

GL Hearn- Part of Capita Real Estate

Summit Hotels Limited

Finchley Road- Land Opportunity Assessment



December 2018

Our ref: ZRGG/RR/VE

Ms Eleanor Cruz
Projects Manager
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3rd December 2018

For the attention of Ms Eleanor Cruz

Dear Eleanor

Re: Finchley Road- Land Opportunity Market Assessment

1. INTRODUCTION AND SCOPE OF PROJECT

GL Hearn has been instructed to undertake a land search for a suitable residential donor site in Swiss Cottage, NW3, in relation to the proposed hotel redevelopment at 152- 156 Finchley Road, London. The hotel currently has 79 bedrooms. The proposed extension would add a further 50 bedrooms to the rear of the property, which together with internal alterations would bring the total number of bedrooms to 130.

The proposed extension floor area amounts to a total of 1,866.1m² (20,087 sq ft) of gross external floor area. The existing GEA of the hotel is 2,817m² (30,322 sq ft). The proposed extension would represent an increase in floor area of 66.2%.

The London Borough of Camden (LBC) have stipulated that any potential donor site must be able to accommodate at least 50% of the uplift in area of the hotel building should a development entail converting an existing non-residential building, or up to 100% of the area uplift should the donor site have no existing building.

2. LOCAL MARKET SUMMARY

Swiss Cottage is an affluent, predominantly residential area within the London Borough of Camden (values at c. £1,000- £1,100 psf for flats). It lies approximately 4.5 miles to the north of central London and benefits from strong public transport links, with Finchley Road tube (Metropolitan and Jubilee lines), Swiss Cottage tube station (Jubilee line) and Finchley Road mainline station (services to Stratford, Richmond and Clapham Junction). In addition to London underground and over-ground services, the area is well serviced by a variety of bus routes.

Swiss Cottage is considered to be a 'well-to-do' area and as such it typically achieves prices above outer London indicators. The location continues to attract well off individuals such as professionals who predominantly work in the City, successful local business people and up_sizers seeking family accommodation. It benefits from strong transport links to central London and has a good range of retail and leisure facilities, predominantly situated around the o2 Centre off Finchley Road. In addition, local state and private educational facilities are held in high regard, including The UCL Academy and Fitzjohn's Primary School.

3. PROPOSED AND RECENT RESIDENTIAL SCHEMES IN THE VICINITY

Schemes in the NW3 vicinity appear to predominantly comprise the conversion of existing period buildings into flats, coupled with a lower number of new build flatted developments. Due to the prime nature of the location, we anticipate that these units will be finished to a high specification- commensurate to the target market.

39 Fitzjohn's Avenue, NW3 5JT



A planning application (2018/2415/P) has been submitted for “Alterations and extensions associated with conversion of existing dwelling (Class C3) into 20 flats (5x1 bed; 6x2bed; 7x3bed; 2x4bed) and 1 x 4bed house (Class C3)”. The developer is Godfrey London.

51 Fitzjohn's Avenue, NW3 5JT



Application 2013/7379/P has achieved planning permission for “A basement excavation with associated alterations, removal of rear conservatories, extension at 5th floor, replacement of dormer window with door, alterations to fenestration and conversion from 13 to 21 flats (7x1 bed, 12x2 bed,2x3 bed)”. The developer is Fitzjohn Development Ltd.

Skylark Court, 317 Finchley Road, NW3 6EP



Planning permission (2016/2910/P) was gained on 07/03/18 for “The erection of a part 7 part 10 storey (above basement and lower ground floor levels) building comprising 22 flats (Class C3) (4 x 1 bed, 17 x 2 bed, 1 x 3 bed) and a flexible commercial unit (Use Classes A1/A2/A3) to the ground and lower ground floors, associated public realm improvements including a new footpath to the north of the site, landscaping and associated works, following demolition of existing public house, retail unit and associated structures”. The developer is Harvard Knight.

617 Finchley Road, NW3 7BS



Planning permission (16/5296/FUL) was gained on 30/10/17 for “The redevelopment of the site and erection of building between 4 to 8 stories for a mixed use development comprising 28 residential dwellings, and flexible uses at ground floor comprising of A1/A3/D1/D2 floorspace with associated works, landscaping and parking at lower ground levels”. The developer is County Group.

18-22 Haverstock Hill, NW3 2BL



Application 2018/2179/P has been submitted for “The demolition of existing buildings and ancillary structures (11 flats, A1 unit, A5 unit) and construction of a new building comprising ground plus basement and five upper floors for use as 29 no. dwellings (Class C3) and flexible Class A1/A2/A3/A4 together with cycle parking, landscaping, refuse and associated works”.

133-151 Finchley Road, NW3 6JG



This development is currently under construction. It gained consent via two applications:

- GPDO Prior Approval October 2016: “Change of use of 1st to 5th floors of B1(a) office floorspace as 35 residential units (15 x Studio, 20 x 1-bedroom).”
- March 2016- approval for: “A part two, part three storey extension to the Centre Heights building to create 5 x 3 bed residential units with associated roof gardens and a single storey rear extension to existing retail units to create an additional 130sqm of retail (A1 use class) floorspace. Demolition of existing multi-storey car park to the rear of existing building and erection of two to five storeys mews development to create 11 residential units.”

The developer is Anaspel Ltd. As at June 2018, 33 of the 35 conversion units are sold and 6 of the 14 new build units have sold.

252 Finchley Road, NW3 7AA



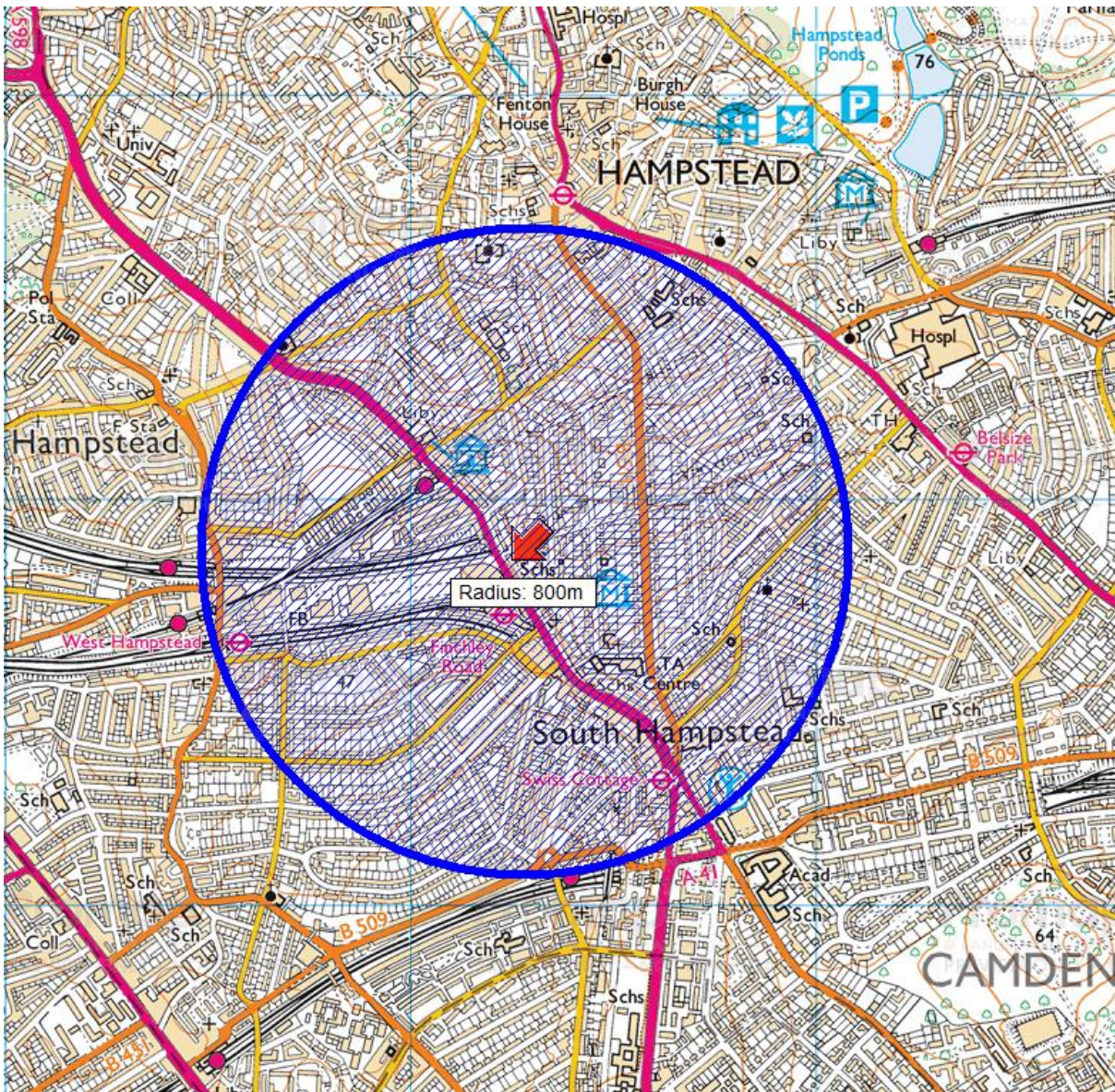
Completion is estimated for March 2019 for: “The demolition of existing building and erection of a three storey building with pitched roof to create 12 self-contained dwellings (net increase of 9 units) comprising 1 x 1 bed; 6 x 2 bed; 2 x 3 bed; and 3 x 4 bed units”.

The developer is Investland Group Plc.

4. LOCAL LAND OPPORTUNITIES

We have used various property databases to examine the availability of suitable development sites in the area. The criteria for sites have been as follows:

- Situated within a 800m radius of the subject property (as stipulated by Jaspreet Chana, London Borough of Camden- see map below)
- Could accommodate a residential quantum of 50-100% of the proposed increase in floor area at the subject property (equivalent to 10,044- 20,087 sq ft GIA)



The identified sites are, in terms of the NPPF, not in the “Town Centre” and thus are not Sequentially Preferable in Town Centre Policy Terms (hotels are a main Town Centre use). Camden’s Local Plan Policy E3 also encourages hotel development within Town Centres.

36 Lancaster Grove, London, NW3 4PB



This 1914 Grade II Listed former fire station has full planning permission for conversion into 18 residential flats (7 x 1 bed, 11 x 2 bed), extending to 15,134 sq ft NSA. The property is arranged over basement, ground, first and second floors, beneath the tower which extends over third, fourth and fifth floors. The existing building includes a number of interlinked communal rooms and associated bathroom facilities along with seven residential flats. The current planning

use of the site is a mix of Sui Generis and Residential (Class C3).

The site has full planning permission for the conversion and extension of the existing building into 18 residential flats. It was on the market with Knight Frank during the last quarter of 2017, however they have since been dis-instructed and a new agent is yet to be appointed. The proposed scheme has been obtained in two separate applications as follows:

- Listed building and planning consents (Application Reference: 2016/1128/L and 2016/0745/P) were granted in June 2017 for the: 'Part change of use of former fire station (Sui Generis) to provide 11 self-contained residential units (Class C3) including replacement single storey side extension to east elevation and erection of two single storey side extensions to west elevation and insertion of roof dormers, with associated external alterations, landscaping and parking'.
- A Certificate of Lawful Use and Development (Application Reference: 2017/0862/P) was granted in March 2017 to confirm the residential use of two existing flats in the building. Further listed building and planning consents (Application Reference: 2016/6119/L and 2016/5813/P) were granted in June 2017 for the: 'Change of use of part of former fire station (Sui Generis) to provide 5 self-contained residential units (Class C3) and installation of cycle parking enclosure.'

A Grade II listed conversion scheme is likely to present space inefficiencies and high costs associated with maintaining the integrity of the building and achieving a sympathetic conversion. As such, we do not envisage this to be an appropriate donor site, as the conversion is likely to be expensive and inefficient.

7 Redington Gardens, NW3 7RU



These two adjacent plots both benefit from full planning consent to build two substantial semi-detached five/six bedroom family house of contemporary design with an indoor pool and further leisure facilities. House one would extend to 7,028 sq ft GIA (653 sqm) and house two would extend to 6,781 sq ft GIA (630 sqm). Each property provides accommodation over five floors (with lift access), plus landscaped rear gardens and off street parking for two cars. The property is currently on the market with Dexters, however we are advised that it may potentially be withdrawn soon.

Due to the narrow market for these high-end, executive style homes, we are of the view that this property would be unsuitable as a residential donor site.

Norfolk Mansions, Lithos Road, NW3 6DU



This property comprises a freehold block of 8 apartments, most of which are approaching the end of their AST's, if they are not already expired. It therefore presents a suitable development opportunity and in addition there is a vacant basement with potential for conversion, however no planning consent currently exists. The NSA is approximately 4,478 sq ft, however the GIA is likely to be significantly higher owing to communal circulation areas and a large basement.

It was put into auction with Barnard Marcus in June 2017 and July 2017, however it failed to sell on both occasions. The highest bid was £3,240,000. It is currently being marketed by Exclusive Property Sales.

- Lower ground floor garden flat 1 bed - 69 Sqm - vacant
- Flat 1 3 bed - 69 Sqm - £22,872 rent per annum (AST ends 13/9/18)
- Flat 2 3 bed - 86 Sqm – vacant
- Flat 3 3 bed - 86 Sqm – vacant
- Flat 4A Studio - 21 Sqm - vacant
- Flat 4B Studio - 17 Sqm - vacant

- Flat 4C Studio 34 Sqm - £13,512 per annum (AST ends TBC)
- Flat 4D Studio 34 Sqm – vacant

Due to the relatively small size of the existing building, we do not envisage it being a suitable donor site.

5. SUMMARY

Having reviewed the availability of sites within the stipulated catchment area, we conclude that none would provide a suitable donor site for the proposed development with the current qualifying criteria of being within 800 metres of the Subject Property and being able to accommodate a residential quantum of 50-100% of the proposed increase in floor area at the site.

The available sites within the catchment area all present issues which suggest that a financial contribution towards off-site housing would be more appropriate than the provision of housing itself. The conversion of existing buildings presents issues with space efficiency and in the case of 36 Lancaster Grove, potential high costs associated with its Grade II listing. As such, we recommend that the alternative solution is pursued.

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