

Big names check into London

The 2012 Olympics and Golden Jubilee are driving a hotel boom in the capital, reports **Pamela Buxton**

'A'nywhere in London is the right location for a hotel right now. There's a potentially insatiable demand," says hotel design expert Dexter Moren.

With 85% of the practice's work in the hotel sector including two Intercontinental hotels, a new



"There's a potentially insatiable demand for hotels in London right now"
Dexter Moren

Hilton on Bankside and a hotel at Tobacco Dock, Dexter Moren Associates is, like many leisure architects, enjoying the boom in the London hotel market which has bucked economic trends and shows no sign yet of slowing down.

According to David Bailey of hotel consultant TRI Hospitality Consulting, over the last 12 years an average of 2,500 new hotel rooms have been added every year, with a spike of 5,000 expected to be added in 2012 when London hosts the Olympic Games. Among the upcoming hotels are David Chipperfield's five-star Café Royal, which completes next spring in Regent Street, and Jestic & Whiles' Aloft London Excel. Total provision in the capital is between 110,000-120,000 rooms.

"It's only natural that for projects being developed, the Olympics has provided an impetus to complete by a certain time and has focused minds on the east of London," says Bailey of TRI, which has been monitoring the sector for 40 years.

There are several key reasons for this surge in the market.

London has traditionally suffered from a shortfall in accommodation yet can truly claim to be among a handful of world-class city destinations along with New York and Paris even without

events such as the next year's Olympics and Golden Jubilee. But the capital's natural appeal to both overseas investors and visitors alike has increased hugely because of the devaluation of the pound.

"London is at a historically affordable point," says Bailey, who says occupancy rates in the capital are running 81% for the year to date with profit up 9% per average room compared with 69.6% in the provinces, where profit has fallen by 2%.

"All brands want to be in London or increase their provision. New concepts want to debut in London. It's a really virtuous scenario. At the moment, it's easy to fund a hotel in London... It's an established destination that typically has been under developed. Now the rise of budget brands has made London more accessible."

Given the economic backdrop, the performance of hotels in London has been "amazing", adds Andrew Sangster, editor of Hotel Analyst, which provides information to the hotel investment community.

As well as the depreciation of sterling, he identifies the slump in the commercial market as a key factor, since it has allowed developers to snap up prime sites for hotels that wouldn't usually be available to them. The site of the Maccreanor Lavington-designed W10 hotel near Waterloo, for example, had originally been earmarked for residential use. ►

"Hotels are getting access to sites. Since 2007 they've gained significant ground against office and retail units which have been hit... Hotels have switched from business and American visitors to focusing on European tourists and that's held the industry up. Now, the business market is coming back quite strongly," he says, adding that as the commercial property market recovers, access to development sites for hotels will become harder again.

Growth is across the board. The luxury five-star market has been able to more than soak up the sig-

nificant flow of new supply with the re-opening during the past year of the Savoy and Four Seasons after major refurbishments plus the opening of the 294-bed Corinthia on Northumberland Avenue and Starwood's Jestic & Whiles-designed W Hotel on Leicester Square.

Upcoming luxury ventures include the Bulgari in Knightsbridge designed by Antonio Citterio and Patricia Viel with Squire & Partners as delivery architects, and the 202-room Shangri-La hotel in Renzo Piano's Shard at London Bridge. Due to open in 2013 between floors 34-52, this will be designed by Hong Kong-based Steve Leung with local assistance from Dexter Moren.

Architect Buckley Gray Yeoman has been very active in the over-subscribed middle three/four-star sector, where shortages of rooms often drive up prices. It has been working on apartment hotels for Citadines including the Trafalgar site, which is already 75% booked for the Olympics. These are generally refurbishments of existing hotels but create rooms 15% bigger than the average hotel room, targeting both the business traveller who may need a larger working area, or families. Typically rooms are contemporary in style with timber flooring, open-plan kitchen areas with top quality coffee machines, and IT/comms facilities.

"It gives paying guests more flexibility to live as they want to live," says the practice's equity director, Paul White.

There has been a particularly high level of activity in the budget hotel market, which currently accounts for one-third of future new supply according to TRI. These hotels are able to take up locations which wouldn't work for the four/five-star brands, such as in east London. Here there is a particular spurt in activity — Maccreanor Lavington is, for example, masterplanning a Royal Docks site with four new hotels for the LDA near City Airport.

The budget sector is now broad and varied, catering for the more upmarket budget such as Hampton by Hilton and CitizenM, a Dutch lifestyle hotel brand which is planning two London branches near Bankside and Tower Hill designed by Amsterdam-based Concrete. Major players remain Travelodge and Premier Inn, which between them own over 50% of budget stock. But, with prices reaching up to £150 on certain popular nights, there has been a gap in the market for more economical provision.

Tune Hotels, owned by Air Asia founder Tony Fernandes, is one of the brands exploring this offer. It has recently opened 10 hotels in London and has adopted a no-frills easyHotel-style offer with 11sq m rooms for as little as £35 for a double, where guests can pay for additional extras such as wi-fi and freshly laundered towels

Nowadays, says Bailey, all sectors including budget are influenced by the design-led approach of the boutique hotel — from artful throws on the beds to wide-screen TVs. But as general levels of design awareness have increased, fuelled by the glut of home improvement plans, hotels are having to raise their game further.

"Hotels have always tried to offer something better than you have at home and that's becoming more challenging," says Bailey. "Consumer expectations of design are being raised."

At the same time, there is a trend for tinier rooms all round. "A lot of people are exploring smaller and smaller hotel rooms. There is a certain demand at a budget hotel just to have a good night's sleep," he says.

At the budget end, this often means a shower pod rather than a bath to save space. Even higher-end offers are providing smaller



rooms in order to fit in more "keys" per site.

At the 583-bed Mint London, designed by Bennetts Associates, which opened earlier this year close to Fenchurch Street, rooms cater for both weekday business guests and weekend tourists and are 20sq m rather than the standard 30sq m, but with extensive conference and restaurant facilities on site.

"We minimised what was in the rooms to the guest-oriented essentials," says Mike Kininmonth, associate director at Bennetts, who says this has been done without compromising quality or service.

Space was saved by using a shower room, and priority was given to accommodating natural daylight — every room has full-height glazing — and to acoustic privacy through the use of concrete walls between each room. Rooms have simple finishes and contain a bed, desk and one screen for all TV, radio, music and computer needs.

Technology has had an impact,

not only on the level of IT/comms expected in hotel rooms, but also on hotel service. According to Moren, the whole nature of reception areas is being rethought with the advent of self-service check-ins. "They don't have the same sense of arrival. Receptions are becoming less formal and more loungey."

Moren has also noticed a trend towards rooftop bar and restaurant facilities, such as the glass and zinc-clad Skylounge on the top of the Mint hotel in London, as destinations for guests and visitors alike.

Can such growth in hotel provision possibly continue? Some Olympic cities experience a post-event visitor dip but with such a natural flow of tourists to the city anyway, it seems unlikely that the bubble will suddenly burst. However when the commercial office market picks up, hotel investors may have to be more inventive in securing sites, which might increase the growing trend for con-

versions of other buildings, such as obsolete offices, into hotels.

"London is a very good place to be for a hotel. Property values and inward investment are consistently high regardless of the Olympics," says John Whiles, director of Jestico & Whiles.

"The Olympics will last a few weeks but there'll still be a massive market for hotels after that," adds Squire & Partners partner Murray Levinson. These include the practice's projects for Art'otel in Hoxton and Montcalm hotel on City Road, which had initially been hoped to be ready by the Olympics. The latter, a four-star-plus hotel, has signed its 106 Agreement but there is no indication yet when the controversial Hoxton venture will go ahead.

"There is a lack of hotel rooms in London. It's practically impossible [to book] at short notice," says Levinson. "All the projects that haven't met the Olympic deadline won't just be put back in the drawer."



MINT HOTEL

This 583-bedroom hotel opened this year and is the second London hotel designed by Bennetts Associates for the Mint chain. Built on a tight City site in a dense urban area, its top-floor Skylounge (below) gives views of the nearby Tower of London and other historic buildings.

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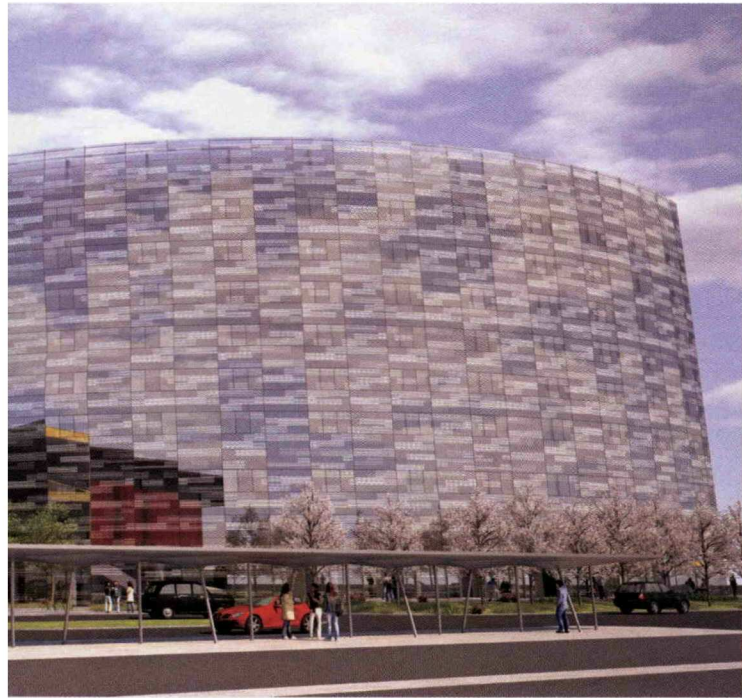


BULGARI HOTEL
 The Bulgari Hotel in Knightsbridge promises 85 rooms significantly larger than most in 5-star hotels as well as private apartments.



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The commercial slump allowed developers to snap up prime sites for hotels



ALOFT LONDON EXCEL
The Jestico & Whiles-designed Aloft London is an unusually shaped 252-room hotel on the ExCel campus in the Docklands. Opening this month, it expands east London's accommodation ahead of the Olympics.



HILTON BANKSIDE HOTEL
This 5-star, Dexter Moren Associates-designed hotel, consisting of two linked forms, will open in May in Southwark, close to Tate Modern and Rogers Stirk Harbour's Neo Bankside.