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Dear Chris

An Introduction to GPE and our Commitment to New City Court

In the context of the forthcoming public inquiry in respect of our planning and listed building consent applications for New City Court, you have asked me to provide an overview of GPE's business, the types of buildings that we bring forward to the market and our ongoing commitment to provide high quality development in central London, particularly in light of the COVID pandemic and with particular reference to New City Court. I set out some high-level thoughts below and would of course be happy to provide any further information as may be requested by the Inspector.

We are fully committed to the redevelopment of New City Court. The current building has reached the end of its economic life and is in need of full redevelopment, whereas a refurbishment of the existing building would not optimise the potential of such a key site so close to London Bridge station. We have worked hard since early pre-application meetings and consultation in 2015 to secure a consent at local level and are disappointed that it has ultimately led to the need to appeal. We of course continue to work closely with officers and have other applications live in the Southwark planning system.

We fully support both the 2018 and 2021 schemes and would build either one if consented. They are quite different design responses, but both fulfil our objectives of supporting local business, community and infrastructural needs, as well as our own stringent development requirements. We are therefore confident that either would appeal to our customer base. We have worked closely with our experienced consultant team throughout the design evolution of both schemes and consider both to be of outstanding design and quality with huge potential to bring significant benefits to the Borough. In our view, either scheme would be an excellent addition to the Central Activities Zone, the emerging SC1 Innovation District at London Bridge, the London skyline, the local community and the GPE portfolio.

GPE

New City Court is owned by G.P.E. (St Thomas Street) Limited, a 100%-owned subsidiary of GPE plc.

GPE plc is a FTSE 250 property investment and development company, owning a £2.65 billion portfolio of central London real estate. We became a public quoted company in 1959 and, since the early 2000s, our business has focused entirely on central London. This is a market that we know extremely well, which allows us to better evaluate changing conditions, as well as to adapt to changing working practices and market expectations following COVID-19.



With 24% of our portfolio in our development programme, we continue to obtain planning permissions across central London for major schemes that will regenerate and revitalise their locations. We pride ourselves on working collaboratively with the local planning authorities; and undertake extensive consultation as part of this.

This is the first time we have had to appeal for non-determination and the first time we have found ourselves in the position of preparing two detailed planning applications for two different designs for the same site.

We develop our own portfolio and therefore manage and control all details of our developments through to final occupation (and in many cases on an ongoing basis thereafter). The quality and standards set out in our planning applications are the same as those you will see once the buildings are constructed. As a result, our buildings attract an enviable list of occupiers and win awards for their very high architectural quality.

I have provided a few of our recent publications as appendices to this letter, which hopefully will give a flavour of the standards to which we hold ourselves, as well as our delivery commitments for our developments. I have also extracted just a few key points from these and included them within the body of this letter, below.

GPE's commitment to London and Southwark

We have no doubt that London will remain a resilient and leading global city. Our proposals to redevelop New City Court will produce market-leading grade A office space, with exemplary sustainability and wellness credentials. With the benefits of a new station entrance at London Bridge, new retail provision and a publicly accessible garden, either scheme will provide the type of high-quality office space that businesses need and want in order to draw their employees back to collaborate and thrive in the workplace as the pandemic subsides.

Post pandemic, we have seen a bifurcation in the office market with occupiers seeking highly sustainable, amenity rich workspace of the highest architectural quality, close to public transport. Buildings which cannot meet these credentials will become increasingly stranded, struggling to attract occupiers. Without a continuing supply of best-in-class workspace, Southwark could be at risk of limiting its potential to attract and retain businesses.

We have long and extensive experience of working in the London Borough of Southwark, including the development of 160 Tooley Street (the Council's offices where the inquiry will be held, also designed by AHMM), 240 Blackfriars Road (again designed by AHMM), Woolyard at 46/58 Bermondsey Street, and Minerva House. We are fully committed to bringing forward highly sustainable developments and, where appropriate, refurbishments in the Borough, which create lasting positive social impact and are of the highest architectural quality.

Appendix A provides an overview of the above-mentioned projects in Southwark together with just a small sample of our other schemes that have recently secured consent or been built out:

- French Railways House on Piccadilly, City of Westminster: The scheme is surrounded by listed buildings including Fortnum & Mason, the Royal Academy and a listed retail arcade, so heritage considerations were fundamental to the success of the application. Peter Stewart also worked very closely with us on this scheme, which secured planning permission in May 2022;

- Rathbone Square, City of Westminster: This was the comprehensive redevelopment of the former Royal Mail sorting office at the East End of Oxford Street that completed in 2017 comprising a mix of offices, residential and retail uses. Stitching the scheme into the local Fitzrovia townscape was a key requirement. Central to the scheme has been a new public square which provides an oasis of calm as well as creating new east/west routes behind Oxford Street. All of the offices were pre-let to Facebook.
- Hanover Square, City of Westminster: This mixed use office, residential and retail scheme shares many of the characteristics of the New City Court Scheme. It is located directly above the new Bond Street (East) station on the Elizabeth Line and is a mix of new build, redevelopment behind a retained façade and refurbishment of a listed building. There is extensive new public realm.

Medici Courtyard, a beautifully landscaped courtyard provides a calm, ambient space for all to enjoy as well as new routes through the site between Hanover Square and Bond Street. Working with Westminster and TfL, we were instrumental in the transformation of Hanover Square to provide a revived setting for the area's buildings, businesses, monuments and new public art pieces as well as a garden oasis for residents, workers and visitors. The scheme completed at the end of 2020.

- 2 Aldermanbury Square, City of London: We are about to commence a major redevelopment in heart of the City of London that will deliver a best-in-class customer experience and which has technology, adaptability, sustainability and wellbeing at its core. It will be net zero carbon and has been designed to meet all our pillars of sustainability.

We would be delighted to show the Inspector any of our recently-completed redevelopment projects to give a sense of the quality of finish and standards that we require across our portfolio. If this would be helpful, we would perhaps recommend a visit to Hanover Square.

Our website also provides more detailed case studies and includes an interactive map of our portfolio, which might be of interest: <https://www.gpe.co.uk/our-portfolio/>

GPE's Environmental and Sustainability Credentials

As a responsible business, GPE has sustainability at its core. Managing and balancing the needs of our customers, investors and the communities in which we work are key to maintaining the long-term value of our business.

For the industry to make progress on sustainability issues, collaboration is key. We are therefore members of the UK Green Building Council, Better Buildings Partnership, National Park City Developer Forum and Wild West End. Our Sustainability & Social Impact Director is Chair of the Better Buildings Partnership and a member of the European Public Real Estate Association Sustainability Committee; and our Sustainability Manager sits on the British Property Federation Sustainability Committee. Through our active membership of a number of business improvement districts and London First, we are also working with our communities to drive sustainability improvements across London.

I have attached our **Statement of Intent for 2030**, 'The Time is Now', at **Appendix B**, which was launched in May 2020 and sets out the four pillars of our approach to sustainability, which are:

- De-carbonise our business to become net zero by 2030;
- Design climate-change-resilient and adaptable spaces;
- Create a lasting positive social impact in our communities; and
- Put health and wellbeing front and centre.



Our Statement of Intent has been informed by our review of material risks and the alignment of our strategy with the UN Sustainable Development Goals. Building on our strong track record, it sets out our approach to sustainability across all areas of our business and activities looking out towards 2030.

You will see that within the Statement of Intent we make a number of commitments to be met by 2030, including:

- Reduce energy intensity by 40% and carbon intensity by 69% at our occupied buildings from our 2016 baseline;
- Reduce embodied carbon at our developments, refurbishments and fit outs by 40% and switch to renewable energy at our buildings;
- Offset residual emissions only once the above measures are addressed;
- Increase biodiversity net gain across our portfolio by 25%;
- Transition away from fossil fuels;
- Create at least £10 million of social value in our local communities; and
- Integrate wellbeing into the design of our spaces.

Our website includes far more detail, but I include at **Appendix C** our **Roadmap to Net Zero**, which explains how we will de-carbonise our business to become net zero by 2030, and at **Appendix D**, our **Social Impact Strategy**. These commitments are fundamental to our business and govern how we operate across our portfolio. New City Court would be a key part of this. Progress against our targets is monitored by our Sustainability Committee and reported publicly on an annual basis through our Sustainability Performance Report.

To help ensure a consistent approach to sustainable building design and create a positive, long-lasting social impact on the communities in which we work, our expectations and ambitions are outlined to our partners within **Our Guiding Principles for Design** (provided at **Appendix E**). This is supported by our **Sustainable Development Brief** (provided at **Appendix F**) which sets out detailed guidance and deliverables (including requirements to demonstrate compliance at each stage) for our development teams. We have an exacting brief so that we can ensure that all of our developments meet our standards and are products of which we are proud. Operational issues are considered in detail from the outset to ensure that our buildings function in accordance with design assumptions and can be built out once planning permission is secured. We use digital twin technology to assess and monitor actual energy consumption against design criteria.

New City Court is one of the founding registered pioneer 'BRE NABERS Design for Performance' projects, which will ensure we achieve our 2030 energy intensity target of 90 kWh/m² for all of our completed developments. This also includes an ambition to reduce our upfront embodied carbon target. To demonstrate that we are committed to putting customers' health and wellbeing front and centre, we would also achieve the WELL international standard on New City Court. New City Court would be a Net Zero Carbon scheme and our requirement for New City Court would be to target exceeding our 2030 energy intensity and embodied carbon targets. We are already doing this with our other currently-committed schemes in central London. On our latest committed scheme in the City of London (2 Aldermanbury Square), we are pioneering a circular economy approach where we will take the structural steel from the existing building which is shortly to be demolished and re-use it in a new build scheme elsewhere in our portfolio, generating a saving of over 90% in the embodied structural carbon of the recipient building (currently expected to be French Railways House).

The London and Southwark Office Market – Demand and Supply post COVID-19

London generates around 24% of UK GDP, with the largest economy of any city in Europe, and is one of the world's leading commercial, creative and financial centres. By 2030, London's population is expected to have increased to around 10 million, up from 9 million today, and improving

infrastructure, including the recently opened Elizabeth Line, is bringing more people within its reach. Its combination of a strong legal system, time zone advantages, international connectivity and a

welcoming attitude to business from around the world has resulted in London retaining its position as the world's most attractive city for the global workforce, as measured by the Boston Consulting Group.

To assist the Inquiry, GPE commissioned JLL and Cushman Wakefield to prepare a **Market Overview and Demand Report** for Grade A office space in central London and particularly in Southwark. This report, which is included at **Appendix 2** within your evidence, makes clear that:

- a) Occupier demand has remained robust as the impact of the pandemic reduces. The supply of Grade A office space has continued to fall across central London as occupiers compete for the best in class developments. There is therefore significant pent-up demand for best in class, highly sustainable office buildings, with great amenity, across central London but especially in Southwark. As with the rest of central London, future supply of Grade A office space has continued to reduce in SE1 during 2021.
- b) There is limited Grade A new-build stock available, and the pipeline of schemes being delivered remains constrained. Very few are of the scale that occupiers have been historically attracted to in this sub-market. The constrained pipeline in SE1 has historically resulted in schemes showing strong leasing performance - indeed, of the new stock delivered from 2017-2020, 100 per cent was pre-let/owner occupied upon completion. The limited delivery of 220,000 sq. ft of space in Southwark in 2020 did little to raise the new build vacancy rate, which now ranks amongst the lowest in London's submarkets. This rate has been under continuing downward pressure as occupiers seek out the best-in-class space. In Q1 2022, the vacancy rates were 7.7% and 4.4% in the Southbank and Waterloo submarkets respectively, significantly below the City and West End market rates of 7.9% and 6.4% respectively. Similarly, new-build submarket vacancy rates of 1.0% (Southbank) and 0.4% (Waterloo) remain below the central London new build vacancy rate of 1.3%.
- c) Despite an increase in overall office availability across London, there is a diminishing supply of Grade A space in prime locations. Due to inflationary pressures, increasingly expensive and difficult development funding and other numerous hardening barriers to entry, the development pipeline is likely to remain constrained. This is seen against above-average active demand from occupiers in London. Over half of the London active demand is for occupiers seeking over 100,000 sq. ft of space; and the majority of these will be looking for new buildings close to transport facilities and with the benefit of open space.
- d) Despite a significant amount of uncertainty over the past 24 months, press speculation regarding "the death of the office" and with the population spending over four months of 2021 in lockdown or under restrictions, take-up of office space in London was very positive and remains so. Take-up for 2021 was 8.56m sq. ft, only 12% down on the 5-year average; and this can be seen in a very positive light in comparison to the pre-pandemic (2015-19) 5 year average take-up (excluding serviced offices) of 9.8m sq. ft.

- e) A key shift is that occupier demand is for amenity-rich buildings of 'Grade A' quality, with 62% of 2021 take-up being Grade A. Not only was the resilience in occupier demand demonstrated by the level of take-up in 2021, it is also shown by the current level of active demand, which is above the 5 year average. GPE enjoyed a record leasing year in 2021, and we remain confident in the office market generally and within central London in particular. Our products are of a quality that will attract workers back into the office, an issue that businesses are wrestling within the face of increased flexible working.
- f) Despite the pandemic bringing a more flexible approach to how some people are choosing to work, there is still big demand for high-quality office space and the facilities and benefits that come with this. Take-up in SE1 is very diverse and demand for New City Court could come from anywhere in London as either scheme would be a high-quality building, with an excellent PTAL rating, that will appeal to most sectors. There is a good spread of current active demand from the three key sectors that tend to drive London take-up: banking, finance and insurance; legal and professional; and media and technology.
- g) The supply and demand dynamics are pointing towards an imbalance where the requirements of occupiers will not be met in the London market. New City Court (both the 2018 and 2021 schemes) would meet the needs of occupiers by providing high-quality architecture, significant amenity and highly sustainable development, which will bring occupiers from across London and even internationally to Southwark. The new office landscape post-pandemic has also highlighted how much local economies and businesses depend on the population of office workers to thrive.

The site sits within an emerging SC1 Innovation District/Life Sciences Cluster, an initiative promoted by King's Health Partners, King's College Hospital, King's College London, South London and the Maudsley, the London Boroughs of Lambeth and Southwark and Guy's and St Thomas' Foundation. This partnership aims to create a global quarter in the centre of London that would deliver high impact innovation, driving improvements in health and wealth, both locally and globally. The SC1 initiative intends to bring together public, private, education and clinical partners to drive innovation across the boroughs, increasing investments into life sciences and attracting new companies to the area. This is expected to significantly increase the demand for high quality office space in the area. We have also progressed discussions with King's College in respect of the affordable workspace provision at New City Court and note that this letter is included in your evidence at **Appendix 7**.

Concluding Remarks

The London office market remains strong. The significant barriers to entry, which are getting higher, will continue to limit supply. We remain confident of continuing high demand levels in central London, and particularly in this area of Southwark, due to a lack of supply and increasing demand since the redevelopment of London Bridge station and as a result of the emerging SC1 initiative.

There are of course a number of other major office schemes progressing through planning or into construction along St Thomas Street and within close proximity to London Bridge Station. This does not change our position. They have been included in the JLL analysis and the conclusion remains that there is continuing demand for high quality office developments in this location. Each of these projects has a different offer and would be a key part of the cumulative transformative regeneration of this area of the Borough.



We are seeing a bifurcation in the office market with occupiers that are actively seeking new premises now focussing on the most sustainable, best-designed buildings which are in close proximity to public transport, offering rich amenity both within the building and its immediate locality. The office environment is key in the ongoing 'war for talent' and ensuring that, even in a hybrid working world, it is a magnet to encourage people into the office to collaborate and maintain productivity. We continue to see evidence of this, with 2021 being a record leasing year for GPE as occupiers look to align their real estate strategies with post- COVID working practices. Our products perform to the highest standards and therefore work well for this market.

If planning permission is granted for either the 2018 or 2021 scheme, GPE will have no hesitation in committing to the development. We have taken great care in the design development of these schemes and very much desire to see one of them built. I am also confident that there is a significant opportunity to pre-let part or all of the building.

I do hope that the above is helpful, but should any further information be required to assist the Inquiry, please do let me or the team know.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Toby', followed by a long, horizontal, slightly wavy line.

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