

MAYOR OF LONDON

# THE LONDON PLAN



THE SPATIAL DEVELOPMENT  
STRATEGY FOR GREATER LONDON  
**MARCH 2021**

## Policy E10 Visitor infrastructure

- A 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, particularly to parts of outer London well-connected by public transport, taking into account the needs of business as well as leisure visitors.
- B The special characteristics of major clusters of visitor attractions and heritage assets and the diversity of cultural infrastructure in all parts of London should be conserved, enhanced and promoted.
- C A sufficient supply and range of serviced accommodation should be maintained.
- D The provision of high-quality convention facilities in town centres and in and around the CAZ should be supported.
- E Camping and caravan sites should be supported in appropriate locations.
- F Within the CAZ, strategically-important serviced accommodation should be promoted in Opportunity Areas, with smaller-scale provision in other parts of the CAZ except wholly residential streets or predominantly residential neighbourhoods (see [Policy SD5 Offices, other strategic functions and residential development in the CAZ](#)), and subject to the impact on office space and other strategic functions. Intensification of the provision of serviced accommodation should be resisted where this compromises local amenity or the balance of local land uses.
- G In outer London and those parts of inner London outside the CAZ, serviced accommodation should be promoted in town centres and within Opportunity Areas (in accordance with the sequential test as set out in [Policy SD7 Town centres: development principles and Development Plan Documents](#)) where they are well-connected by public transport, particularly to central London.
- H To ensure sufficient choice for people who require an accessible bedroom, development proposals for serviced accommodation should provide either:

- 1) 10 per cent of new bedrooms to be wheelchair-accessible in accordance with Figure 52<sup>121</sup> incorporating either Figure 30<sup>122</sup> or 33<sup>123</sup> of British Standard BS8300-2:2018 Design of an accessible and inclusive built environment. Buildings. Code of practice; or
- 2) 15 per cent of new bedrooms to be accessible rooms in accordance with the requirements of 19.2.1.2 of British Standard BS8300-2:2018 Design of an accessible and inclusive built environment. Buildings. Code of practice.<sup>124</sup>

<sup>121</sup> Figure 52 illustrates an example of an accessible bedroom with en-suite sanitary facilities

<sup>122</sup> Figure 30 illustrates requirements for a wheelchair accessible en-suite shower room with corner WC for independent use

<sup>123</sup> Figure 33 illustrates requirements for a bathroom for independent use incorporating a corner WC layout

<sup>124</sup> 19.2.1.2 of BS8300-2:2018 specifies design and percentage requirements for accessible bedrooms including wheelchair accessible rooms with an en-suite shower room for independent use, rooms with a tracked hoist system and a connecting door to an adjoining (standard) bedroom for use by an assistant or companion, rooms with an en-suite shower room to meet the requirements of people with ambulant mobility impairments, and rooms large enough for easy adaptation to wheelchair accessible bedroom standards that are structurally capable of having grab rails installed quickly and easily.

- 6.10.1 London is the second most visited city in the world and the Mayor wants to spread economic and regeneration benefits by working with London & Partners to **promote tourism across the whole of the city**, including outside central London. This Plan supports the enhancement and extension of London's attractions particularly to town centres and well-connected parts of outer London, complemented by supporting infrastructure including visitor accommodation, a high-quality public realm, public toilets and measures to promote access by walking, cycling and public transport.
- 6.10.2 Given the importance of tourism to London's economy, London needs to ensure that it is able to **meet the accommodation demands of tourists** who want to visit the capital. It is estimated that London will need to build an additional 58,000 bedrooms of serviced accommodation by 2041, which is an average

of 2,230 bedrooms per annum.<sup>125</sup> In addition to leisure visitors the needs of business visitors require consideration, including provision of suitable facilities for meetings, conferences and exhibitions in both hotels and purpose-built convention and exhibition centres.

- 6.10.3 **Boroughs in the CAZ** are encouraged to direct strategically-significant serviced accommodation (defined as more than 20,000 sq.m. in the CAZ) towards the CAZ Opportunity Areas. Concentrations of serviced accommodation within parts of the CAZ that might constrain other important strategic activities and land uses (for example offices and other commercial, cultural and leisure uses) or erode the mixed-use character of an area should be avoided. **Boroughs in outer and inner London beyond the CAZ** are encouraged to plan proactively for new serviced accommodation in town centres to help spread the benefits of tourism to the whole of the capital.
- 6.10.4 Improving the availability of **accessible serviced accommodation**<sup>126</sup> is vital to ensuring that as many visitors as possible can stay in London and experience its visitor attractions and business offer. To help achieve this, serviced accommodation developments should achieve the highest standards of accessible and inclusive design (see also [Policy D5 Inclusive design](#)). The policy requirement provides two options and developers can choose the option which best fits the scale of development proposed. These requirements aim to recognise the need not only for standard wheelchair accessible rooms, but also rooms suitable for people with ambulant mobility impairments or older people who could benefit from additional access features, as well as rooms suitable for people who require assistance or need to be near to a carer.

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<sup>125</sup> Working Paper 88, Projections of demand and supply for visitor accommodation in London to 2050, GLA Economics, 2017, [https://www.london.gov.uk/sites/default/files/visitor\\_accommodation\\_-\\_working\\_paper\\_88.pdf](https://www.london.gov.uk/sites/default/files/visitor_accommodation_-_working_paper_88.pdf)

<sup>126</sup> Working Paper 90, Projections of demand and supply for accessible hotel bedrooms in London, GLA Economics, 2017, <https://www.london.gov.uk/sites/default/files/accessible-hotel-rooms-wp90.pdf>





## Appendix 13 – Extract of Local Plan Policy E3

# Camden Local Plan

2017



## Tourism

- 5.54 Local Plan Policy E1 Economic development sets out the Council's overall strategy for Camden's economy. It recognises the contribution that tourism makes to the character of Camden and the way that is perceived by those living outside the borough, and also the substantial number of jobs it provides. Policy E3 sets out our detailed approach to supporting tourism and providing accommodation for those visiting the borough.

### Policy E3 Tourism

The Council recognises the importance of the visitor economy in Camden and will support tourism development and visitor accommodation.

We will:

- a. expect new, large-scale tourism development and visitor accommodation to be located in Central London, particularly the growth areas of King's Cross, Euston, Tottenham Court Road and Holborn;
- b. allow smaller-scale visitor accommodation in the town centres of Camden Town, Kilburn, West Hampstead, Kentish Town and Finchley Road/Swiss Cottage;
- c. consider tourism development outside of the areas listed above where it would have a local or specialist focus and would attract limited numbers of visitors from outside the borough;
- d. encourage large-scale tourism development and visitor accommodation to provide training and employ Camden residents;
- e. protect existing visitor accommodation in appropriate locations.

All tourism development and visitor accommodation must:

- f. be easily reached by public transport;
- g. provide any necessary pickup and set down points for private hire cars and coaches and provide taxi ranks and coach parking where necessary;
- h. not harm the balance and mix of uses in the area, local character, residential amenity, services for the local community, the environment or transport systems; and
- i. not lead to the loss of permanent residential accommodation.

### Tourism in Camden

- 5.55 Camden has a wide variety of tourist and cultural attractions, from major institutions, such as the British Museum and British Library; to open spaces like Hampstead Heath and Primrose Hill; shopping destinations like Camden Town's markets and Covent Garden; venues such as the Roundhouse, Koko and the Forum; Regent's Canal; and historic places, such as Hampstead and Bloomsbury. These attract high numbers of visitors throughout the year from London, the UK and beyond and contribute greatly to the vibrancy, image and economy of Camden and London as a whole.



5.56 Camden also has the second largest number (17,580) of serviced rooms in London, after Westminster (GLA Working Paper 58, Understanding the demand for and supply of visitor accommodation in London to 2036, August 2013). Visitor numbers to London are expected to continue to increase, creating demand for more hotels and other overnight accommodation, particularly in Central London. The London Plan sets a target of achieving 40,000 net additional hotel rooms by 2036 across London. The Working Paper also states that 37% of the expected increase in the number of rooms across Greater London will be met in Westminster, City of London and Camden. This policy aims to maintain and encourage a range of attractions and accommodation in the borough for Camden's visitors.

5.57 Visitor accommodation includes hotels, bed and breakfast premises, youth hostels, backpacker accommodation, aparthotels, serviced apartments and most other short-stay accommodation that is intended for occupation for periods of less than 90 days. Please see Policy H8 Housing for older people, homeless people and vulnerable people for more information on short stay accommodation for homeless people and other vulnerable people.

#### **Location of tourism developments**

5.58 The Council will guide tourism development that is likely to attract large numbers of people to Camden's part of Central London, particularly the growth areas of King's Cross, Euston, Holborn and Tottenham Court Road. The Council will generally consider large-scale developments to be those that provide additional floorspace of 1,000sqm or more. For tourism developments in Fitzrovia please refer to the Fitzrovia Area Action Plan. Tourist attractions may also be

acceptable in other parts of the borough if they have a local focus and a limited number of expected visitors. Examples of this type of attraction are the Freud Museum, near Finchley Road, and Keats' House in Hampstead.

- 5.59 We will protect existing visitor accommodation in appropriate locations. Central London, our growth areas and the town centres of Camden Town, Kilburn, West Hampstead, Kentish Town and Finchley Road/Swiss Cottage are considered to be appropriate locations. Other locations may also be appropriate where they are highly accessible by public transport and do not harm amenity, the environment or transport systems.

### **Access**

- 5.60 Visitor attractions and accommodation can generate significant vehicle movements, particularly by taxi, private hire cars and coach. New tourism developments should therefore be easily reached by public transport and should include set down and pick-up points for any private hire cars and coach visits they are likely to attract. The Council will require the provision of both taxi ranks and coach parking where necessary. Taxi ranks and coach parking are often most appropriately located on street, rather than off the highway. Please refer to London Plan Policy 6.13, which sets minimum requirements for coach parking. The Council will also protect existing coach facilities and taxi ranks in line with London Plan Policy 6.2 and the Mayor's Land for Industry and Transport SPG, in particular SPG16 and SPG17. Where it is not possible to provide for a suitable set down point for coaches, the Council may negotiate planning obligations with developers to prevent coach access to these sites. Please see our supplementary planning document Camden Planning Guidance on transport for further information.

### **Training and employment**

- 5.61 Large-scale tourism attractions and visitor accommodation employ a large number of people. New developments will be encouraged to provide training and employ Camden residents in line with Policy E1 Economic development.

## Appendix 14 – Hotel Demand Study



# Great Russell Street Hotel

## Demand Study

Central London Investments Limited  
Instruction No: 02C204126  
1<sup>st</sup> June 2022

AVISON  
YOUNG





# Executive Summary

## Central London location with strong levels of demand

St Giles is a highly accessible district in central London that has very strong corporate and demand drivers including the West End, Chancery Lane, University of London and the British Museum. A data set of Midtown hotels has shown consistently very high occupancy performance since 2014, outperforming the overall London average despite significant supply growth. There is also evidence of frustrated demand (demand outstripping supply) throughout the year, notably midweek and Saturdays.

The Zedwell brand is a new compact room hotel concept that appeals to a wide range of visitors due to a lower than average price-point. The concept allows for a greater density of bedrooms to be developed than conventional hotels, resulting in very efficient operations. This concept has been growing in popularity over the last decade within the UK with the promise of a design-led affordable hotel in an urban environment. Guests are willing to forego larger rooms as long as they are in a central location near transport hubs; as such the Great Russell site offers a great opportunity given its proximity to Tottenham Court Road station and the West End.

We have undertaken a market occupancy model (with estimated future supply and demand growth) and demonstrate on page 12 that the 208 bedrooms Zedwell Tottenham Court Road would achieve very strong occupancy performance (over 88%) once stabilized, and without displacement from other hotels in the Borough.

As demand often outstrips supply, which we believe will continue into the future (notwithstanding the development pipeline), the provision of the proposed 208 bedrooms hotel is important to help address the market imbalance. In that regard, 208 bedrooms delivers important benefits over and above the consented 166 bedrooms as demonstrated by our Economic Impact analysis (page 13) and in the summary table adjacent.



Zedwell Piccadilly – Public Area

Source: Criterion Capital

### Key market observations include:

- The Zedwell Site is in a highly accessible location in central London, two minutes’ walk from Tottenham Court Road underground station (served by Northern, Central and Elizabeth Line). It is very close to many of the city’s most popular visitor attractions, including British Museum, Covent Garden, Oxford Circus and Leicester Square as well as being close to areas with large corporate demand drivers. This central London location in a bustling area will be very appealing to a wide range of users including both business and leisure travellers;
- Significant regeneration plans are in the works to further transform the area into a leading centre for living, business and cultural activity linking the West End and City of London. The newly transformed Tottenham Court Road station as part of Crossrail has triggered multiple new developments, and the increased passenger flow through the station will bring an increase of both commercial and leisure demand;
- Due to its strong profile as a visitor destination, the local area has seen strong investment in new hotels over the last ten years, with bedroom supply increasing by 32% across 11 new openings. The economy and midscale market is dominated by three-star hotels with a majority of hotels being independent;
- Despite the large growth in supply, occupancy performance has remained very strong, consistently over 88% annually up to 2019 and with evidence of frustrated demand highlighting that the market is easily able to absorb the new supply offering scope for further hotels in the market. Though recovery from the impact of Covid was slow in 2021 due to the Midtown market being more reliant on international visitors than other parts of London, occupancy recovery in 2022 has accelerated highlighting the strong demand for hotels in this market area;
- There are seven schemes in the planning pipeline, representing a potential increase of 949 bedrooms. However, only one scheme is under construction at the moment (St Giles Circus) which is likely to open in September 2022. The majority of schemes are deferred and have seen little progress since the start of Covid-19; the current funding environment makes it unlikely many will progress in the short to medium-term (unlike the project hotel, which is funded and under construction);
- Domestic tourism overnight visits in the Borough declined by 2.9% in the five years to 2017/19, however this was also seen across the rest of London and the number of overseas visitors to the city has shown very strong growth, up 11.9%.

### Economic Impact - Comparison between 166 bedrooms and 208 bedrooms

	166 Bedrooms	208 Bedrooms	Additional Impact
FTE - Direct Jobs	40.8	46.0	5.2
FTE incl. Supply Chain	56.9	64.1	7.2
Economy Impact (additional GVA from jobs created)	£4,527,421	£5,104,445	£577,024
Additional Tourism Spend	£17,703,003	£22,087,305	£4,384,302

Source Avison Young

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We are pleased to present our report assessing the demand for a hotel at 112A Great Russell Street in the London Borough of Camden.

The scope of our work is detailed in our proposal 4464 001 dated and accepted by you on 16<sup>th</sup> May 2022.

We do not guarantee the fulfilment of any estimates contained within this report, although they have been conscientiously prepared based on our research and information made available to us at the time of our study. As is customary with market studies, our findings should be regarded as valid for a limited period of time and subject to re-examination at regular intervals. We have no responsibility to update our report for events or circumstances which change after the date of this report.

We are uncertain about the impact on the hotel sector following the Covid-19 pandemic and the UK's departure from the EU. The mid-term impact is extremely difficult to gauge dividing economic forecasters. As a prudent response we have adopted a cautious approach to economic growth in this report.

This report has been prepared for the information of Central London Investments Limited (the Client). It may not be published, reproduced or quoted in part or in whole, nor may it be used as the basis for any contract, prospectus, agreement or other document without our prior consent, which will not be unreasonably withheld. Any responsibility of Avison Young is limited to the Client and any use by third parties shall be solely at the risk of the Client and / or third parties.

Our conclusions, recommendations and project performance are based upon the supply of competitor hotels (defined in Section 5), our knowledge of their performance and an overview of the local economy in terms of economic indicators, tourism and regeneration. We have not undertaken any market, technical, planning or other research except as noted in Section 1.

Thank you for your instruction. We would be pleased to discuss this report with you once you have reviewed it.

Yours sincerely,



**Richard Gaunt**  
Principal  
Hospitality | Tourism | Leisure  
For and on behalf of Avison Young (UK) Limited/ TA Avison Young

# 1. Introduction

## Purpose and Scope of Work

### Purpose

- Central London Investments Limited ('CLI') are proposing the development of a 208 bedrooms hotel at 112A Great Russell Street in the London Borough of Camden.
- The hotel will be developed under the Zedwell brand; a new lifestyle hotel brand, focused on urban travellers looking for quality affordable accommodation in central locations;
- The building has consent for a 166 bedrooms hotel, but an application to extend to 208 bedrooms was refused in April 2022;
- CLI intend to lodge an appeal and would like to demonstrate the benefit of the additional hotel rooms, particularly in regards to the increased tourism expenditure and economic benefit that will be derived;
- Avison Young have been commissioned to prepare a Demand Study to assess the level of need for an increased provision of hotel rooms and that the Zedwell brand makes staying in Central London more accessible to tourists, along with an indication of the potential additional economic and tourism benefits to be delivered.

### Quality Control

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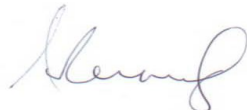
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1<sup>st</sup> June 2022



### Scope of Work

In preparing this Demand Study, Avison Young has undertaken the following:

- A site visit to fully understand the suitability for hotel use including its relationship to demand drivers;
- Reviewed all pertinent documentation, including local policy and tourism strategies that help build the case for additional visitor accommodation in the local area;
- Analysed the existing hotel supply and pipeline across central London, noting changes to supply in recent years;
- Provided an overview of key demand drivers including economic and tourism trends, regeneration activity within the London Borough of Camden and surrounding areas that will drive future demand growth;
- Analysed a competitor data set of hotel performance in central London using STR Global (the market leader in performance benchmarking). We have assessed how the market performs compared with the overall London average;
- Produced a market occupancy model, including market supply and demand, future growth and market penetration, to demonstrate the potential occupancy performance for a 208 bedrooms Zedwell hotel at Great Russell Street;
- Provided an indication of additionality that could be derived by the scheme at 208 bedrooms, including increased tourism spend, economic benefit and employment.



# 2. Site Overview

## 112A Great Russell Street – central location

Location

- The Zedwell site is located in the London Borough of Camden in Central London and very close to many of the city's most popular leisure destinations, including Covent Garden, Oxford Circus and Leicester Square;
- As shown in the table below, many key demand drivers in Central London are within close proximity to the hotel site, making it an excellent base for visitors looking for centrally-located visitor accommodation;
- It is located just off the busy Tottenham Court Road and two minutes' walk from Oxford Street, a key visitor destination. The hotel forms basement levels -4 and -5 of the existing 18 storey building which largely comprises the St. Giles Hotel, as well as the YMCA and retail, food and drink uses.

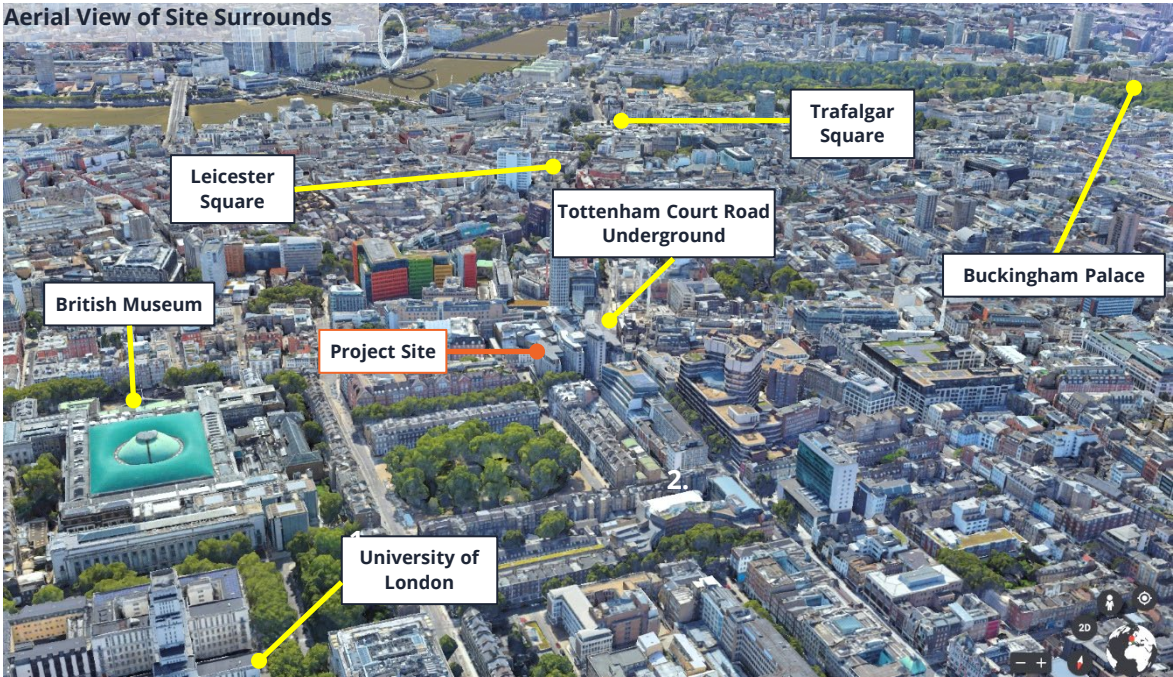
Accessibility

- The Zedwell site is extremely well located and is just two minutes' walk from Tottenham Court Road underground station (Central and Northern Line), providing services across Central London and beyond. The station is also now served by Crossrail, providing quick and frequent trains to Heathrow Airport to the west and Canary Wharf / London City Airport to the east.

Visibility

- Guest access will be on Great Russell Street and adjacent to the YMCA, and with good signage, should be immediately visible to guests turning off Tottenham Court Road.

Demand Generator	Distance	Type
Tottenham Court Road Station	95 meters	Transport
Leicester Square (Theatreland)	800 meters	Events / Leisure
The British Museum	300 meters	Tourism
University of London	650 meters	Higher Education
Oxford Circus	800 meters	Retail
The City	1.0 miles	Business
The National Gallery / Trafalgar Square	950 meters	Tourism



Source: Google Maps / Avison Young

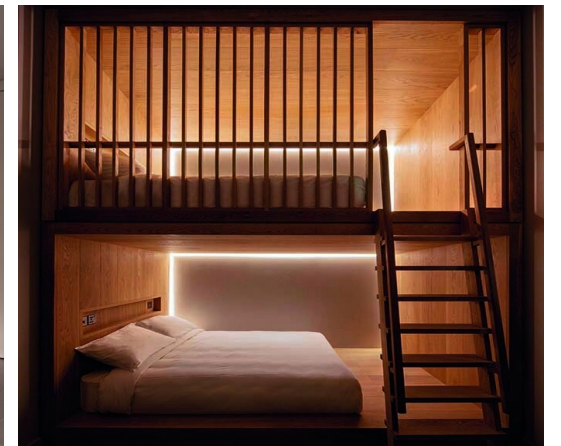


# 3. Hotel Concept

## Zedwell

- Zedwell is a new hotel brand by Criterion Capital. The brand story is a “lifestyle concept designed to promote sleep and in-turn positive health and wellbeing”. It is a “private sanctuary amongst the chaos of the city, transporting you into a calm and balanced state of mind. Always affordable and always great urban locations. Removing anxiety and distractions so you sleep easy”;
- There is one existing Zedwell hotel at Piccadilly (728 rooms), with two further hotels planned at Marble Arch and Greenwich, in addition to the Great Russell Street project;
- Zedwell offers a range of rooms (named ‘cocoons’), from single rooms for one guest, to family rooms able to accommodate up to four guests, allowing them to appeal to a range of visitors, from single travellers, to families and groups. Rooms at Great Russell Street measure from around 7sqm to 21sqm and are all windowless. Public areas include check-in (with automated check-in facilities) and guest lounge;
- The compact room hotel concept of Zedwell has grown in strength within the UK over the last decade. Brands in this space include CitizenM, Yotel, Z, Ruby Hotels, Point A and hub by Premier Inn;
- The rooms are compact, functional and charge low rates. Key features (all included as part of the Zedwell brand offering) include stylish design, automated check in facilities, the latest technology (free superfast Wi-Fi) and often windowless rooms (this means that they can be developed where other hotels cannot, such as tricky central city locations, airport terminals and even underground, as is the case at Great Russell Street);
- The target demographic for hotels offering this type of accommodation is location-oriented urban commercial and leisure travellers with limited budgets. Central London has been the epicentre of growth of the concept given the general high cost of visitor accommodation;
- The central location is a key feature in the development of these hotels; guests are willing to accept smaller room dimensions as long as they are in a central location and within walking distance of transport hubs, which the Great Russell site is given its proximity to Tottenham Court Road station.

Zedwell Piccadilly – Public Areas and Bedrooms



Source: Criterion Capital



# 4. Market Background

Economy – dynamic, trendy part of London with a strong economy and nightlife

### Location

St Giles is an area in central London within the London Borough of Camden and lies within the Midtown District. Midtown, the arch of Bloomsbury, St Giles and Holborn, sits between the West End and The City of London, and is a mixed community area of homes and residents alongside large established cultural, commercial and educational institutions.

### Demographics

Despite lower levels of the population economically active, Camden has a lower unemployment rate, compared with London and just above the UK average. It has a very well-educated population, with a high percentage in managerial roles and high levels of Gross Weekly Pay.

	Camden	London	UK
Working Age	70.6%	67.2%	62.4%
Unemployment Rate	4.7%	5.6%	4.4%
Economically Active	74.9%	79.4%	78.4%
Soc 2010 Major Group 1-3	76.5%	62.1%	49.7%
NVQ4+	66.8%	58.9%	43.5%
Gross Weekly Pay	£785.70	£728.40	£613.10

Source: ONS 2021

### Local Economy Overview

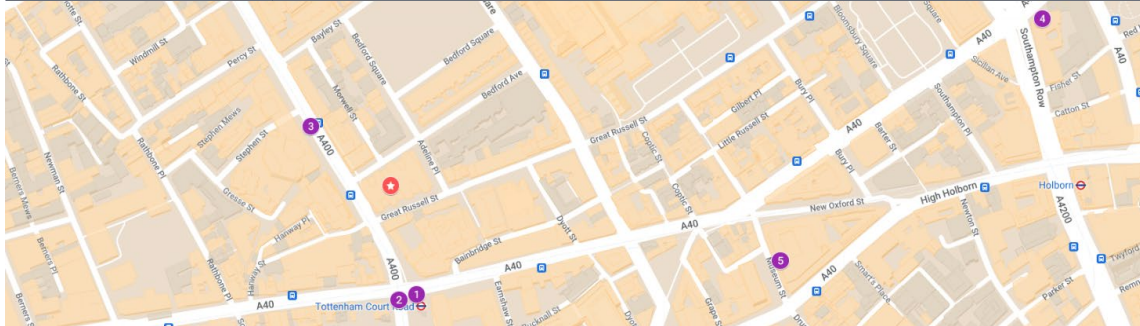
The Office of National Statistics highlights that London’s economy grew by 6.9% in 2021 as it recovered from the impact of Covid-19 (though down 3.6% compared with 2019). EY forecast London’s GVA to grow 3.1% per year between 2021 and 2025 compared with UK average growth of 2.8% with the capital expected to return to pre-Covid levels sooner than other major European cities.

- Midtown is home to a highly diversified economy with a concentration of high-value sectors such as financial and professional services, technology and creative industries. The economy was worth £20.5 billion in 2019 overtaking the West End and is forecast to reach £24.9 billion in 2025;
- As the historic centre for law practice, Midtown has several nationally and internationally renowned law firms with either headquarters or offices; including Freshfields Bruckhaus Deringer, Bird & Bird, Hogan Lovells, Taylor Wessing, Macfarlanes and Dentons. Other large multinational corporates include Google, Facebook, Saatchi & Saatchi, Deloitte, OC&C, Goldman Sachs and LEGO;
- St Giles is also close to London’s West End including Soho, Leicester Square and Covent Garden. As well as being one of London’s premier tourism, retail and entertainment districts; it is also a hub for the creative industries and popular with tech start-ups, PR and marketing companies;
- Midtown is adjacent to The City of London, a global financial and professional services hub with banks, investment houses and hedge funds from over 26 countries represented. Fitzrovia is home to new media, advertising, and architectural companies.

### Regeneration

Midtown and its neighbouring areas are under-going significant development linking the City of London to the core of the West End. Investment has already been committed to the area in large scale infrastructure and the public realm. Key developments are listed below:

Map Ref.	Development	Description	Status
1	Tottenham Court Road Crossrail	Tottenham Court Road has undergone a major transformation for the opening of the Elizabeth Line with a newly built underground station. This has triggered multiple new developments	Fully operational
2	St Giles Circus	Large £150m mixed-use scheme with office, retail, restaurant, members' club, residential, hotel as well as 2,000 and 750 capacity music and entertainment venues	Under construction
2	The West End Project	£35m scheme that will bring improvements to infrastructure and public realm helping to attract, sustain and boost local businesses	Under construction
4	Post Building	33,000 sq ft of flagship retail, restaurant and gallery space across 135 metres of prominent double-height frontage within a mixed use scheme, including 263,000 sq ft of fully let office space	Under construction
5	Former Central St. Martins Campus	£242m redevelopment of the former London University campus that will include 34 affordable homes, restaurants, shops, lecture halls, a spa and co-working and conference space as well as a 427 bed Grange Hotel;	Planning approved in 2020



Source: Google Maps / Avison Young Red star denotes project site

# 4. Market Background

## Tourism – in the heart of London’s busiest tourism area

London is a global leisure tourism destination with countless world class attractions ranging from museums to shopping and entertainment. The third most visited city in the world, London is home to five UNESCO world heritage sites, all of the UK’s ten most popular attractions and four of the world’s most visited museums. Key attractions include Buckingham Palace, The National Gallery, The British Museum, Tower of London, Westminster Abbey and St Paul’s Cathedral; all of which are within a 25 minute journey from Great Russell Street.

The Hotel site is located at the cross-section of distinct districts within central London; each bringing leisure demand drivers for hotels. Soho is internationally recognised as the hub for dining, bars, live entertainment and nightlife; Holborn is a centre for creatives and a bustling nightlife; Fitzrovia is a residential area lined with galleries, eateries and bars; St Giles is the location of Covent Garden renowned for its luxury fashion and beauty stores as well as award-winning restaurants and theatres and Leicester Square known as a cultural hub and entertainment epicentre.

Volume and Value of Domestic and Overseas Tourism to London (2017/19 and (five-year change) )

	London Domestic	London Overseas
Total Visits (m)	12.1 (-0.8%)	21.7 (11.9%)
Total Nights (m)	28.1 (2.7%)	118.9 (3.2%)
Total Spend (bn)	£2.90 (-0.7%)	£15.70 (19.8%)

Source: Visit England/GB Tourism Survey (NB: Data is not available for international tourism at a local authority level)

Volume and Value of UK (Domestic) Tourism to LB Camden (2017/19 and (five-year change))

	LB Camden
Total Visits (000s)	558 (-2.9%)
Total Nights (000s)	1,077 (-15.7%)
Total Spend (m)	£176 (+33.3%)

Top Visitor Attractions in London

Key Attractions	Visits 2019	% Change 2018/19	Journey Time
British Museum	6,239,983	7.0%	5 minute walk
Tate Modern	6,098,340	3.9%	23 min via Central Line
The National Gallery	6,011,007	4.8%	11 min via Northern Line
Natural History Museum	5,423,932	4.0%	24 min via Northern/ Circle Line
Southbank Centre	4,360,255	-2.1%	17 min via Northern Line
Victoria and Albert Museum	3,992,198	1.0%	25 min via Northern/ Circle Line
Science Museum	3,301,975	4.0%	25 min via Northern/ Circle Line
Tower of London	2,984,499	4.4%	25 min via Elizabeth/ Circle Line
Somerset House	2,841,772	-9.6%	11 min via Northern Line

Source: Google/Avison Young/ALVA

Map of Key Transport Links and Major Visitor Attractions within 15 minutes’ walk



Source: Google Maps / Avison Young

### Current Supply – 0.75 miles from the project site

## Overview

- The market is dominated by three star hotels with 65% of bedroom supply. This is followed by limited service properties, accounting for 26%. There are a large number of two-star properties in the market but due to the small scale of these hotels they only account for 9% of total bedrooms;
- Only 45% of the hotels in the market set are affiliated with national or international brands. The brands with the highest representation are Premier Inn (six hotels (three Hubs and three core brand), 942 bedrooms), Imperial London Hotels (four hotels, 2,680 bedrooms) and Z Hotels (seven hotels, 869 bedrooms);
- The majority of supply is concentrated close to transport links with clusters around Russell Square, Leicester Square and Tottenham Court Road;
- Since 2013, there has been a 31.6% increase in room supply across the market area with 11 new hotels, highlighting the appeal of this market for new hotels;
- The most significant investment has been in new limited service hotels with Z Hotels opening four since 2018 and Premier Inn opening two Hubs.

A donut chart illustrating the distribution of hotel types. The chart is divided into three segments: a large orange segment for '3-star' hotels (65%, 6,277), a smaller blue segment for '2-star' hotels (9%, 818), and a purple segment for 'Limited Service' hotels (26%, 2,489). A legend to the right of the chart identifies the colors: orange for '3-star', blue for '2-star', and purple for 'Limited Service'.

Hotel Type	Count	Percentage
3-star	6,277	65%
2-star	818	9%
Limited Service	2,489	26%

Year	Number of Hotels	Number of Rooms
2013	40	35,000
2014	43	37,000
2015	43	37,000
2016	43	37,000
2017	44	38,000
2018	47	40,000
2019	48	41,000
2020	50	45,000
2021	50	46,000
2022	51	47,000



## 51 Hotels

## 9,584 Bedrooms



# 5. Hotel Supply

## Future Supply – 7 Schemes, 949 Bedrooms

Information was supplied by the London Boroughs of Westminster and Camden in order to identify any future supply increase of economy hotels in the market area. These have been cross-checked against published sources including Estates Gazette Interactive (EGi) and the AM:PM Hotels Database.

We have identified seven schemes in the planning pipeline; representing a potential increase of 949 bedrooms, excluding the proposed hotel. One of the seven projects is under construction and we have factored the “probability” of others progressing in our project occupancy model. Two of the schemes have been deferred and have seen little progress since March 2020 and the start of the Covid-19 pandemic; the funding environment for new hotel developments currently is very challenging. We summarise the key schemes below and provide a map in Appendix A.



7 Hotels



949 Bedrooms

### Key Future Supply Projects

Map Ref	Development Name	Grade	No. Rooms	Project Details	Status
1	St Giles Circus	3 Star	28	Hotel forming part of a £150m mixed use redevelopment (residential/retail/office/music and entertainment venue/hotel) covering 25,000m <sup>2</sup> also taking into account the public realm that surrounds Tottenham Court Road Tube Station	Under Construction and expected to open in September 2022
2	Film House	3 Star	176	New hotel proposed to include existing façade retention. The development will include a ground floor restaurant with part of the roof being used as a restaurant and bar with a terrace	Planning was granted in July 2020. Variation of Conditions application is ongoing with the latest submitted in May 2022
3	Garrick House	3 Star	42	Proposal to erect an additional floor and convert the upper floors of the building into hotel use	Planning application submitted in March 2022
4	Haymarket House Hotel	3 Star	214	New hotel proposed in basement, ground floor and upper seven floors. Facilities include a restaurant/café and bar	Approved in July 2020
5	The Criterion Hotel	3 Star	402	New hotel proposed for ground floor and upper eight floors, the proposals exclude any food or beverage provisions	Confirmation obtained in December 2021 that planning permission had been enacted before the expiry of the three years. An amendment was approved in May 2022
6	Z Hotel Piccadilly	Limited service	21	Use of ground floor and basement level to provide an additional 21 bedrooms	Approved in September 2020
7	Premier Inn London Euston	Limited service	66	Erection of a two-storey rooftop extension and a seven-storey annexe extension. To include a ground floor restaurant.	Currently showing as Withdrawn

Source: City of Westminster, London Borough of Camden, AMPM Hotels Database, Estates Gazette Interactive (EGi)

# 6. Market Performance

## Occupancy

A bespoke set from STR Global was commissioned that includes performance data submitted by 16 three-star and limited service hotels within the market area; these are all the market area hotels that participate in STR so provides a solid picture of market occupancy performance. Due to hotel closures, no data was available between April-June 2020. A full list can be found in Appendix A.

### Occupancy

- Midtown Economy occupancy remained consistently above 88% over the pre-covid review period, with a peak of 89.5% in 2019, up 1.1% compared with 2014. Midtown Economy has performed well against the overall London market, outperforming it between 2014 and 2019 with growth for the overall market at just 0.7%. For comparison Regional UK achieved an average occupancy of 75.5% in 2019, highlighting the the strength of accommodation demand in the Midtown market;
- Despite supply growth in 2014 and 2018, with four new hotels entering the market, demand growth outstripped supply growth over the period. This highlights unsatisfied demand for this type of hotel and that the market is easily able to absorb new hotels. Circa 89% occupancy is exceptionally high and demonstrates that there is scope for further economy hotels in the market;
- With international travel still very subdued during 2021, occupancy dropped below the overall London and Regional UK averages of 45.9% and 56.3% respectively, due to the Midtown market being more reliant on international visitors than other parts of London. It is clear that in 2022 there has been an accelerated recovery. April 2022 was only 8.8% below the same month in 2019 (86.6% vs 79.0%) and we expect a full recovery of the central London hotel sector by 2024.

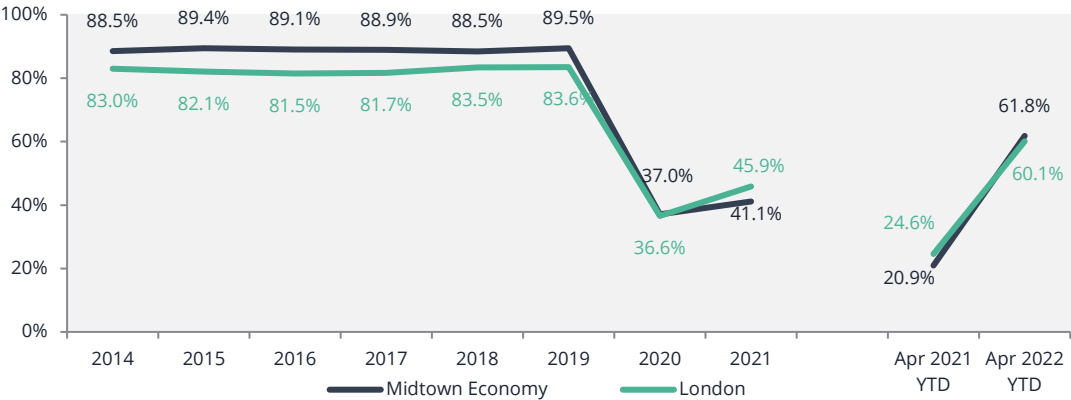
### Seasonality

- In 2019, occupancy shows consistently strong performance throughout the year with levels above 87% between February and December. January still shows high occupancy at 84%;
- Between June and November, occupancy is above 90% with peak levels seen in June and July at a very high 92.9% and 93.6% respectively.

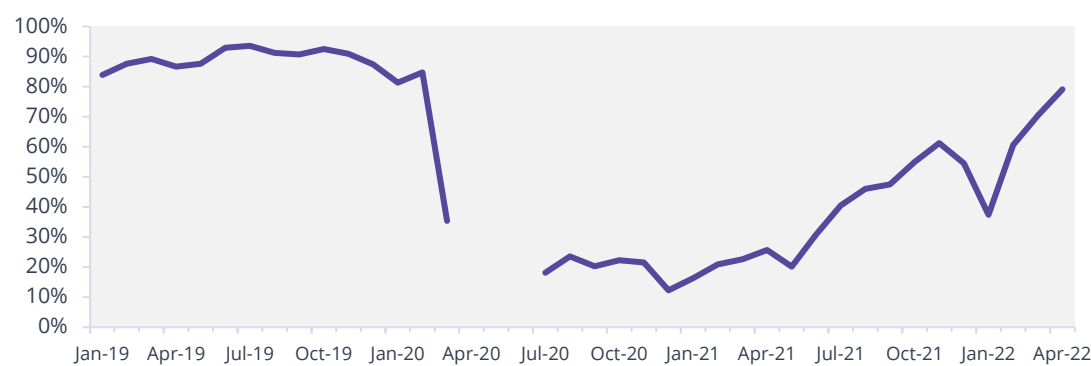
### Day of the Week Analysis

- Saturday achieves the highest occupancy and third highest average daily rate (ADR), indicating strong levels of leisure demand within the area at the weekends;
- Tuesday and Wednesday achieve the next highest occupancies, however, with the highest ADR during the week indicating high levels of corporate demand is also present;
- Shoulder nights (Monday, Thursday and Friday) also achieve high levels of occupancy, indicating strong week round demand in central London, albeit slightly price sensitive, with lower levels of ADR seen;
- The data demonstrates evidence of significant frustrated demand across the three peak nights; occupancy above 84% and ADR c.14% higher than the annual average.

Midtown Economy and London Occupancy 2014 to April 2022 YTD



Midtown Economy Occupancy by month January 2019 to April 2022



### Day of the Week Analysis

May-19 to Apr 20	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Average
Occupancy	73.0%	79.7%	84.1%	85.6%	83.0%	83.2%	85.7%	82.0%
ADR	£77.11	£112.67	£135.20	£133.47	£114.85	£101.46	£123.82	£114.92

Source: Avison Young / STR Global 2022

# 7. Market Occupancy Model

## Supply and Demand Growth Model

The market occupancy model, based on our assumptions of how the economy hotel market in Midtown will develop over the next six years, demonstrates the projected occupancy performance of a 208 bedrooms Zedwell at Tottenham Court Road.

- We have assumed that tourism and hotel demand in the market area will return to 2019 levels by early 2023, based on the strong performance seen by the market during Q1 2022, with 2023/24 being the first fully recovered year;
- We have taken a cautious approach to demand growth projections thereafter reflecting ongoing uncertainty; 2.3% annual demand growth from 2024/25 is lower than the historic average annual demand growth for the STR set of 2.9% in the three years to 2019;
- Frustrated demand of 11.0% reflects 40 days per year, over the peak nights; Tuesdays, Wednesdays and Saturdays, particularly in the summer months. This is when demand exceeds available rooms in the market where the hotels will achieve 100% occupancy resulting in bedroom demand being displaced to other accommodation types or out with the market area;
- Of the 949 bedrooms in the pipeline, only the St Giles Circus project is under construction. We have modelled the probability of other schemes progressing. We have used the AM:PM classifications of “final planning” (50% probability applied), “planning” (25%) and “deferred” (10%). This results in 512 additional rooms in the market area by 2026/27 (including the Zedwell) - lower than the historic growth, but reflecting the current development funding environment. We have included notional supply increases of 150 bedrooms per annum from 2026/27 in addition to those in the planning portal to reflect the expected easing of development funding following full market recovery.

	Growth	Growth	Growth	Growth	Growth	Rooms sold per day					
	2022	2022/23	2023/24	2024/25	2025/26 +	2022	2022/23	2023/24	2024/25	2025/26	2026/27
Demand Growth	47.14%	31.86%	2.50%	2.29%	2.29%						
Frustrated Demand				11.0%		613	819	839	858	877	896
Market Room Sold						6,210	8,288	8,495	8,685	8,879	9,077
Rooms available						9,584	9,612	9,820	9,820	9,831	10,042
Project hotel no. of rooms							208				
Other additions						28	0	0	11	212	204
Total Room Supply						9,612	9,820	9,820	9,831	10,042	10,246
Project Hotel Market Penetration Factor							1.00	1.00	1.00	1.00	1.00
Project Occupancy % projected share							84.3%	86.4%	88.2%	88.3%	88.4%
Project Occupancy %							74.1%	82.0%	88.2%	88.3%	88.4%
Double Occupancy Factor				140.2%							
Number of guests						78,934	87,344	93,890	93,962	94,150	

Source Avison Young

### Zedwell:

The model demonstrates the impact on the market of projected supply and demand growth.

Further, we have applied a market penetration factor of 1.00 to the Zedwell. That is, we would expect the hotel to achieve fair market share of demand; this is due to the product and excellent location.

We have assumed the hotel will open in late 2022, and have discounted occupancy by 12% in year one and 5% in year two to allow for market establishment.

It can be seen that from stabilised year three, we expect the 208 bedrooms Zedwell Tottenham Court Road to be performing consistently at over 88% occupancy. This aligns with the 2019 average performance of the STR set.



# 8. Economic Benefit

## Increased Tourism Expenditure

It is important to the economic growth of the Borough of Camden, and of London as a whole, that increasing demand for hotel rooms in the future can be accommodated. We give some high-level estimates of the economic impact which could be generated by a 208 bedrooms Zedwell hotel at Tottenham Court Road:

- We estimate that the 208 bedrooms Zedwell hotel is likely to employ about 46.0 ongoing full-time equivalent staff (FTEs) based on employment levels at similar hotels;
- The hotel will create indirect employment in the supply chain during the operational phase; for example local food and beverage suppliers generated by guests using local restaurants and bars, linen providers etc. Adopting the approach recommended in “Additionality Guide: Fourth Addition, 2014” by Homes and Communities Agency, we estimate that additional supply chain employment might be about 18.1 FTEs within London (over and above the direct FTEs);
- Using an indicative gross value added (GVA) per person for London of £79,633 (ONS), the annual impact on the local economy would be a GVA of around £5.10m, comprising £3.66m from direct operational employment and £1.44m supply chain employment in London;
- Overnight visitors to London (domestic and inbound) spent on average £235.25 per night stayed in 2019. At 88.2% occupancy at stabilisation (year three) and an average of 1.4 sleepers per room sold, the Zedwell Hotel will accommodate 93,890 additional visitor nights per year; the resulting additional direct visitor spend would be in region of £22.09m per year in 2019 values.

These figures clearly demonstrate the benefits to the London economy, through increased visitor spend and direct employment, as well as to the local supply chain, which serves the hospitality sector.

We demonstrate below the additional benefits driven by 208 bedrooms compared with the approved scheme at 166 bedrooms.

Economic Impact Estimates - comparison between 166 bedrooms and 208 bedrooms

	166 Bedrooms	208 Bedrooms	Additional Impact
FTE - Direct Jobs	40.8	46.0	5.2
FTE incl. Supply Chain	56.9	64.1	7.2
Economy Impact (additional GVA from jobs created)	£4,527,421	£5,104,445	£577,024
Additional Tourism Spend	£17,703,003	£22,087,305	£4,384,302

Source Avison Young

### Tourism Policy:

The larger scheme will also help to meet many of the tourism outcomes of both The London Plan 2021 and The Camden Local Plan (adopted July 2017), namely:

The London Plan states that, as the second most visited city in the world, tourism is a critical element of London’s economy. As a result, London needs to ensure that it is able to meet the accommodation demands of tourists who want to visit. It is estimated that London will need to build an additional 58,000 bedrooms of serviced accommodation by 2041, which is an average of 2,230 bedrooms per annum. Policy E10 states: A. “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”, and C. “A sufficient supply and range of serviced accommodation should be maintained”.

The importance of hotel accommodation is recognised in the London Borough of Camden Policy E3 Tourism which states that “the Council recognises the importance of the visitor economy in Camden and will support tourism development and visitor accommodation. We will: a.) expect new, large-scale tourism development and visitor accommodation to be located in Central London, particularly the growth areas of King’s Cross, Euston, Tottenham Court Road and Holborn;...d) encourage large-scale tourism development and visitor accommodation to provide training and employ Camden residents [Zedwell intend for at least 20% local employment];...All tourism development and visitor accommodation must:

- f. be easily reached by public transport;
- g. provide any necessary pickup and set down points for private hire cars and coaches and provide taxi ranks and coach parking where necessary;
- h. not harm the balance and mix of uses in the area, local character, residential amenity, services for the local community, the environment or transport systems; and
- i. not lead to the loss of permanent residential accommodation.”

We note that the Zedwell proposals at Great Russell Street meets all of the necessary criteria above.

### Camden Impact:

Zedwell intend for at least 20% local employment, although we estimate that around 49% of overall employment will come from Camden. Using an indicative gross value added (GVA) per person for Camden of £104,816 (ONS), the annual impact on the local economy would be a GVA of around £3.54m. Additional visitor spend will benefit small businesses in Camden as well as surrounding boroughs.

Business Rates income in year three will be approximately £448,720 for 166 bedrooms and £562,251 for the 208 bedrooms.

# Appendices

In this section

- Appendix A – Hotel Supply
- Appendix B - Glossary of Terms

# Appendix A

## Hotel Supply

Map Ref	Hotels	Grade	Rooms	STR Set
1	Cheshire Hotel London	3 Star	43	
2	St. Giles Hotel Central London	3 Star	726	Y
3	Gresham Hotel	2 Star	43	
4	Travelodge London Covent Garden	Limited Service	463	Y
5	Ruskin Hotel	2 Star	33	
6	Z Hotel Soho	Limited Service	85	
7	Mimi's Hotel Soho	3 Star	65	
8	Bloomsbury Palace Hotel	3 Star	35	
9	The Lonsdale Hotel	2 Star	40	
10	Bedford Hotel	3 Star	184	
11	Ridgemount Hotel	2 Star	32	
12	Thistle Bloomsbury Park	3 Star	95	Y
13	Fielding Hotel	3 Star	25	
14	The Hotel Cavendish	3 Star	25	
15	Arran House Hotel	2 Star	28	
16	hub by Premier Inn London Soho	Limited Service	110	Y
17	Z Holborn	Limited Service	197	
18	hub by Premier Inn London Goodge Street	Limited Service	168	Y
19	President Hotel	3 Star	523	
20	Z Tottenham Court Road	Limited Service	121	
21	Imperial Hotel	3 Star	448	
22	Celtic Hotel	2 Star	30	
23	Premier Inn London Leicester Square	Limited Service	83	Y
24	Hotel AMANO Covent Garden	3 Star	141	
25	Royal National Hotel	3 Star	1630	
26	Assembly London	3 Star	138	Y

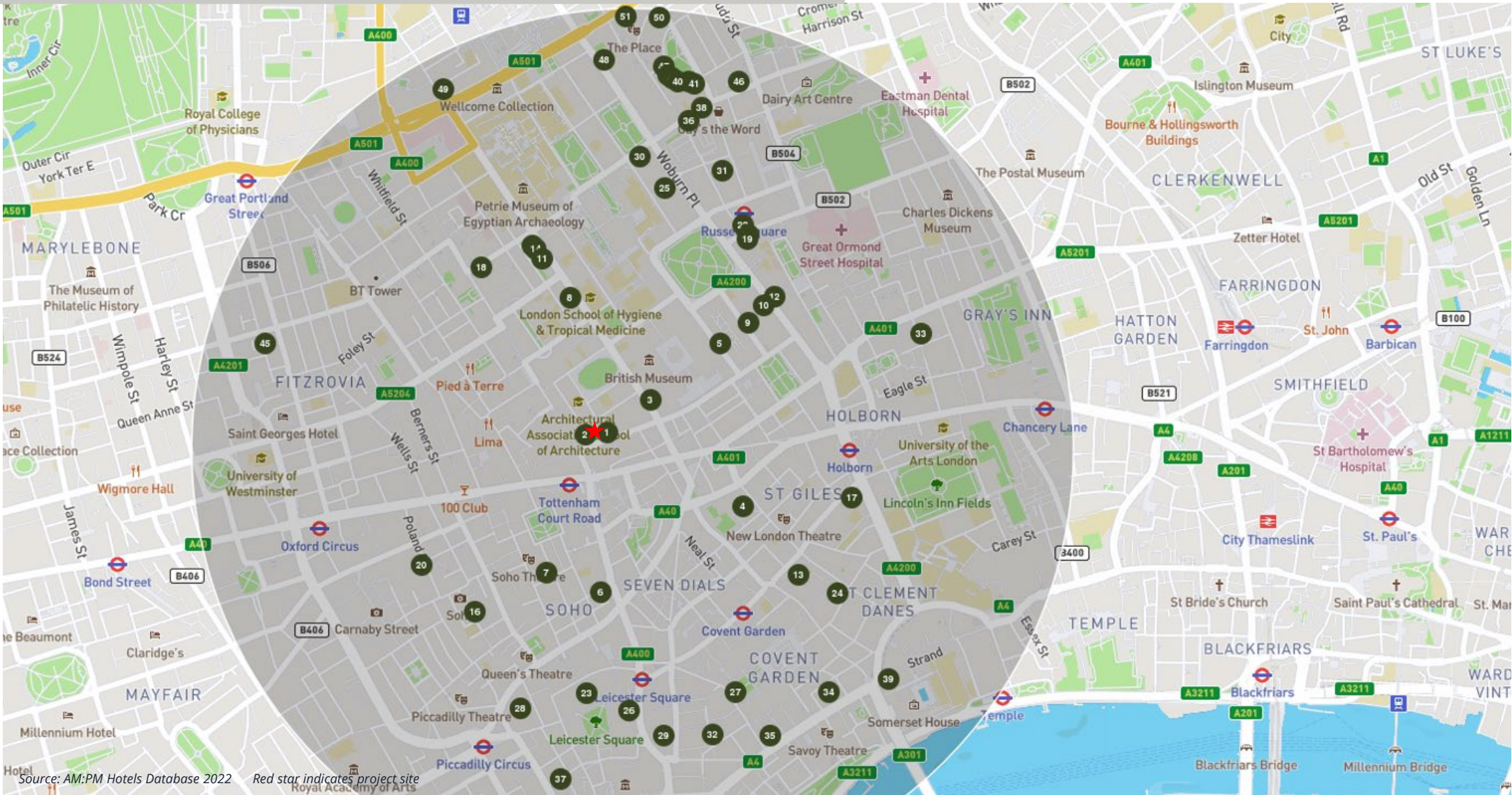
Map Ref	Hotels	Grade	Rooms	STR Set
27	Z Hotel Covent Garden	Limited Service	113	
28	Zedwell Piccadilly Trocadero	3 Star	758	Y
29	hub by Premier Inn London Covent Garden	Limited Service	163	Y
30	Tavistock Hotel	2 Star	343	
31	Holiday Inn London Bloomsbury	3 Star	316	Y
32	Z Trafalgar	Limited Service	123	
33	Premier Inn London Holborn Hotel	Limited Service	153	Y
34	Strand Palace Hotel	3 Star	788	Y
35	Z Strand	Limited Service	118	
36	St Athans Hotel	2 Star	45	
37	Z Hotel Piccadilly	Limited Service	112	
38	Acorns Hotel	2 Star	26	
39	Hotel Strand Continental	2 Star	26	
40	Mentone Hotel	2 Star	40	
41	Harlingford Hotel	3 Star	43	
42	George Hotel	2 Star	40	
43	Euro Hotel	2 Star	32	
44	Crescent Hotel	2 Star	27	
45	Astor Court Hotel	3 Star	51	
46	Generator Hostel London	Limited Service	215	Y
47	The Judd Hotel	3 Star	56	
48	Ambassadors Bloomsbury	3 Star	100	Y
49	Euston Square Hotel	3 Star	87	Y
50	Mabledon Court Hotel	2 Star	33	
51	Premier Inn London Euston	Limited Service	265	Y

Source: AM:PM Hotels Database 2022.



# Appendix A

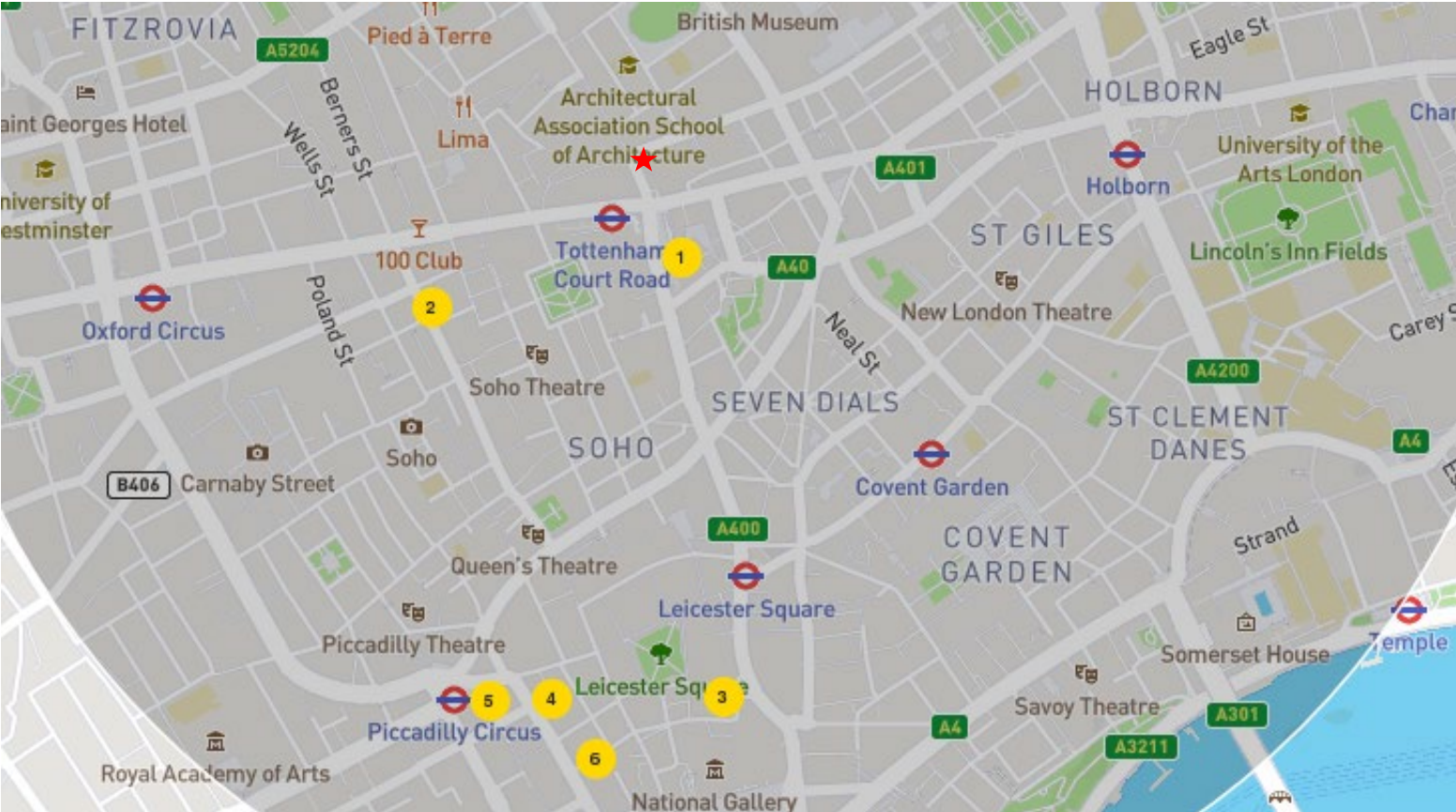
## Hotel Supply





# Appendix A

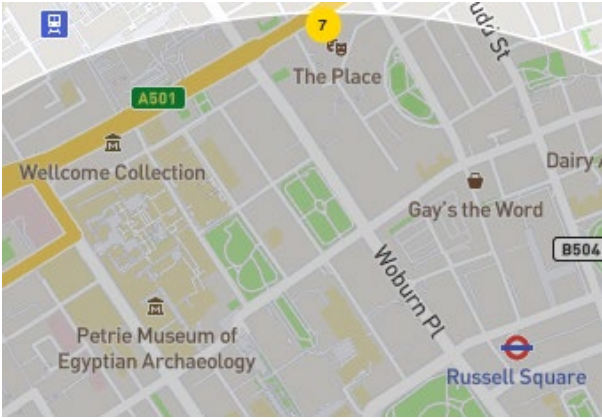
## Hotel Future Supply



Source: AM:PM Hotels Database 2022. Red star indicates project site

Map Ref	Hotels	Grade	Rooms
1	St Giles Circus	3 Star	28
2	Film House	3 Star	176
3	Garrick House	3 Star	42
4	Haymarket House Hotel	3 Star	214
5	The Criterion Hotel	3 Star	402
6	Z Hotel Piccadilly	Limited Service	21
7	Premier Inn London Euston	Limited Service	66

Source: AM:PM Hotels Database 2022



# Appendix B

## Glossary of Terms

Term	Definition
24 Hour Delegate Rate	Conference rate offered at residential conference venues charged per person usually includes the same as a Day Delegate Rate (see below) as well as dinner, accommodation and breakfast.
Achieved Room Rate (ARR)	Hotel rooms revenue divided by the number of rooms sold. Also referred to as Average Room Rate (ARR) or Average Daily Rate (ADR).
Best Available Rate (BAR)	Best available rates are the lowest rates including VAT for any given date offered by hotel websites and online travel agents.
Day Delegate Rate	Conference rate charged per person usually for an eight-hour conference. Usually includes room hire, refreshments and lunch.
Double Occupancy %	The ratio by which the number of guests divided by the number of rooms occupied exceeds 100%.
EBITDA	Earnings before interest, taxes, depreciation and amortisation. Also known as Net Operating Income.
Non-operating Expenses	Costs which are mainly beyond the control of operational management, including: pre-opening expenses, rent, property taxes, and casualty and liability insurance costs.
Gross Operating Profit	The difference between revenue and costs before deducting management fees and fixed charges.
Gross Operating Profit Per Available Room (GOPPAR)	The Total Gross Operating Profit for the period divided by the total number of available rooms
Replacement Reserves	Amounts which are set aside for the renewal and replacement of fixed assets.
Market Penetration Factors (MPF)	The ratio of rooms demand secured from a particular market segment(s) above or below the proportionate share amongst a competitor set. Also known as Fair Market Share.
Occupancy Rate	The percentage of all rooms occupied or sold in a given period to total available rooms in that period.
Online Travel Agent (OTA)	Online travel agents such as Booking.com, Hotels.com and Expedia charge commissions on the value of the booking, usually in excess of 15%.
Rack Rate	The published full price for a hotel bedroom.
RevPAR	Revenue per available room. Calculated by multiplying the occupancy rate by the average daily room rate. Also known as Yield.
Total Revenue per Available Room (TrevPAR)	The sum total of net revenues from all operated departments, plus rentals and other income, divided by the total number of available rooms



Should you wish to discuss the findings of our research in greater detail please do not hesitate to contact:

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65 Gresham Street, London EC2V 7NQ.  
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## Appendix 15 – Colour-coded floorplans