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12<sup>th</sup> August 2022

By e-mail – [ltrevellyan@trevellyan.co.uk](mailto:ltrevellyan@trevellyan.co.uk)

Dear Mr Trevellyan

**BP Hampstead Filling Station and Analysis of Petrol Filling Stations in North-West London**

Further to your recent confirmation of instructions, I am pleased to set out below a summary of my analysis of the subject filling station and its position in terms of alternative re-fuelling options in this area of London and on the most relevant routes.

**1 Your Property – BP, 104A Finchley Road, Hampstead NW3 5EY**

You own the freehold interest in this site and operate it as an independent fuel retailer, with the benefit of wholesale supply agreements with BP and Spar. You have owned the site since March 2015 when you acquired it from BP.

The site is on the southbound carriageway of Finchley Road (A41) in the Hampstead area of inner North London. As the road is dual carriageway, in practice it is accessible to the southbound traffic only, with direct access from and egress to Finchley Road. The site is small at circa 0.2 of an acre and accommodates three fuel pump islands, which allows in practice for only four vehicles to re-fuel at any one time given a tight gap between the islands and the increased size of the typical modern car.

You have provided me with annual fuel sales by volume and these are set out in the table overleaf. We have analysed this data (ignoring the main Covid year) to highlight the trajectory of fuel sales from this location. Furthermore, we have compared this with reliable reported annually updated figures for the average fuel volume sold from UK filling stations over the same period.

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HAMPSTEAD FUEL VOLUMES							
104A Finchley Road, Hampstead, NW3 5EY							
Volumes Sold	Year End March 2016	Year End March 2017	Year End March 2018	Year End March 2019	Year End March 2020	Year End March 2021	Year End March 2022
Unleaded	1,876,222	1,870,405	1,699,931	1,713,771	1,784,127	1,358,404	1,753,565
Diesel	2,019,583	1,989,250	1,932,532	1,803,464	1,523,095	1,000,387	1,201,815
Ult. Unleaded	492,820	360,337	485,842	472,916	482,936	396,779	459,734
Ult. Diesel	373,842	357,946	354,432	303,931	237,628	179,343	201,924
	<b>4,762,467</b>	<b>4,577,938</b>	<b>4,472,737</b>	<b>4,294,082</b>	<b>4,027,786</b>	<b>2,934,913</b>	<b>3,617,038</b>
Annual change		-3.9%	-2.3%	-4.0%	-6.2%		-10.2%
Overall change							-24.1%
Average UK PFS volume *	4,205,000	4,260,000	4,286,000	4,318,000	4,344,000		4,406,000
Overall change							4.8%

\*Source: Experian Catalyst

As shown in the above table, for the seven-year period from 1 April 2015 to 31 March 2022, the fuel volume sold from your Finchley Road BP filling station decreased by 24.1%. This compares to the average fuel volume sold from the UK forecourt network increasing by 4.8% between 2016 and 2022, according to the annual Forecourt Report produced by Experian Catalyst.

## 2 Forecourt Market Consolidation and Transition

The UK forecourt market has constantly been required to adapt and evolve over the last two decades, having been faced with numerous challenges whether competitive, logistical or legislative. The traditional petrol filling station (PFS) is arguably facing up to an inevitable demise over the next two decades given the Net Zero targets and the perceived key part to be played by the mass introduction of alternatively-fuelled vehicles (AFVs) at the expense of Internal Combustion Engine (ICE) vehicles.

Independent and oil company forecourts have long been innovating to make up for lower fuel sales and profitability, in particular when faced with significant competitive challenges on fuel margins from the major supermarkets in the past. They have done so by significantly expanding and evolving the non-fuel retail offer on their sites. However, the fact is that a large amount of urban and suburban filling stations were built in the mid-1980's to mid-1990's, on relatively small plots with relatively small shop buildings. This particular category of filling station typically cannot expand their store sizes or accommodate multiple re-fuelling types, so ultimately are faced with a choice of reinventing their sites completely (at significant and, in all likelihood unviable cost) or running the sites over the medium-term, until the point at which they become unviable financially, then redeveloping for alternative use.

In London, the 2000's in particular saw a sizeable number of oil company site closures, with the sites almost all redeveloped for alternative uses. There has been a far more stable picture since then, with fewer closures, in part to do with a fluctuating residential development market but also because the value of sites as going concerns has increased substantially.

However, as possibly indicated by the subject site's sales volume trend, London is expected to see a swifter decline in demand for traditional fuels. It is leading the way for the country, as it inevitably does, on the uptake of electric vehicles (EVs) with the ULEZ and other incentives encouraging the transition. Indeed, the proposed expansion of the ULEZ zone from August 2023 – as shown on the map appended to this letter – can only serve to encourage a faster shift to EVs.

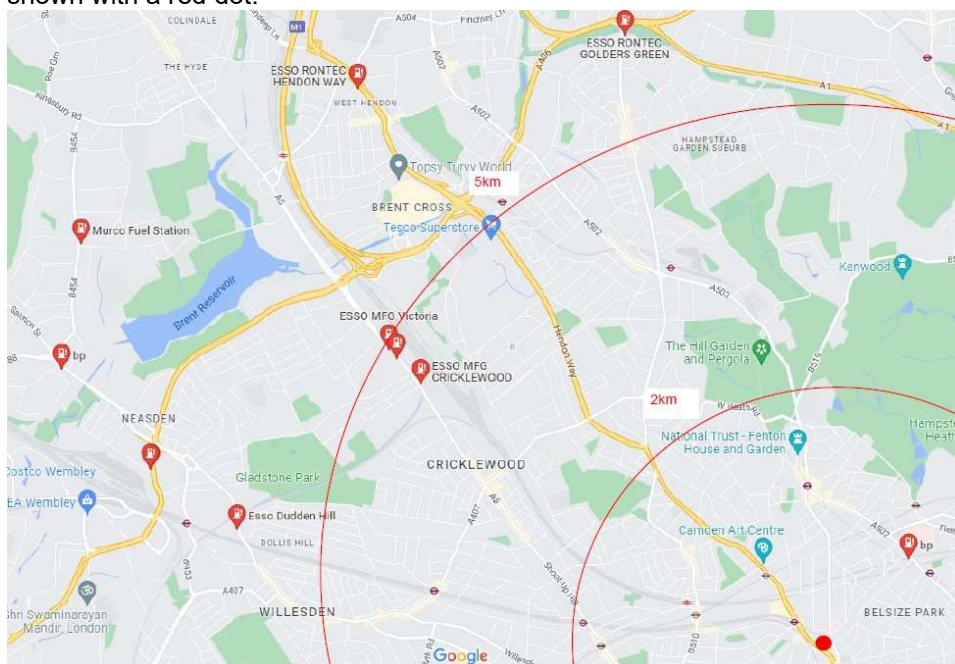
With the likelihood of a more rapid transition away from traditional fuels usage inside the M25, smaller sites with smaller shops, such as your site, are in my opinion the most at-risk category of filling station in terms of future long-term viability.

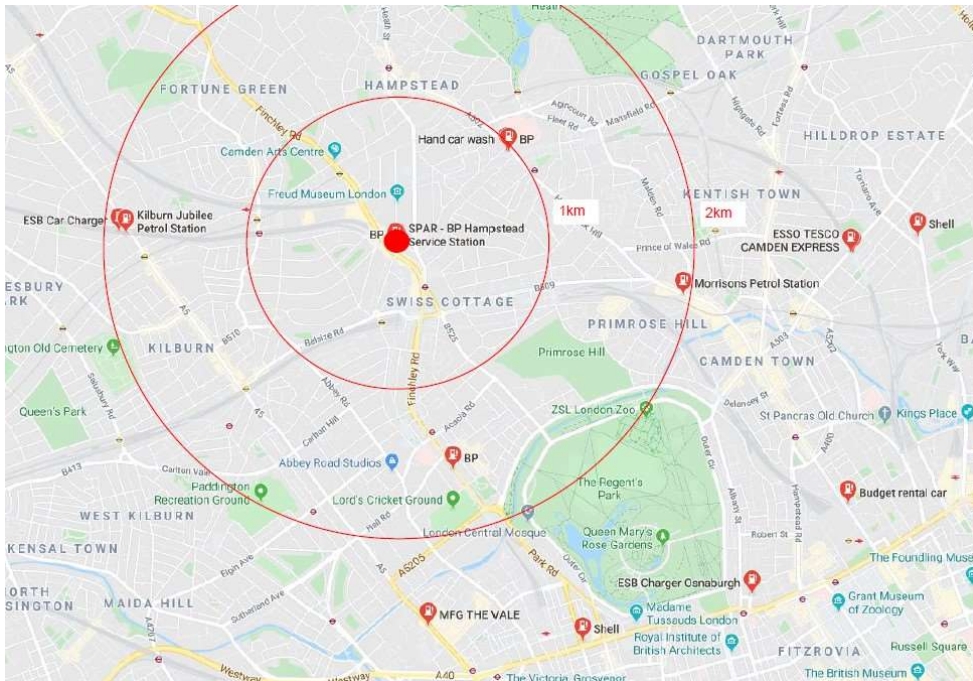
### 3 Nearest Alternative Filling Stations

Below is a table summarising the nearest forecourts in each most relevant direction / route:

Address	Brands Fuel / Shop	Capacity (filling points)	Distance / Direction	Typical Drive Time
104a Finchley Road NW3 5EY (subject)	BP / Spar	4	-	-
21-41 Wellington Road, St Johns Wood NW8 9SQ	BP / Londis	12	1.1 miles south	7 mins
Marylebone Road NW1 5AR	Shell / Londis	4	2.0 miles south	11 mins
Tilling Road, Brent Cross, NW2 1LZ	Tesco	16	3.8 miles north	14 mins
Hendon Way, Brent Cross, NW4 3AQ	Esso / Morrisons	12	4.2 miles north	15 mins
215 Haverstock Hill, Belsize Park NW3 4QE	BP / BP	8	0.9 miles east	4 mins
872 Finchley Road, Golders Green NW11 6AH	Esso / Rontec	8	4.0 miles north / east	18 mins
409 Kilburn High Road, Kilburn NW6 7QE	Shell	8	2.2 miles west	10 mins
115 Sutherland Ave, Maida Vale W9 1UP	Esso / Tesco	8	1.5 miles south / west	9 mins

The alternative re-fuelling locations are shown on the following two map extracts, with the subject site shown with a red dot:





As it is shown on one of the plan above, it is worth noting that Morrison's petrol station at Chalk Farm closed in 2019/20 and has been redeveloped to provide a temporary store, whilst the major site redevelopment on their former main store site at Camden Goods Yard is carried out. This is expected to take until 2027. A replacement PFS forms part of the existing planning permission for the former PFS site, however a recent community newsletter from the development consortium is requesting consultation opinion on a proposed alternative scheme that would remove the PFS and replace with a small EV charging station.

Whilst this location is 1.7 miles / 8 minutes away from the subject site, and Covid has affected all fuel sales volume figures, there is no indication that your site has benefited from any dispersal of that fuel volume.

Taking into account the southbound positioning of the subject site, the most relevant nearest alternative filling station is Wellington Road BP in St John's Wood. This is only a relatively short distance away and, whilst on the west (northbound) side of the road, is accessible to both directions of traffic. Crucially this site has six fuel pump islands, which means 12 vehicles can potentially re-fuel at the same time. This compares very favourably with the subject site, which is extremely cramped and whilst has three islands, the size of typical modern vehicles and the tight space means in practice it really can only accommodate four vehicles for simultaneous re-fuelling.

The next nearest site on the southbound side of the road is Dorset House Shell on the corner of Marylebone Road and Euston Road. This is a tight site with similarly low capacity but it is another "on route" option for southbound traffic.

Coming from the north, the nearest alternative fuelling sites are Tesco at Brent Cross and Esso Rontec Golders Green. The Tesco is more of a destination re-fuelling location, but is accessible to all directions of traffic and has a very high capacity with 16 filling points. These two sites are each circa four miles away, but typically with lower congestion levels, journey times are not significant.

For more local drivers, there are realistic options within one mile or so, to both east and west, with BP Belsize Park and Esso/Tesco Maida Vale, both sites with higher capacity forecourts.

#### **4 Conclusions**

The next decade is widely expected to see significant further acceleration in take-up of EVs and AFVs, with London being at the vanguard (24% of all new vehicles registered in June 2022 in London were EVs compared to 16% for the UK as a whole). Fuel sales have been steadily dropping at your site since 2015 and post-Covid will arguably see a further decline with more working from home and less commuting. Other impediments to driving ICE vehicles in inner London include the ULEZ and this is planned to be expanded in August 2023 to cover the whole of London.

Taking into account the number of alternative re-fuelling stations and their relative proximity and capacities, in my opinion there will be sufficient available alternative re-fuelling options for ICE vehicle drivers, particularly when factoring in the likelihood of further decreased demand for traditional fuels over the next two to three years in terms of the possible implementation of any planning permission for alternative development on your site.

Should you wish to clarify or discuss any aspect of this letter please do not hesitate to contact me.

Yours sincerely,



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Director

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Congestion Charge Zone and ULEZ area map

