Institute of Technology pumping out lots of young graduates."

Solicitor offers free legal audit for clients

It is vital to take a proactive approach to managing legal risks, writes **Caroline Allen**

Solicitors Healy O'Connor is offering customers a free legal audit. "Taking the type of business into account, we will tailor a confidential business review document for the company to complete,"

said Healy O'Connor partner Shane Healy. "Based on its results, we will advise on any changes needed to strengthen the core of that business from a legal point of view."

O'Connor established the firm in November 2009 with founding partner Maurice O'Connor. It has six staff, but Healy said planned recruitment would see it double this number in the next 18 months. "We started the firm in the depths of the current recession because we saw a great opportunity and wanted to exploit it. We are now witnessing increased demand from companies for specialist legal advice."

"We work with potential entrepreneurs, limited and private companies, partnerships, sole traders and financial institutions. Many businesses are currently in need of guidance in the areas of employment law, health and safety, corporate governance, intellectual property, redundancy, unfair dismissal, debt recovery and insolvency."

O'Connor advised companies to adopt a proactive approach to all aspects of risk management, from drawing up watertight employment contracts to avoiding bad debt.

The recession has fed demand for debt recovery services.

"It has become a major headache for companies. If they do not act quickly and effectively, they can lose their place in the queue," said O'Connor. "We provide strategic advice to firms throughout the country to help them act quickly to secure judgments. As with all issues, prevention is better than cure. If businesses are vigilant in terms of

reviewing their terms of credit, they can avoid serious pitfalls.

Healy acts as a liquidator for firms. "Liquidation is a very stressful time for the directors involved as, of course, it is for creditors," he said. "If companies are facing this prospect, they should seek advice as soon as possible to alleviate the pressure and take the correct steps."

Despite the difficulties, Healy said start-up activity was strong in Cork. "Gaming software development really seems to be taking off as small companies strive to emulate the success of world-leading Irish businesses such as Havok."

Healy formerly owned his own IT venture, specialising in internet gaming and telecommunications. He has carried this experience into his legal work.

"Our practice is very technology-focused, and our next move is to go paperless. We aim to use the latest advances in case management and software, and are moving into the area of cloud computing. This will all help us to reduce our overheads," he said.

While a lack of credit is hampering some potential entrepreneurs, Healy advised start-ups to seek the attractive lease terms on offer in modern office buildings and avail of the free labour available through work placement programmes.

He said a number of initiatives were needed to encourage start-up activity and support established SMEs. These include easier access to credit, a review of the grant system and the provision of more supports to take on staff. "We see this government as going in the right direction with the cutting

of PRSI, but we would like to see more supports to take on employees. There are so many talented people out there that could be retained or recruited if increased supports were there," said Healy.

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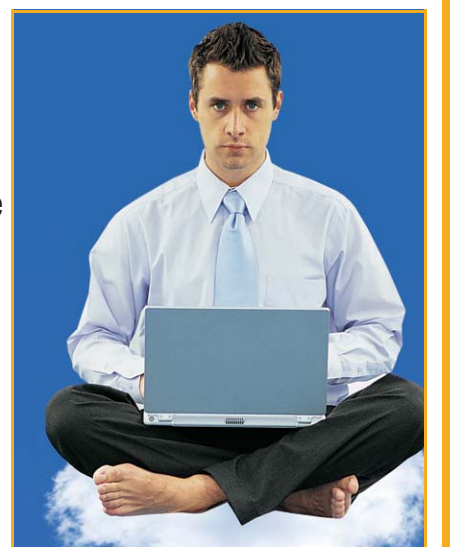
Maurice O'Connor and Shane Healy, partners, Healy O'Connor Solicitors DARRAGH KANE

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