



London Report

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MRP
GROUP

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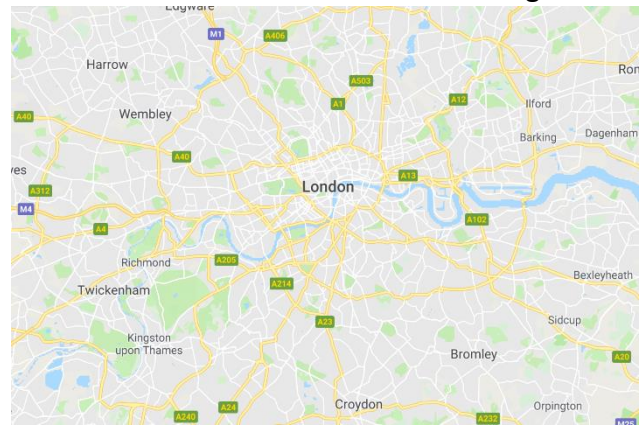
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Executive Summary

London has long been considered to be one of the world's most important global cities, with an influential presence within business, finance and tourism. The attraction of the city shows how multifaceted it is, with districts centred on banking, tech and finance to areas teeming with tourists and leisure opportunities. Much of this is in central London, and investors are beginning to realise the value in other boroughs within the capital. Areas such as Battersea, Kingston, Clapham, Croydon and Lambeth are seeing more investment in creating new business opportunities, housing and new communities. This expansion emphasises the attraction of London as a city for investment and development.

London Profile

London is the capital city of the UK and the largest city in the EU, with a metropolitan area of over 3k sq miles. As of 2019, the estimated population of London was over 8.7m making it the third most populated city in Europe. London is one of the most influential cities in the world as a result of its cultural and financial significance. The capital is known as a major city due to its economic performance; it is second in the Global Financial Centre index and 9th largest city in the world by GDP. The success of London's economy is down to not only being a popular tourist destination, but also as a major financial centre.



Economic Overview

In 2016 London's GDP was £408bn, contributing to 22% of the UK's GDP. This figure is as a result of the prestige associated with companies in the city, as well as being a hub for businesses at the forefront of their sectors. Subsequently, London is Europe's top choice for headquarters with 40% of businesses choosing the capital, and a 1/3 of Europe's largest companies are situated there. Additionally, two out of three Fortune 500 companies base their centre of operations in London. The financial and services sector are the largest sectors in London. Financial services employ around 1.25m people, around one in three jobs in the capital. The services sector is the largest with over 3.2m which is 85% if the available jobs within the sector.

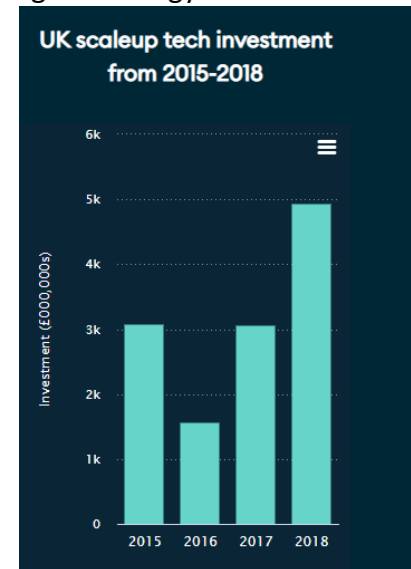
Companies within London include:

HSBC	BP	Barclays
Lloyds TSB	Aviva	Unilever
Prudential	BT Group	BBC
Bank of England	London Stock Exchange	Shell
British Airways	Sky	

Finance is the largest industry in London and London is also the largest financial exporter in the world. The London Stock Exchange is the fourth largest in the world, the largest in Europe and one of the oldest global markets. With a market capitalisation of \$4 trillion, London accounts for 36.5% of the daily global turnover on the foreign exchange market. London has two financial districts, the City of London and Canary Wharf which contribute to London's financial core. Barclays is one of the top 10 financial institutions worldwide and has its headquarters in Canary Wharf. In 2018 it had a revenue of over £21bn and close to 80k employees. Another influential company is HSBC which is the 7th largest bank in the world and the largest in Europe. First established in Hong Kong, HSBC has 7500 offices across 87 countries and is now headquartered in Canary Wharf.

The legal sector is well established and considered to be a global leader given the types of professional service providers. These include the "Big Four" KPMG, Ernst & Young, Deloitte and PwC. Many are situated in the City of London given its historical significance as the financial and legal centre of the UK, with many legal providers being closely associated with finance companies.

The TMT industry continues to grow year on year as a result of significant investment and the East London Tech City. TMT encompasses the sectors incorporating technology. The sector represents 8% of the UK's GDP and has an annual value of £125bn. The East London Tech City is often referred to as the Silicon Roundabout and is situated in Shoreditch. This area began to develop in 2008 when it was identified as a cluster of web businesses, this then expanded and attracted more attention with companies such as Google and Facebook moving to the area. The Silicon Roundabout is now home to start ups and more established companies such as Intel and Microsoft. In 2018 the tech industry saw £6.3bn in capital investment, the 4th globally in terms of amount. This is as a result of a 56m turnover, 300k jobs and a GVA of £30bn. To encourage further growth Sadiq Khan launched a £7m scheme to support young people in digital tech, with a focus on women and minority groups. In terms of the media sector it represents a fifth of employment in London and includes companies such as the BBC, CNN and ITV. 75% of the industry is centred in London, and in 2014 investment was over £1bn. Within London there are 4k companies with over 142k employees.



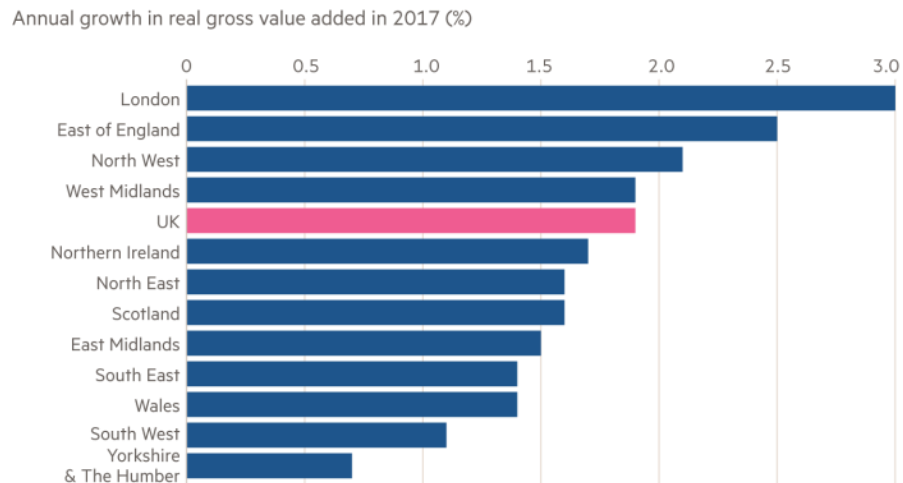
Source: Tech Nation

Tourism has long been a major industry in London given the historic attractions, iconic landmarks and culture of the capital. Approximately 30m tourists visit the city each year with 26m overnight trips. 10% of the tourism GVA is in London alone emphasising the popularity of the city to tourists domestically and abroad. Additionally, 13% of jobs in the city are within the tourism sector.

The fashion industry is well known given the events and houses located in London. Every year the London Fashion Week is held, and its impact generates a value of £21bn. The fashion industry within the UK contributed £32.3bn in 2018, reiterating the industry's significance to the country's economy. 46.4k people are currently employed in fashion, with famous houses such as Westwood, McCartney and Choo located in London.

London is an important location for those working in property due to the demand for residential and commercial space. From 2010, commercial property has been in an excess of £170bn given that companies rent rather than buy office space. Therefore, it is a stable market because of long term tenants and the need for office space.

London is a global centre for higher education, having the largest concentration of institutes in Europe. Additionally, it has more international students than any other city in the world, many who are driven to the number of top class universities. Many of these universities are world leaders in research, science and business, all of which benefit from high quality facilities. London is home to five medical schools, who subsequently have teaching hospitals associated with them. Three of the UK's eight academic health science centres are in London, emphasising the city's reputation as a global leader for higher education.



Source: Financial Times

Developments

London is a leader in investment due to the concentrated sector clusters, large client base and talented work force. This has meant that the capital has greatly benefited from continual investment and growth.

Marble Arch Place in Westminster is a large mixed-use development that is due to be completed in 2020 and will be a new landmark building in the capital. It will house 54 residential apartments, 8 floors of office space and 6 retail units. It is within walking distance of the Marble Arch Underground station and Hyde Park. Residents will be able to utilise the spa, gym, swimming pool, cinema and 24-hour concierge in the building. Marble Arch Place is one of many developments that are contributing £20bn to regenerating London's West End.



Source: Alcamantar

Soho Place is a 285k sq ft mixed-use development featuring retail, theatre and public space. The site is directly above Tottenham Court Road Station, which is on the corner of Oxford Street and Charing Cross Road. The first building will have four floors of office space with a 350-seat theatre. The second building will have seven floors of office space above two floors of retail space. The scheme is due to be completed by 2022 and is a key component of the West End redevelopment.

Paddington Square is a former Royal Mail sorting office that will be regenerated into a mixed-use complex. There will be a 1.35-acre public square alongside retail, restaurant and office space which will create an additional 4k new jobs in Paddington. Additionally, a new state of the art tube station will be built, alleviating the congestion of Paddington Underground and the new Crossrail terminal. The development is being promoted as an ideal location for business headquarters, given its prominent location and forward-thinking design. Construction began in 2019 and is due to be completed in 2022.

The Ludgate House and Sampson House will be a redevelopment scheme on the South Bank, delivering a mixed-use site of around 1.4m sq ft. This will consist of nine buildings with 492 residential units alongside public spaces including office and retail. A nearby development in Wandsworth is One Nine Elms which will be a similar scheme with residential, hotel and public realm space. Both will have a strong design and provide scenic views of the London skyline for the residents. Moreover, the schemes will draw attention to the borough and promote investment in the area.



Source: New London Development

The Battersea Power Station is a design landmark of the capital, and the area will be regenerated to provide a new community and business opportunity for the area. There will be 386 units of affordable housing, all of which will complement the redbrick of the power station. Additionally, there will be business incubator units to promote start-ups, as well as draw in innovative new businesses. Apple has already pre-let office space and will move in from 2020. Cultural spaces are important to the new community being built here, with restaurants, retail, park space and an NHS medical centre. The area will become a new neighbourhood for business, shopping and leisure providing a community feel in central London.



Source: Battersea Power Station

Transport

London has six international and domestic airports both within the city and outside of the capital, making it in the busiest airport system in the world on passenger numbers. In 2018, over 177m passengers passed through the airports and accounted for 60% of the UK air traffic. Additionally, the airports served 14 domestic locations and 396 destinations internationally. The closest airport is London City and is 9 miles from London. The furthest is Southend and is 40 miles away from London.

London is home to the oldest and third longest metro system in the world. The London Underground serves 270 stations across the capital and to commuter towns on the outer areas of London. Over 4m journeys are made each day through the Underground network. Within the London Travelcard Zones there are 360 railway stations including the Underground and Overground services. This has a high concentration of railways as a result of the volume of commuters using the network from as far as Bedford and Brighton. The busiest of these stations is Waterloo with over 184m using it as an interchange station from the South West and west of England.

The National Rail network has 70% of its rail journeys start or end in London and provides services across the UK. Several cities include Reading, Cardiff, Manchester and Edinburgh. Additionally, there are trains from St. Pancras International to Paris, Amsterdam and Brussels. London has 10 major mainline stations with many running regular services to these cities.

Travelling by car is more common in the suburbs of London compared to the centre, given the congestion and charges. London is served by 14 major radial routes and three ring roads, providing transport links across the UK.

The red double-decker bus is not only an icon of London but an extensive network across the city. There are over 700 routes carrying 6m passengers every weekday, the London Buses network is also a 24-hour service.

Leisure Overview

Shopping is a popular leisure activity in London given the range of retail opportunities from independent stores to high end brands. Oxford Street is arguably the most well-known place to do this, and at a mile long it is Europe's busiest shopping area. Along this stretch the flagship Selfridges store can be found and a short walk away Harrods can be visited. To the east Covent Garden is home to more specialty shops than those found along Oxford Street and is popular for its street performers. Westfield London is perhaps the most well-known shopping centre in London and is the largest shopping centre in Europe. Across five floors there are 450 stores and restaurants, ranging from Armani and Burberry to Primark and Topshop.

London is home to 69 Michelin-starred restaurants, from chefs such as Gordon Ramsay and Heston Blumenthal. Quirky restaurants and unusual afternoon teas are amongst other attractions for food critics and tourists who want to experience quintessential British food. London's multi-cultural community has had a heavy influence on the food scene, from Chinatown to Camden food stalls or Dishoom for authentic Indian.

London is one of the most popular music capitals in the world, with orchestras and music halls to indoor venues and arenas. The Royal Albert Hall is one of the most prestigious venues in London and known for hosting the Proms, amongst orchestral performances, ballet and opera. Cirque du Soleil is one of many shows that annually perform at the historic venue and attract thousands of people of all ages. Larger venues include The O2 Arena and Wembley Arena, which are indoor arenas. The O2 Arena is the busiest music arena in the world despite only having a capacity of 20k. The Arena makes up The O2 which is an entertainment district which includes a cinema, piazza, restaurants and exhibition space. Another of the venues is Wembley Arena, it has a capacity of 12.5k and is also a sports venue to the NBA, UFC and Olympics.

Smaller but equally popular venues include the O2 Brixton Academy and the Hammersmith Apollo. Brixton Academy is popular with rock fans and is used to record live shows for artists such as The 1975 and Two Door Cinema Club. The Hammersmith Apollo is widely known for its comedy shows but is also popular music venue given its Grade II listed architecture. In addition to indoor venues, London hosts a number of music festivals such as Wireless, Lovebox and British Summer Time. Wireless is a popular music festival held in Finsbury Park and in 2017 the attendance reached 37k. It has evolved over time but in recent years the rap, dance and grime genres have dominated the stage. British Summer Time is going into its seventh year but has had a wide range of genres and headliners, ranging from Lionel Richie and Stevie Wonder to Justin Bieber and Bruno Mars.

The West End is a large draw for visitors and locals in London, in 2017 attendances in the capitals theatre industry exceeded 15m. Many theatres are home to long-running shows such as Les Misérables, The Phantom of the Opera and the Lion King. In addition to these shows many come from across the world, such as the hit Hamilton from Broadway. Theatreland as it is known, is seen to be the highlight of any actor's career given the atmosphere and prestige surrounding London's theatre scene. High profile actors draw in fans and crowds due to their reputation, with some famous faces in the current months being Ian McKellen, Jake Gyllenhaal and John Malkovich.

London has over 35k acres of public parks, woodlands and gardens including the eight Royal Parks. Walking through the parks, seeing the wildlife and sculptures is a popular leisure activity.

Additionally, they provide space for outdoor activities such as cycling, horse riding and running. These green spaces make up 40% of London

The most popular sport in London is undoubtedly football, with five of its clubs in the current Premier League season. Overall there are 12 professional football teams in London. Additionally, it is home to the English football team who play at Wembley Stadium. Wembley Stadium sees almost 40k people come through the Wembley Park station on an event day, with 100 trains an hour going through the three stations servicing the Stadium. Rugby is also a popular sport, with nine rugby union teams and two rugby league teams. The England rugby union team play at Twickenham Stadium, which also hosts concerts and the NFL.

The annual competition Wimbledon is the oldest tennis tournament in the world and is considered to be the most prestigious. As one of the Grand Slam tournaments, it attracts worldwide attention and in 2018 over 473k people attended across 13 days. In 2018 the BBC reached an audience of 26m, and in America there was an audience of 29m. Another global event in London is the 2019 Cricket World Cup is being jointly hosted by England and Wales, with the Oval seeing five matches including the final. It is hosted every four years, and the last World Cup was jointly hosted by Australia and New Zealand. The attendance across all matches was over 1m with a global audience of around 1.5bn, emphasising the success and popularity of the sport.

Tourism

Tourism is a large industry to London's economy and contributed 68bn to the UK's GDP, 6% of the country's total economic output. In 2016, 3.4% of the UK GDP was attributed to tourism and this is believed to rise by 2.2% by 2027. In 2018, international visitors made up 20m of visits, almost half of overseas visitors to the UK. In 2017, there were 27m domestic overnight trips and 280m day-trippers to London with many visiting for shopping, theatre and business. 40% of visits to London were for a holiday, whereas 22% was for business. Tourism is a key industry for the economy of London, and accounts for 1.5m of UK employment.

Events such as Wimbledon, the Olympics and royal events have garnered international attention. In 2017, Wimbledon welcomed over 473k tennis fans with Spanish, French and domestic visitors making up a large portion of visitors. In that year 49% of Airbnb reservations were by Spanish fans, bookings from France had risen by 108% and domestic bookings were up by 64%. Players such as Andy Murray and Rafal Nadal attract large crowds and devoted fans from their respective home countries. The Olympics was a large boost for the UK tourist industry in 2012 and showcased London to an international audience. The economy saw a £9.9bn boost in trade and investment as a result of the 2012 London Olympics. 8.8m tickets were sold for sporting events, but with a much larger estimated number of 29m overseas tourists.

The pageantry of royal events attracts not only extensive media attention, but tourist's attention. Daily events such as the Changing of the Guard and yearly anniversaries draw in visitors wanting to see the royal family. However, it is larger events such as Jubilees and weddings that have the most impact. In 2011, an additional 600k people came to London to witness the marriage of the Duke and Duchess of Cambridge. That weekend alone generated £107m for the UK economy with over 2bn people watching the ceremony worldwide. The spectacle of these events and access to royal estates are a large draw for tourists, domestically and abroad.

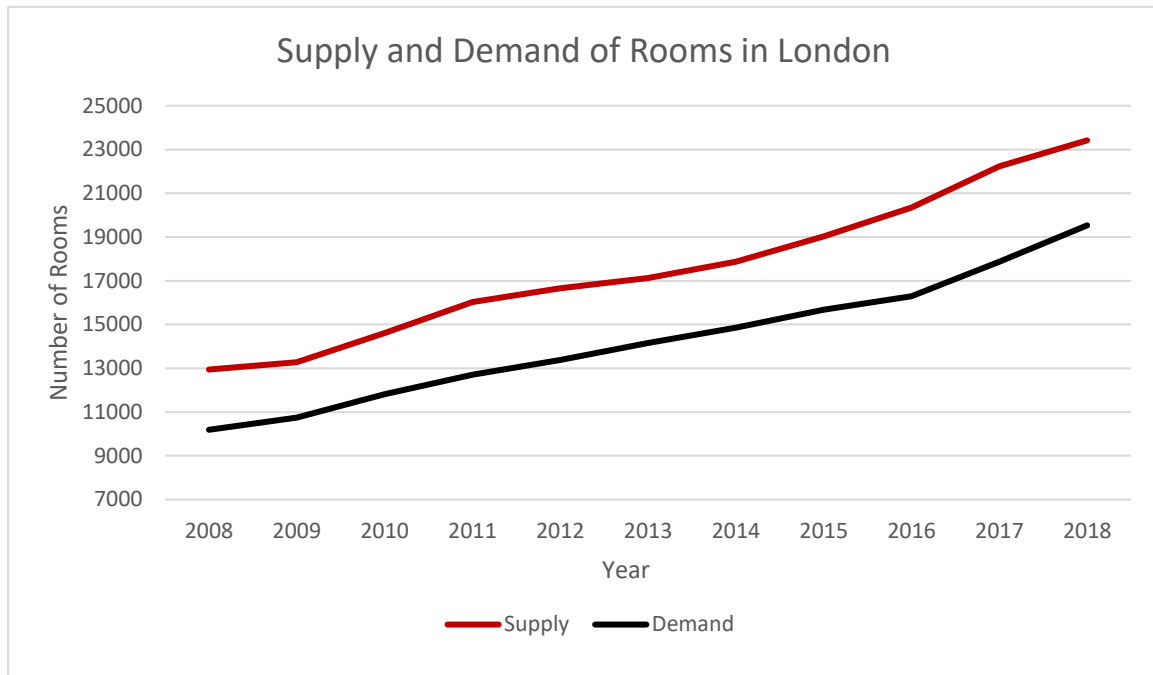
Some tourists are drawn to London as a result of popular culture, literature and cultural icons. William Shakespeare is perhaps the most notable figure, and his Globe Theatre attracts both tourists and enthusiasts who want to experience his work. In addition, another cultural and literary icon is Sherlock Holmes, the most portrayed movie character in history. TV shows and films set in London offer a chance to showcase the capital, in doing so many people visit to see filming locations. This global attention means that fans want to see where their favourite TV shows and films were set and produced.

Museums and galleries are some of the main attractions when visiting London with over 250 institutions, many being free to the public. In addition to these attractions, many tourists come to visit popular landmarks such as The Tower of London, Big Ben and Buckingham Palace. These iconic buildings are amongst many that the capital is famous for, and many tourists visit purely to see these.

The table below shows the top 10 visitor attractions in London as of 2017.

Visitor Attractions	Number of Visitors (millions)
British Museum	5.9
Tate Modern	5.7
National Gallery	5.2
Natural History Museum	4.4
V&A Museum	3.7
Science Museum	3.3
Southbank Centre	3.2
Somerset House	3.2
Tower of London	2.8
Royal Museums Greenwich	2.6

Supply of Rooms



Source: STR. Reproduction or other re-use of this data without the express written permission of STR is strictly prohibited.

Over the course of 10 years, supply and demand of rooms increased. Supply increased by an average of 10,000 rooms, whereas demand increase by an average of 7000 rooms.

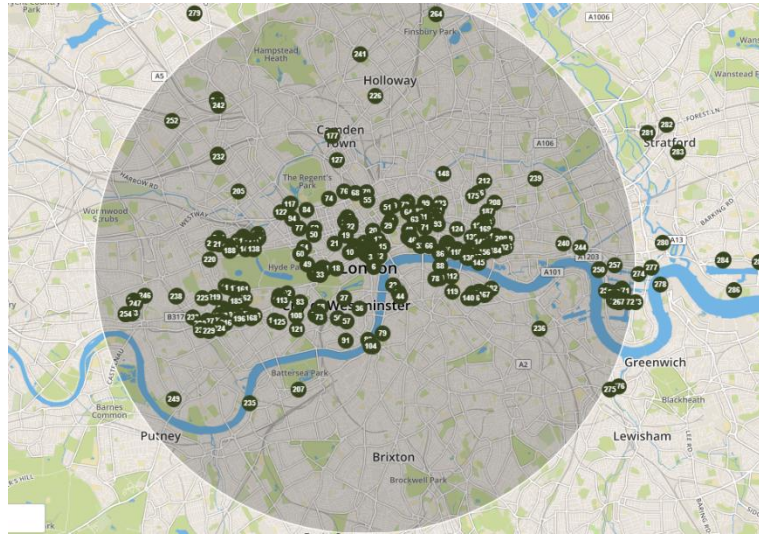
Annual Occupancy, ADR and Room Yield Figures

Year	Average Occupancy (%)	Average ADR (£)	RevPAR (£)
2019 (Up to August)	83.8	152.87	128.12
Average	83.8	152.87	128.12

Source: STR. Reproduction or other re-use of this data without the express written permission of STR is strictly prohibited.

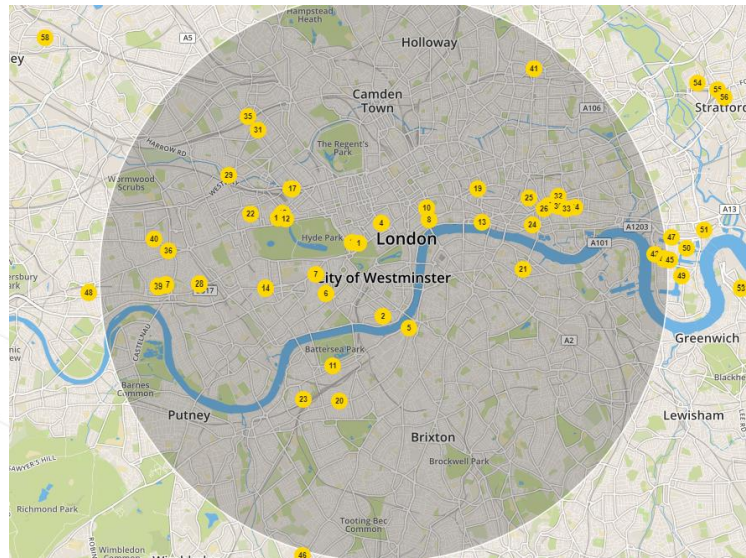
Current Local Hospitality Market

Within a 5-mile radius of Central London there are 305 serviced apartments, with 11,565. There are large clusters around Canary Wharf, the City of London, Paddington and Kensington. Several well-known brands include SACO, Oakwood, BridgeStreet, Native and Cheval.



Source: STR. Reproduction or other re-use of this data without the express written permission of STR is strictly prohibited.

Within a 5-mile radius of Central London there are 73 serviced apartments in the pipeline, with 7593 rooms. Some areas of proposed developments are Paddington, the City of London and Canary Wharf. Several well-known brands include Marriott, Staycity and Adagio.



Source: STR. Reproduction or other re-use of this data without the express written permission of STR is strictly prohibited.

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