Volterra

New City Court – Marketing Report

GPE (St. Thomas Street) Limited

A report by Volterra Partners, January 2020

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1 Executive Summary

1.1 This document is a Marketing Report of GPE (St Thomas Street) Limited's proposal to redevelop the New City Court site (including the work proposed for Keats House and the Georgian Terraces) in the London Borough of Southwark (LBS) in accordance with an application for planning permission and listed building consent. It presents data on the market demand for the proposals, the socio-economic baseline for the area, and the likely effects that the Proposed Development is expected to have on the local population and environment.

1.2 The report is split into the following four sections: (i) Market Demand; (ii) Socio-Economic Baseline; (iii) Economic Impacts of the Proposed Development; and, (iv) Social and Health Impacts of the Proposed Development.

Market Demand

The Proposed Development has been designed to respond specifically to market trends to ensure that it meets the demands of tomorrow's occupiers.

1.3 The Proposed Development will provide shared meeting, entertaining and conference space which is useful for both the tenants and the wider community. The garden floors within the Proposed Development will also provide flexible use, informal work and meeting space with facilities to relax and unwind. The building itself has been designed so the floorplates can be split and businesses of all sizes can be accommodated.

The occupational market in Southwark is constrained by a limited supply of both Grade A space and large units. With limited new space due on-stream in the short term, occupier choice will remain limited.

1.4 As at Q4 2018, supply in Southbank area had fallen to 268,000 sqft from 291,000 sqft in Q3, an 8% reduction in the supply of office space. This has contributed to a vacancy rate of 2.5%, which is lower than the wider City vacancy rate (3.9%) and the 10 year quarterly average for the Southbank market of 5.4%.

The Proposed Development would increase the quantum of office floorspace in the Southbank area and help to maintain northern Southwark's price competitive position on which it competes with traditionally dominant locations within the inner London office market, such as the City of London and the West End.

1.5 The Proposed Development will contribute 6.6% of LBS's projected additional (GIA) office floorspace growth target to 2041, equivalent to 1.7 years' worth of their annual target, helping to solidify its position as an alternative location to the City of London. If the office market in LBS and Southbank is to remain price competitive, then additional supply is required to meet the strong demand and continue to attract businesses.

Construction Impacts

575 jobs

The construction phase will support an **225 full time equivalent (FTE) workers onsite** or equivalently **575 direct jobs each year**

67% of construction workers will commute from London

£3.4m spending

Construction workers are expected to support £870k of **spending in the local area** pa, a total of **£3.4m over the c.4 year construction period.**

Operational Impacts

The Proposed Development could support up to 2,960 direct jobs on site

This is 2,060 additional jobs over and above what is currently supported at the existing site

Allowing for displacement and multiplier effects, it is estimated that the Proposed Development would support 2,325 net additional jobs.

Worker Expenditure

The workers are expected to spend £5.1m in the local area each year once the Proposed Development is operational.

Contribution to Retail Space Provision

21% The Proposed Development will contribute 21% of the LBS North West target for retail provision to 2031.

4% The Proposed Development will contribute 4% of the overall LBS target to 2031.

Contribution to Office Space Provision

7% The Proposed Development will contribute 7% of the LBS target for office floorspace provision to 2041.

0.6% The Proposed Development will contribute 0.6% of the overall London target to 2041.

Economic Impacts of the Proposed Development

The Proposed Development is expected to support an average of 575 jobs on site each year during the construction and demolition phase.

1.6 The demolition and construction period is expected to take three years and 11 months, supporting 2,250 gross job years. There would be an expected average of 575 construction jobs on site each year throughout the demolition and construction period.

Once operational, the Proposed Development is expected to support 2,060 additional jobs.

1.7 The Proposed Development is expected to support 2,960 jobs, of which 2,060 would be additional to what is supported at the existing site. Taking into account displacement and multiplier effects, it is estimated that the Proposed Development would support 2,325 net additional jobs. The overall jobs impact of the Proposed Development is therefore positive and significant.

1.8 The Proposed Development would provide a significant uplift in employment during both the construction and operational phases. An increase in employment would continue to address issues of local unemployment, helping to reduce social inequality and deprivation among groups with protected characteristics under the Equality Act.

The Applicant is actively trying to minimise any impacts upon existing businesses at the site and has already facilitated one intra-portfolio move.

1.9 The Proposed Development will have the effect of displacing businesses currently at the site. However, all tenants are aware of the proposals for the building and the Applicant is in regular dialogue with the tenants. The Applicant is actively trying to minimise any negative impacts upon existing businesses, including facilitating intra-portfolio moves. Indeed, one intra-portfolio move has already been facilitated for an existing tenant who was located at the Site.

The Applicant has a track record of creating opportunities for local firms, and jobs and training for local residents.

1.10 The Applicant has a Community Strategy, which outlines their long term commitments which include: working with industry bodies and their supply chain to maximise apprenticeship opportunities; promoting the property and construction industry through engagement with local schools; working with colleges and universities to develop the knowledge and skills of the future workforce; and helping the existing workforce to adapt to new ways of working.[1] The Applicant is also committed to supporting local jobs and will commit to delivering job opportunities for LBS residents in full accordance with the Council's Section 106 and CIL Supplementary Planning Document.

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[1] Great Portland Estates. Creating sustainable relationships. Accessible at: https://www.gpe.co.uk/media/3366/gpe_community_strategy.pdf

The Proposed Development is expected to generate £3.4m of worker expenditure over the course of the construction phase and an additional £3.5m each year during the operational phase.

1.11 It is expected that the construction workers will spend c. £3.4m in the local area over the duration of the construction period, equivalent to annual spending in the local area of £870k. The Site is currently estimated to support £1.6m in local expenditure each year. The Proposed Development, once fully operational, is expected to support £5.1m of worker expenditure in the area each year – an additional £3.5m on existing levels.

The Proposed Development will contribute to London Borough of Southwark targets for office and retail space.

1.12 LBS is a key part of the London economy, supporting 5% of London's total office employment. Whilst the borough's office stock increased by a fifth between 2000 and 2016 (the fifth highest growth of all London boroughs), the Southbank remains the most supply constrained office submarket in central London.

1.13 The Proposed Development would make a significant contribution to the borough's requirement for office space (c. 7% of the borough's target to 2041), as well as its requirements for retail space (c. 4%). Its retail offer will complete the 'retail horseshoe' which surrounds London Bridge Station.

1.14 Development should be supported in the most accessible places. The Site is very accessible, located next to London Bridge Station and has the highest public transport accessibility (PTAL) rating of 6b. The Site is also located within an opportunity area, which are areas identified in the London Plan for significant capacity for development and existing or potentially improved public transport access. It is therefore a prime location for development.

The Proposed Development will provide affordable workspace and affordable retail floorspace in a highly accessible location

1.15 The Proposed Development will also provide smaller floorplates appropriate for smaller businesses, and 1,067sqm of affordable workspace and 181sqm of affordable retail floorspace. The Applicant has been in discussions with potential tenants such as Sustainable Workspaces – a company who provides affordable workspace for sustainable start-ups and entrepreneurs within the 'cleantech' industry.

1.16 Given the Proposed Development's proximity to Guy's Hospital, there is also expected to be demand from the MedTech sector and potential for these occupiers to form a symbiotic hub. The Proposed Development will benefit the local area in terms of attracting MedTech occupiers who would in turn benefit from proximity to the facilities at Guy's Hospital. Proximity to the hospital could provide commercial occupiers with a range of synergies, including access to leading technology and healthcare innovators, an immediate patient population, and a local talent pool of sector specialists.

Social and Health Impacts of the Proposed Development

1.17 The following summarises the key social and health effects of the Proposed Development:

- The Proposed Development is not expected to have a significant impact on primary healthcare during either the construction or operational phases.
- The Proposed Development has been designed to reduce crime during both the construction and operational phases. The Construction Management Plan provides a detailed outline of measures taken to reduce crime. The Applicant's design team has also met with police security stakeholders to inform the security design strategy of the development. This is important given the relatively high levels of crime in the Local Area – there was a crime rate of 297 per 1,000 residents near the Site in 2018, which is significantly higher than the borough (138 per 1,000 residents) and regional (120 per 1,000 residents) averages.
- The Proposed Development is not expected to have a significant effect on air quality in either the construction or operational phases.
- During the construction phase the Proposed Development is expected to have a moderate negative impact on noise at receptors close to the site even after mitigation measures are adopted. However, this is predicated on a worst-case scenario in which all on-site plant activities operate simultaneously, which is seldom likely to occur. Once operational, noise pollution will be in line with local planning requirements.
- The Proposed Development is targeting BREEAM rating ranging from 'very good' to 'excellent'. Means of reducing the environmental footprint of the Proposed Development include the installation of include energy efficient systems and solar panels (photovoltaic panels). The elevated garden at the site will also promote biodiversity and provide sustainable drainage.

The Proposed Development would also result in several beneficial effects, including provision of a new pedestrian walking routes, a new tube entrance, and improved permeability and accessibility through the Site. The Proposed Development would also provide a new elevated garden. The evidence shows that, although all groups would benefit from these improvements, the benefits of improved open space, permeability and accessibility would be greater for the elderly, children and disabled people.

1.18 The existing public realm around the site is of a poor quality. The proposals would transform the public realm and permeability of the site. This will include a publicly-accessible, double-height elevated garden at fifth and sixth floor level, maintained by the building owner, activated by high-quality and varied exotic botanical planting and complemented by a café/restaurant offer to provide amenity for visitors.

1.19 The Proposed Development will have beneficial effects in terms of providing new pedestrian routes through the Site and enhancing the Site's permeability for pedestrians and cyclists. The pedestrian environment within the Site would be of high quality with the provision of attractive open spaces, well maintained and legible pathways, lighting and active ground floor uses, thus providing natural surveillance. The new pedestrian route linked to the proposed new exit/entrance to the Underground station would reduce the existing pedestrian overcrowding on the pavements on Borough High Street. Cycling will be encouraged via the provision of

1,310 cycle parking spaces for users of the Proposed Development. There are no significant adverse effects related to transport during either the construction or operational phases.

1.20 The Proposed Development will also improve accessibility by introducing step-free access where possible, improving access to the site for individuals with reduced mobility.

2 Introduction

2.1 This document is a Marketing Report of GPE (St Thomas Street) Limited's proposal to redevelop the New City Court site (including the work proposed for Keats House and the Georgian Terraces) in LBS in accordance with an application for planning permission and listed building consent.[2]

The Site

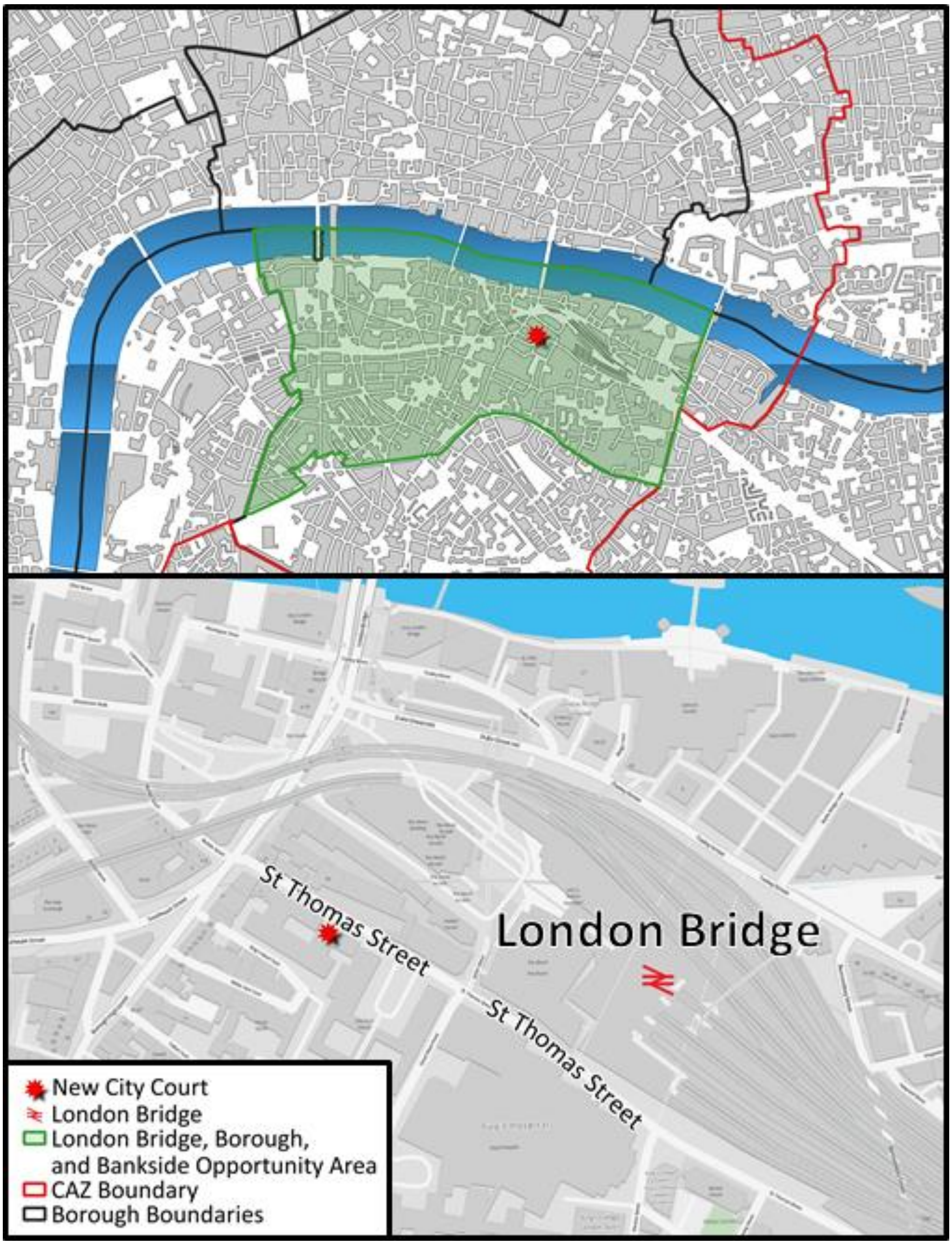
2.2 The Site is currently occupied by various buildings, including Georgian terraced townhouses at Nos. 4, 6, 8, 12, 14 and 16 St Thomas Street, the New City Court office building at No. 20 St Thomas Street, and Keats House at Nos. 24 to 26 St Thomas Street. The existing site consists of 12,763 sqm gross internal area (GIA) of office floorspace. New City Court occupies the majority of the Site and is a part two, four and part five storey office building constructed in the 1980s. The Site sits at the heart of London Bridge and is bound by:

- Commercial properties to the north, south-east and west including shops, restaurants, offices, hotels, public houses including The Old King's Head, banks, museums and post offices;
- Guy's Hospital to the east; and
- King's College University facilities including Guy's Campus which comprises student centre, student accommodation as well as a library, IT suite and auditoriums to the south and east.

2.3 The Site is within the London Bridge, Borough and Bankside Opportunity Area (Figure 1) and the Borough High Street Conservation Area in LBS. It is within close proximity of London Bridge mainline and underground stations and the Shard, and is surrounded by a diverse set of attractions such as Hay's Galleria, Shakespeare's Globe Theatre, Southwark Cathedral, Tate Modern and Borough Market. These locations all enjoy high levels of footfall. The Proposed Development would act as the missing link, connecting the different locations forming a retail horseshoe surrounding London Bridge Station.

New City Court (Full Application) - 18/AP/4039
New City Court (Listed Building Consent) - 18/AP/4040
Conybeare House (full application for works to party wall) - 19/AP/5519 and 19/AP/5520

Figure 1: The Site context



Source: Volterra, 2019

The Proposed Development

2.4 New City Court is a planned development at No.s 4-26 St. Thomas Street, London SE1 9RS (the "Proposed Development"). The Proposed Development will involve the demolition of 20th century buildings which occupy the majority of the Site, whilst the listed Georgian townhouses and Keats House façade would be restored and reordered.

2.5 The Proposed Development would comprise a new 37-storey tower block accompanied by improved public realm and increased permeability. The proposals include:

'Comprehensive redevelopment of the site to include demolition of existing 1980s office buildings and erection of a 37-storey building (including ground and mezzanine) of a maximum height of 144m [above ordnance datum] (AOD), restoration and refurbishment of existing listed terrace, and redevelopment of Keats House with retention of existing façade to provide a total of 46,374 sqm of Class B1 office floorspace, 765 sqm of Class A1 retail floorspace, 1,139 sqm of Class A3 retail floorspace, 615 sqm of leisure floorspace (Class D2), 719 sqm hub space (Class B1/D2) and a 825 sqm elevated public garden, associated public realm and highways improvements, new station entrance, cycling parking, car parking, servicing, refuse and plant areas, and all ancillary or associated works .'

This report

2.6 This Marketing Report responds to Policy 26 of the draft Southwark Local Plan which notes that development must "provide a marketing strategy for the use and occupation of the employment space to be delivered to demonstrate how it will meet current market demand." In particular, the marketing report reviews:

- Current market demand;
- Planned uses and occupation;
- A review or understanding of policy and baseline conditions, particularly in relation to current demographic and socio-economic conditions, within and around the application site; and
- The socio-economic aspects of the Proposed Development.

2.7 The scope also considers:

- The displacement of any on-site activities and the impact of this on the local economy and population;
- The non-economic impact on users of nearby off-site activities that will be temporarily displaced or affected should be considered. This should include an assessment of activities to be displaced that could reasonably be considered community assets or centres of social activity where loss could impact on mental health or community cohesion;
- Any likely differential impacts – which is defined as an impact that is different for one or more groups – of the proposals on nearby micro, SME and large businesses should be assessed;
- Any likely differential impacts of the proposals on nearby groups with protected characteristics under the Equality Act 2010 should be assessed. Differential impacts may occur where groups with protected characteristics are likely to be affected by an activity in a different way as compared to the general population. This may be because groups have specific needs or are more susceptible to the effects due to their protected characteristic. The characteristics that are protected under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation; and
- Recommendations for appropriate mitigation measures or benefit enhancement opportunities should be taken into account.

3 Market Demand

3.1 For floorspace proposed to be lost through redevelopment or change of use, LBS requires demonstrated evidence of an active marketing campaign for a continuous period of *at least* two years, whilst the premises were vacant, which has shown to be unsuccessful. This is not relevant to the Proposed Development since it is (i) currently occupied and (ii) it is being proposed that floorspace will be increased as part of a redevelopment, building on the success of the existing building. This chapter therefore focuses on providing evidence of the demand for this scale of development in Southwark and central London.

3.2 Cushman & Wakefield and JLL produced a 'Market Overview and Demand Analysis' report on behalf of Great Portland Estates to assess the demand for such a development.[3] Refer to the Appendix for the full report. The key findings are summarised below.

Occupier Requirements and the Proposed Development's Response

3.3 Cushman & Wakefield and JLL's report reviewed the characteristics of a number of high-rise developments in order to understand more about the needs of occupiers demanding office floorspace in central and inner London.[4] It shows that these developments have had varying success in terms of rents and leasing. Those seeking such space are often concerned with the following:

- Occupiers are looking for sustainable, technologically-advanced flexible workspace;
- Larger efficient floorplates prove attractive to occupiers and help to secure pre-lets;
- Smaller floorplates attract smaller occupiers who do not tend to pre-let but will pay premium rents upon completion; and
- A variety of floor plate sizes helps to broaden the target audience and therefore decreases void.

3.4 Cushman & Wakefield and JLL note that, in recent years, developers have increasingly been responding to occupiers' rapidly changing needs and demands by providing significant amenity and shared use spaces, as well as providing spaces for all sizes of businesses. This supports new ways of working and current patterns of business development. The Proposed Development has been designed specifically to respond to these changing trends in the needs of occupiers.

3.5 The Proposed Development has been designed to meet the needs of modern occupiers through provision of:

- Flexible floorplates, which can be split, meaning that businesses of a range of sizes can be accommodated;
- Shared meeting, entertaining and conference space, which is useful both to tenants in the building and outside, as well as smaller occupiers who are unlikely to have the resources to provide this space within their own accommodation;

[3] Cushman & Wakefield and JLL, 2019. New City Court, SE1: Market Overview and Demand Analysis – July 2019 Update

[4] These were: The Leadenhall Building; 20 Fenchurch Street; The Shard; Heron Tower; Aldgate Tower; 22 Bishopsgate (in construction); The Scalpel; and, 100 Bishopsgate (in construction).

- Elevated garden at fifth and sixth floor level, maintained by the building owner, activated by high-quality and varied exotic botanical planting and complemented by a café/restaurant offer to provide amenity for workers and visitors;
- A dedicated hub space provided on levels 22 and 23 of the tower, comprising a 200-fixed seat auditorium with associated facilities and external terraces, for both office users and as an event space for the wider community; and
- Retail units at ground floor of the Georgian terrace to provide active retail frontages along St Thomas Street and the proposed public square, reactivating this section of St Thomas Street.

3.6 The Cushman & Wakefield and JLL report concludes:

> **"When you combine all of the above and a holistic design ethos which supports this "ecosystem" and community approach, you create a building which supports local businesses as much as it attracts new businesses into the Borough from elsewhere."**

3.7 The Proposed Development, in being designed to respond to the demands of tomorrow's occupiers, is likely to have sufficient demand upon completion.

The Office Market Context

Central London Market

3.8 Central London supply contracted by 15% during Q4 2018 to 9.5 million sqft, the lowest level since 2016. As a result, the overall vacancy rate dipped to 4.3%, down from 4.6% at the end of Q3. Over 2018, supply fell by 1.7 million sqft. Moreover, new build supply has fallen below 1.0 million sqft for the first time since 2007, with just 836,000 sqft of new space available.

3.9 Meanwhile, central London take-up reached 3.1 million sqft in Q4 2018. This was virtually on par with Q3 and brings the total for the year to 11.5 million sqft. Total volumes were marginally ahead of 2017, when 11.3 million sq ft was let, and comfortably ahead of the long run average of 10.1 million sqft. Hence, despite the uncertainty in the wider political and economic arena, occupiers' continued commitment to London was evident.

SE1 Market

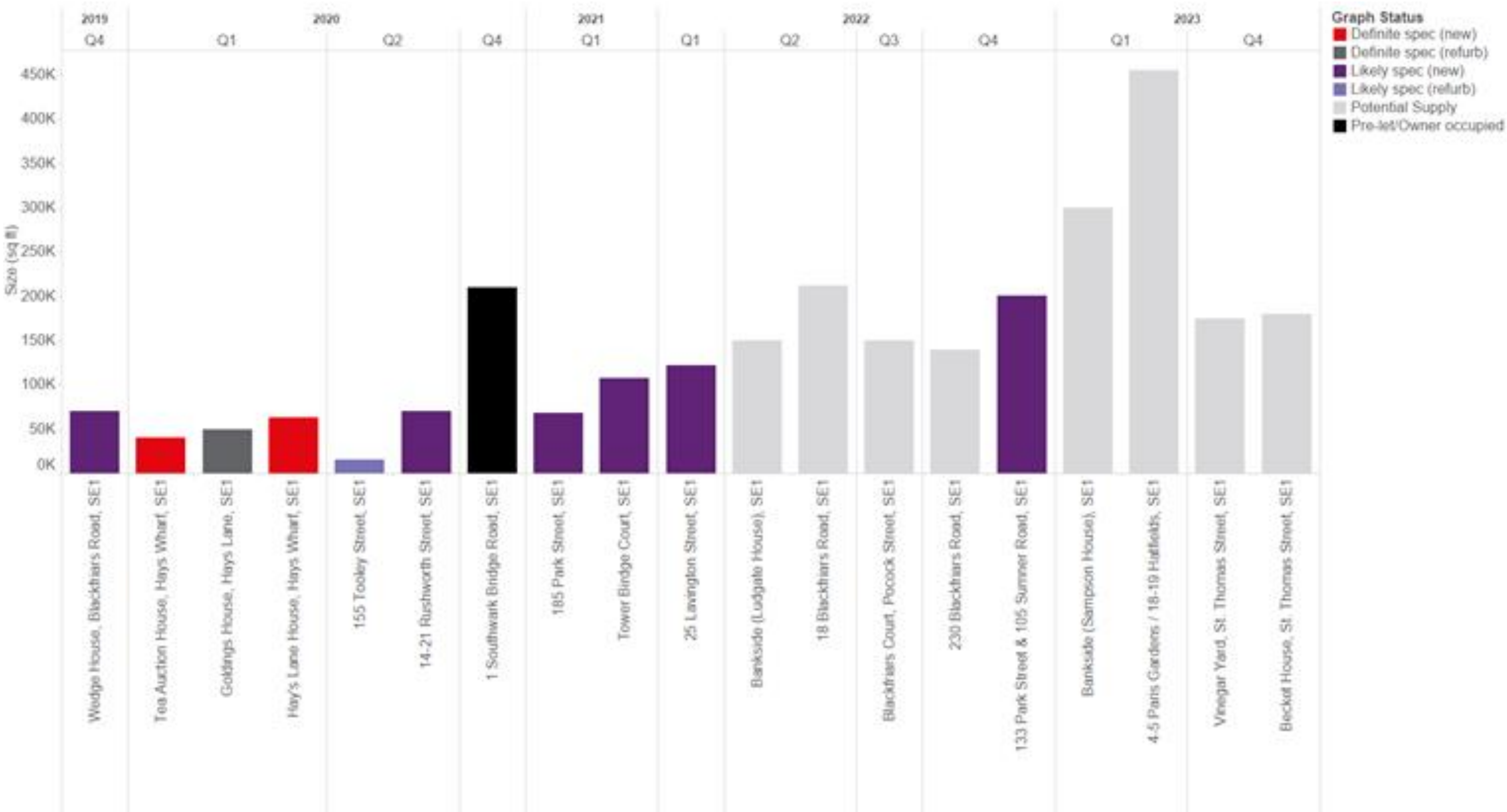
3.10 The trends in the wider London market are broadly reflected in the SE1 market. Cushman & Wakefield and JLL note that the occupational market in Southwark is constrained by a limited supply of both Grade A space and large units. With limited new space due on-stream in the short term, occupier choice is expected to remain limited.

3.11 As at Q4 2018, supply in SE1 fell to 268,000 sqft from 291,000 sqft (-8%) at the end of Q3 2018. The vacancy rate was 2.5%, which is lower than the wider City vacancy rate (3.9%) and the 10 year quarterly average for the Southbank market of 5.4%. This is likely to remain low throughout 2019 as there is no speculative supply currently under construction.

3.12 In any market with an active and growing business base there will be a natural churn of businesses. Turnover is a positive sign showing that businesses are growing and requiring new office space. It is therefore necessary that some space is vacant to facilitate this churn. The Land for Industry and Transport Supplementary Planning Guidance suggests that this frictional vacancy should be managed at around 5-8% of stock.[5] Vacancy rates in the submarket imply that there is effectively no spare capacity in the area.

3.13 However, from 2020 onwards it is expected that supply will increase, either because of those developments already under construction or because of those that have received planning permission (Figure 2).

Figure 2: SE1 Development Pipeline (Q4 2018)

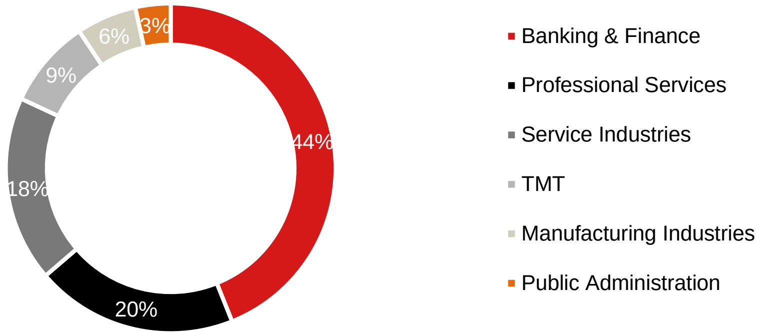


Source: Cushman & Wakefield and JLL, 2019

3.14 Cushman & Wakefield and JLL found that demand in SE1 decreased by 7% to 7.8 million sqft, compared to 8.3 million sqft at the end of Q3 2018. However, demand is significantly ahead of the 10-year average of 2.1 million sqft, reflecting the wider range of occupiers who are including the Southbank within their search area. 'Active' demand stands at 4.8 million sqft, driven by a number of major long-term requirements from the banking and finance sector, which accounts for 44% of all active demand.

[5] Greater London Authority (2012), Land for Industry and Transport: Supplementary Planning Guidance, GLA

Figure 3: Southbank Active Demand by Business Sector (Q4 2018)



Source: Cushman & Wakefield and JLL

3.15 Volterra's Economic and Health[6] report also provided data on the state of the office market in LBS and wider London. It found that LBS supports 5% of London's total office employment and between 2000 and 2016, LBS office stock increased by 20%, the fifth highest growth of all London boroughs. However, despite this, it too referenced the fact that vacancy rates in the Southbank area are particularly low.

3.16 The Economic and Health report found that the Proposed Development will contribute to 6.6% of LBS' of projected additional (GIA) office floorspace growth target to 2041, equivalent to 1.7 years' worth of their annual requirement. This will help maintain northern LBS' price competitive position so it can compete with traditionally dominant locations within the inner London office market such as the City of London and the West End.

Demand – Sector Focus: MedTech

3.17 The Proposed Development is in close proximity to Guy's Hospital. Cushman & Wakefield and JLL anticipate there is likely to be demand from the MedTech sector at the Proposed Development. The Proposed Development has the potential to form a symbiotic hub with Guy's Hospital.

3.18 Currently, there are 121,900 people employed in the MedTech sector across 3,957 sites in the UK. Of these, 28% of workers are based in London and the South East, which is the highest concentration in the UK.

3.19 The Proposed Development will benefit the local area in terms of attracting MedTech occupiers, who would in turn benefit from proximity to the facilities at Guy's Hospital. Proximity to the hospital could provide commercial occupiers with a range of synergies, including access to leading technology and healthcare innovators, an immediate patient population, and a local talent pool of sector specialists.

Conclusion

3.20 The Proposed Development has been designed to respond specifically to market trends to ensure that it meets the demands of tomorrow's occupiers. The proximity to Guy's Hospital and the flexible design of the office means that the Proposed

[6] Volterra, 2018. New City Court – Economic and Health Report

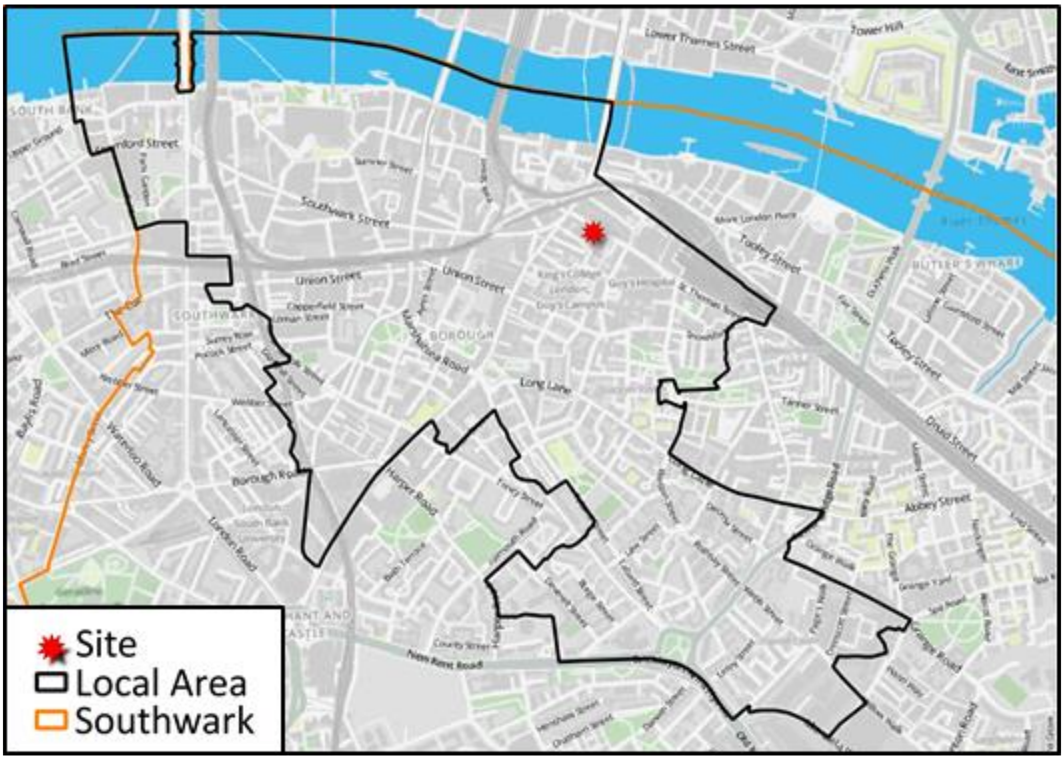
Development is expected to have significant interest in particular from MedTech occupiers.

3.21 The occupational market in Southwark is currently constrained by a limited supply of both Grade A space and large units. With limited new space due on-stream in the short term, occupier choice will remain limited. The Proposed Development would increase the supply of office floorspace in the Southbank area and help to maintain northern Southwark's price competitive position on which it competes with traditionally dominant locations within the inner London office market, such as the City of London and the West End.

4 Socio-Economic Baseline

4.1 The following section outlines the socio-economic baseline for the area surrounding the Proposed Development and for relevant geographies of comparison. This analysis defines the Local Area as the Middle Layer Super Output Areas (MSOA) of Southwark 002 and 006 within which the Proposed Development lies. This broadly corresponds to the Borough and London Bridge area. Where available, data for the Local Area is compared to the borough (LBS) and the regional (Greater London) averages. For national comparisons the analysis uses either Great Britain or England, depending on the constraints of the datasets employed.

Figure 4: Geographical Context



Source: Volterra, 2019

Population

4.2 In 2017, the Local Area accommodated 21,600 people, equivalent to 3.4% of LBS's total population.[7]

4.3 In the decade to 2017, the population of the Local Area grew by 19%. This is greater than the borough (15%), regional (15%), and national (8%) averages for population growth over the period (Table 1).

[7] ONS, 2018. Mid-Year Lowe Layer Super Output Area Population Estimates

Table 1: Mid-Year Population, 2007-2017

Geography	2007	2017	Growth
Local Area	18,100	21,600	19%
LBS	273,000	314,000	15%
London	7.7m	8.8m	15%
GB	59.6m	64.2m	8%

Source: ONS, 2017. Mid-Year Population Estimates 2017

Working Age Population

4.4 The Local Area has a disproportionately high share of working age residents. In 2017, 80% of residents in the Local Area were of working age (16-64), which is higher than the borough (73%), regional (68%) and national (63%) averages (Table 2).

Table 2: Working Age Population (16-64), 2017

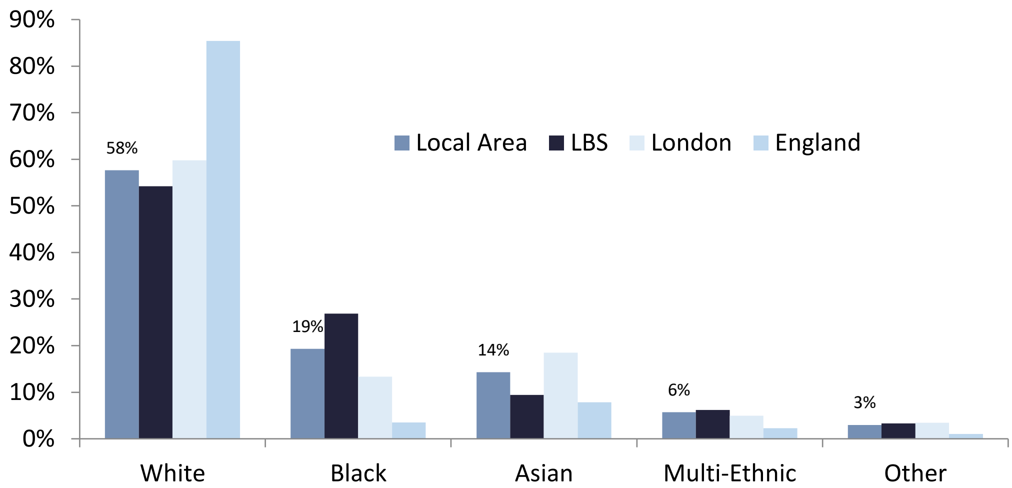
Geography	2017	% of Total Population
Local Area	17,300	80%
LBS	230,000	73%
London	6.0m	68%
GB	40.4m	63%

Source: ONS, 2017. Mid-Year Population Estimates 2017

Ethnicity

4.5 Over two fifths (42%) of the residents in the Local Area are ethnic minorities. By comparison, the respective figures in LBS, London, and England are 46%, 40%, and 15%. The proportion of ethnic minorities is therefore below the average for LBS but broadly in line with the regional average.

Figure 5: Ethnic Composition, 2011



Source: Census, 2011. KS201EW – Ethnic Group

Economic Activity of Residents

4.6 There were 192,000 residents within LBS aged between 16 and 64 who were classified as economically active in the year ending December 2018.[8] This equated to 83% of working-aged residents, which is higher than the regional and national averages (both 78%).

4.7 Over three quarters (77%) of working age residents in LBS were in employment, which is slightly higher than the regional (74%) and national (75%) averages. The unemployment rate in LBS was 5.3%, which exceeds the averages for London (4.0%) and GB (3.3%).

4.8 However, levels of unemployment among groups with protected characteristics under the Equality Act 2010 vary to that of the general population. As shown in Table 3, relative to London and GB, LBS has a relatively high unemployment rate among those aged 50+ but it performs better in terms of youth unemployment. In LBS, 6.2% of the 18-24 population are unemployed, whereas the unemployment rate in London and GB are 8.3% and 7.2%, respectively, for this group. In contrast, the 50+ unemployment rate in LBS is 5.5%, which is higher than in London (4.1%) and GB (2.8%).

4.9 The employment rate in LBS among ethnic minorities (66%) is in line with the London (66%) and GB (65%) averages. However, it is still lower than the average across all LBS residents (77%). LBS performs particularly poorly in terms of the unemployment rate among ethnic minority groups. Ethnic minority unemployment was 11.5% in LBS, which is much higher than the London (7.5%) and GB (7.1%) rates. Ethnic minorities comprise c. 55% of all unemployed persons in LBS, despite constituting only 42% of the population.

Table 3: Economic Activity, 2018

Metric	LBS	London	GB
Economic activity			
Economically active (#)	192,000	4.7m	31.5m
Economically active (%)[9]	83%	78%	78%
Employment			
Employment (#)	180,000	4.5m	30.1m
Employment rate (%)[10]	77%	74%	75%
Ethnic minority employment (#)	78,000	2.4m	5.9m
Ethnic minority employment rate (%)[11]	66%	66%	65%
Unemployment			
Unemployment (#)	12,000	0.2m	1.3m

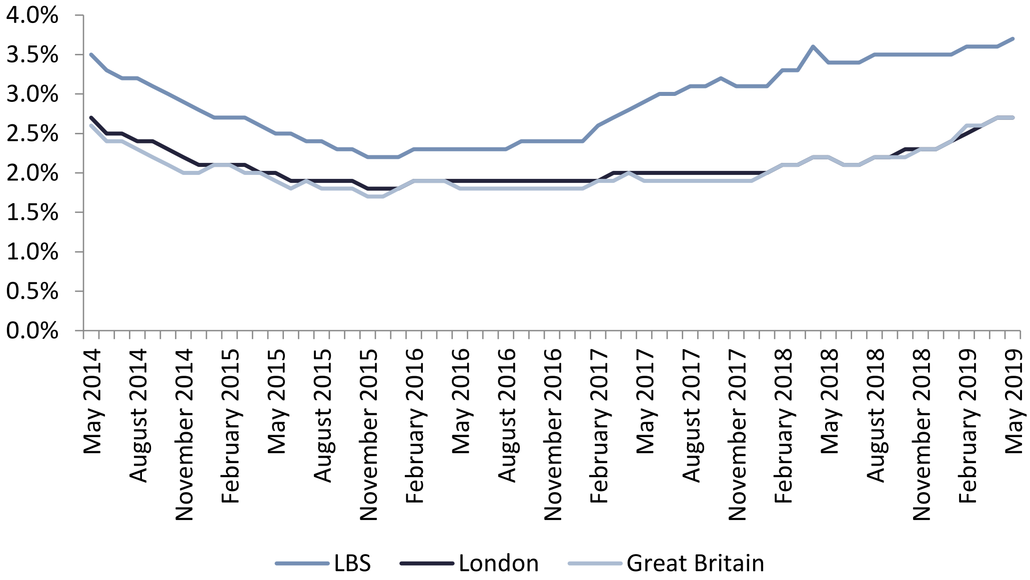
[8] This dataset does not present data for the Local Area as economic activity data is not available at smaller geographies.
[9] % of all people aged 16 to 64 who are employed, seeking or about to start a new job.
[10] % of all people aged 16 to 64.
[11] % of all people aged 16 to 64 from a minority group.

Metric	LBS	London	GB
Unemployment rate (%)[12]	6.4%	5.1%	4.3%
Ethnic minority unemployment (#)[13]	7,000	0.1m	0.3m
Ethnic minority unemployment rate (%)[14]	11.5%	7.5%	7.1%
% of aged 18-24 unemployed[15]	6.2%	8.3%	7.2%
50+ unemployment rate[16]	5.5%	4.1%	2.8%

Source: ONS, 2019. Annual Population Survey (January to December 2018)

4.10 Between May 2014 and January 2016, the proportion of residents claiming Jobseeker's Allowance or Universal Credit, who are required to look for work, fell across all the study areas. Since January 2016, however, this began to rise, with the rate of increase in LBS being higher than in London and in GB, as indicated by the widening of the distance between these series in Figure 6. In LBS, the proportion of residents on Claimant Count as of May 2019 was 3.7%, which is higher than it was in May 2014 (3.5%). Overall, the claimant count rates in LBS have been consistently higher than the London and GB averages over the period.

Figure 6: Proportion of Resident Population (Aged 16-64) on the Claimant Count



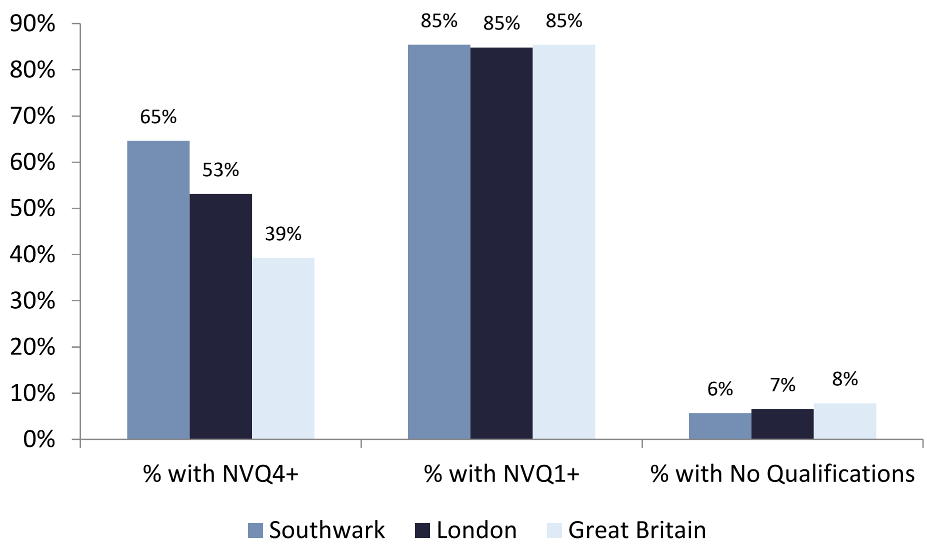
Source: ONS, 2019. Claimant Count by Sex and Age

[12] % of 16 to 64 year olds who are economically active.
[13] # of those aged 16+ from a minority group
[14] % of those aged 16+ from minority groups who are economically active.
[15] Note that this is the % of *all* 18-24 year olds, so is not the true unemployment rate.
[16] % of those aged 50+ who are economically active.

Qualifications

4.11 The proportion of working age residents in LBS with at least a qualification of National Vocational Qualification (NVQ) 1[17] or higher (85%) was equal to the London and GB average. LBS has a considerably higher proportion of working age residents with a degree level qualification or higher (NVQ4+) (65%) than the averages for London (53%) and GB (39%), suggesting that LBS has a highly skilled resident population. The proportion of working age residents in LBS with no qualifications (6%) was below the London (7%) and GB (8%) averages. Qualification levels are summarised in Figure 7.

Figure 7: Qualification Levels for Resident Population (Aged 16-64) by Geography, 2017



Source: ONS, 2019. Annual Population Survey (January to December 2018)

Employment

4.12 The Local Area supported 87,000 jobs in 2017 at a density of 498 jobs per hectare (ha). As shown in Table 4, the Local Area has a significantly higher employment density than LBS (83) and London (34). However, there is scope for the area to increase its employment density. It is estimated, for instance, that employment density throughout London's CAZ was approximately 603 jobs per ha in 2017, which is 20% higher than the Local Area. Given the Local Area's location within the CAZ and the accessibility to the area, further densification in the future could be accommodated.

4.13 The population density of the Local Area (123) is higher than the average across LBS (109) and London (56). However, it is more of an employment-focused than residential-focused location as indicated by the employment to population ratio of 4.0, which means that there are four jobs for every resident. By comparison, the rest of LBS has more of a residential focus, with only 0.8 jobs per resident.

[17] NVQ 1 is the equivalent of receiving D-G grades at GCSE.

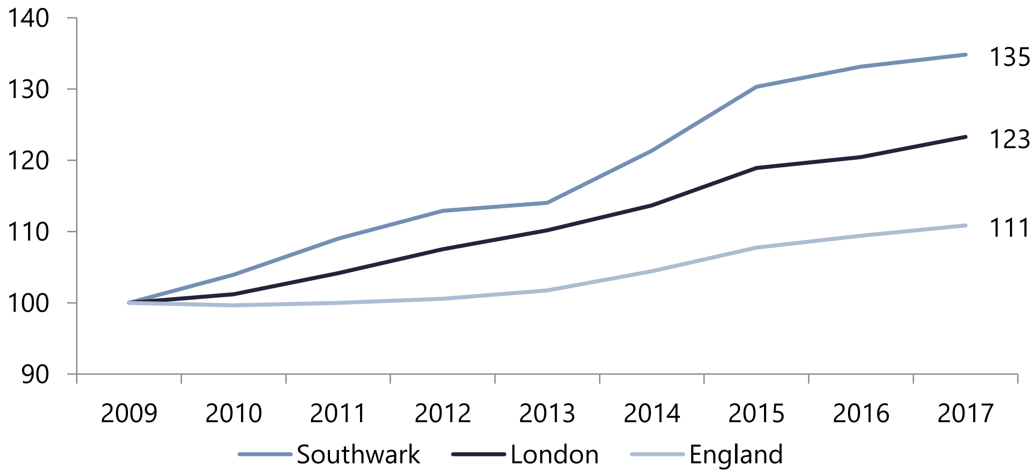
Table 4: Employment/Population Density, 2017

geography	employment	employment density (employment/ha)	population	population density (population/ha)	employment to population ratio
Local Area	87,000	497.6	21,600	123.2	4.0
LBS	240,000	83.2	314,000	108.9	0.8
London	5.3m	33.5	8.8m	56.1	0.6
England	26.7m	2.0	56.0m	4.3	0.5

Source: BRES, 2017; MYE Population Estimates, 2017; Census, 2011

4.14 Figure 8 provides an index of employment for LBS, London and England which allows for a comparison of employment growth over time. Due to data limitations it is not possible to compare growth in the Local Area for this time period. From 2009, employment levels in LBS have grown at a faster rate than the regional and national averages. Employment in LBS has grown by 35% since 2009, which compares to growth of 23% across London.

Figure 8: Index of Employment (2009 = 100)



Source: ONS, 2017. Business Register and Employment Survey

Figure 9 and Table 5 provide a detailed breakdown of employment sectors for the Local Area and LBS compared to regional and national splits. The Local Area has a higher proportion of employment in office-sector related work (58%) compared to the borough (48%), regional (42%) and national (28%) averages. The office-based sector is dominated largely by the professional, scientific, and technical industry (20%), which accounts for a significantly higher share of total jobs than the comparator areas except when compared to LBS as a whole. The Local Area has a relatively low proportion (8%) of employment in 'other' sectors compared to the borough (11%), regional (15%), and national (26%) average. These other sectors include manufacturing, wholesale, and construction.

Table 5: Detailed Breakdown of Employment by Industry (%), 2017

Industry	Local Area	LBS	London	England
Other	8	11	15	26
Retail and leisure	15	17	21	21
Public sector	19	24	22	25
Office *of which:*	58	48	42	28
Information & communication	*17*	*10*	*8*	*4*
Financial & insurance	*5*	*3*	*7*	*3*
Property	*1*	*2*	*2*	*2*
Professional, scientific & technical	*20*	*23*	*14*	*9*
Business administration & support services	*15*	*11*	*11*	*9*
Total	**100**	**100**	**100**	**100**

Source: ONS, 2017.Business Register and Employment Survey

Commuting

4.15 The 2011 Census showed that 1% of the Local Area's workforce live and work in the area and a further 7% of the people who work in the Local Area commute from within LBS. Considering LBS as whole, we find that 1% of workers within LBS commute from the Local Area, and a further 15% from the rest of the borough. A total of 74% of the workforce within the Local Area commute from within London, which is less than the average for across LBS which stands at 80%.

Table 6: Commuting Patterns in Local Area and LBS, 2011

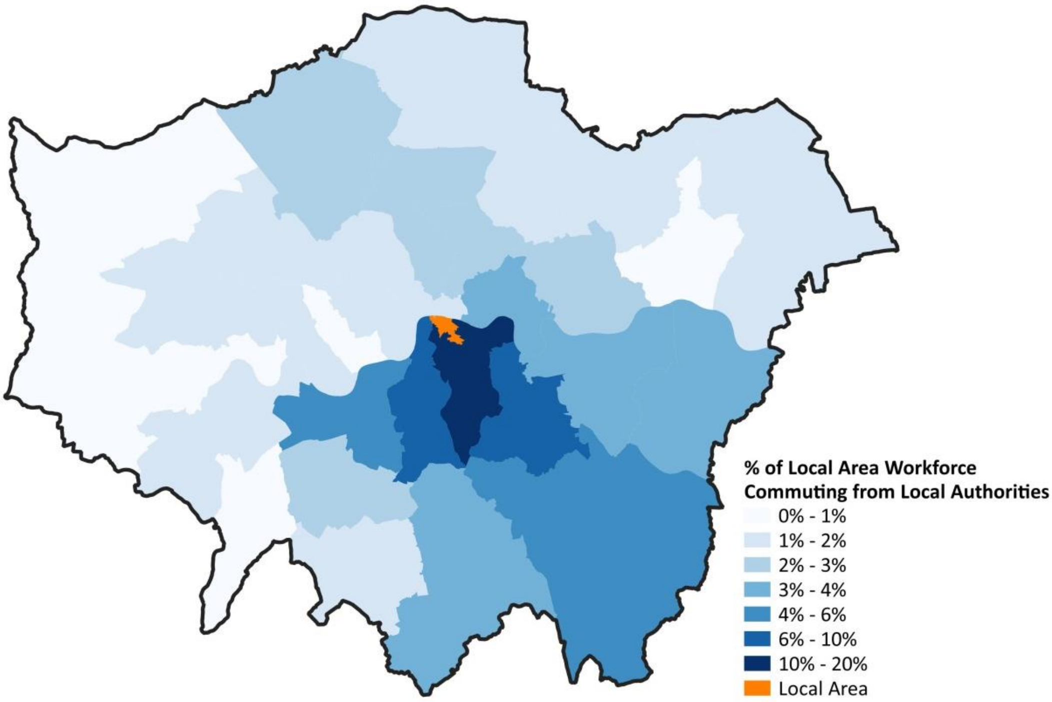
<table>
<tr><th rowspan="2">Geography</th><th colspan="2">Workforce commute to Local Area</th><th colspan="2">Workforce commute to LBS</th></tr>
<tr><th>%</th><th>All of London</th><th>%</th><th>All of London</th></tr>
<tr><td>Local Area</td><td>1%</td><td rowspan="3">74%</td><td>1%</td><td rowspan="3">80%</td></tr>
<tr><td>Elsewhere in Southwark</td><td>7%</td><td>15%</td></tr>
<tr><td>Elsewhere in London</td><td>65%</td><td>64%</td></tr>
<tr><td>Outside of London [18]</td><td colspan="2">26%</td><td colspan="2">20%</td></tr>
<tr><td>Total</td><td colspan="2">100%</td><td colspan="2">100%</td></tr>
</table>

Source: ONS, 2011. Census 2011

4.16 Figure 9 maps where the Local Area's workforce lives. As the map shows, the workforce of the Local Area resides primarily in LBS and the surrounding boroughs, Lambeth, Lewisham, Greenwich and Bromley.

[18] Outside of London includes only commuters from the rest of England and Wales due to data limitations.

Figure 9: London Commuting Patterns of Local Area Workforce, 2011



Deprivation

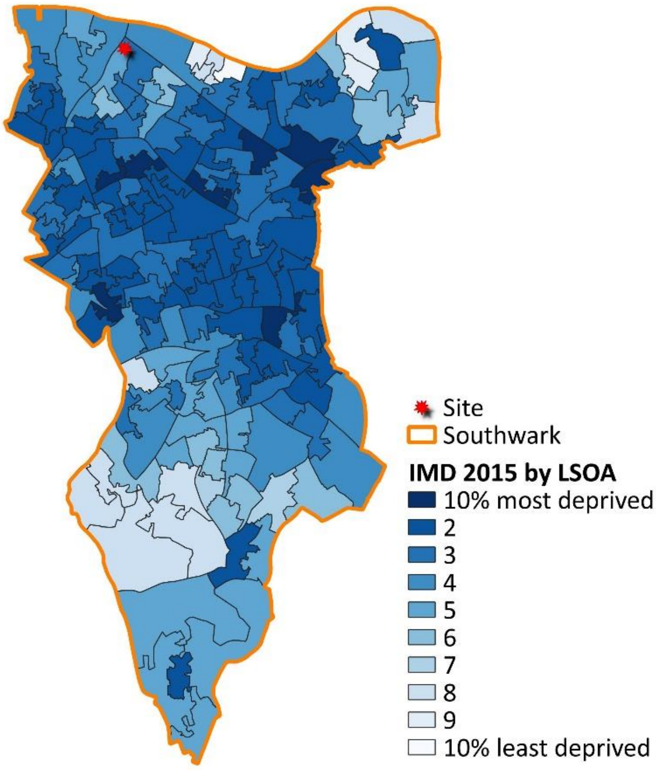
4.17 The English Indices of Multiple Deprivation (IMD) ranks deprivation based on seven domains:

- Income;
- Employment;
- Health Deprivation and Disability;
- Education, Skills, and Training;
- Barriers to Housing and Services;
- Crime and Disorder; and
- Living Environment.

4.18 The IMD uses the seven indicators to build up the relative deprivation measure for small geographical areas in England known as Lower layer Super Output Areas – (LSOAs)[19]. It ranks every small area from one (most deprived) to 32,844 (least deprived).

[19] LSOAs are typically the smallest level of geography for which national statistics are produced in non-census years. LSOAs are produced by the ONS and are drawn such that each one ideally contains around 1,500 residents with a minimum of 1,000 residents.

Figure 10: Index of Multiple Deprivation by LSOA in LBS, 2015



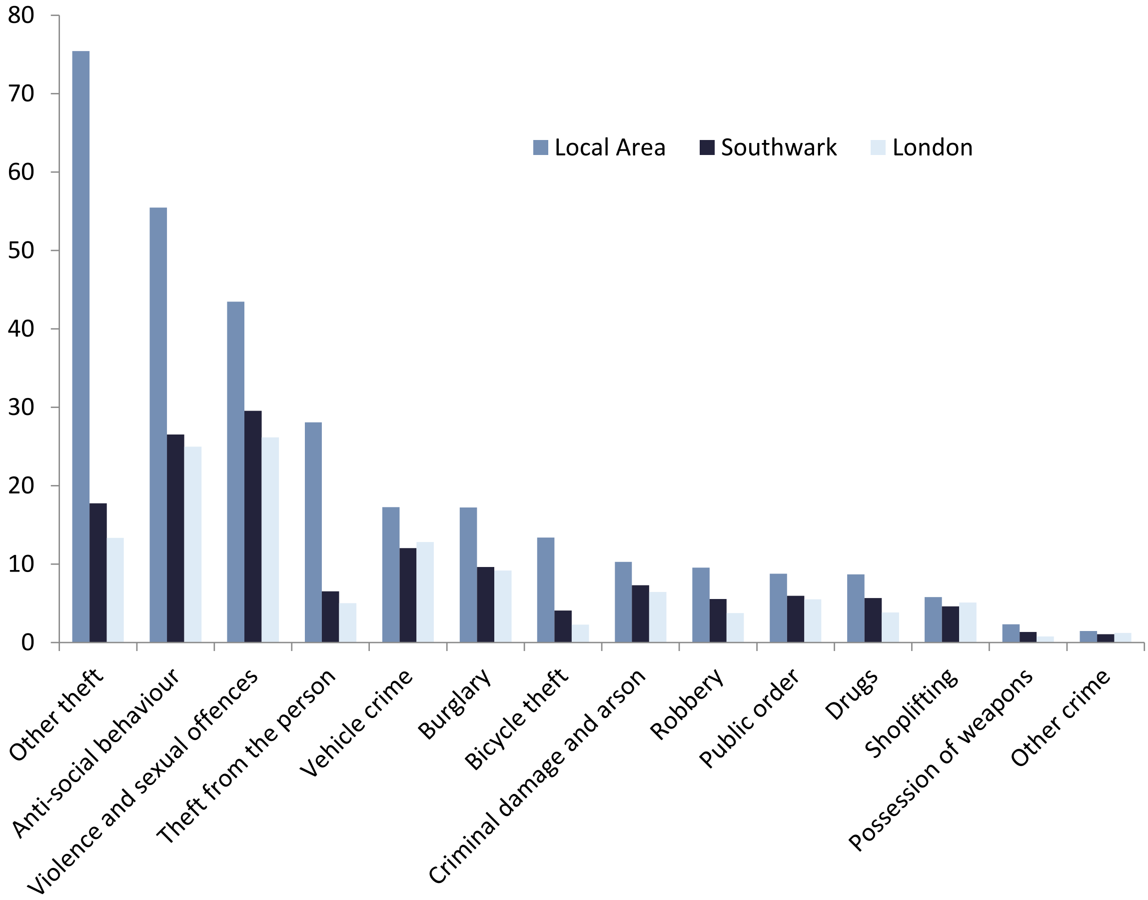
Source: Index of Multiple Deprivation, 2015

4.19 In 2015, the IMD ranked LBS as the 9th most deprived borough in London (out of 32). At the national level, the borough is the 23rd most deprived local authority (out of 326), which places it in the top 10% most deprived local authorities nationally. The LSOAs that make up the Local Area are, on average, within the top 40% most deprived areas in England (10,585 out of 32,844). Although deprived on a national scale, the problem with deprivation is more pronounced in other parts of LBS. This is illustrated in Figure 10, which shows that the most deprived areas in LBS tend to be concentrated in the middle of the borough – that is, in areas such as Peckham and Walworth.

Crime

4.20 The Local Area had an overall crime rate of 297 per 1,000 residents in 2018, which is significantly higher than the borough (138 per 1,000 residents) and regional (120 per 1,000 residents) averages. The figure below breaks this down by type of crime. It shows that crime in the Local Area is higher than or equal to the borough and regional averages in each category.

Figure 11: Crimes per 1,000 Residents for 2018 by Type of Crime and Geography



Source: Police, 2018. Crime Data Dashboard (January 2018 to December 2018)

Health

4.21 The Economic and Health Report submitted as part of the planning application for New City Court[20] found that there were twelve GP surgeries within a one mile catchment area of the Site, but NHS Choices data was only available for nine. These nine GP surgeries had a total list size of 56k patients and were supported 37 FTE GPs. This yielded an average ratio of registered patients per GP across the practices of 1,517, which is significantly below the benchmark patient list size of 1,800 per GP recommended by the Department of Health and Social Care (DHSC).[21]

4.22 The report also found that the trust operating the closest Accident and Emergency (A&E) services to the Proposed Development – Guy's and St. Thomas NHS Foundation – processed patients within four hours of arrival in 86% of cases. This is below the A&E target of 95% and the average across England of 90%, suggesting the A&E department is more constrained than average.[22]

[20] Volterra, 2018. New City Court – Economic and Health Report

[21] Benchmark patient list size of 1,800 per GP recommended by the NHS Healthy Urban Proposed Development Unit and adopted by the DHSC

[22] NHS England, A&E Attendances & Emergency admission quarterly statistics, 2017; this data is for trust level only but due to The Guy's and St. Thomas NHS Foundation Trust only operating one A&E (located at St. Thomas) the trust level figure only relates to St. Thomas Hospital

Open Space

4.23 The Economic and Health[23] report found that there was 2.22 hectares (ha) of open space per 1,000 residents in 2013, which is below the national recommendation of 2.43 ha per 1,000 residents set by the National Playing Fields Association (NPFA). This suggests that LBS has an under provision of open space.

4.24 Volterra found that in proximity to the Proposed Development (classified as ten minutes walking time) there were seven open/play spaces, although none exceeded two ha in size, which means that they are classed as 'pocket parks', the lowest category for public parks set out within the GLA guidelines.[24]

Conclusion

4.25 The main findings with respect to the socio-economic baseline conditions within and around the Proposed Development are:

- Ethnicity: over two fifths (42%) of the residents in the Local Area are ethnic minorities. By comparison, the respective figures in LBS, London, and England are 46%, 40%, and 15%.
- Economic activity: the Local Area has higher economic activity and employment rates than LBS, London and Great Britain. However, its unemployment rate is also higher than other areas. This is especially pronounced for ethnic minorities, as well as those aged 50+.
- Qualifications: LBS has a considerably higher proportion of working age residents with a degree level qualification or higher (NVQ4+) (65%) than the averages for London (53%) and Great Britain (39%).
- Employment: the Local Area supported 87,000 jobs in 2017 at a density of 498 jobs per hectare (ha), six times denser than the borough average. The Local Area also has a higher proportion of employment in office-sector related work than other area. However, the Local Area was less dense than the CAZ as a whole (603 jobs per ha). Given the Local Area's location within the CAZ and the accessibility to the area, further densification in the future could be accommodated.
- Crime: the Local Area had an overall crime rate of 297 per 1,000 residents in 2018, which is significantly higher than the borough (138 per 1,000 residents) and regional (120 per 1,000 residents) averages.
- Health: the Economic and Health Report found that local GPs have an average of 1,517 registered patients per GP, which is significantly below the NHS benchmark list size of 1,800, suggesting that local GP provision is not particularly constrained.

[23] Volterra, 2018. New City Court – Economic and Health Report
[24] GLA, 2016. The London Plan – Chapter 7: London's Living Spaces and Places

5 Economic Impacts of the Proposed Development

5.1 The economic impacts of the Proposed Development are identified in the Economic and Health Report which was submitted as part of the application for the Proposed Development.[25] The findings are summarised below, please refer to the report for more information.

- The economic benefits of the Proposed Development are significant. The construction and demolition phase is estimated to support on average of 575 jobs on site and, once operational, the Proposed Development is expected to support 2,060 additional jobs over and above what is currently supported. Allowing for displacement and multiplier effects, it is estimated that the Proposed Development would support 2,325 net additional jobs during the operational phase.

- The Applicant is committed to building on their track record of creating opportunities for local firms, and jobs and training for local residents. In their Community Strategy[26], the Applicant outlines their long term commitments which include: working with industry bodies and their supply to maximise apprenticeship opportunities, promoting the property and construction industry through engagement with local schools, working with colleges and universities to develop the knowledge and skills of the future workforce, and helping the existing workforce to adapt to new ways of working.

- The increased level of employment will increase spending within the local area. The Proposed Development is expected to generate £870k of worker expenditure each year during the construction phase and an additional £3.5m each year during the operational phase.

- LBS is a key part of the London economy, supporting 5% of London's total office employment. Whilst the borough's office stock increased by 20% between 2000 and 2016 (the fifth highest growth of all London boroughs), LBS remains the most supply restrained office submarket in central London. According to vacancy rates, in the third quarter of 2018, there was very little vacant office stock in the area. To ensure that LBS continues to grow, there must be a sufficient supply of available office space to attract and retain businesses. The London Office Policy Review 2017 projected a likely requirement of an additional 507k sqm (gross) of office floorspace within the borough to 2041. The Proposed Development would make a significant contribution to the borough's requirement and would also provide some affordable workspace.

- The enhanced Georgian terrace will provide smaller floorplates appropriate for small businesses, with the upper floors (floors 1-3 of nos. 4-16 St Thomas Street) providing 1,067 sqm of affordable workspace and two of the ground floor/lower ground floor retail units (nos. 4-6 St Thomas Street) providing 181 sqm of

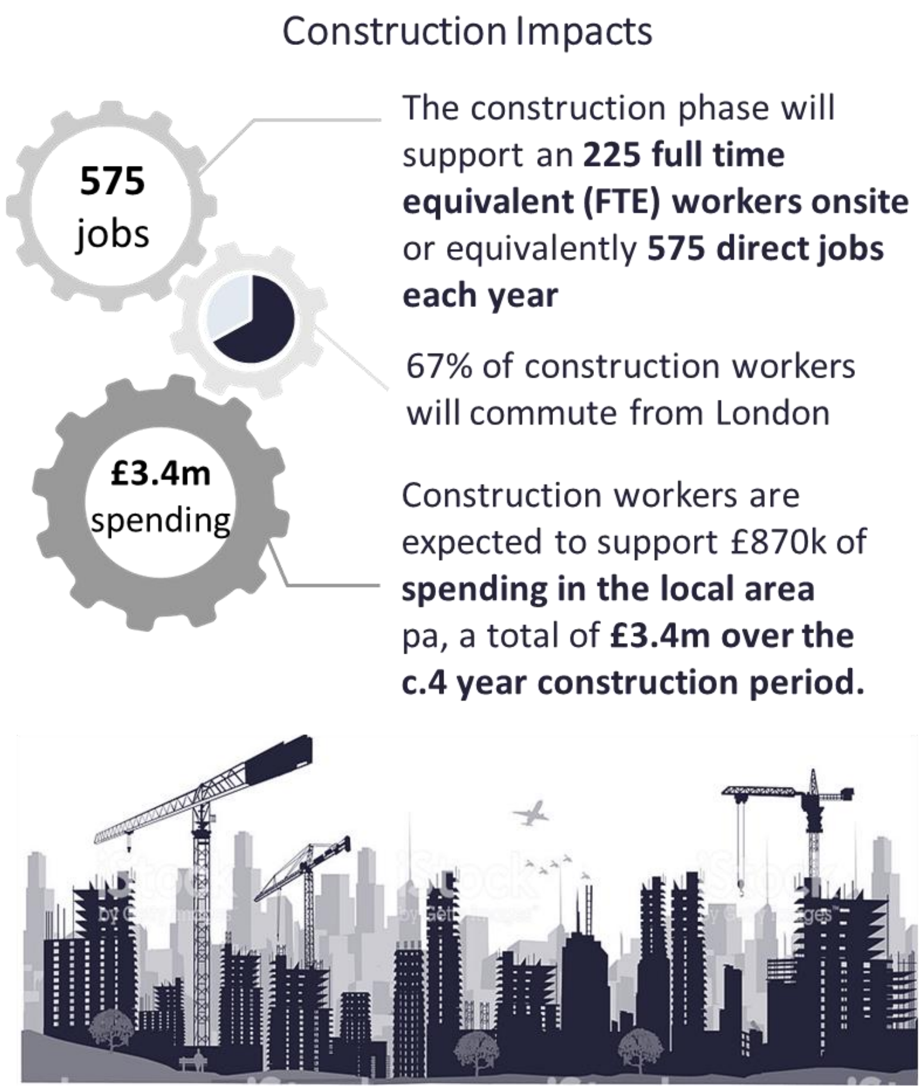
[25] Volterra, 2018. New City Court – Economic and Health Report
[26] Great Portland Estates. Creating sustainable relationships. Accessible at: https://www.gpe.co.uk/media/3366/gpe_community_strategy.pdf

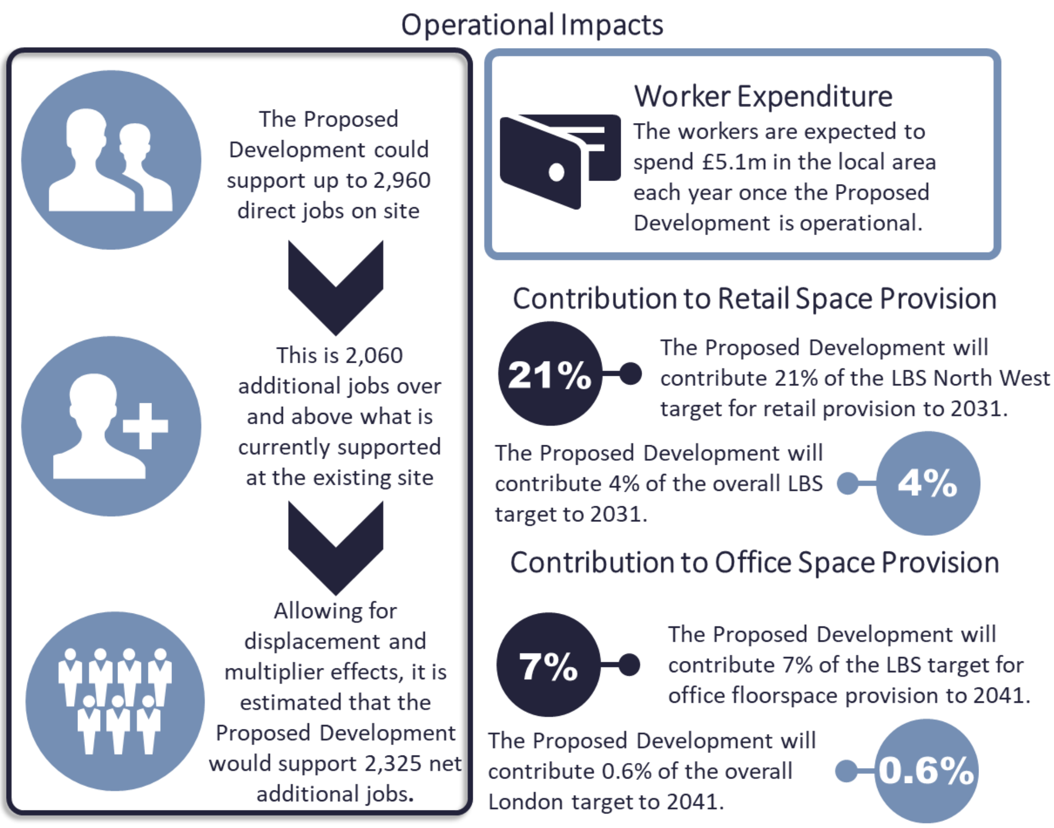
affordable retail floorspace. GPE has been in discussions with potential tenants such as Sustainable Workspaces, an exciting and innovative company that provides affordable workspace for sustainable start-ups and entrepreneurs within the 'cleantech' industry.

- Development should be supported in the most accessible places. The Site is very accessible, located next to London Bridge Station and has the highest public transport accessibility (PTAL) rating of 6b and so is a prime location for development.

- The additional retail floorspace will work in conjunction with the improved public realm and increased permeability of the Site to complete the 'retail horseshoe' which surrounds London Bridge Station. The Proposed Development would also add another entrance to London Bridge Underground Station, which will improve access to the underground and complement the public realm improvements.

Figure 12: Summary of Quantitative Impacts





Displacement of Existing Businesses

5.2 This report also considers the displacement of any on-site activities and the impact of this on the local economy and population. The Economic and Health[27] report compared the economic activity supported by the Proposed Development against the current use in order to understand the extent to which it would be additional to what is there now and how the types of activity might change. It found that the Site supports 900 office employees (equivalent to 845 FTEs). The Proposed Development is therefore expected to support approximately 1,905 additional FTEs, equivalent to 2,060 jobs.

5.3 There are currently no small to medium-sized enterprises at the Site. There are seven tenants in occupation and they are all fairly large occupiers, supporting a total of 900 jobs between them. Lease expiries are aligned to December 2021. All tenants are aware of the proposals for the building and the Applicant is in regular dialogue with the tenants. The short-term, flexible nature of the lease agreements is a key reason why the tenants have chosen to locate here – it suits their businesses needs and is an attraction not an encumbrance. Half of the space is let to a co-working and flexible office provider who is in a partnership with the Applicant. The Applicant has several other buildings in close proximity within LBS and has previously facilitated intra-portfolio moves within the borough. Indeed, the Applicant has already facilitated one intra-portfolio move for an existing tenant who was located at the Site. The Applicant is committed to providing space that meets occupiers' needs, helping them to achieve high retention rates and low vacancy rates across their portfolio.

[27] Volterra, 2018. New City Court – Economic and Health Report

Economic Impacts on Local Businesses and Groups

5.4 In addition to the specific impacts to on-site businesses, other local businesses would benefit from the additional visitors and workers associated with the Proposed Development who are expected to spend £5.1m of expenditure per year in the local area, benefitting local businesses.

5.5 The Proposed Development would provide a significant uplift in employment during both the construction and operational phases. An increase in employment would continue to address issues of local unemployment, helping to reduce social inequality and deprivation among groups with protected characteristics under the Equality Act.

Conclusion

5.6 The Proposed Development is expected to result in substantial economic benefits during both the construction and operational phases. These benefits include supporting significant net additional employment and local expenditure, and contributing to LBS's employment floorspace targets. Whilst some existing businesses may be displaced, the Applicant has taken steps to mitigate any negative impacts upon these businesses, including facilitating intra-portfolio moves. The short term, flexible nature of the lease agreements for these businesses is also a key reason why these tenants have chosen to locate here.

5.7 The overall economic impact of the Proposed Development is significant and positive.

6 Social and Health Impacts of the Proposed Development

6.1 The ways in which the Proposed Development would impact upon health and wider social outcomes are complex and cross over many different technical disciplines (environmental, social and economic). There is a big overlap with socio-economic outcomes which provided the rationale behind the submission of the Economic and Health[28] Report. However, there are many other areas which relate to other technical elements (such as noise and traffic). With this in mind, this section summarises the key health and social impacts of the Proposed Development and considers how they relate to protected groups under the Equality Act 2010, businesses and residents.

GP and A&E provision

Health during the construction phase

6.2 The Economic and Health Report estimated that during the construction phase there would be an average of 17 construction-related accidents per year. This would increase A&E attendance by less than 0.01% a year across the Guy's and St Thomas NHS Foundation Trust. There will be a first aid station onsite to address any minor heath issues arising at work and prevent construction workers needing to access outside medical attention. There is therefore not expected to be a significant negative impact on primary healthcare during the construction phase.

Health during the operational phase

6.3 Even if all workers employed at the Proposed Development during the operational phase were to use the existing local GP practices the ratio of patients per GP would only increase to 1,597, which is still within the target size of 1,800.

6.4 It is also estimated that there will be 56 additional workplace related accidents per year. This would result in a less than 0.03% increase in the Guy's and St. Thomas' NHS Foundation annual A&E visits. Hence, it is also expected that there would not be a significant negative impact on primary healthcare during the operational phase.

Open Space

6.5 There is a wealth of literature showing a positive link between health and access to green spaces. Recent academic literature reviews of the relationship have suggested that long-term access to green space positively impacts cognition, childhood development, and improves symptoms of ADHD.[29,30] Alongside positive mental health links from access to open spaces, a wealth of literature links green space access to physical activity levels. A review undertaken for the Forestry Commission in 2010 concludes that the link between access to open space and natural environments and health outcomes is significant, and particularly so through the mechanism of increased physical activity.[31]

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[28] Volterra, 2018. New City Court – Economic and Health Report

29 C. Keijezer et al., 2016, Long-term Green Space Exposure and Cognition across the Life Course: A Systematic Review. Current Environmental Health Reports.

30 R. McCormick, 2017, Does Access to Green Space Impact the Mental Well-being of Children: A Systematic Review.

31 L. O'Brien et al., 2010, Urban Health and Health Inequalities and the Role of Urban Forestry in Britain: A Review.

6.6 Chapter 2 of this report outlined the provision of open space within close proximity to the site. As described in the Design and Access Statement, the Proposed Development will add to this offer via the provision of an elevated garden at fifth and sixth floor level of the proposed tower. The garden will be publicly accessible, maintained by the building owner, activated by high-quality and varied exotic botanical planting and complemented by a café/restaurant offer to provide amenity for visitors. It will provide excellent views towards the River Thames and the City beyond.

Public Realm and Permeability

6.7 As described in the Design and Access Statement, the current site is inaccessible as a pedestrian route, offering only limited north-south permeability. A Pedestrian Environment Review System (PERS) audit of the existing pedestrian network surrounding the Site concluded that a number of links around this Site achieved a red rating which indicates poor level of provision. Refer to the Economic and Health[32] report for further information.

6.8 The Proposed Development will provide new ground level pedestrian routes offering greater permeability through the Site. The enhanced permeability and connectivity would relieve pressure on Borough High Street, whilst making the Site more accessible. These pedestrian routes will be accompanied by hard and soft landscaping to maximise their benefits to local pedestrians. Improvements to the public realm in this area are likely to also have a benefit to surrounding businesses because they will improve access around the area and help to make visits to landmarks and destinations such as the Shard, Hayes Galleria and Southwark Cathedral more pleasurable.

6.9 Throughout the Proposed Development, there will be step free routes, areas for rest and ease of wayfinding for those with disabilities. This creates a development that is accessible for all. Within the elevated garden the Applicant will also provide WC facilities for the public and a café/restaurant.

Crime

6.10 Existing literature shows that not only does the reduction of crime have a direct effect in improving health and social outcomes, but the fear of crime has also been linked to reduced health outcomes. Increased fear of crime has been consistently linked to reduced physical activity across multiple age categories, indirectly resulting in reduced health outcomes.[33,34] Children and adolescents exposed to violence have been additionally shown to be at risk of poor long-term behavioural and mental health outcomes regardless of whether they are victims, direct witnesses, or hear about it indirectly.[35]

6.11 Chapter 3 of this report noted that crime was a particular problem in the Local Area. There are measures in place to mitigate the impact of the Proposed Development. The Construction Management Plan provides a detailed outline of the measures taken to reduce crime during the construction and demolition phase.

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32 Volterra, 2018. New City Court – Economic and Health Report
33 Lorenc et al., 2013, Fear of crime and the environment: systematic review of UK qualitative evidence.
34 Won et al., 2016, Neighbourhood Safety Factors Associated with Older Adults' Health-Related Outcomes: A Systematic Literature Review.
35 Office of Disease Prevention and Health Promotion (USA), 2019, Healthy People 2020: Social Determinants of Health.

6.12 Architects and criminologists have long recognised the role of urban design in crime prevention. Crime Prevention Through Environmental Design (CPTED) holds that proper design, through applications of CPTED theories, results in behavioural responses that deter and reduce the fear of crime. Elements of CPTED that new developments can apply include:

- Natural surveillance – more 'eyes on the street' deters criminal activity;
- Access control – physical barriers to entry provide less opportunity for criminals; and
- Maintenance and management – low levels of visual deterioration that may encourage crime and an increased 'pride of place'.

6.13 Once operational, the Proposed Development would be expected to reduce crime in the Local Area through increasing the number of eyes on the streets, activating routes, security measures, and sensitive design. The design team has met with police security stakeholders to inform the Security Design Strategy. A reduction in crime will have both benefits for residents and business alike.

Air Quality

6.14 Poor air quality, as defined through concentrations of a variety of different man-made particles within the atmosphere, is commonly regarded as having negative health impacts. The World Health Organisation recognises outdoor air pollution as a major health problem worldwide.[36]

6.15 The various forms of air pollution are thought to affect health outcomes through different mechanisms. The most commonly documented health effects arising from air pollution are those of particulate matter (PM, including the $PM_{2.5}$ and PM_{10} varieties) and nitrogen dioxide (NO_2) which include increased risk of diseases such as lung cancer, coronary heart disease and asthma.[37] Young children, older adults and the elderly, pregnant women, and outdoor workers are those most at risk of negative health outcomes following exposure to air pollutants.

6.16 The Proposed Development is not expected to have any significant effects on air quality in either the construction or operational phase of the Proposed Development.

6.17 However, the Applicant is committed to adopting a range of measures to reduce impacts on air quality and promote health and wellbeing within the Proposed Development and wider area. These include (amongst others):

- A new entrance/exit to the London Bridge Underground Station, which would reduce pedestrian footfall on Borough High Street and encourage the use of public transport;
- The provision of 1,322 cycle spaces, 70 showers and 447 lockers, to encourage sustainable forms of transport; and
- Consolidation of deliveries during construction and operation of the building.

36 World Health Organisation Topic Sheet, 2018, Ambient Air Quality and Health.
37 World Health Organisation, 2018, Air pollution and Child Health: Prescribing Clean Air.

Noise Pollution

6.18 Although not as developed as the relationship between air quality and health, there is a substantial body of literature linking increased noise and vibration to negative health outcomes. The World Health Organisation's Noise Guidelines (2018) states that excessive noise interferes with people's daily activities, disturbs sleep, causes cardiovascular and psychophysiological effects, and provokes changes in social behaviour.[38] A European Commission investigation into the impacts of noise on health outcomes concludes that "*living in a quiet area has a positive impact on health*", and that "*those who lived in quiet locations – particularly in rural areas – had a better quality of life*".[39] Young children, older people, and disabled people are thought to be most sensitive to noise effects.[40]

6.19 The Proposed Development is expected to a have a moderate negative effect on noise during the construction phase on receptors closest to the Site – including St Guy's Hospital and Chapel, Bunch of Grapes and Iris Brook House/Orchard Lisle House. However, this conclusion is predicated upon a worst-case scenario in which all on-site plant activities operate simultaneously, which is seldom likely to occur in practice. Chapter 8: Noise and Vibration of the Environmental Statement concludes that for the majority of the construction phase potential impacts will range from insignificant to, at worst, a temporary local adverse effect of moderate significance.

6.20 The Proposed Development has been designed in such a way that the noise levels coming from the Site, once operational, will be in line with local planning requirements. Noise effects during the operational phase are therefore expected to be insignificant.

Traffic Management and Access

6.21 The construction and development phase of the Proposed Development would generate short-term increases in vehicle movements on the roads near the Site. However, with the implementation of a SEMP and CLP, the residual effects relating to works traffic, pedestrian and cyclist movement and amenity, and public transport are all insignificant.

6.22 Overall, once the Proposed Development is completed and occupied, it is predicted to result in no noticeable increases in traffic flows on the local road network. The two blue badge car parking spaces and cycle parking spaces provided are in accordance with relevant policy guidelines and have been agreed in consultation with LBS and Transport for London (TfL). A Travel Plan has been developed in support of the planning application. This sets out a framework for the delivery of new transport initiatives and measures for users of the Site that would travel to and from the Proposed Development on a regular basis and how they can minimise reliance on private vehicle use and maximise the use of more sustainable modes of transport.

38 World Health Organisation, 2018, Environmental Noise Guidelines for the European Region.

39 European Commission, 2015, Science for Environment Policy, Thematic Issues: Noise Impacts on Health.

40 World Health Organisation (2011): 'Burden of disease from environmental noise Quantification of healthy life years lost in Europe'. Harding, A-H et al. (2013): 'The cost of hypertension-related ill-health attributable to environmental noise'. Noise & Health 67(15) pp 137-445. Jones, K (Civil Aviation Authority). (2010): 'Environmental noise and health: A review'

6.23 A bespoke consolidation strategy has been developed to minimise the impact of freight. The strategy outlines how deliveries will be consolidated and scheduled to avoid the peak pedestrian periods. This approach has been reviewed and agreed with LBS and TfL subject to the consolidation assumptions being secured. The consolidation strategy will dramatically reduce the number of vehicles required to service the Proposed Development, minimising the effect on the local road network and the associated environmental impact.

6.24 With regard to the increased use of public transport in the area, the predicted net increase in passengers using London Bridge Mainline and Underground stations and local buses is not expected to give rise to any significant capacity issues.

6.25 The Proposed Development is predicted to generate additional walking and cycle trips on the local network surrounding the Site. However, the Proposed Development provides a new pedestrian route through the Site and enhances the Site's permeability and connectivity for pedestrians and cyclists. The pedestrian environment within the Site would be of high quality with the provision of attractive open spaces, well maintained and legible pathways, lighting and active ground floor uses, thus providing natural surveillance. The new pedestrian route linked to the proposed new exit/entrance to the Underground station would reduce the existing pedestrian overcrowding on the pavements on Borough High Street. Cycling will be encouraged via the provision of 1,310 cycle parking spaces for users of the Development.

6.26 A literature review undertaken within Vernon et al. (2014) suggests that transport safety, and particularly road safety, improvements have the positive effect of not only preventing injuries but also encouraging greater levels of physical activity.[41] The direct and indirect effects of active travel in inducing higher levels of physical activity contribute to improved health outcomes.[42]

6.27 The Proposed Development has been designed to comply with relevant planning policy and meet all relevant building regulation requirements as a minimum. The Design and Access Statement explains how it will improve accessibility by introducing step-free access where possible, improving access to the site for individuals with reduced mobility.

Access to Work and Training

6.28 There is a strong and significant positive link between employment opportunities and health outcomes. The Marmot Review (2010), commissioned by the Department of Health, social outcomes the relationship between health inequalities and economic status for communities within England.[43] The review concludes that greater economic status is predictive of better health outcomes, and unemployment contributes to poor health outcomes. This conclusion is echoed within the Public Health England (2014) report, which states "*unemployed people have a greater risk of poor health than those in employment, contributing to health inequalities.*"[44] Employment and skills effects are shown to be particularly relevant for some equality groups, including young

41 D. Vernon et al., 2014, Road Safety and Public Health.
42 Department of Health, 2011, Start Active, Stay Active: A report on physical Activity from the Four Home Countries.
43 Marmot et al., 2010, Fair Society, Healthy Lives: Strategic Review of Health.
44 Public Health England, 2014, Local Action on Health Inequalities: Increasing Employment Opportunities and Improving Workplace Health.

children, people from BAME communities, disabled people, and people from low income groups.

6.29 The World Health Organisation notes that *"higher income and social status are linked to better health. The greater the gap between the richest and poorest people, the greater the differences in health."*[45]

6.30 The construction and demolition phase is estimated to support 2,250 gross job years and the Proposed Development is expected to support 2,060 additional jobs over and above what is currently supported once operational. The Applicant has taken the necessary steps to maximise the number of employment opportunities associated with the Proposed Development that can be fully exploited within the local area. In their Community Strategy, Great Portland Estates (the Applicant's parent company) outline their ten long term commitments. These include:[46]

- Working with industry bodies and their supply chain to maximise apprenticeship opportunities at their developments and managed buildings – during construction, at least 5 apprentices will be recruited, and 5 or more apprentices will be recruited within the relevant parties during construction. The Applicant will also work with local universities and colleges to engage with the project team and provide access to the Applicant's active sites to support learning;
- Promoting the property and construction industry through engagement with local schools – provide opportunities for work experience and career events for schools located in the communities in which our occupied buildings are located;
- Working with colleges and universities to develop the knowledge and skills of the future workforce – provide work experience for at least one university/college student per annum to work within our occupied buildings; and
- Helping the existing workforce to adapt to new ways of working – champion health and wellbeing at our buildings and for our employees.

6.31 The Applicant has also committed to providing jobs to unemployed LBS residents in both the construction and operation phases. The draft s.106 Head of Terms includes the following commitments:

- Employment and enterprise during construction (in-kind provision) – One job lasting a minimum 26 weeks for an unemployed Southwark resident per 500sqm GEA, one Southwark resident trained in pre-or post-employment short courses per 500sqm GEA, and one new apprenticeship start or in work NVQ per 2,000sqm. Where the target number of sustained jobs, short courses or apprenticeships cannot be provided, a contribution will be sought to be used by Southwark, calculated as £4,300 for shortfall against target number of jobs lasting minimum 26 weeks, £150 for shortfall against target number of Southwark residents trained in short courses, and £1,500 for shortfall against target number of apprenticeship starts.
- Employment and enterprise in operational development (in-kind provision) – Requirement to provide jobs lasting a minimum of 26 weeks for unemployed Southwark residents calculated at 10% (for office floorspace) or 20% (for retail floorspace) of the estimated Full Time Employee (FTE) employment on site

45 World Health Organisation, 2017, Health Impact Assessment – The Determinants of Health.
46 Great Portland Estates. Creating sustainable relationships. Accessible at: https://www.gpe.co.uk/media/3366/gpe_community_strategy.pdf

according to Homes and Community Agency (HCA) employment densities or an alternative measure agreed by the council. An employment and training contribution will be sought, to be set at the target number of jobs lasting a minimum of 26 weeks for unemployed Southwark residents multiplied by £4,300.

6.32 The Proposed Development will also provide 1,067sqm of flexible, high quality, affordable workspace on the upper floors of the Georgian terrace, offering support for start-ups, small or independent businesses.

Community cohesion

6.33 As noted in the Economic and Health[47] report, the public and workers will have access to a variety of facilities including retail, restaurants, new access routes, a gym, gardens and improved public realm. The Proposed Development therefore provides areas which encourage social interaction and are likely to have a positive impact on the way in which workers, visitors and residents interact with each other and their environment.

Climate Change

6.34 The Applicant is targeting a BREEAM rating of 'Excellent' for the areas assessed under BREEAM New Construction (NC) 2018 and 'Very Good' for the areas assessed under BREEAM Non-Domestic Refurbishment and Fit-Out (RFO) 2014.

6.35 Various measures have been included in the Proposed Development in order to both mitigate against the effects of climate change but also help reduce the impact the Proposed Development will have in relation to climate change. These include energy efficient systems and solar panels (photovoltaic panels) to provide a proportion of the energy demand of the Proposed Development.

Enhancing Biodiversity

6.36 Although the Site and its immediate surrounds do not support any Important Ecological Features[48], the Applicant will comply with relevant UK and EU regulation relating to the protection and enhancement of ecology. Moreover, an elevated garden is a core part of the scheme and will provide a range of habitats and enhance biodiversity on site.

Sustainable Urban Drainage

6.37 The drainage strategy for the Proposed Development ensures that it does not increase flood risk elsewhere. Specifically, sustainable drainage systems (SUDs) such as blue roofs and greywater recycling will be specified to reduce the peak surface water discharge.

Conclusion

6.38 This section summarises the health and social effects of the Proposed Development. It shows that there are several beneficial effects, including provision of a new pedestrian

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[47] Volterra, 2018. New City Court – Economic and Health Report

[48] Important Ecological Features are defined as ecological features which, either by themselves or in a network, contribute significantly to an ecosystem's productivity, biodiversity, and resilience

walking route, improved permeability through the Site, a new elevated garden, and work and training initiatives. Many of the health effects of the Proposed Development are insignificant; the only potential significant adverse effect is a worst-case moderate negative impact on noise during the construction phase on receptors closest to the Site.

7 Summary

7.1 The Proposed Development has been designed to respond specifically to market trends to ensure that it meets the demands of tomorrow's occupiers. The Proposed Development will provide shared meeting, entertaining and conference space which is useful for both the tenants and the wider community. The garden floors within the Proposed Development will also provide flexible use, informal work and meeting space with facilities to relax and unwind. The building itself has been designed so the floorplates can be split and businesses of all sizes can be accommodated. The proximity to Guy's Hospital and the flexible design of the office means that the Proposed Development is expected to have significant interest in particular from MedTech occupiers.

7.2 The occupational market in Southwark is currently constrained by a limited supply of both Grade A space and large units. With limited new space due on-stream in the short term, occupier choice will remain limited. The Proposed Development would increase the supply of office floorspace in the Southbank area – contributing to 7% of the boroughs office floorspace target to 2041 – and help to maintain northern Southwark's price competitive position on which it competes with traditionally dominant locations within the inner London office market, such as the City of London and the West End. Development should be supported in the most accessible places. The Site is very accessible, located next to London Bridge Station and has the highest public transport accessibility (PTAL) rating of 6b and so is a prime location for development.

7.3 This report also considers the effects of the Proposed Development on local groups, which is summarised in the table below.

Table 7: Summary

Groups	Positive	Negative
Impact of displaced on-site activities on local economy and population	The Proposed Development will provide significant uplift in economic activity at the Site, supporting 2,060 *gross* additional jobs and 2,325 *net* additional jobs. The Applicant is committed to creating opportunities for local firms, and jobs and training for local residents. The Proposed Development will support £3.4m of construction worker expenditure over the construction period and £5.1m of annual worker expenditure once operational. This will help local businesses and support the local economy.	The Proposed Development will have the effect of displacing businesses currently at the site. However, the Applicant is actively trying to minimise any negative impacts upon existing businesses, including facilitating intra-portfolio moves.
Impact on users of nearby off-site activities, including community assets or centres of social activity	Improved public realm and permeability. The Proposed Development will contribute an 'elevated garden' which is accessible to the public. The Proposed Development has been designed to reduce crime; this will benefit surrounding community assets. The Proposed Development will provide access routes, a gym, gardens and improved public realm.	The Proposed Development is expected to have a worst-case moderate negative impact on noise during the construction phase on receptors closest to the site. However, noise and vibration levels will be monitored during the works.

Groups	Positive	Negative
Impact on local businesses	The Proposed Development will result in spending in local area by £870k p.a. during the construction phase and £5.1m during the operational phase. Improved public realm and increased permeability of the Site to complete the 'retail horseshoe' which surrounds London Bridge Station. This will attract additional visitors to the area. The Proposed Development has been designed to reduce crime; this will benefit surrounding businesses. The Proposed Development will provide affordable workspace and affordable retail floorspace in a highly accessible location. Improvements to the public realm and permeability of the area will benefit local businesses.	
Impact on nearby groups with protected characteristics	Increase in employment at the Proposed Development would help address issues of local unemployment, especially since the Applicant is committed to creating opportunities for local firms, and providing jobs and training for local residents. This is expected to be particularly beneficial for some groups with protected characteristics under the Equality Act, including young children, people from BAME communities (who have higher than average levels of unemployment), disabled people, and people from low income groups. The Proposed Development would improve the pedestrian environment, permeability, and accessibility of the Site and wider area. The evidence shows that, although all groups would benefit from these improvements, the benefits of improved open space, permeability and accessibility would be greater for the elderly, children and disabled people.	The Proposed Development is expected to have a worst-case moderate negative impact on noise during the construction phase on receptors closest to the site. This could have effects on some equality groups including young children, old people and disabled people. However, this is a worst-case assessment which is seldom likely to occur in practice, and noise and vibration levels will be monitored during the works.

8 Appendix A – Market Overview and Demand Analysis – Cushman & Wakefield and JLL Report

New City Court, SE1
Market Overview and Demand Analysis
July 2019 Update

Introduction:

As part of the viability assessment for the redevelopment of New City Court, you have asked us to provide a central London and local market update to assess the demand for such a development noting the its potential delivery in 2024/2025 and the achievable leasing terms, which have been provided under separate cover.

Tower overview and letting issues:

We previously commented that the London marked was defined by five towers in 2016:

- The Leadenhall Building
- 20 Fenchurch Street
- The Shard
- Heron Tower
- Aldgate Tower

During the current cycle, the London market has been defined by the following new tower developments:

- 22 Bishopsgate – AXA/Lipton Rogers
- The Scalpel – W.R.Berkley
- 100 Bishopsgate – Brookfield

These assets have enjoyed varying success in terms of levels of pre-lets/leasing as well as rents and leasing voids. We summarise a few of the key lessons learnt as follows:

- Occupiers are increasingly looking for sustainable/technologically advanced and flexible workspace.
- Wellness/sustainable/technology/amenity/core and flex offering are all high up on the occupier agenda
- Larger efficient floors have proved attractive to occupiers and assisted in securing off-plan and during construction pre-lets.
- Smaller floor plates attract smaller occupiers who do not tend to pre-let but will pay premium rents upon completion, but often require earlier lease flexibility.
- Momentum is key in any leasing campaign and therefore a realistic approach to pricing at the outset will pay dividends in the long run in terms of letting velocity.
- A variety of floor plate sizes helps to broaden the target audience and therefore decrease void.

We summarise the success of the schemes below:

	22 Bishopsgate	The Scalpel	100 Bishopsgate
Practical completion	Q1 2020	Available	Q3 2019
Proportion pre-let on completion	TBC	c. 50%	TBC
Current Status	c. 45% let or under offer	c.65% let or under offer	92.5% let under offer
Average transaction size	62,639 sq ft	23,800 sq ft (excluding WR Berkley)	163,198 sq ft

New City Court Design Response

In recent years we have seen developers responding to occupiers' rapidly changing needs and demands by providing significant amenity and shared use spaces, in support of new ways of working. They have also moved towards the provision of space for businesses of all sizes from startups to mature businesses. The next generation of larger buildings under construction or in design are taking the concept further. These trends are here to stay and such facilities will form material parts of the successful buildings of the future.

New City Court has been designed to respond to these trends.

The hub floors provide meeting, entertaining and conference space which is useful both to tenants in the building and outside. Experience at Blue Fin Building, for example, has shown us that it is the smaller tenants who benefit the most, as they do not have the resources to provide these spaces in their own accommodation. This enables them to occupy slightly less space and make more efficient use of what they have, with a material knock-on sustainability dividend.

The Garden Floors provide what all tenants are now looking for; flexible use, informal work and meeting space with facilities to relax and unwind. Biophilia is an essential component of wellness in buildings. The benefits to staff wellbeing and from this, business productivity are increasingly well understood.

The building has been designed so that floors can both be split into parts and also laid out in smaller suites to accommodate small businesses and flexible workspace as well as they can larger multi floor businesses.

When you combine all of the above and a holistic design ethos which supports this "ecosystem" and community approach, you create a building which supports local businesses as much as it attracts new businesses into the Borough from elsewhere.

New City Court is designed to respond to the demands of tomorrow's occupiers.

Market Supply and Demand

When analysing the SE1 market, it is important to ensure that it is viewed in the context of the wider London market, given the footloose nature of occupiers.

The occupational market in Southwark is constrained by a limited supply, of both Grade A space and large units. With limited new space due on-stream in the short term, occupier choice will remain limited. This demand and supply imbalance will continue to support rental growth, but this will only occur when there is good quality stock to achieve it.

Central London Supply (Q4 2018)

Central London supply contracted by 15% during the quarter to 9.5 million sq ft, the lowest level since 2016. As a result, the overall vacancy rate dipped to 4.3%, down from 4.6% at the end of Q3. Over the year, supply has fallen by 1.7 million sq ft, with supply in the City seeing the largest contraction year on year. New build supply has fallen below 1.0 million sq ft for the first time since 2007, with just 836,000 sq ft of new space available which equates to a new vacancy rate of just 0.4%.

Supply constraints were exacerbated by limited development completions across Central London. Just 324,000 sq ft of speculative development completed in Q4 2018, which was the lowest quarterly volume since mid-2015. The dearth of completions was particularly acute in the West End where just 55,000 sq ft completed and in East London where no schemes were delivered.

SE1 Supply (Q4 2018)

Overall supply fell marginally to 268,000 sq ft, compared to 291,000 sq ft at the end of Q3. The overall vacancy rate of 2.5% is lower than both the wider City vacancy rate of 3.9% and the 10 year quarterly average for the Southbank market of 5.4%.

The Southbank vacancy rate is likely to remain low in 2019 with no speculative supply currently under construction for completion in 2019. There is 153,000 sq ft under construction speculatively across three buildings at Hay's Wharf, SE1 which are scheduled to complete in Q2 2020. There are a number of sites in the pipeline with potential for redevelopment from 2021 onwards, including: Bankside Quarter, a residential led scheme which will include a 450,000 sq ft office element; and 4-5 Paris Gardens, SE1 where planning permission was recently granted for a 455,000 sq ft development.

Central London Demand (Q4 2018)

Overall Central London take-up reached 3.1 million sq ft in Q4 2018. This was virtually on par with Q3 and brings the total for the year to 11.5 million sq ft. Total volumes were marginally ahead of 2017, when 11.3 million sq ft was let and comfortably ahead of the long run average of 10.1 million sq ft. Pre-leasing was a key contributor to activity in the final three months of 2018, with over 1.0 million sq ft of space taken before completion. This brought the annual total of pre-lets to just under 4.1 million sq ft, or 35% of take-up, which was the highest annual level ever recorded.

Despite the uncertainty in the wider political and economic arena, occupiers' continued commitment to London was evident. The number of transactions over 50,000 sq ft in Q4 stood at 11, with three transactions over 100,000 sq ft. This means there have been 39 deals over 50,000 sq ft signed throughout the year, which is on a par with the previous peak back in 2014. Both the West End and City experienced a robust end to the year, with above average levels of leasing activity recorded. In contrast, East London was subdued but nevertheless, on an annual basis volumes were up on 2017. The City recorded the highest annual levels of leasing since 2014 at 6.7 million sq ft, while the West End saw volumes above 4.0 million sq ft for the second consecutive year.

SE1 Demand (Q4 2018)

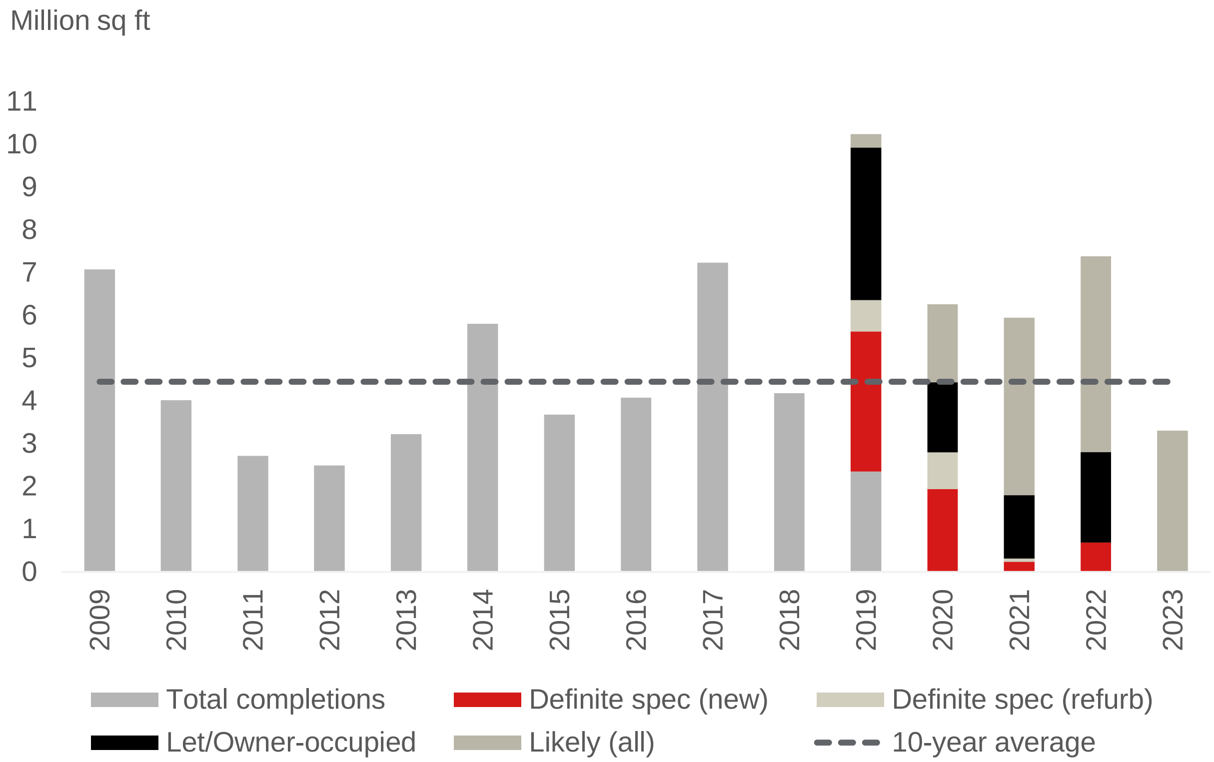
Overall demand decreased 7% to 7.8 million sq ft, compared to 8.3 million sq ft at the end of Q3 and but remains significantly ahead of the 10 year average of 2.1 million sq ft, reflecting the wider range of occupies who are including the Southbank within their search area. Within this, active demand stands at 4.8 million sq ft, down from 5.4 million sq ft at the end of Q3. The current high level of active driven is inflated by a number of major long-term requirements from the Banking & Finance sector, which accounts for 44% of all active demand. Professional Services also has a high share, with 20%, followed by Service industries (18%) and TMT (9%). There is a diverse range of sized requirements, but the largest number of requirements (87 of 114) are seeking between 5,000 and 50,000 sq ft, which is consistent with recent take-up.

Future Supply

We set out below the Southwark and Central London Development pipeline.

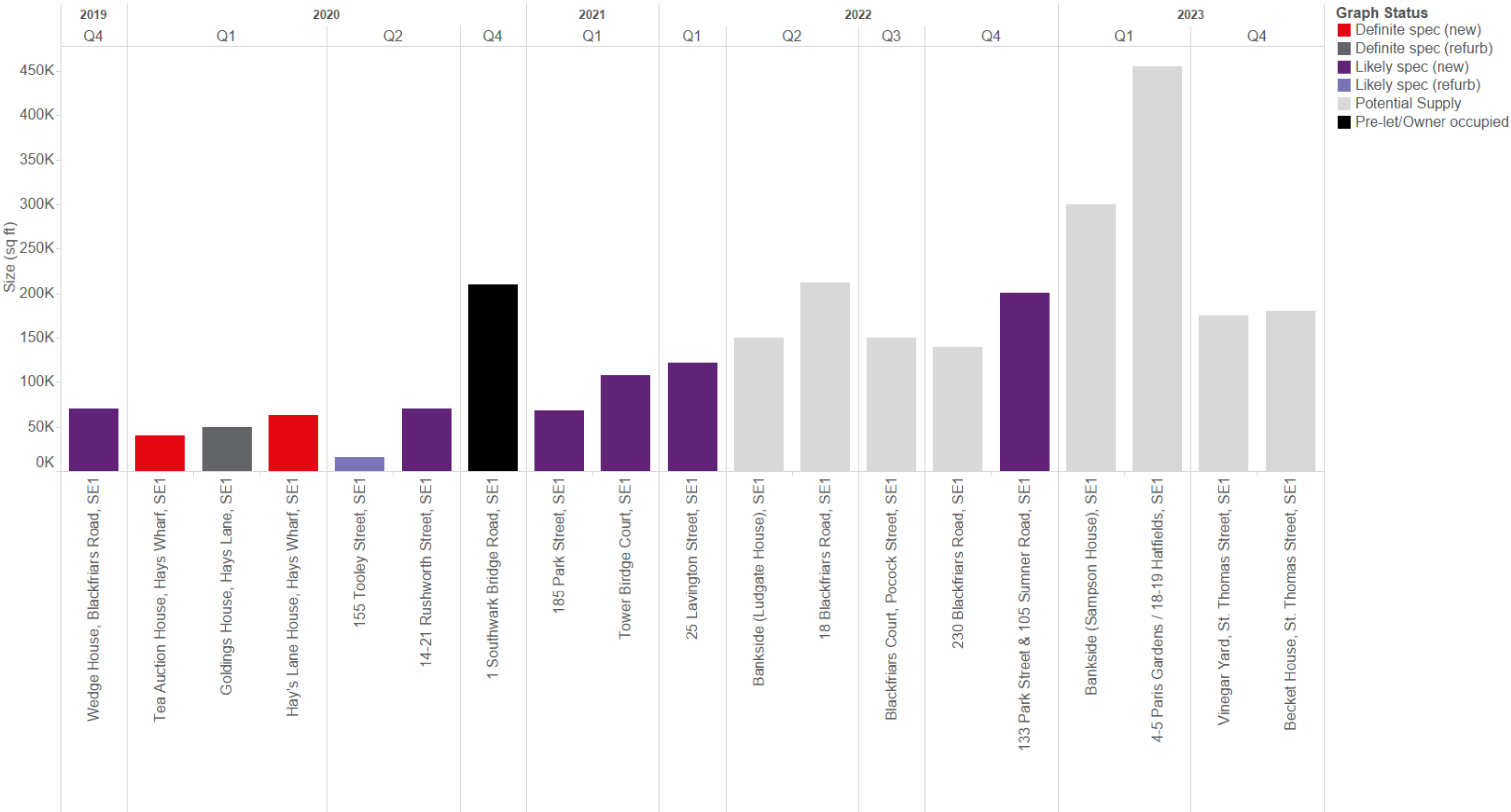
Q4 2018 Central London Development Pipeline

Speculative development under construction stands at just over 7.8 million sq ft. This is due to several speculative developments starting, which total over 1.4 million sq ft. Just 324,000 sq ft of speculative development completed in Q4 2018, which was the lowest quarterly volume since mid-2015. The dearth of completions was particularly acute in the West End where just 55,000 sq ft completed and in East London where no schemes were delivered. Four new schemes of over 100,000 sq ft began, reflecting the ongoing positivity around the long-term prospects for the Central London office market.



Q4 2018 SE1 Development Pipeline

The Southbank vacancy rate is likely to remain low throughout 2019 with no speculative supply currently under construction for completion in 2019. There is 153,000 sq ft under construction speculatively across three buildings at Hay's Wharf, SE1 which are scheduled to complete in Q2 2020. There are a number of sites in the pipeline with potential for redevelopment from 2021 onwards, including: Bankside Quarter, a residential led scheme which will include a 450,000 sq ft office element; and 4-5 Paris Gardens, SE1 where planning permission was recently granted for a 455,000 sq ft development. A graph of major development schemes is outlined below.



Tower Supply

We set out below Central London Towers (over 20 floors of office accommodation) with planning permission to be delivered from 2020 onwards.

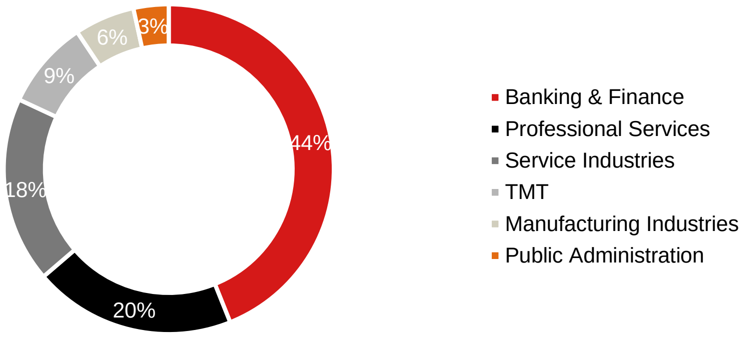
London Office Towers with Planning permission

Building	Size	Floors	Average floor plate size	Earliest delivery date
6-8 Bishopsgate, EC2	560,000 sq ft	TBC	Various	Earliest Q4 2022
40 Leadenhall Street, EC3	878,449 sq ft	34	9,000 – 38,000	Earliest Q4 2023
The Tulip!	-	-	-	2025
100 Leadenhall, EC3	c. 1,000,000 sq ft	56	TBC	2026
Trellis, EC3 (1 Undershaft)	1,399,307 sq ft	73	TBC	Late 2020s
1 Leadenhall, EC3	680,000 sq ft	35	TBC	TBC

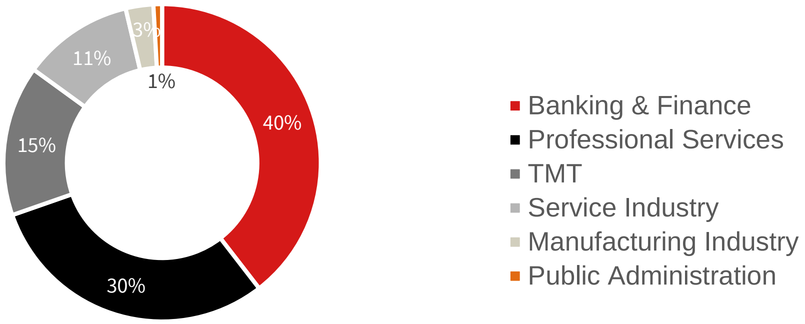
Occupier Demand

There is currently 8.8 million sq ft of active demand in the Central London market (above the 10-year quarterly average of 8.3 million sq ft). Of this, 6.1 million sq ft is focused on the City and 3.8 million sq ft in the West End. Given the footloose nature of demand across London but specifically in SE1 it is difficult to predict the likely occupier mix of New City Court. This is demonstrated below:

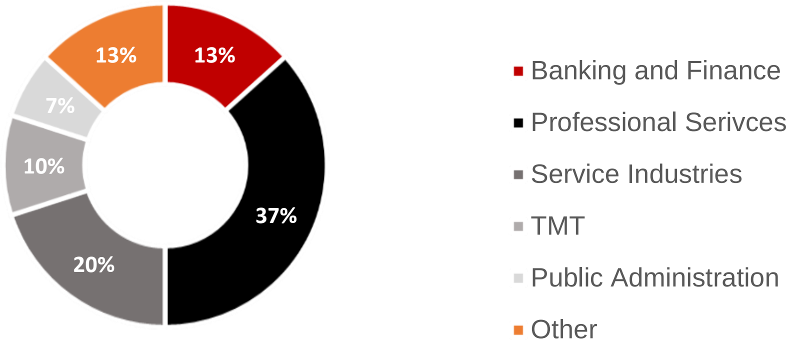
Southbank active demand by business sector (sq ft), Q4 2018



Southbank active demand by business sector (sq ft), Q4 2017



The Shard Take-up by Sector (sq ft)



Despite some issues with the leasing strategy at The Shard it has been very successful in attracting a wide variety of occupiers, and unless a significant anchor tenant (such as was achieved 240 Blackfriars Road with UBM) we could expect a similar tenant mix to that of The Shard.

Demand - Sector Focus: MedTech

Given New City Court's proximity to Guy's Hospital, we anticipate there will likely be demand from the MedTech sector and potential for these occupiers to form a symbiotic hub.

MedTech is the development of technological products to improve healthcare. It covers a broad range of disciplines including medical imaging, the discovery of new and improved medical devices, including implants and equipment, and improvements in the way medical conditions are diagnosed and treated surgically.

There are currently 3,583 MedTech businesses in the UK, who had a combined turnover of £22.2bn in 2017. There are 121,900 people employed in the MedTech sector across 3,957 sites in the UK. 28% of employees are based in London and the South East, which is the highest concentration in the UK.

The development of New City Court will benefit the local area in terms of attracting MedTech occupiers who would in turn benefit from proximity to the facilities at Guy's Hospital. Proximity to the hospital could provide commercial occupiers with a range of synergies, including access to leading technology and healthcare innovators, an immediate patient population, and a local talent pool of sector specialists.

Major SE1 transactions (>50,000 sq ft)

Tenant	Building	Size	Sector	Date
WPP Group	1 Southwark Bridge Road, SE1	209,995 sq ft (entire building)	TMT	November 2018
WeWork	Friars Bridge Court, Blackfriars Road, SE1	99,322 sq ft (entire building)	Serviced Office	November 2018
CBRE	Cooper & Southwark, SE1	77,937 sq ft	Property Services	March 2018
Informa Group Plc	Blue Fin Building, SE1	62,547	Publishing	August 2018
Jacobs Engineering	Cottons Centre, Hays Lane, London, SE1	52,365	Professional Services	October 2018