

EXAMINATION OF THE DRAFT REVISED LAMBETH LOCAL PLAN 2020 - 2035

Further Statement in Respect of Matter 4: Economic
Development, Retail and Town Centre Uses

4.8. Hotels and other visitor accommodation

Submitted on behalf of

PPHE Hotel Group

9 October 2020

1. INTRODUCTION

1.1 DP9 Ltd act on behalf of PPHE Hotel Group (“**PPHE**”) in relation to the Draft Revised Lambeth Local Plan (“**DRLP**”) Examination.

1.2 This Hearing Statement addresses matter 4.8(i) where the Inspector asks the question:

i) Is the total restriction on new additional newbuild visitor accommodation in the Waterloo CAZ justified?

1.3 The restriction referred to is set out in the DRLP proposed policy ED14(c), which states: *“No additional visitor accommodation (C1) will be permitted in Waterloo within the boundary of the Central Activities Zone (CAZ).”*

1.4 Supporting text at paragraph 6.103 of the DRLP states: *“Given the recent very rapid growth in the number and concentration of hotels in Waterloo, and the need to support growth in offices and housing in this part of the borough, additional visitor accommodation in this area (up to the CAZ boundary) will not be permitted.”*

1.5 In the supporting text, at paragraph 6.105, the Council refers to its ‘Topic Paper 5: Visitor accommodation’ for justification as to the policy approach.

1.6 In summary, it is PPHE’s case that the DRLP Policy ED14(c) is:

- Inconsistent with the London Plan, and particularly its strategy for the CAZ; and
- Unsound on the basis that it is:
 - i. **Not positively prepared:** It does not make provision for the future need for additional visitor accommodation in the Waterloo CAZ and is not consistent with achieving sustainable development and economic growth;

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- ii. **Not justified:** It is not an appropriate strategy to prevent a CAZ use from being carried out in the CAZ and the Council's justification for the policy approach is flawed; and
 - iii. **Not consistent with national policy:** In particular, paragraphs 80-82 (building a strong, competitive economy) and paragraph 117 of the NPPF (making effective use of land).
- 1.7 In order for the document to be made sound, PPHE considers that draft Policy ED14(c) of the DRLP should be deleted and ED14(a) should be modified to remove reference to the Waterloo CAZ boundary.
- 1.8 Applications for hotel development within the Waterloo area of the CAZ would then be treated in the same manner as applications in major and district town centre areas, i.e. they would be supported provided that they are *"of an appropriate scale for the proposed location and [do] not unacceptably harm the balance and mix of uses in the area, including services for the local residential community"* (DRLP policy ED14(a)); and meet the other detailed requirements of the policy (i.e. sub-paragraphs (e)–(l) of ED14). The Council would therefore still have adequate control over applications for hotel developments.
- 1.9 Notwithstanding the above, and without prejudice to the arguments put forward in this Hearing Statement, should the Inspector find that a policy such as Policy ED14(c) is necessary and justified for the Waterloo area of the CAZ, PPHE considers that changes should be made to introduce flexibility for individual sites to come forward that can be shown not to cause unacceptable harm to local amenity or the balance and mix of local land uses.

2. STRATEGY AND VISION OF THE LONDON PLAN

- 2.1. London Plan Policy 2.10 'Central Activities Zone' seeks to sustain and manage the attractions of the CAZ as the world's leading visitor destination.
- 2.2. London Plan Policy 4.5 'London's Visitor Infrastructure' seeks 40,000 additional hotel rooms by 2036. The policy also goes on to state that London's visitor economy and associated employment should be strengthened by enhancing and extending its attractions, inclusive access, legibility, visitor experience and management and supporting infrastructure.
- 2.3. The provision of visitor accommodation is not only consistent with the priorities for the CAZ but is necessary to sustain the attractions of the CAZ as both a business and leisure destination.
- 2.4. The Intend to Publish London Plan (2019) also recognises the international, national and London-wide importance of the CAZ; and seeks to promote and enhance tourism functions within the area (Policy SD4, particularly paragraph E). Paragraph 2.4.1 recognises that the CAZ is internationally renowned for a variety of its roles, including tourism and as one of the world's most attractive and competitive business locations. Its strategic functions expressly include tourism facilities including hotels (paragraph 2.4.4 j).
- 2.5. Draft London Plan Policy E10(c) (Visitor Infrastructure) is explicit that a sufficient supply and range of serviced accommodation should be maintained.

Is DRLP Policy ED14(c) consistent with the London Plan?

- 2.6. As set out above in the introduction to this Hearing Statement, DRLP Policy ED14(c) as drafted provides that no additional visitor accommodation will be permitted in Waterloo within the boundary of the CAZ. PPHE considers this to be contrary to the strategic vision and priorities of the London Plan (adopted and emerging).

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- 2.7. The draft policy is inconsistent with adopted London Plan Policies 2.10 and 4.5, which seek to strengthen the CAZ as a leading visitor destination and support the construction of new hotel rooms.
- 2.8. The policy is also inconsistent with the draft London Plan Policies SD4 and E10, which seek to promote and enhance the unique concentration and diversity of tourism functions within the CAZ; and to encourage the promotion and enhancement of tourism facilities.
- 2.9. If adopted as currently drafted, Policy ED14(c) would prevent use of land within the CAZ for one of its key strategic functions as well as potentially impacting on the attractiveness of this area of the CAZ from a business perspective.

3. SOUNDNESS OF DRLP POLICY ED14(C)

Is the policy positively prepared?

- 3.1 PPHE do not consider that limb (c) of DRLP Policy ED14 is positively prepared – the draft policy does not make adequate provision for the future need for additional visitor accommodation in the Waterloo CAZ; and will not facilitate sustainable development and economic growth.
- 3.2 The blanket restriction on any additional visitor accommodation within the Waterloo area of the CAZ cannot be said to be an aspirational policy consistent with achieving sustainable development. It will not support this area of the CAZ and provides no flexibility for individual site circumstances or a change of economic circumstances over the 15-year plan period.

Potential sterilisation of sites within the CAZ

- 3.3 The result of DRLP Policy ED14(c) for some sites is likely to be that the site will not be developed within the plan period as other (non-hotel) land uses (in particular the office and residential uses that the Council is seeking) are not viable.
- 3.4 In the context of a planning application that PPHE will shortly submit to the Council, Gerald Eve is in the process of preparing a Land Use Viability Assessment (“**LUVA**”) that assesses the relative viability of various alternative (non-hotel led) development scenarios on the site (located within the Waterloo CAZ area).
- 3.5 The draft LUVA concludes that neither an office nor residential scheme (or a mixed scheme incorporating both office and residential uses) on the site are viable. The proposed hotel-led development (incorporating two floors of office accommodation and public restaurant) would provide a suitable return on value whereas the alternative land uses assessed each result in negative return, making it highly unlikely that the site would be developed for these alternative uses. The site is in a prime location very close to Lambeth North underground station but has been vacant since the 1960s.

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- 3.6 The non-technical Executive Summary of the draft LUVA is appended for reference at **Appendix 1** of this Statement. PPHE would be happy to provide the Inspector with a copy of the LUVA once it is issued to the Council with the submission of the planning application (anticipated to be in advance of the start of the Examination).

Future demand for visitor accommodation

- 3.7 PPHE considers that the DRLP policy will prevent future need for visitor accommodation being adequately met over the plan period.
- 3.8 In the context of their imminent Waterloo hotel planning application, PPHE wanted to ensure that their commercial understanding and projections for the Lambeth (and specifically Waterloo) hotel market was robust. They therefore instructed Gerald Eve to assess hotel demand in the Waterloo area. Gerald Eve assessed the Council's evidence and the demand/supply projections relied on in the context of the DRLP. A summary of Gerald Eve's findings is provided at **Appendix 2** to this Statement.
- 3.9 Gerald Eve conclude that the hotel room projection that Lambeth references (derived from GLA Working Paper 88) significantly understates the supply requirements for a prominent central London borough.
- The GLA Paper apportioned Lambeth's bedroom allocation by estimating the future projected pipeline for the next three years from 2015. This level of apportionment was deemed sustainable despite no review of regeneration, micro-dynamics and potential additional resultant demand.
 - The GLA's borough apportionment was undertaken as a snapshot in time and doesn't reflect individual market dynamics, such as the extent of undersupply of existing hotel bedrooms.
 - Lambeth's Topic Paper 5 states that this figure 'is not a target or an apportionment and is simply a projection'. This would suggest that the

Council place very little weight on the GLA allocation, but it appears that they use it as a benchmark for the borough.

- The Council's assessment of the pipeline since 2015 assumes all hotel planning permissions will be constructed, which is unlikely, particularly when assessing current market conditions.

Is the policy justified?

- 3.10 PPHE does not consider that draft policy ED14(c) is justified. It does not set the appropriate strategy for a CAZ location as it expressly prevents a strategic function from coming forward within an area of the CAZ.
- 3.11 It also does not provide the flexibility that will inevitably be required over the plan period to ensure sustainable development and sustainable economic growth.

Responses to the consultation on the DRLP

- 3.12 The Council's justification for draft Policy ED14 is set out in 'Topic Paper 5: Visitor Accommodation'. Within this document is a summary of responses received during the consultation on the DRLP. It is worth noting that responses were mixed with regard to the revised changes to the hotel policy. It is reported that *'47% of respondents strongly agreed or agreed that new hotels should not be supported in Waterloo'*. This clearly does not represent the majority of the respondents.
- 3.13 Some consultees argued that there is no robust evidence provided to demonstrate an over-concentration and the evidence base does not provide detail on expected levels of demand. We would concur with this - the data relied upon by Lambeth appears to be supply led data with no material consideration of demand.

Gerald Eve expert analysis of evidence base

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- 3.14 As noted above, Gerald Eve's hotel team has prepared **Appendix 2** following its assessment of hotel demand for the Waterloo area and also consideration of the evidence base that the Council relies on to justify DRLP policy ED14(c).
- 3.15 Gerald Eve do not consider there to be robust evidence to demonstrate an over-concentration of hotels in the area and that the evidence base does not provide detail on occupancy rates or expected levels. PPHE agrees that there has been no reported research into projected demand for the borough and the review is supply based only.
- 3.16 PPHE's existing hotel within the Waterloo CAZ area reports particularly high occupancy rates, which suggests an unmet demand in the area as opposed to over-supply.
- 3.17 When considering future need and demand projections, there is no differentiation between the different types of visitor accommodation (i.e. budget, luxury, etc.). PPHE considers there to be an undersupply in the area of affordable luxury hotel rooms (i.e. smaller luxury rooms) and considers that visitors are travelling into other boroughs to meet this need. This variation within the hotel market is not considered by the Council in its evidence base.
- 3.18 The Council is concerned that hotels are becoming overrepresented in Waterloo, but it is of course the main commercial hub in Lambeth. Topic Paper 5 states that 62% of all room accommodation is situated within the Waterloo market. However, this must be considered in the context of the Waterloo market being a major commercial hub. By way of example Waterloo accounts for 78% of all office supply in the borough.
- 3.19 It is also interesting to note that Lambeth has significantly less hotel keys than the majority of other central London boroughs, being eighth in the rankings in terms of number of keys despite its proximity to key visitor attractions. The borough has undergone significant regeneration in recent years and with continued investment it is anticipated that demand for hotel accommodation in the borough will continue to grow.

3.20 Gerald Eve expect that demand for hotel uses will increase as other sectors expand, but this is not taken into account by the Council. There is over 2.5m sqft of offices scheduled to be developed in the Southbank West office market, of which 1.45m sqft are in Lambeth. If the hotel portfolio in the Waterloo area of the CAZ is restricted, Gerald Eve consider it highly likely that there will be an imbalance once the office pipeline is developed. This could result in existing hotels becoming more expensive in the borough and it may even constrain future office demand as there would be insufficient room accommodation to support offices.

3.21 Waterloo currently has an office sqft (NIA) to hotel keys ratio of 1,866.

- The pipeline ratio is 5,070 sqft per key, which is over 2.5x greater than the existing ratio.
- Assuming all the pipeline is developed both for hotels and offices, the ratio would increase to 2,090 sqft of office space per key, an increase of 12% from the dynamics as at today.
- The above development pipeline would reduce the hotel supply as a percentage of office space. There would be a further deficient to the Waterloo hotel market that is already undersupplied.

Is the policy consistent with national policy, and in particular paragraphs 80-82 of the NPPF?

3.22 PPHE considers that draft Policy ED14(c) is inconsistent with national policy, and in particular paragraphs 80-82 and paragraph 117 of the NPPF.

3.23 **Paragraph 80 of the NPPF** states: “Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future...”.

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- 3.24 The imposition of a geographical restriction on land use does not help to create an environment in which businesses can thrive and adapt.
- 3.25 PPHE is an experienced hotelier with significant knowledge of the Waterloo and Lambeth market. They would not be seeking to expand their portfolio within the area if there was not a strong business case and rationale to do so. Their current hotel within Waterloo operates at a very high level of demand and they recognise a gap in the local market for a different type of hotel offer, being an affordable luxury concept with smaller high-end rooms. This creativity and adaptation in response to local needs and drivers will be quashed if the policy is adopted with its current wording.
- 3.26 There is a recognition within paragraph 80 of the NPPF that different areas may have different strengths. The Waterloo area of Lambeth is a very central, well connected area of the borough. Whilst it does have a high proportion of hotels compared to other parts of the borough, it sees a higher proportion of tourist and business activity to warrant the need for complementary infrastructure and facilities.
- 3.27 **Paragraph 81 of the NPPF** states: “Planning policies should... d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices..., and to enable a rapid response to changes in economic circumstances”.
- 3.28 Now, more than ever before, the need for flexibility and economic resilience is crucial. Both the office and hotel industries are being impacted by the global pandemic in ways no one could have predicted a year ago; and this will likely have knock-on consequences for pipeline predictions and bring into question the certainty that projects, even those with the benefit of planning permission, will come forward.
- 3.29 By basing a policy restriction on geographical area rather than site specific information, there is a real risk that the data relied on will become out of date very quickly. Future projections are inherently uncertain, and the plan needs to allow for evolution in tandem with movements in the economy, which in turn could impact on demand and supply projections.

3.30 **Paragraph 117 of the NPPF** is also not met by the DRLP. This paragraph requires planning policies and decisions to promote an effective use of land: “Strategic policies should set out a clear strategy for accommodating objectively assessed needs, in a way that makes as much use as possible of previously-developed or ‘brownfield’ land.” DRLP Policy ED14 makes no allowance for brownfield sites or the fact that the restriction of hotel use may in some circumstances hinder the effective use of land or indeed lead to sites remaining undeveloped (as discussed above).

4. CHANGES SOUGHT TO MAKE DRLP POLICY ED14 SOUND

- 4.1 As explained in this Statement PPHE submits that DRLP policy ED14(c) is unsound.
- 4.2 It should therefore be deleted together with the required amendments to policy ED14(a) to remove reference to the Waterloo CAZ boundary.
- 4.3 Notwithstanding the above, and without prejudice to the arguments put forward in this Statement, should the Inspector find that a policy such as Policy ED14(c) is justified in order to protect local amenity, modifications are required to ensure that the policy is sound.
- 4.4 Modifications should ensure that individual planning applications are able to be treated flexibly throughout the plan period and that site-specific information and context can be considered in decision making.
- 4.5 Suggested modifications:

ED14, Part C:

~~no~~ Additional visitor accommodation ~~(C1)~~ will only be permitted in Waterloo within the boundary of the Central Activities Zone (CAZ) where it does not cause unacceptable harm to local amenity or the balance and mix of local land uses.

Word count: 3,000

Appendix 1:

Executive Summary from Gerald Eve's draft Land Use Viability Assessment, October 2020

1. Gerald Eve LLP ("**GE**") is instructed by North Lambeth Holding BV ("**The Applicant**") to prepare a land use viability assessment ("**LUVA**") in relation to the development of 79-87 Westminster Bridge Road ("**the Site**") located within the London Borough of Lambeth ("**the Council**").
2. The development proposals are for the 'Erection of a ground plus 14-storey building (plus two basement levels) comprising gym (Class E) at basement level, retail (Class E) at ground floor; office (Class E) at first and second floor and hotel (C1) at part basement, ground and floors 3 to 14, with plant enclosure at roof level, and associated cycle parking, servicing, all necessary enabling works and associated highways improvements' ("**the Scheme**").
3. The purpose of the LUVA is to test a number of different alternative development options ("counterfactuals") in order to consider the appropriateness of the development of the Site for the Proposed Scheme.
4. This is through the undertaking of viability appraisals of each option on a common overall basis so to enable a comparison.
5. The LUVA has regard to the affordable housing and affordable workspace provision and other planning obligations including Community Infrastructure Levy ("**CIL**"), which can be collectively referred to as "the pot".
6. Our report has been prepared having regard to the National Planning Policy Framework ("**NPPF**"); National Planning Guidance ("**NPG**"); the Greater London Authority Housing SPG March 2016 ("**the Housing SPG**") and Affordable Housing and Viability SPG August 2017 ("**the AH&V SPG**"); the London Borough of Lambeth Local Plan 2015 ("**the Local Plan**"); the RICS Guidance Note: Financial Viability in Planning 2012 ("**the RICS GN**"); the RICS Professional Statement Financial Viability in Planning 2019 ("**the RICA Professional Statement**"); and generally accepted principles of undertaking (site specific) FVAs. In addition, in our report we refer to the current uncertainty in regard to the Covid-19 pandemic.
7. This report has relied upon inputs from a number of consultants in respect of costs, and values.
8. We have compared each counterfactual's viability against the Scheme's return on a present-day basis and the respective target rate of return commensurate with the risk of developing each. We have also tested each option using a Benchmark Land Value ("**BLV**") of £8m in accordance with government and best practice guidance.

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9. The results of the appraisals in respect of the Scheme and counterfactual land use options on a present-day basis are summarised in the table below:

Scheme	Profit on Value
Proposed Scheme	29.22%
Office Scheme	-2.26%
Residential Scheme	-23.30%
Office/Residential Scheme	-11.11%

10. As can be seen from the table above, that whilst the Scheme appraisal demonstrates the highest return on value, it is also the only viable land use for redeveloping the Site. The proposed Scheme also meets an appropriate target rate of return.
11. As a consequence, the analysis shows that the proposed Scheme when compared to the 3 other development counterfactuals, is the most appropriate land use for the site.



Hotel Policy Review and Supply and Demand Study

On behalf of
North Lambeth Holding BV

September 2020

1.0 INTRODUCTION

- 1.1 Gerald Eve has been instructed by North Lambeth Holding BV (a company within the PPHE Hotel Group) to undertake a Hotel Demand Study and review of the Lambeth and Waterloo hotel market within the CAZ as part of the planning application for a proposed hotel-led development at 78 to 87 Westminster Bridge Road. PPHE's development site falls within the Waterloo area of the CAZ and therefore would be impacted by the emerging draft Lambeth Local Plan policy that seeks to restrict additional hotels in this area. We have therefore been asked to provide a further report (this report) for the purposes of the Draft Revised Lambeth Local Plan Examination, summarising our assessment of the emerging policy position and assessing the evidence base that the Council has used to justify the proposed restriction.
- 1.2 A review has been undertaken of the relevant planning policy documentation including the Lambeth Local Plan 2015, Topic Paper Five – Visitor Accommodation, GLA Working Paper 88 Projections (Demand and supply for visitor accommodation in London to 2050) and the Draft Revised Lambeth Local Plan 2020.
- 1.3 We have relied on independent data from Smith Travel Research (STR). STR is a premium independent data benchmarking, analytics and marketplace company providing insights for global hospitality sectors. It is the largest of its type in the UK. The company also monitors and tracks existing hotel supply as well as future pipeline
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- 1.4 We have split the report into three parts for ease of reference, which are outlined below.
- 1) Section One – Review of the GLA Working Paper 88
 - 2) Section Two – Review of Topic Paper Five – Visitor Accommodation
 - 3) Section Three - Evolution of supply and pipeline dynamics in both Lambeth and Waterloo

2.0 INFORMATION SOURCES

2.1 We have relied upon a number of information sources within this document. These are as follows:

1. GLA Working Paper 88
2. Draft Revised Lambeth Local Plan 2020
3. Topic Paper Five
4. Feedback on Lambeth Local Plan Review Issues Consultation 2017
5. Smith Travel Research Global (STR) – Leading and largest independent hotel dataset
6. CoStar – A leading independent real estate research company
7. Park Plaza Lambeth Hotels (PPLH) Occupancy Data
8. Visit Britain
9. ONS

3.0 EXPERIENCE

- 3.1 This report has been prepared by William Kirkpatrick who is a member of the Royal Institution of Chartered Surveyors (RICS) and an RICS Registered Valuer.
- 3.2 William Kirkpatrick is a Partner in the firm of Gerald Eve LLP, Chartered Surveyors and Property Consultants, of 72 Welbeck Street, London, W1, having other offices in Birmingham, Cardiff, City of London, Glasgow, Leeds, Manchester and Milton Keynes.
- 3.3 William is Head of Hotels having joined Gerald Eve LLP in September 2000 and specialises wholly and exclusively in the lodging sector including hotels, aparthotels, resorts and serviced apartments. He provides professional advice on valuation, due diligence, agency, taxation valuation, landlord & tenant and asset management. William has done so for over 18 years.
- 3.4 Gerald Eve is retained by some of London's largest property holding estates / investment companies to provide development, valuation and strategic advice. Estates include The Grosvenor Estate, The Bedford Estate, Cadogan Estate and The Church Commissioners together with companies such as CBRE Global Investors, LaSalle Investment Management, DTZ Investment Management, Hermes Investment Management and L&G Investment Management.
- 3.5 In addition, Gerald Eve has been advising Whitbread Group plc, which has the largest development pipeline of hotels in the UK, for the last 13 years as their sole retained advisor delivering approximately 20% to 25% of their development pipeline.
- 3.6 The Hotels Teams at Gerald Eve typically advises on over 125 hotels in London each year and approximately 77% of all hotel keys in Lambeth. These include the following hotels.

Travelodge Vauxhall	Days Inn Waterloo	Premier Inn Waterloo
Staybridge Suites Vauxhall	Point A Westminster	Holiday Inn Express Nine Elms
Park Plaza Riverbank	Park Plaza Westminster Bridge	Premier Inn County Hall
Crowne Plaza Embankment	Marriott County Hall	Premier Inn Brixton
Novotel Waterloo	Park Plaza County Hall	Premier Inn Clapham
Park Plaza Waterloo	The Wellington	

4.0 Section One – Review of the GLA Working Paper 88

- 4.1 We will focus our review on the latest 'GLA ECONOMICS Working Paper 88: Projections Of Demand And Supply For Visitor Accommodation In London To 2050 Published In April 2017', however we will also reference back to the previous 2013 version, where applicable.
- 4.2 The GLA paper examined and assessed and forecast the estimated demand for overnight accommodation in London, together with supply changes required to meet the demand.
- 4.3 The 2017 paper concluded that by 2041, demand for accommodation in London is expected to increase to 196m overnight stays. This is driven by a 42.9 million increase in international visitor nights, and a 15.0 million increase in domestic visitor nights. To meet this demand an estimated increase of 58,140 rooms is required from the 2015 levels of hotel supply.
- 4.4 Factoring in hotel closures of 0.4% per annum, the GLA forecasts that 77,019 hotel rooms will be required by 2041 to meet demand.

Table 13: Projected number of additional rooms required in London (demand projection)

2041	Total	Average per year
Net additional	58,140	2,236
Gross additional	77,019	2,962
2050	Total	Average per year
Net additional	77,743	2,221
Gross additional	104,326	2,981

Source: GLA Economics calculations

(Page 35 of the GLA Paper)

- 4.5 According to the distribution demand projection by borough, Lambeth is forecast to require an increase of only 3,051 rooms by 2041 (5.2% of total supply). When adjusting for potential hotel closures this equates to a gross increase of supply of only 4,042 keys by 2041.
- 4.6 The GLA determined the apportionment by assessing the total pipeline in 2015 for the next three years, both on a London and per borough basis.
- 4.7 The GLA determined that the proportional pipeline split per borough in 2015 was sustainable and adopted these ratios when allocating the additional supply requirements.

4.8 We detail the distribution below:

Table 14: Projected demand for serviced accommodation rooms in London to 2041, by borough

Borough	Total change net room demand: 2015-2041	Share of change in net room demand: 2015-2041	Total change in gross room demand: 2015-2041	Share of change in gross room demand: 2015-2041
Westminster	5,559	9.6%	7,365	9.6%
Tower Hamlets	5,158	8.9%	6,832	8.9%
Hillingdon	4,947	8.5%	6,554	8.5%
Hounslow	4,463	7.7%	5,912	7.7%
City of London	4,096	7.0%	5,426	7.0%
Hackney	3,382	5.8%	4,480	5.8%
Lambeth	3,051	5.2%	4,042	5.2%
Newham	3,031	5.2%	4,015	5.2%
Brent	2,622	4.5%	3,474	4.5%
Islington	2,431	4.2%	3,221	4.2%
Croydon	2,243	3.9%	2,971	3.9%
Greenwich	2,233	3.8%	2,958	3.8%
Ealing	2,024	3.5%	2,681	3.5%
Southwark	1,795	3.1%	2,378	3.1%
Camden	1,595	2.7%	2,113	2.7%
Hammersmith & Fulham	1,295	2.2%	1,716	2.2%
Lewisham	1,100	1.9%	1,457	1.9%
Redbridge	990	1.7%	1,312	1.7%
Haringey	879	1.5%	1,165	1.5%
Barnet	767	1.3%	1,017	1.3%
Kingston-upon-Thames	700	1.2%	927	1.2%
Wandsworth	688	1.2%	912	1.2%
Bromley	510	0.9%	675	0.9%
Harrow	347	0.6%	460	0.6%
Merton	345	0.6%	456	0.6%
Havering	342	0.6%	453	0.6%
Bexley	286	0.5%	379	0.5%
Enfield	280	0.5%	371	0.5%
Sutton	280	0.5%	371	0.5%
Waltham Forest	254	0.4%	336	0.4%
Barking & Dagenham	153	0.3%	203	0.3%
Kensington & Chelsea	150	0.3%	199	0.3%
Richmond-upon-Thames	143	0.2%	189	0.2%
Total London	58,140		77,019	

Source: AMPM database, GLA Economics analysis

(Page 37 of the GLA Paper)

4.9 The forecast requirements have been increased significantly from the original 2013 document and are based on the latest statistics available at the time of the report publication.

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- 4.10 The allocation on a per borough basis is particularly challenging and there are many future factors which need to be considered. The forecasts for total supply requirements in 2041 appear to have used multiple sources of data and made reasoned adjustments. However, in allocating by Borough, the GLA paper determined Lambeth's bedroom projections by looking at pipeline for the next three years at the time of the report and deemed that sustainable apportionment. The GLA's borough apportionment was undertaken as a snapshot in time and doesn't reflect individual market dynamics, such as the extent of undersupply of existing hotel bedrooms (see paragraph 5.6 – Lambeth is ranked eighth in London for number of bedrooms between Islington and Hammersmith, it is significantly under supplied). Whilst there are few other data sources to rely on when apportioning by Borough, this doesn't reflect a balanced view. A central borough such as Lambeth would likely require additional hotel accommodation in the long term over and above a more outer London location especially with the extent of regeneration and transformation of the area.
- 4.11 Furthermore, the projections do not take into account changes in infrastructure to the area. Hotel markets are influenced by a multitude of factors such as improvements to transport links (locally or London wide), shopping centres, office developments, entertainment hubs can all materially increase hotel demand. Lambeth has improved dramatically over the last ten to fifteen years and is expected to improve further in the future. Major developments such as Nine Elms and the Waterloo Redevelopment Project will further help enhance the area. This has not been factored in (see paragraph 5.14, if all of the proposed office and hotel development is undertaken, the hotel/bedroom ratio would be lower, creating a bigger undersupply).
- 4.12 In conclusion , we are of the opinion that the GLA Working Paper forecasts both hotel demand and supply requirements fairly on a London wide basis, but have concerns on the method of allocation by borough which ignores the regeneration demand drivers which could stifle other developments in the area.

5.0 Section Two – Review of Topic Paper Five – Visitor Accommodation

5.1 Lambeth has undertaken a review of the existing hotel accommodation within the borough and pipeline, which is detailed in section 2.7 of the Topic Paper. We detail the table below.

Table 1: Net additional hotel rooms in Lambeth since April 2015 (completions and planning pipeline)

	Net additional rooms	Percentage of GLA projected supply 2015 – 2041 (cumulative)
Net additional serviced rooms completed in Lambeth between April 2015 and March 2019	1 190	35 per cent
Rooms under construction at March 2019	316	45 per cent
Net additional rooms through unimplemented planning consents at March 2019	1,038	76 per cent
Net additional rooms granted planning consented between April 2019 and December 2019 (including permissions subject to s106) (see Appendix 1)	453	89 per cent
Number of rooms proposed as part of current planning applications (see Appendix 1)	623	107 per cent

Source: Lambeth Hotels and Other Visitor Accommodation Pipeline 2018/19 and data in Appendix 2 of this topic paper

5.2 Gerald Eve has also undertaken a review of the supply dynamics in the borough and in Waterloo using independent data from market leading STR. We detail below our findings which are detailed further in the supply section of this report.

GE Net Additional Rooms Sep 2020	
Net additional serviced rooms completed in Lambeth between April 2015 and March 2019	1270
Rooms under construction at September 2020	199
Net additional rooms through unimplemented planning consents at September 2020	965
Number of rooms proposed as part of current planning applications	884
Total	3318
Total with Consent	2434
Percentage of Net Target	79.78%
Percentage of Gross Target	60.22%

-
- 5.3 Gerald Eve estimate that since 2015 there has been 2,434 keys which have either been built or have planning permission. This equates to 60% of the gross target or 80% of the net target for Lambeth.
- 5.4 We identify a number of areas where our results differ from Topic Paper Five and consider potential anomalies within their research.
- Planning Stage - Topic Paper Five includes schemes which do not have planning permission as part of the research. Whilst, it is important to understand the full development pipeline, any scheme which does not have planning permission has a much higher risk of not proceeding. Our independent research from STR identifies a committed pipeline of 1,164 keys compared with an uncommitted pipeline of 1,265 keys.
 - Market Conditions – There is no certainty all the committed pipeline will be developed due to the speculative nature of some schemes, and in particular in the current market conditions. COVID-19 has put significant headwinds and cost pressure on the hotel industry. Furthermore, finance has become much more difficult to obtain, particularly for development. It is therefore very unlikely all the committed pipeline will be developed. We comment on this further in the pipeline review section (Section 3).
- 5.5 Whilst the figure for the borough from the GLA research is helpful it is only a projection. Lambeth acknowledge in section 2.4 that *‘this is not a target or an apportionment and is simply a projection’*. We would therefore suggest that the projected figure for the borough should be considered as such, and in this regard we have voiced our concerns in the Working Paper Review section at paragraphs 4.10 above on how these figures were derived.
- 5.6 We have also assessed how the existing hotel supply compares with other Central London boroughs using data from STR Global (see table below paragraph 5.7). As can be seen, Lambeth currently has the 8th highest number of keys of all the Greater London boroughs.
- 5.7 Lambeth has one of the smallest provision of hotel keys when compared to the other central London boroughs. It is allocated in the STR ranking between Islington and Hammersmith. Islington has no major tourist attractions (Lambeth’s key tourist attractions include the Imperial War Museum, London Eye, The London Dungeon and the London Aquarium) and is not as central to the key attractions in neighbouring boroughs. Hammersmith is in Zone 2, where demand for hotel rooms are materially lower than Zone One.

Hotel Supply in London Boroughs

Borough	Number of keys
Westminster	41,265
Camden	17,659
Kensington and Chelsea	14,975
Tower Hamlets	9,092
City of London	8,228
Southwark	6,480
Islington	5,480
Lambeth	5,439
Hammersmith	4,667
Hackney	2,290
Greenwich	2,077
Wandsworth	1,496
Lewisham	400

5.8 In section 2.12 and 2.13 of the Topic Paper, Lambeth highlight that Waterloo has a very high concentration of hotels for the borough (totalling 62% of all keys in the borough). This would be expected as Waterloo is the major commercial hub of the borough and the most connected to the attractions and offices of central London, together with being next to London's busiest railway station. To understand this further, we have looked at the concentration of other uses in this area. By way of example, 7.1m sq ft of Lambeth's 9.1m sq ft of office accommodation is situated in Waterloo, reflecting 78% of all office supply reinforcing the commercial nature of the market. Accordingly, the hotel locational split is proportional at 68% when compared with other commercial uses at 78%.

5.9 In addition, all of the major tourism attractions in Lambeth are located in the Waterloo area (excluding the Imperial War Museum) and this area is also closer to other major tourism attractions in neighbouring boroughs. Therefore, the proportionate demand for hotel rooms in Zone One including Waterloo will be proportionately higher.

5.10 In sections 2.22 to 2.26 of the Topic Paper, Lambeth consider other non-serviced accommodation in Lambeth. We would split the alternatives into two identifiable sections: surplus student accommodation and short stay residential.

- Student – Surplus student accommodation tends to only become available over the summer months during the summer holidays. This does not provide a year-round alternative and also tends to be fairly basic accommodation which wouldn't appeal to the

office, conferencing, and banqueting guest market which Lambeth is keen to grow (see paragraph 2.7 in Topic Paper Five).

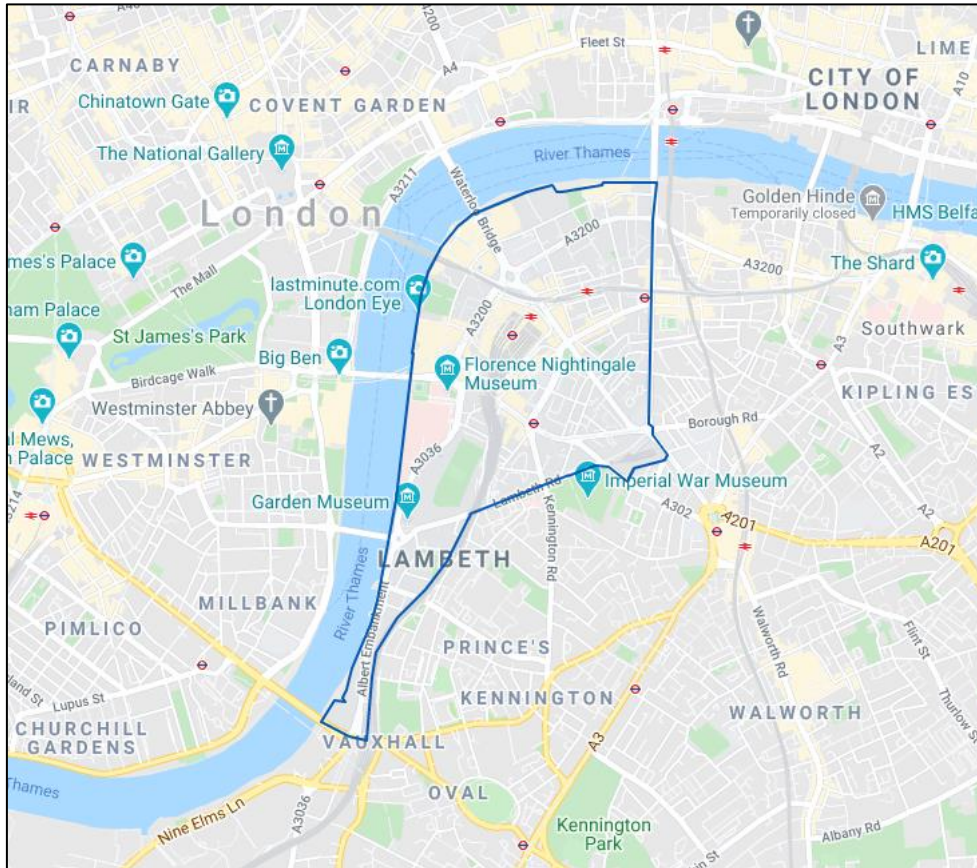
- Short Stay Residential - Whilst Airbnb and similar operators can provide alternative accommodation to hotel accommodation, it remains an unregulated market. Short term lets like this can face a number of issues including illegal parties, drug abuse, security problems, unreliability of hosts, cleanliness, all of which are damaging for the area. A hotel which is regulated and operated by professionals is significantly safer to meet both corporate and leisure demand.

5.11 We would therefore suggest that the non-serviced visitor accommodation sector does not provide sufficient quality and service to reliably subsidise a shortage in hotel supply.

5.12 Section 3.13 of the Topic Paper states that '*Waterloo now has a very strong stock of hotels and serviced rooms with a strong pipeline in new visitor accommodation*'. In paragraph 2.6 above, we summarised the independent data from STR stating that Lambeth has the lowest number of bedrooms for any Zone One borough and is eighth in the Greater London Area. The significant regeneration of Lambeth including the South Bank together with the lack of existing supply of bedrooms, are some of the reasons for the strong pipeline in recent years. However, it is evident from the STR data that the Lambeth market is only catching up in terms of hotel provision. As detailed earlier, Lambeth has significantly less keys than all of the Zone One boroughs which would suggest further room for growth, especially when considering the major demand drivers in the area and future office development pipeline.

5.13 Section 3.14 of the Topic Paper suggests that the proposed restriction is to protect the balance of the mix of uses in the area. One area which has not been considered is the evolution of the other uses as markets are not static. There is currently over 1.45m sq ft of office pipeline in the Southbank West Office market.

Southbank West Office Market



Southbank West Office Pipeline Lambeth Only

	Office (sq ft)	Hotel (Keys)	Office to Hotel Ratio (Sq Ft per Key)
Existing Supply	7,100,000	3,805	1,866
Pipeline	1,450,000	286	5,070
Supply Assuming all Pipeline Built	8,550,000	4,091	2,090

Sources: STR Global and CoStar

5.14 As can be seen from the above, the office pipeline is disproportionately much higher than the hotel pipeline. Waterloo currently has an office sq ft (NIA) to hotel keys ratio of 1,866.

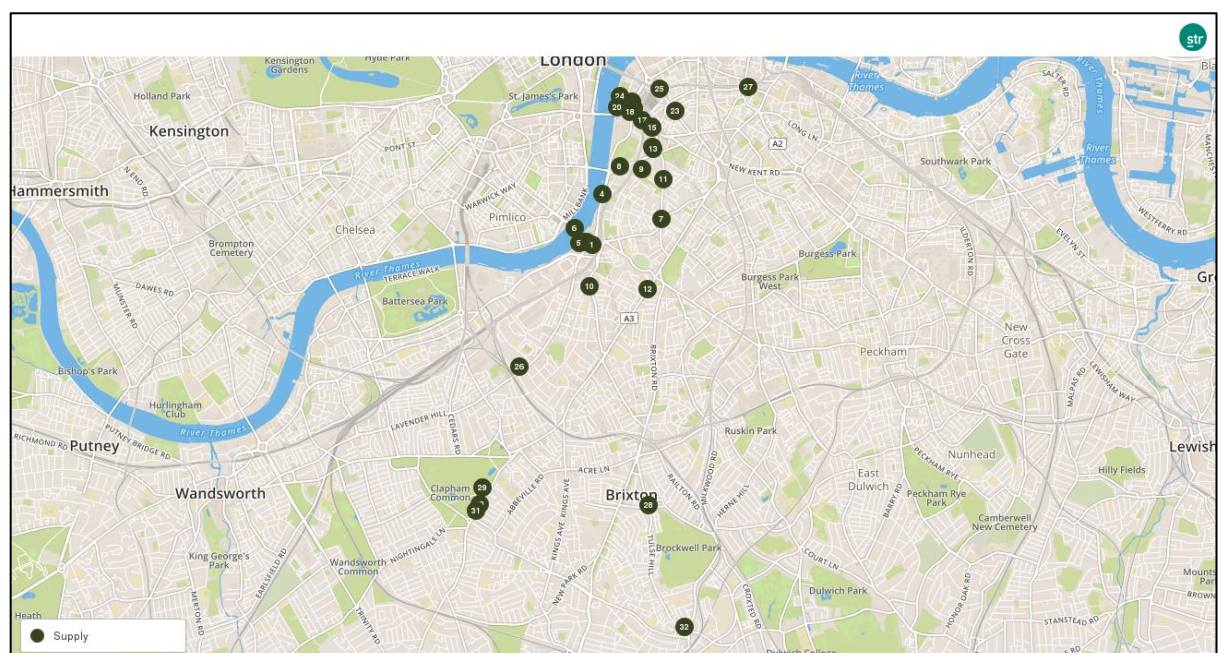
- The pipeline ratio is 5,070 sq ft per key; which is over 2.5x greater than the existing ratio
- Assuming all the pipeline is developed both for hotels and offices, the ratio would increase to 2,090 sq ft of office space per key, an increase of 12% from the dynamics as at today.
- The above development pipeline would actually reduce the hotel supply as a percentage of office space. There would be a further deficient to the hotel market that is already undersupplied.

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- 5.15 If the hotel market in Waterloo is restricted further, it will negatively impact other markets especially when compared to the significant office development portfolio. This could result in existing hotels becoming more expensive in Waterloo as there is a supply imbalance and may restrict demand for future office occupiers as there would be insufficient room accommodation to support the offices.
- 5.16 We are also aware of the proposed Royal Street development scheme which Stanhope and Baupost have been selected as Development Partners for Guy's and St Thomas' Charity to bring forward a development on a 5.5 acre site opposite St Thomas' Hospital, close to Waterloo. We understand the scheme totals 139,354 sq m and will comprise a mixture of office, residential and research facilities. We understand the latest scheme comprises approximately 900,000 sq ft of office accommodation. No planning application has been submitted yet, but we understand this is a strategic commercial site and the first phase is expected to be delivered in 2024/25. This would further increase office supply in the area. This is in addition to the development pipeline quoted above and will therefore add further demand for hotel rooms. If combined with the confirmed office development pipeline this would increase the office/rooms ratio to 2,309 sq ft per key, reflecting an increase of 24% on the existing ratio.
- 5.17 In section 4.3 of the Topic Paper, there are conflicting views on the benefits of short let accommodation as an alternative to hotels. Some respondents suggested they are a good alternative whilst others argued it reduced the provision of accommodation available for housing. Research conducted by the Harvard Business Review across the US found that short lets *"are having a detrimental impact on housing stock as it encourages landlords to move their properties out from out of the long-term rental and for-sale markets and into the short-term rental market."*
- 5.18 As mentioned above, we are of the view that short let accommodation is an unregulated service accommodation sector; and removes existing housing stock from the market. Hotel accommodation on the other hand provides the most regulated serviced accommodation with appropriate safeguards for travellers and local residents.
- 5.19 Within Section 4.3 of the Topic Paper is a summary of responses received during the consultation on the DRLP. It is worth noting that responses were mixed with regard to the revised changes to the hotel policy. It is reported that *'47% of respondents strongly agreed or agreed that new hotels should not be supported in Waterloo'*. This clearly does not represent the majority of the respondents.

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- 5.20 In section 4.11 of the Topic Paper, some feedback from the consultation suggests that there is no robust evidence to demonstrate an over-concentration and the evidence base does not provide detail on occupancy rates or expected levels. This suggests that consultees have concerns there is not sufficient evidence to suggest a saturation in the market. We agree that there has been no reported research into projected demand for the borough and the review is supply based only.
- 5.21 We understand that there have been objections from a number of hoteliers to the draft revised policy. The fact that hoteliers are objecting to the geographical restriction suggests that they consider there to be surplus demand in the Waterloo market or forecast in the market and have the confidence to be considering future investment in the area.

6.1 According to STR, as at the beginning of 2015 there were only 32 hotels, serviced apartments or hostels totalling 4,260 keys in the London Borough of Lambeth. We detail the composition and location of these below:

Marker	Hotel Name	Location	Brand	Grade	Bedrooms
1	Travelodge London Vauxhall Hotel	Vauxhall	Travelodge	Budget	148
2	SACO Vauxhall - St George Wharf	Vauxhall	SACO	Apts	12
3	Dreamhouse Vauxhall Apartments	Vauxhall	Dreamhouse Serviced Apartments	Apts	6
4	Park Plaza London Riverbank	Embankment	Park Plaza	4	645
5	Ville City Stay	Vauxhall	Independent	Apts	13
6	Oakwood Apartments St George Wharf	Vauxhall	Oakwood Apartments	Apts	7
7	The Tommyfield	Kennington	Independent	4	6
8	Novotel London Waterloo	Waterloo	Novotel	4	187
9	London Eye Hostel	Waterloo	Independent	Hostel	10
10	Holiday Inn Express London Vauxhall Nine Elms	Vauxhall	Holiday Inn Express	Budget	132
11	Ship (The)	Kennington	Independent	Hostel	3
12	Belgrave Hotel	Oval	Independent	3	34
13	Days Inn by Wyndham London-Waterloo	Waterloo	Days Inn	3	162
14	The Steam Engine	Waterloo	Independent	Hostel	8
15	Point A Hotel London Westminster	Waterloo	Point A Hotel	Budget	94
16	Horse & Stables	Waterloo	Independent	Hostel	9
17	Walrus Bar & Hostel	Waterloo	Independent	Hostel	8
18	Park Plaza Westminster Bridge London	Waterloo	Park Plaza	4	1019
19	Park Plaza County Hall London	Waterloo	Park Plaza	4	399
20	Marriott London Hotel County Hall	Waterloo	Marriott	4	206
21	Premier Inn London Waterloo Westminster Bridge	Waterloo	Premier Inn	Budget	234
22	SACO Waterloo - York Road	Waterloo	SACO	Apts	5
23	Hampton by Hilton London Waterloo	Waterloo	Hampton by Hilton	Budget	297
24	Premier Inn London County Hall	Waterloo	Premier Inn	Budget	316
25	The Wellington Hotel	Waterloo	Beautiful Bedrooms by Fuller's	3	25
26	Chelsea Guest House	Wandsworth	Independent	2	39
27	The Rose & Crown	Southwark	Independent	Hostel	7
28	Hootananny Hostel	Brixton	Independent	Hostel	10
29	The Windmill	Clapham	Independent	4	42
30	Euro Hotel London Clapham	Clapham	Independent	2	63
31	Euro Hotel Clapham	Clapham	Independent	Budget	105
32	Tulse Hill	Tulse Hill	Greene King	3	9



6.2 As can be seen from the above, there is a concentration of hotels to the north of the borough, in particular in the Waterloo, Vauxhall and Embankment markets as one would expect. We have categorised the hotels into their respective sub-markets and we detail below the locational split of the supply.

Location	Keys	Percentage of Total Supply
Vauxhall	318	7.46%
Waterloo	2979	69.93%
Embankment	645	15.14%
Kennington	9	0.21%
Wandsworth	39	0.92%
Southwark	7	0.16%
Brixton	10	0.23%
Tulse Hill	9	0.21%
Oval	34	0.80%
Clapham	210	4.93%
Total	4260	

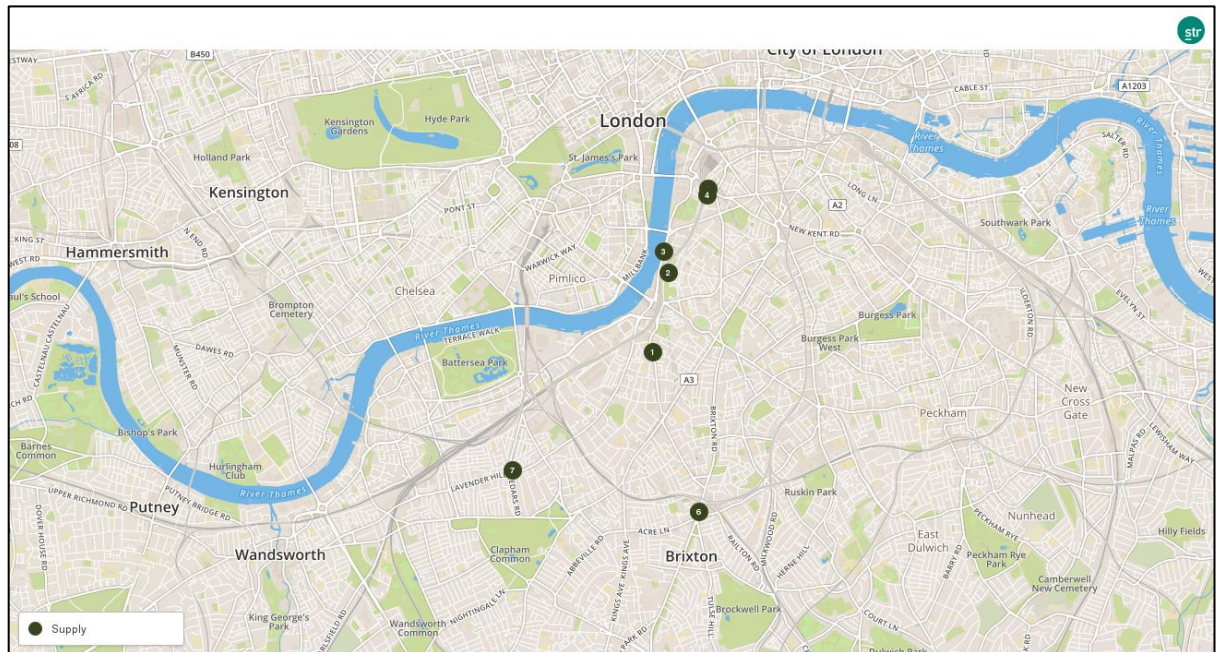
Source: STR/Gerald Eve Research

6.3 As can be seen, as at 2015 approximately 70% of the hotel stock were situated in the Waterloo market as the central hub of Lambeth and next to the leisure and corporate demand drivers.

2020 Supply

6.4 We have subsequently assessed the supply dynamics in Lambeth as at September 2020 . According to STR, there have been seven new openings in the market since 2015. We detail these openings below:

Marker	Hotel Name	Brand	Opened / Opening	Grade	Bedrooms
1	Best Western Plus Vauxhall Hotel	Best Western Plus	Feb-17	3	28
2	Staybridge Suites London Vauxhall	Staybridge Suites	Jan-15	Apts	93
3	Crowne Plaza London Albert Embankment	Crowne Plaza	Oct-18	4	142
4	Park Plaza London Waterloo	Park Plaza	Nov-16	4	494
5	Marlin Apartments Waterloo	Marlin Apartments	May-17	Apts	236
6	Premier Inn London Brixton	Premier Inn	Jun-16	Budget	89
7	Premier Inn London Clapham	Premier Inn	Feb-17	Budget	92



6.5 However, we are also aware of two openings which were not included in STR's data. These are the Ruby Lucy, a 76 key four star hotel which opened in December 2019 on Lower Marsh and the Stow Away apartments on Lower Marsh, which totalled 20 keys and opened in November 2018 which we have added into our supply analysis.

6.6 The new openings have been spread across the borough geographically, albeit the largest hotel, Park Plaza Waterloo, is situated in the Waterloo market and distorts the new supply location ratios into the market. We detail below the location split in terms of number of keys:

Location	Keys	Percentage of Total Supply
Vauxhall	121	9.53%
Waterloo	826	65.04%
Brixton	89	7.01%
Clapham	92	7.24%
Embankment	142	11.18%
Total	1270	

Source: STR/Gerald Eve

6.7 As can be seen from the above, approximately 65% of new supply has entered into the Waterloo market since 2015. This is consistent with the 2015 data whereby approximately 70% of hotel supply was in Waterloo.

- 6.8 Factoring in the new supply, as at September 2020, Lambeth's hotel portfolio comprises 41 hotels which total 5,530 keys.

Location	Number of Keys	Percentage of Total Supply
Vauxhall	439	7.94%
Waterloo	3,805	68.81%
Embankment	787	14.23%
Kennington	9	0.16%
Wandsworth	39	0.71%
Southwark	7	0.13%
Brixton	99	1.79%
Tulse Hill	9	0.16%
Oval	34	0.61%
Clapham	302	5.46%
Total	5,530	

- 6.9 When looking at the split of the current market, Waterloo comprises approximately 69% of total hotel stock.
- 6.10 In assessing the new openings compared to the target set by the GLA, 1,270 new keys have opened in Lambeth since 2015 compared with the net target of 3,051 keys and gross target of 4,042 keys (when adjusting for potential hotel closures) by 2041. This provides a short fall of 1,781 keys on net figures and 2,772 keys on gross figures.
- 6.11 Considering the independent dataset from STR, we are of the opinion that both the Lambeth and Waterloo hotel markets are currently undersupplied.

Pipeline Review

- 6.12 Having reviewed the existing supply dynamics in Lambeth, we have also reviewed the potential pipeline for the borough as we understand the pipeline is a concern to some stakeholders.
- 6.13 According to STR, there are 23 schemes in the planning pipeline for Lambeth, totalling 2,292 keys. STR's pipeline captures a range of schemes from pre-planning stage all the way through to under construction.

The full STR definitions are detailed below:

Unconfirmed: Potential projects that remain Unconfirmed as at the date of their report. STR is unable to verify the existence of these projects through a corporate chain feed or other verifiable source.

Planning: Confirmed, Under Contract projects where construction will begin in more than 13 months.

Final Planning: Confirmed, Under Contract projects where construction will begin within the next 12 months.

In Construction: Vertical construction on the physical building has begun. This does not include construction on any subgrade structures including, but not limited to, parking garages, underground supports/footers or any other type of sub-grade construction.

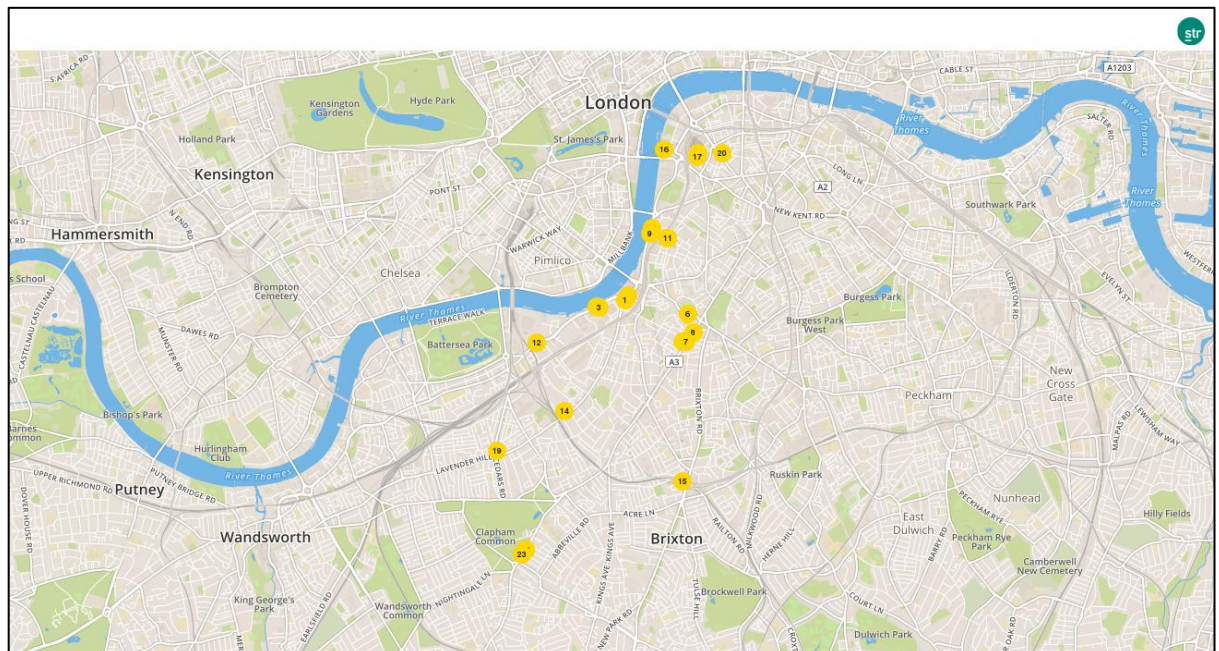
Deferred: Activity on the project has stopped but may resume within the next 12 months.

6.14 We have then undertaken a headline review of each planning application provided by STR and made adjustments to reflect the live status of each site to verify the status as provided by STR. The scope of STR's analysis covers the entirety of the UK and, as such, we felt it was prudent to ensure the planning status was correctly captured.

6.15 For ease of reference, we have adjusted the 'Final Planning' definition to reflect all schemes which currently have the benefit of a planning permission and 'Planning' to capture all schemes which are either for the subject of a planning application or earlier in the development pipeline for example on the Methodist site (3-5 Lambeth Road), STR's data had not been updated to reflect the planning appeal.

6.16 We detail below all the pipeline schemes:

Hotel Name	Brand	Opening	Planning Ref	Phase	Grade	Bedrooms	Address	Location
22-25 Lower Marsh	Independent	Oct-20	16/06417/FUL	In Construction	4	50	22-25 Lower Marsh	Waterloo
8 Albert Embankment	Independent		19/01304/FUL	Planning	4	200	8 Albert Embankment	Embankment
Belgrave Hotel	Independent		17/03062/FUL	Planning	3	12	9-13 Clapham Road	Oval
Chelsea Guest House	Independent		20/00773/FUL	Planning	2	21	372 Wandsworth Road	Wandsworth
Clapham Road	Independent			Unconfirmed		120	68-86 Clapham Road	Oval
Clapham South Dudley Hotel	Independent		19/00481/FUL	Deferred	2	18	80-81 Clapham Common	Clapham
Clapham South Dudley Hotel	Independent		20/02423/FUL	Planning	2	4	80-81 Clapham Common	Clapham
Crowne Plaza London - Albert Embankment	Crowne Plaza		15/05922/FUL	Planning	4	6	10 Albert Embankment	Waterloo
Duchess Belle	Independent		2019/4237	Planning	3	17	101 Battersea Park Road	Battersea
Euro Hotel Clapham	Independent		17/01761/FUL	Final Planning	Budget	3	90-93 Clapham Common South Side	Clapham
Hampton by Hilton London Vauxhall Nine Elms	Hampton by Hilton			Planning		240	Embassy Gardens	Vauxhall
Hampton by Hilton London Waterloo	Hampton by Hilton		17/01474/FUL	Final Planning	Budget	35	157-185 Waterloo Road	Waterloo
Hilton London Vauxhall Nine Elms	Hilton			Planning		384	Embassy Gardens	Vauxhall
hub London Brixton	hub by Premier Inn		16/06053/FUL	Final Planning	Budget	96	452-456 Brixton Road	Brixton
Marriott London Hotel County Hall	Marriott		17/00462/FUL	Final Planning	4	36	Westminster Bridge Road	Waterloo
Premier Inn London Clapham	Premier Inn	Dec-20	18/05045/FUL	In Construction	Budget	13	638-640 Wandsworth Road	Wandsworth
Premier Inn London Kennington Oval	Premier Inn		14/05187/FUL	Deferred	Budget	148	43-59 Clapham Road	Clapham
Ruby Lucy	Ruby		19/03123/FUL	Final Planning	3	22	100-108 Lower Marsh	Waterloo
The Ovalhouse Theatre & White House	Independent		18/04183/FUL	Deferred	3	95	52-54 Kennington Oval	Oval
The Zeitgeist @ Jolly Gardener	Independent		17/04621/FUL	Final Planning	3	13	49-51 Black Prince Road	Kennington
The Zeitgeist @ Jolly Gardener	Independent		19/03965/FUL	Final Planning	3	5	49-51 Black Prince Road	Kennington
Vauxhall Cross Island	Independent		17/05807/EIA/FUL	Final Planning	5	618	Wandsworth Road & Parry Street & Bondway	Vauxhall
Vauxhall Square Aparthotel	Independent	Jan-22	18/03809/NMC	In Construction	Apts	136	7-93 Wandsworth Road	Vauxhall



6.17 STR's database has not been updated to include the Premier Inn application at Lambeth Methodist Mission Church, which was granted at appeal in November 2019. This scheme has been granted planning permission for 137 keys and would fall under the final planning categorisation. This site sits on the boundary of the Waterloo market and would take the total pipeline up to 2,429 keys.

6.18 We will examine the pipeline in two ways. Firstly, the location of the pipeline and, secondly, the likelihood of the pipeline coming forward.

STR Pipeline

Location	Number of Keys	Percentage of Total Keys
Waterloo	149	6.5%
Vauxhall	1378	60.1%
Embankment	200	8.7%
Oval	227	9.9%
Clapham	173	7.5%
Brixton	96	4.2%
Kennington	18	0.8%
Battersea	17	0.7%
Wandsworth	34	1.5%
Total	2292	

Pipeline Including Premier Inn Lambeth Methodist Church

Location	Number of Keys	Percentage of Total Keys
Waterloo	286	11.8%
Vauxhall	1378	56.7%
Embankment	200	8.2%
Oval	227	9.3%
Clapham	173	7.1%
Brixton	96	4.0%
Kennington	18	0.7%
Battersea	17	0.7%
Wandsworth	34	1.4%
Total	2429	

- 6.19 We will focus our analysis on the pipeline (updated to include the Premier Inn site as this should be included). As can be seen from the above, the pipeline as at today shows a stark contrast to the existing pipeline in terms of location of new developments. Waterloo, which accounts for 69% of existing hotel stock only has a pipeline of 11.8%. The most dominant market in the pipeline is the Vauxhall market, this is led by the dual branded Hilton development by Dominus and the Vauxhall Cross development site.
- 6.20 We detail below the changes in supply composition assuming all this development pipeline comes forward (which we would suggest is unlikely, having regard to the current economic environment due to the financial impacts of COVID-19 on the hotel sector).

Location	Number of Keys	Percentage of Total Supply	Number of Keys All Pipeline Developed	Percentage of Total Supply
Vauxhall	439	7.94%	1817	22.88%
Waterloo	3,805	68.81%	4,091	51.51%
Embankment	787	14.23%	987	12.43%
Kennington	9	0.16%	27	0.34%
Wandsworth	39	0.71%	73	0.92%
Southwark	7	0.13%	7	0.09%
Brixton	99	1.79%	195	2.46%
Tulse Hill	9	0.16%	9	0.11%
Oval	34	0.61%	261	3.29%
Clapham	302	5.46%	475	5.98%
Total	5,530		7,942	

6.21 As can be seen, the current pipeline significantly changes the composition of the Lambeth hotel portfolio. The largest proposed pipeline changes are the Vauxhall market, which is facing a significant increase in supply taking the portfolio percentage up from 8% to 23%, whereas the Waterloo market reduces markedly from 68% to 52%. There are also several smaller supply movements in the southern centres in the borough.

6.22 Should all keys be developed this will take Lambeth's hotel portfolio to 7,942 keys, an increase of 3,700 keys. This compares with the net target increase of 3,051 and gross increase of 4,042 keys for the borough.

Likelihood of all the Pipeline Keys Being Delivered

6.23 The first stage is to assess where the proposed pipeline sits within the development cycle. We detail below a breakdown of the pipeline regarding development phases.

Development Stage	Number of Keys	Percentage of Total Pipeline
Unconfirmed	120	4.94%
Planning	884	36.39%
Final Planning	965	39.73%
In Construction	199	8.19%
Deferred	261	10.75%
Total	2429	

6.24 We categorise the above into the committed and uncommitted pipeline.

- 1) Committed pipeline is any site which either has planning permission or is under construction as defined. As can be seen above, 39.7% of the pipeline has planning permission and 8.2% is currently under construction.

-
- 2) The uncommitted pipeline comprises of developments which have not been granted planning permission (this includes planning, unconfirmed or deferred). The total uncommitted pipeline equates to approximately 52.0%. Assuming that none of these schemes come forward, this would significantly reduce the number of keys being developed in Lambeth to 6,694 keys or an increase of 2,452 keys.

6.25 Furthermore, we have undertaken investigations into the individual projects and their likelihood to come forward, particularly given the impact of COVID-19 on financing and market uncertainty. We will not comment on schemes under construction and will assume they will be completed. There will be potential financing risk as a result of COVID-19 however we are unable to quantify the impact of this at this early stage. The most at risk scheme is the Vauxhall Square scheme which is not scheduled to complete until January 2022, but this does benefit from a large scale developer behind it.

6.26 We comment below on all of the larger schemes in the borough with planning permission:

1. Vauxhall Cross - 17/05807/EIAFUL

Planning permission was granted in April 2020 for a 618 key five star luxury hotel development. This site has been on the market recently and the planning permission in its current form was deemed unviable by the market. A 618 key five star hotel is significantly too large for the Vauxhall market and even a smaller scale hotel would struggle to attract a five star operator. We are therefore of the opinion that this site will not be developed under the current planning permission (it is not viable). The scheme will either be vastly reduced in scale, comprise a lower star rating hotel, or incorporate other uses to become viable (or a combination of all three). By way of example:

- Size – There are no five star hotels in London in excess of 496 keys, not even in prime Central London.
- Location - There is a cluster of five star hotels in the London Bridge market including the Shangri-La (202 keys) and the Sea Containers (359 keys), but both are in a much stronger location and are significantly smaller. The above two hotels are located in Zone One whereas the subject site is on the border of Zone One and Two and is therefore a periphery site for a five star luxury hotel.

Accordingly, we have disregarded this site when considering the immediate pipeline.

2. Hampton by Hilton London Waterloo - 17/01474/FUL

Planning permission was granted for a 35 key extension. We have been unable to definitively identify if the scheme is going to be constructed, however we note there has been significant

pressure on build costs in the hotel market in recent years. On balance, , we would expect this permission to be built out as the hotel is outperforming the competitor set. Furthermore, Hampton seeking an extension further justifies the untapped demand in the Waterloo market.

3. Hub by Premier Inn Brixton - 16/06053/FUL

Planning permission has been granted for a 96 key hotel in Brixton. Planning permission was granted in March 2018. However, we understand the development is yet to be implemented and no material construction has started on site, 30 months on from the granting of permission (with 6 months remaining to implement the permission). We also note that Brixton remains on Whitbread's Hub target list to lease or acquire new development opportunities as at March 2020. If they were committed to this site, they would typically remove the location from their requirements lists. Accordingly, we are of the opinion that there is a reasonable likelihood this scheme will not come forward.

4. Marriott London Hotel County Hall - 17/00462/FUL

Planning permission was granted for a small extension of 36 keys and refurbishment of parts of the existing hotel. We would assume this is likely to proceed.

6.27 Whilst this scheme does not have planning permission, we also would comment on the proposed dual Hilton Hotel scheme at Embassy Gardens. The site is owned by Dominvs and based on our discussions with the developer we understand they are now revising the scheme to only include the budget hotel element with the 384 key Hilton being changed to student accommodation.

6.28 In summary, the committed pipeline in Lambeth is set to deliver an additional 1,164 keys to the borough, bringing the total additional number of keys to 2,434. This compares with the net target increase of 3,051 and gross increase of 4,042 keys for the borough, by 2041, as apportioned by the GLA. As detailed previously, we are the opinion it is highly likely the Vauxhall Cross scheme will not be developed under the current planning permission. In this scenario, if this were to be excluded from the committed pipeline, this would reduce the total number of keys by 618 to 1,816. This demonstrates significant headroom for the GLA projection, notwithstanding that we disagree, for the reasons set out above, with the methodology of how Lambeth's room criteria were apportioned.

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