

UXBRIDGE ROAD, HAYES

HOTEL NEEDS ASSESSMENT STUDY

MAY 2022



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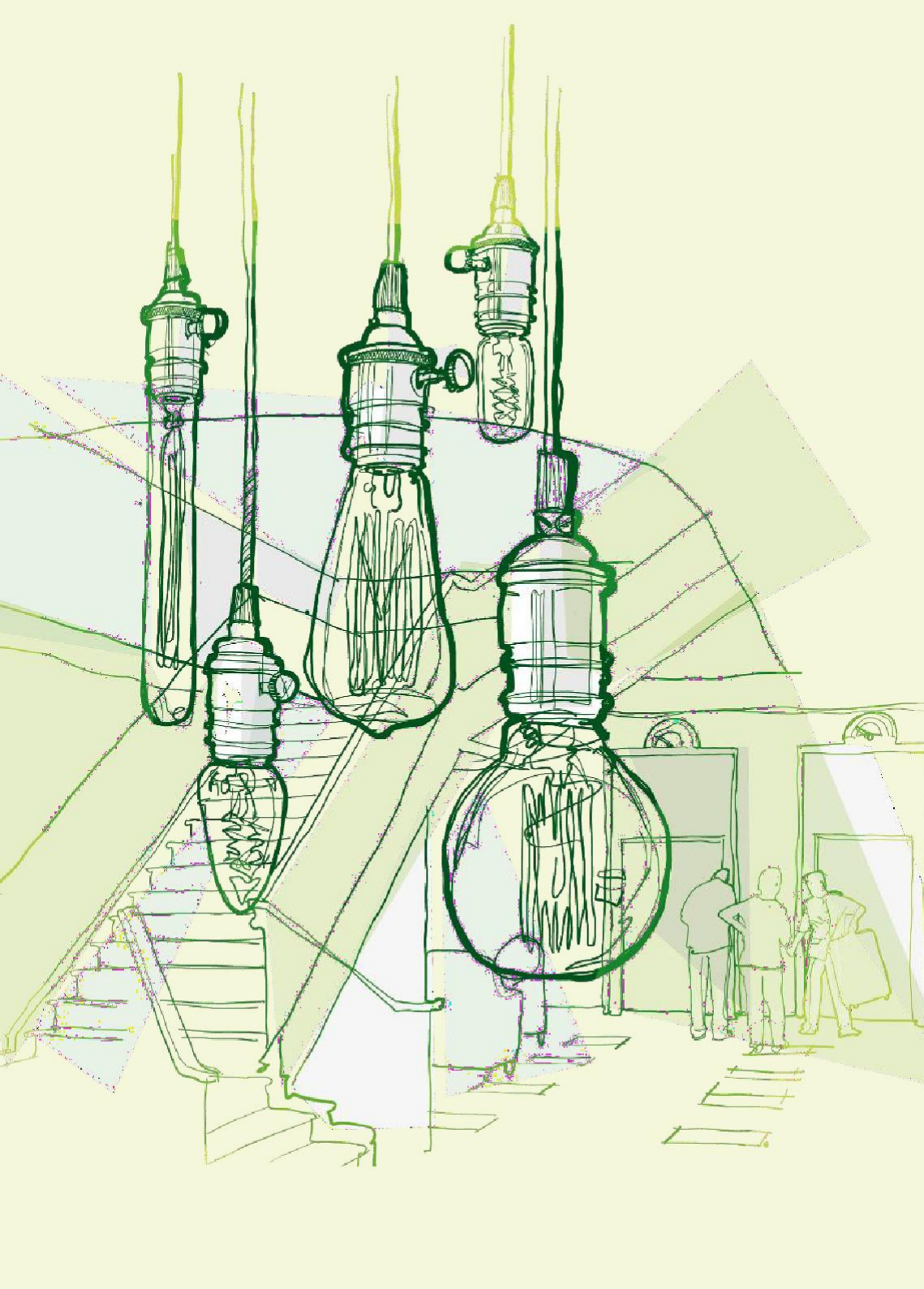
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NOVEL CORONAVIRUS (COVID-19)

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied – in varying degrees – to reflect further 'waves' of COVID-19. While these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the 16 March 2022, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where enough market evidence exists.

For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the reporting date.



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01 EXECUTIVE SUMMARY



In our view, there is a good market opportunity to develop a 435-room Hotel on Uxbridge Road, Hayes. This is supported by the performance of hotels in proximity to the site, which operated close to 80.0% occupancy in 2019, indicating a supply constrained market. In 2021, occupancy levels were close to 70%, above the wider London average of 38%. Given that demand levels in London are projected to return to pre-pandemic levels by 2024-25, there will be a need for additional quality guest accommodation in the area - to capture historically unsatisfied demand as well as to support and complement future development projects in the area. This section summarises the market factors on which we have based our assessment of the development opportunity.

Requirement for Accommodation in London



- Before the COVID-19 pandemic, between 2009 and 2019, London occupancy levels were consistently above 80%, higher than in many major European capital cities (source: STR). The same occupancy rates were recorded by the Heathrow hotel market (source: HotStats). This suggests that many hotels in London and near the airport were operating at full capacity on most nights of the week throughout the year, particularly in the summer months and between September and November - a busy period for major conferences and events. As a result, some travel demand was displaced to other locations and competing European destinations.
- As per our analysis on page 17, London's hotel stock is heavily skewed towards the West End, Midtown and the City of London. Finding an appropriate site for a hotel scheme in these areas is already becoming more difficult, and with the city forecasting a potential requirement of around 58,000 hotel rooms of serviced accommodation by 2041 - according to the 2041 London Plan - this pressure will continue. Whilst around 10,600 hotel rooms are already under construction, most of these hotel rooms are again primarily concentrated in the West End, though we note increased hotel development activity in East London.
- In contrast, there is only one property (17 hotel rooms) under construction within a 2-mile radius of the site.

Requirement for Accommodation in Hayes



- Looking specifically at hotel stock in the local area, most hotels are in central Hayes or to the south of the site, near the M4. This is unlikely to change in the short term, as most potential hotel projects are in Southall, to the east of the site (please refer to page 23 for more analysis).
- There are 16 properties within a 2-mile radius of the site, but only five of these are in close proximity to the site (1-mile radius). Apart from two branded hotels, one of which will become part of the proposed Hotel, other properties are small with limited facilities, so unlikely to support growth in travel demand going forward.
- In the wider area, the hotel provision is primarily concentrated on Bath Road, near Heathrow Airport. This is the area with the highest supply of branded hotels and where finding a suitable site for a new hotel is also becoming more difficult.
- According to STR, the local hotel market recorded robust occupancy levels, above 80% per annum, between 2017 and 2019. This highlights that before COVID-19, hotels were sold out on multiple nights of the year, displacing demand to neighbouring boroughs and other markets. In 2021, hotels in the area outperformed the overall London hotel market, achieving an occupancy of 70% (vs ~38% for London).



Accommodation Demand Sources



- There is a good provision of leisure demand generators in the local and the wider area, such as Windsor Castle, Legoland Windsor Resort and Hanwell Zoo. The new Elizabeth Line will also improve the area's connectivity with central London's landmarks and attractions.
- Although large corporate demand generators are somewhat limited, significant demand is also generated locally by businesses in the industrial estate, logistical and distribution centres, as well as West London Film Studios. Many corporate demand drivers are concentrated near London Heathrow Airport, including the head offices of British Airways and DHL.

Market Recovery



- Whilst the London economy is forecast to return to pre-pandemic levels by Q1 2022 (according to latest projections from Oxford Economics), the tourism sector is forecast to fully recover by 2024. This is in part due to the reliance of London, as a major gateway city, on international demand, which will likely face a more protracted recovery.
- However, in line with industry experts such as Tourism Economics and STR, we expect the tourism sector in London to recover from the current crisis and to have a strong recovery following the lifting of all travel restrictions (18 March 2022). This can be supported by the resilience and endurance of the tourism sector through previous demand shocks such as the global financial crisis as well as a number of terrorist attacks. A recovery in tourism demand will in part be driven by a number of trends, including Globalisation, the rise of 'bleisure' travel (when business and leisure trips are combined) and the increased facilitation of cross-broader travel.
- The shortfall in international accommodation demand is expected to be partially substituted by domestic demand over the short-to-medium term, and to be complemented by short-haul travel from continental Europe. As a result, the latest Tourism Economics forecast estimates overall accommodation demand for London to fully recover to pre-pandemic levels by late 2024/early 2025.
- Hotels near Heathrow Airport are generally more reliant on transatlantic travel, which is expected to take longer to recover (by 2025-26).



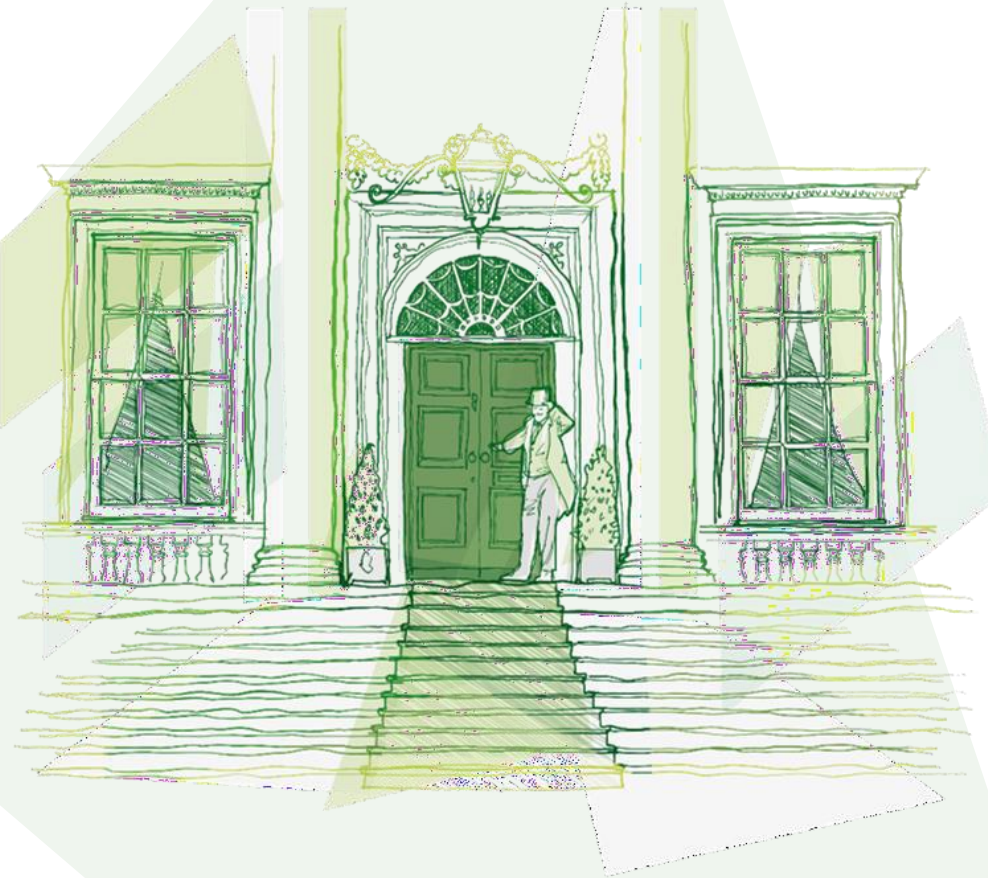
Proposed Development



- We consider that there is a good opportunity to develop the proposed Hotel in Hayes. The Hotel will occupy a visible site and substantially improve the accommodation offer in the area. It will not only serve the local businesses and community but will also attract overnight demand from the Heathrow Airport, following the full market recovery in passenger numbers.
- Hayes and surrounding areas have benefited from increased investment and regeneration, but the serviced accommodation offer is fairly limited. Although the opening two branded hotels in recent years (Hyatt Place and Premier Inn) have raised the area's profile, more hotel investment is required. The shortage of quality accommodation is particularly acute within a 1-mile radius of the site.
- The existing supply in the local market is dominated by low-cost accommodation, with economy, midscale and upper-midscale hotels accounting for 60% of all properties.
- There is a shortage of large upscale hotels as only three out of six properties offer more 100 hotel rooms. Only one of these hotels, the 170-room Hyatt Place London Hayes, is operating in the local area, though it will be replaced by the proposed Hotel if it goes ahead. However, this and other upscale hotels do not provide the same level of facilities as planned for the Hotel. Even across the UK there are hardly any upscale hotels that could accommodate the same number of associated facilities. To deliver this type of facilities requires scale (in hotel room terms), whereas most upscale hotels across the UK are relatively small (~46 rooms per hotel).
- The proposed Hotel would address this disbalance and substantially increase the hotel room provision in the upscale segment..
- As a full-service property, the Hotel would also create more employment than a typical budget or midscale hotel.



02 PROPOSED SCHEME



PROPOSED SCHEME

OVERVIEW

Market Position	Upscale		
Brand	Independent		
Operator Agreement	Owner-Operator		
Hotel rooms	Total 435		
Ancillary Facilities	Ancillary Facilities		
	Restaurant	Event Spaces	Artist Studios
	Bar	Wellness Area	
	Games Area		

Source: Infinite Partners, 2022

CONCEPT

According to the provided information, the proposed Hotel will operate independently, without being affiliated with a major hotel brand. Rather than creating a brand at the operating company level, the focus will be on delivering a concept that is specific to its location and building.

The property is expected to be managed by an experienced team. The vision for the scheme to create a platform for local residents and guests to connect, socialise and work together. The scheme aims to become a major hub for local craftspeople, designers, and manufactures and one of the main accommodation providers for both domestic and international travellers.

SCHEME

The scheme will offer a total of 435 hotel rooms and provide a range of ancillary facilities. The proposed Hotel will replace the existing 170-hotel room Hyatt Place hotel, whereas additional 265 will be added to the inventory. These comprise a range of dining and leisure facilities.

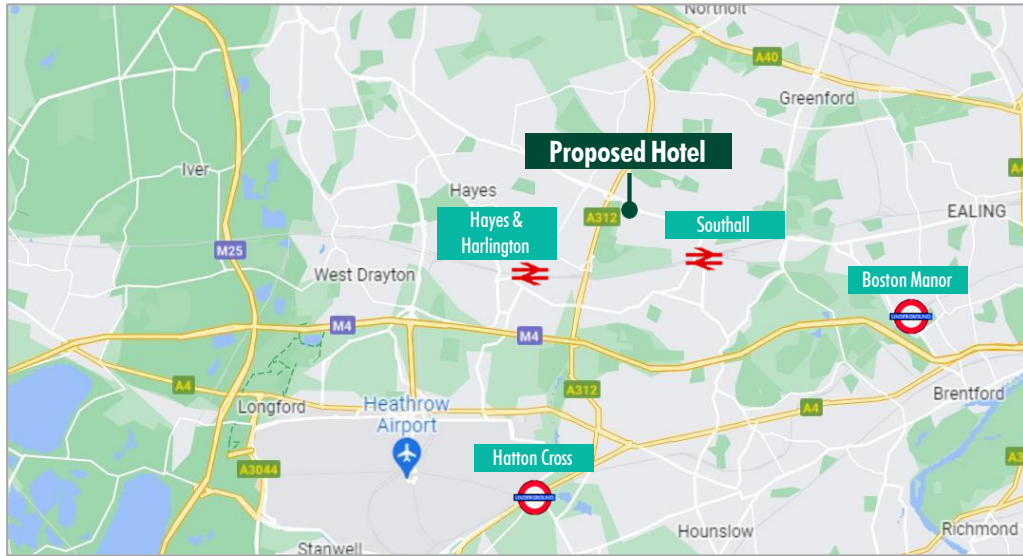
Based on the current supply and pipeline trends, the Hotel will substantially improve the quality of accommodation in and around Hayes, where the current hotel provision is fairly limited.

References and Computer Generated Images



PROPOSED SCHEME

SITE ANALYSIS



Source: Google Maps, Google Earth 2022

The adjacent map and aerial image show the location of the proposed Hotel.

- The proposed Hotel is located on Uxbridge Road, within the London Borough of Hillingdon, to the west of central London. The scheme will replace the existing Hyatt Place Hotel, which we understand is actively used by workers and suppliers of the nearby West London Film Studio and by businesses in the surrounding Hayes and Southall town centres.
- The proposed Hotel is well-placed to benefit from strong connectivity and accessibility. It sits in proximity to the main road links, such as the M4 and the M25. The Hotel will also be within a short drive of Hayes & Harlington as well as Southall GWR/TfL stations, which connect the area with London Paddington rail station, Heathrow Airport and Reading.
- The new Elizabeth Line, running from Paddington to Abbey Wood opened in May 2022. The line provides rapid links to central London from Reading, Shenfield and Heathrow.
- There are two London Underground stations within a 10-minute drive - Boston Manor and Hatton Cross - providing access to the airport and central London via Piccadilly Line.
- The nearest airport to the proposed Hotel is Heathrow Airport, the UK's largest airport (~80m passengers in 2019). It is approximately five miles south (15 min drive), providing direct routes to major European and global destinations.
- The local area has several leisure attractions within driving distance, such as: Windsor Castle (25 min), Liquid Leisure Windsor Waterpark (20 min), Hanwell Zoo (20 min) and National Trust Osterley Park & House (20 min). There are multiple industrial estates and business parks in proximity to the site, such as the adjacent Hayes Bridge retail park, the International Trading Estate further to the south and the Amazon Prologis Park to the west of the proposed Hotel.

Strong Connectivity & Accessibility

Both business and leisure travellers will have several modes of transport to choose from, including GWR, TfL Rail and the M4 and the M25.

Heathrow Airport

The closest airport to the proposed Hotel, is located within a 15-minute drive to the south.

Corporate and Leisure Demand Drivers

There is a good mix of corporate and leisure demand drivers in proximity to the site, including several business parks and historic landmarks.

Continued Regeneration

There are several major ongoing regeneration schemes in the area, which we expect to boost overnight demand for the local hotel sector. They are analysed in more detail on page 15.

PROPOSED SCHEME

PLANNING POLICY CONTEXT

The National Planning Policy Framework (NPPF) provides planning policy guidance at a national level and is a material consideration in the determination of planning applications. The NPPF sets out the Government's approach to planning matters and is supported by online Planning Practice Guidance (NPPG). The NPPF sets out a presumption in favour of sustainable development (Paragraph 11) and states that developments which are supported by an up-to-date development plan should be approved without delay (Paragraph 11c). One of the key objectives of the NPPF is to create a strong, responsive and competitive economy, which includes meeting the need for visitor accommodation.

- Policy E10 of the London Plan provides that London's visitor economy and associated employment should be strengthened and that a sufficient supply and range of serviced accommodation should be maintained, taking into account the needs of business as well as leisure visitors. The 2017 GLA Economics Paper 'Projections of demand and supply for visitor accommodation in London to 2050' estimated that London will need to build an additional 58,000 bedrooms of serviced accommodation by 2041, which is an average of 2,230 bedrooms per annum (with Hillingdon expected to accommodate 8.5% of this additional demand). Policy E2 of the HLP Part 1 sets out a strategic need for 3,800 additional bedrooms over the Plan period and recognises the importance of visitor accommodation to the local economy.
- Para. 87 of the NPPF, Policy SD7 of the London Plan and Policy DMTC1 of the HLP Part 2 require a sequential approach to be applied to planning applications for main town centre uses (including hotels) which are neither in an existing centre nor in accordance with an up-to-date plan. In line with the above, a Sequential Test has been provided as part of this application.

Please refer to the Planning Statement and Sequential Test report prepared by DP9 for further detail on planning policy.



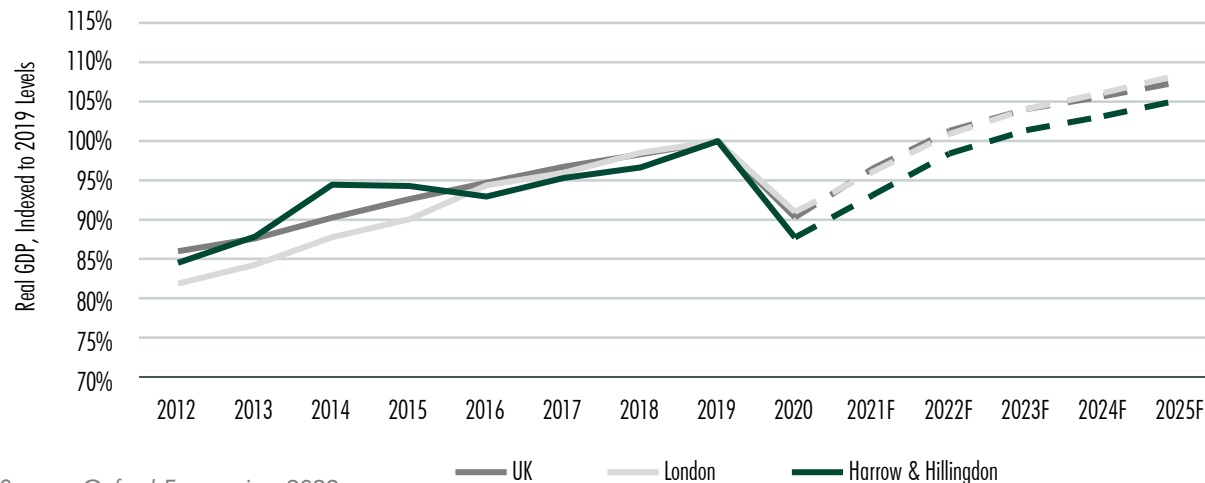
03 MARKET TRENDS



MARKET TRENDS

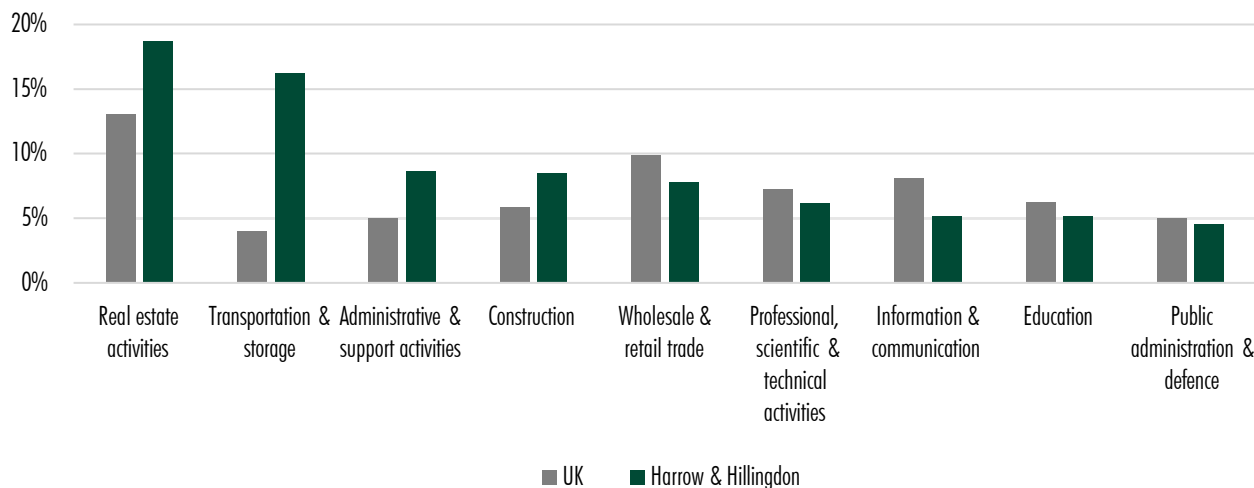
MACROECONOMIC OVERVIEW

Real GDP Growth, London vs UK vs Harrow & Hillingdon



Source: Oxford Economics, 2022

Top 10 Sectors by GVA, 2019 data



Source: Oxford Economics, 2022

CBRE Analysis:

There is typically a strong correlation between demand for hotel accommodation and Gross Domestic Product (GDP). For instance, between 2008 and 2019, there was a positive relationship between London's RevPAR (product of occupancy and average hotel room rate) and GDP, at a coefficient of close to 1.

In the following section, we will examine the economic performance in the UK, London and in the boroughs of Harrow & Hillingdon (note that Oxford Economics reports aggregate data for both boroughs).

- London accounts for around 5.5% of the UK's population and generates £480bn of GDP for the British economy (~23% of total GDP in 2021).
- Following the outbreak of the coronavirus pandemic in the first half of 2020, London's GDP declined by -9.0% in real terms, below the UK GDP decline of 9.7%.
- Oxford Economics projects that by Q1 2022 the London economy will return to the pre-pandemic levels and grow on average by 2.4% between 2022 and 2025. This should support growth in accommodation demand, as analysed on the following page.
- The combined economies of Harrow & Hillingdon are worth around £20bn, accounting for 4.2% of London's GDP in 2021.
- In contrast to London's economic recovery, the boroughs' economy is forecast to take longer to recover, by 2023. We attribute this to the boroughs' high reliance on Transportation & Storage sector.



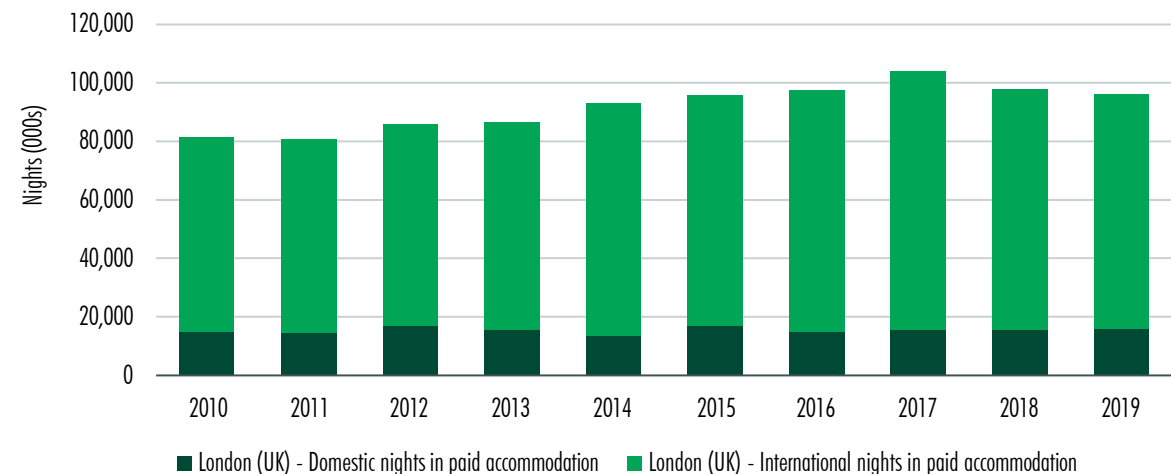
MARKET TRENDS

LONDON TOURISM OVERVIEW

CBRE Analysis:

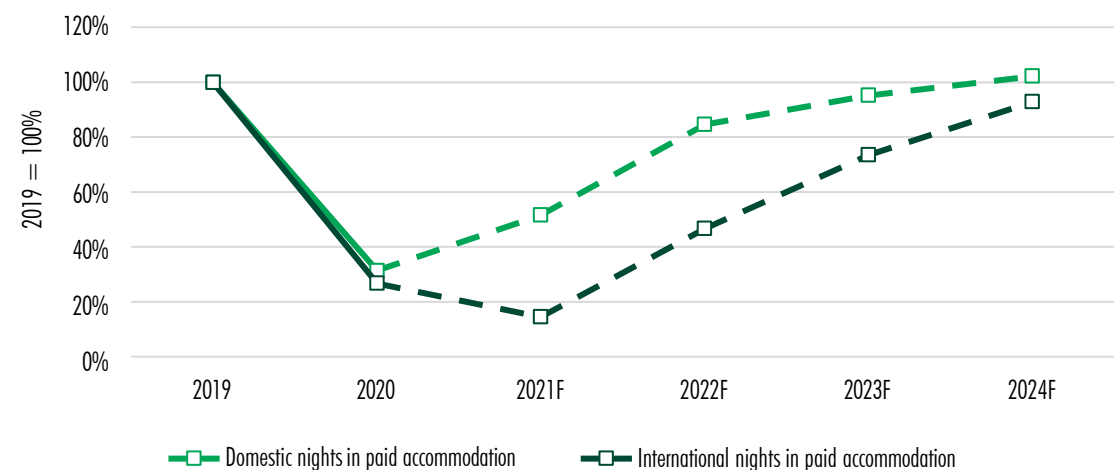
- In 2019, London recorded 96 million nights (in paid accommodation), with international travellers accounting for around 83% of all nights.
- Between 2010 and 2019, the Capital benefitted from sustained growth in overnight demand, with the total number of nights growing by 2.0% each year. This growth was largely driven by international visitors (CAGR of 2.1% vs 0.7% for domestic nights).
- From 2010 to 2019, the volume of domestic nights proved more volatile relative to international visits. Domestic tourism demand for London is strongly correlated with UK consumer confidence, whereas international demand is generated by diverse international source markets which reduced volatility prior to COVID-19.
- Following the start of the pandemic in March 2020, nights in paid accommodation plummeted by 73% year-on-year as lockdown and travel restrictions impacted tourism flows.
- Due to the high exposure of the London market to international, corporate and MICE demand, Tourism Economics forecast a full recovery by 2024/early 2025.
- In terms of travel spend, London registered a total of £16.5 billion in 2019, of which international spend accounted for the greatest share (£12.6 billion, 76.2%).
- In 2019 international visitors average stay in London was 4.9 nights per trip with a spend of £809. Domestic travellers stayed for 2.1 nights per trip and spent £522.
- Due to the decline in overnight visits in 2020, spending declined significantly (-81.2%), with overseas tourism spend not expected to exceed 2019 levels until 2025.

London, Nights in Paid Accommodation, 2010 - 2019



Source: Tourism Economics, 2021

London, Nights in Paid Accommodation, Indexed to 2019 levels



Source: Tourism Economics, 2022



MARKET TRENDS

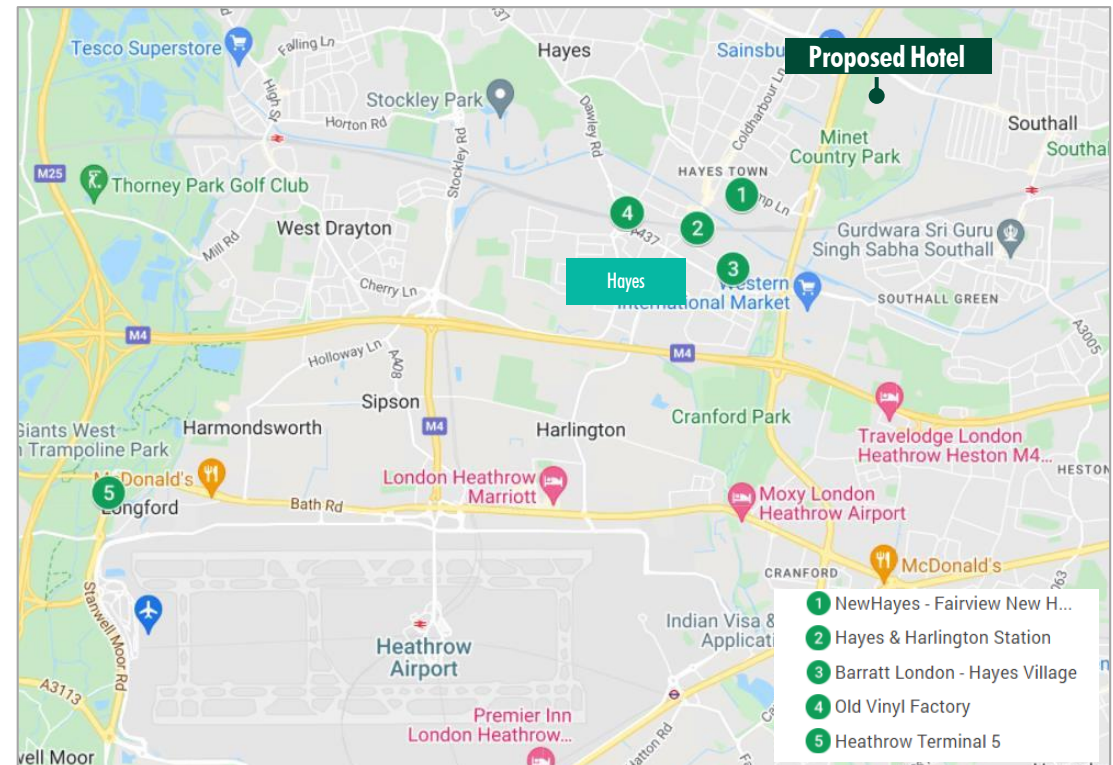
REGENERATION SCHEMES

CBRE Analysis:

Since 2015 Hayes has benefitted from increased development activity, mainly in the residential space. Several ongoing projects are led by renowned residential developers, such as Barratt and Fairview. By 2023 Hayes will be transformed into an improved area to live and work, whilst the new Elizabeth line substantially improves the area's connectivity with London Heathrow Airport, central London and Canary Wharf.

Please refer to the following page for a detailed overview of the above and other schemes.

Locational Overview



Source: Google Maps, 2022



MARKET TRENDS

REGENERATION SCHEMES

In the Local and Wider Areas



Elizabeth Line

- The new railway for London and the South East, the Elizabeth Line operates from Reading and Heathrow in the west to Shenfield and Abbey Wood in the east.
- The line serves c. 41 stations, including Hayes & Harlington station, which is approximately 2.1 miles south of the site. The site's connectivity and accessibility substantially improves as a result.
- It is estimated that around 200 million annual passengers will use the Elizabeth line on a yearly basis.
- Some services have commenced in the first half of 2022, with full service to start no later than May 2023.

Completion in 2022 - 23



Hayes Village

- A major residential development of around 1,500 new homes on the site of the former Nestle factory.
- This scheme is about a seven-minute drive south of the proposed Hotel and will substantially improve the residential offer in the area.
- Whilst we do not expect this scheme to have a major impact on hotel demand, it may generate some demand for the Hotel's food and beverage facilities.

Completion in 2023



Other Schemes

- There are several ongoing developments in proximity to the proposed Hotel, including a new neighbourhood at the Old Vinyl Factory. The scheme comprises 600 new homes, alongside new offices, shops, restaurants and other amenities.
- New Hayes is another major development, comprising 331 apartments. This scheme is approximately 1.5 miles south of the site.
- For further details on major schemes consented in vicinity of the application site, please refer to the Design and Access Statement prepared by Haptic Architects and the Planning Statement prepared by DP9.

Ongoing

Source: CBRE, 2022



04 HOTEL MARKET

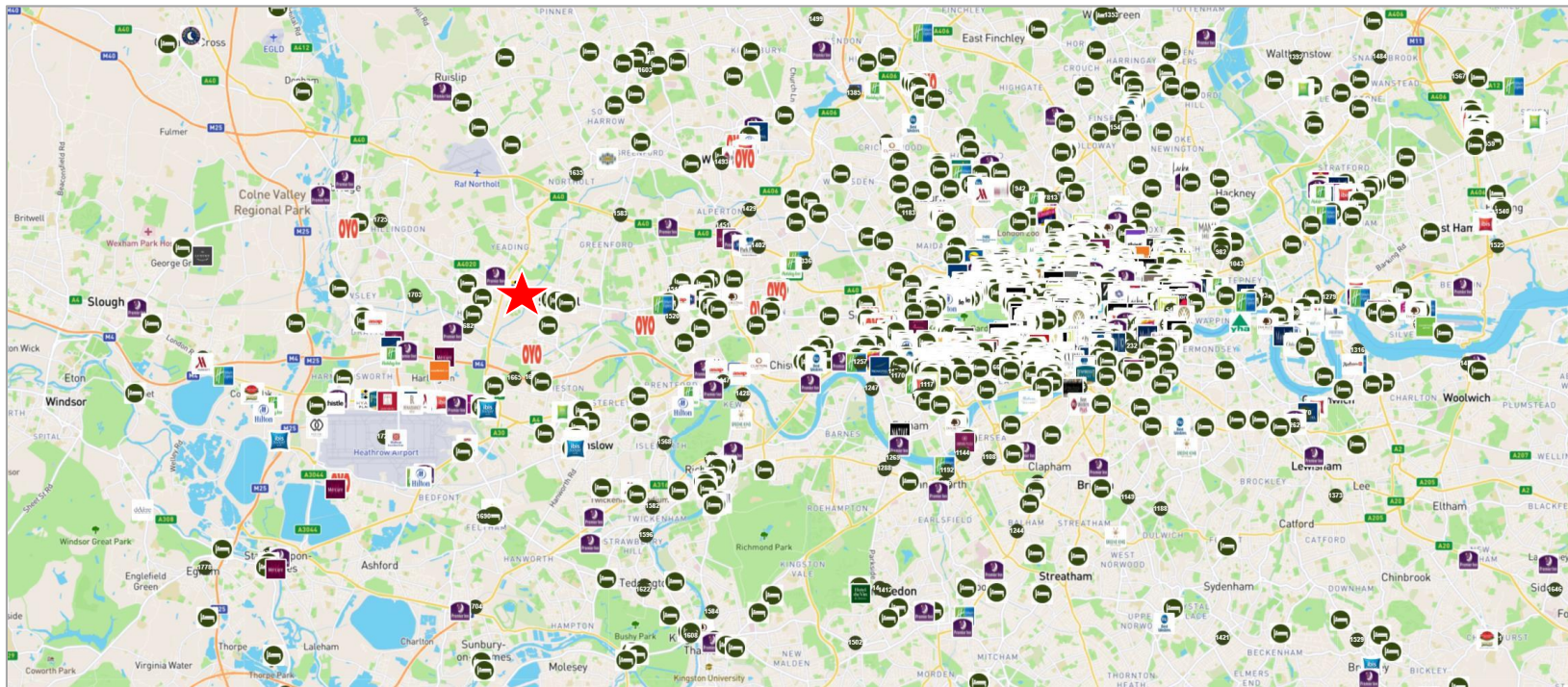


HOTEL MARKET

LONDON HOTEL MARKET

- As can be seen on the below map, there is a high supply and density of hotels in central London, which substantially recedes from Chiswick westwards and Shoreditch eastwards. Finding a suitable site for a purpose-built hotel in the West End is therefore becoming increasingly difficult, and hotel developers in most cases have to convert existing buildings into hotels.
- There are currently 82 hotels under construction across the city, which on completion will add 10,602 hotel rooms to supply. We note increased development activity in the east and southeast. According to the 2017 analysis by Greater London Authority, London would require an additional 58,140 hotel rooms to the serviced accommodation supply by 2041. This is based on the projection that demand for accommodation will reach 196.4 million nights by 2041. Since 2018 approximately 12,880 new hotel rooms were added to the Capital's hotel room inventory, whilst 1,015 hotel rooms were permanently closed. Assuming that all hotel rooms that are under construction will open, the city would still require around 35,670 additional hotel rooms.
- But finding a suitable site for a hotel is becoming increasingly difficult in the West End amid rising construction costs and strong competition from other real estate classes, such as office and residential.

London Hotel Supply (20-mile Radius of Trafalgar Square)



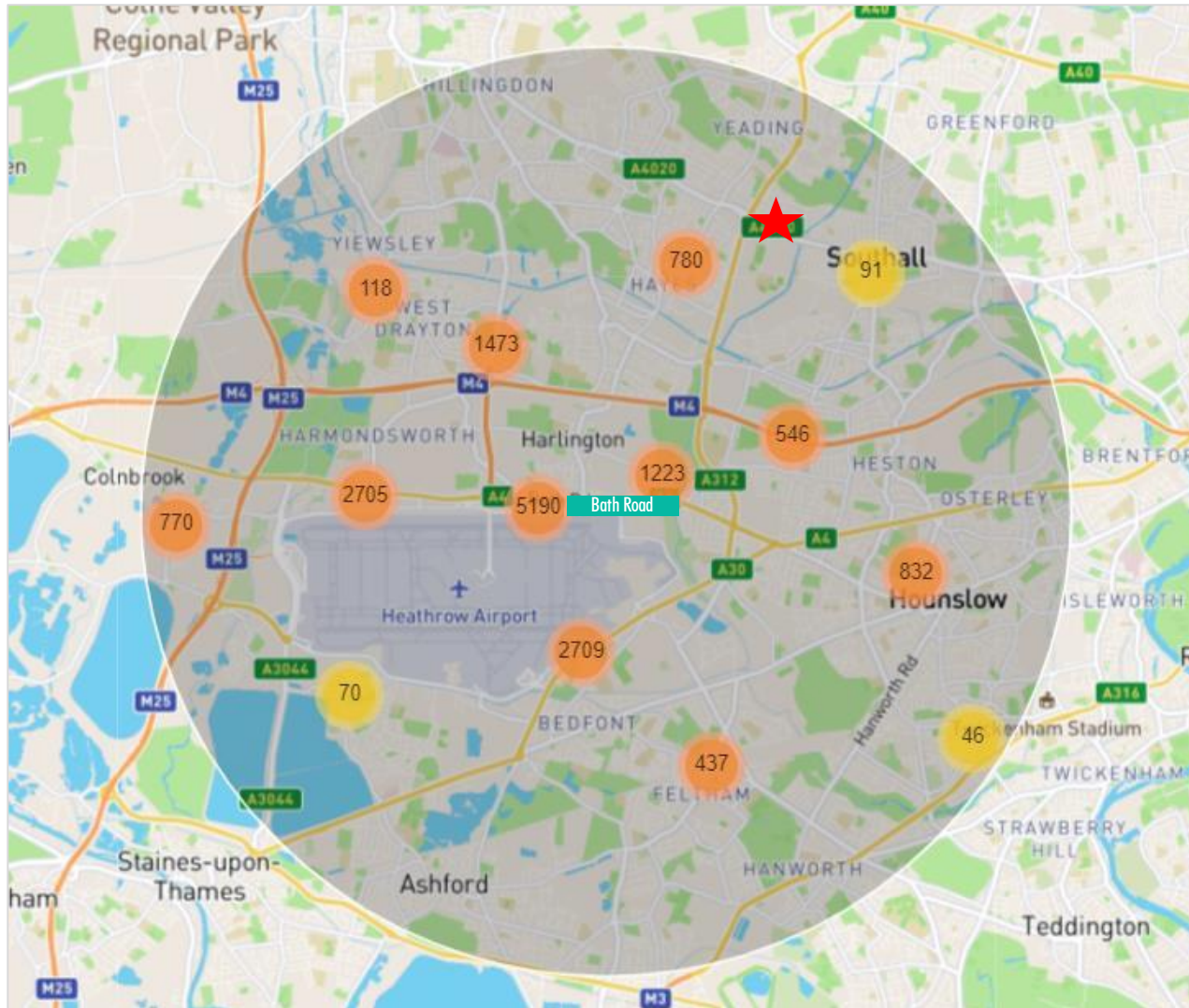
Source: STR, 2022; Republication or other re-use of this data without the express written permission of STR is strictly prohibited.



HOTEL MARKET

HEATHROW AIRPORT HOTEL SUPPLY: 4-MILE RADIUS

Hotel Supply by Class



- In the following section, we examine the hotel room supply within a 4-mile radius of the London Heathrow Airport, the UK's largest airport and the major employer in the local area.
- There are 89 hotels within the set radius, offering a total of 17,478 hotel rooms. Most hotels are relatively large, with an average of 196 hotel rooms per property.
- The highest density of hotels is around the airport, primarily along the Bath Road. This is the area with the highest supply of major branded hotels, such as the Marriott London Heathrow Airport, the Hyatt Place London Heathrow Airport and the Sheraton Hotel Heathrow.
- In the vicinity of the proposed Hotel the hotel room supply is relatively low when compared to other areas in proximity to the airport. For the detailed analysis of hotel supply around the site please refer to page 19-20.

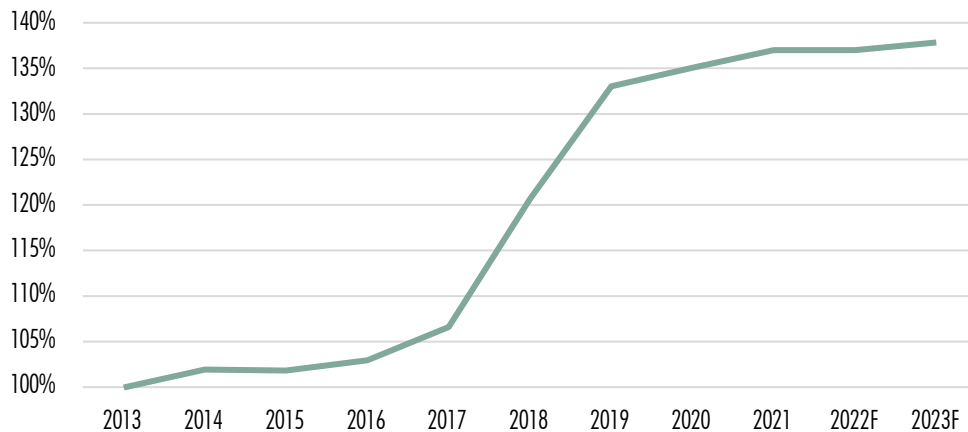
Source: STR, 2022; Bubbles represent hotel roomclusters. Reproduction or other re-use of this data without the express written permission of STR is strictly prohibited. ★ Hotel site



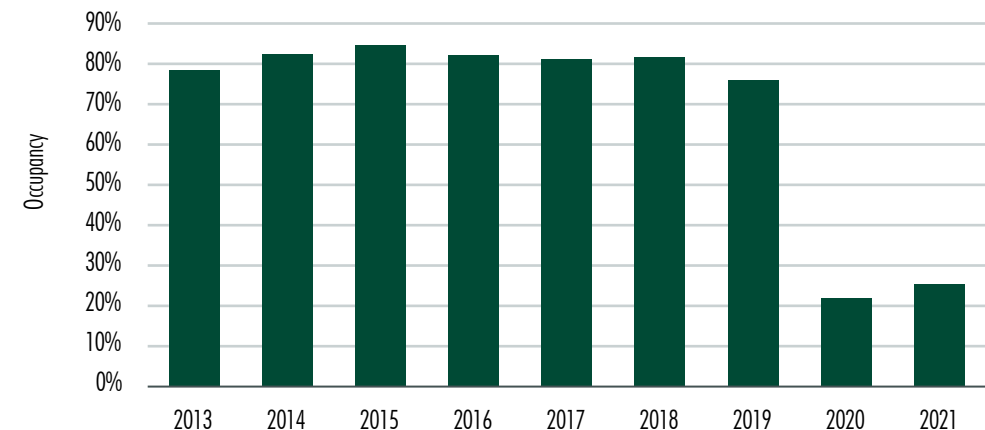
HOTEL MARKET

HEATHROW AIRPORT HOTEL SUPPLY EVOLUTION: 4-MILE RADIUS

Hotel Room Supply Growth (Indexed to 2013 levels), 2013 – 2023F

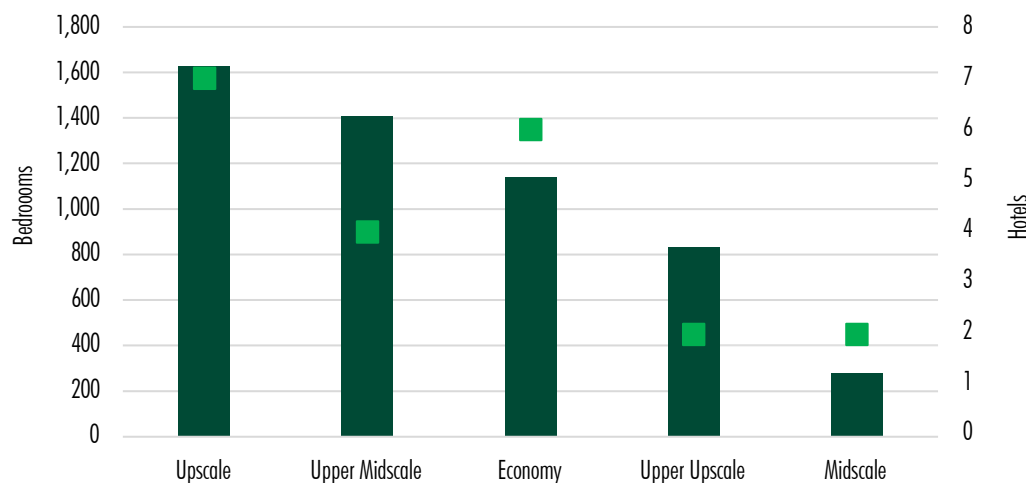


Heathrow Airport, Occupancy Rates, 2013 - 2021



Source: STR, 2022; Republication or other re-use of this data without the express written permission of STR is strictly prohibited; HotStats (occupancy rates are based on a sample of 12 hotels or 4,981 hotel rooms); Note: CBRE assumes that all hotel rooms in construction will materialise according to the projected opening date.

Supply Growth by Market Class, 2013 – March 2022



CBRE Analysis:

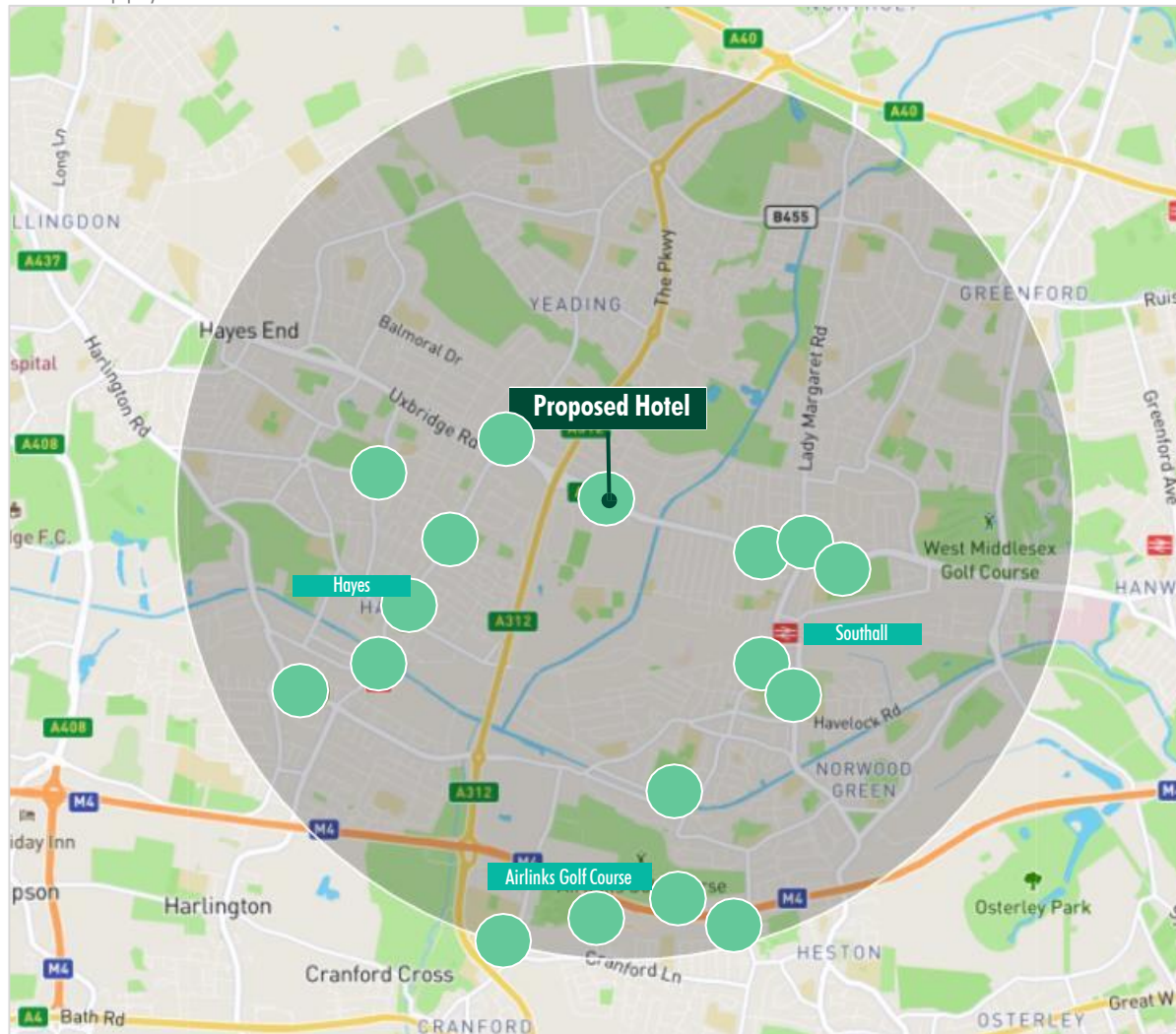
- Between 2013 and March 2022, the net hotel room supply around the airport has grown by 37%, following the opening of 21 new hotels (5,284 hotel rooms). In the same period, 10 properties (388 hotel rooms) ceased trading.
- There has been a substantial growth in branded hotel stock. 18 out of 21 new properties are affiliated with either domestic or global hotel groups. The largest hotel openings were the 613-room Premier Inn London Heathrow Airport T4 (in 2017), the 573-hotel room Atrium Hotel Heathrow and the 457-hotel room Holiday Inn Express London Heathrow T4.
- Despite the significant growth in hotel room supply, the average occupancy rates at local hotels remained strong – fluctuating between 75% and 84% over the analysed period.
- Such strong occupancy levels suggest that many hotels in the area operated at full capacity on most nights of the week throughout the year, being particularly busy in the summer months and between September and November. Also, new hotels were absorbed fairly quickly, without significantly impacting the performance of hotels in the area.
- While the COVID-19 pandemic caused significant disruption to the local hotel sector, with occupancy rates reducing to 21.9% in 2020, the recovery has started in 2021, which we expect to accelerate in 2022. Whilst there is no forecast for the local market, one of the leading providers of hotel benchmark data, STR, forecasts that hotel occupancy levels across London will return to the 2019 levels by 2024.



HOTEL MARKET

LOCAL HOTEL SUPPLY: 2-MILE RADIUS OF THE SITE

Hotel Supply within a 2-mile radius of the Site



Source: STR, 2022; Reproduction or other re-use of this data without the express written permission of STR is strictly prohibited.

CBRE Analysis:

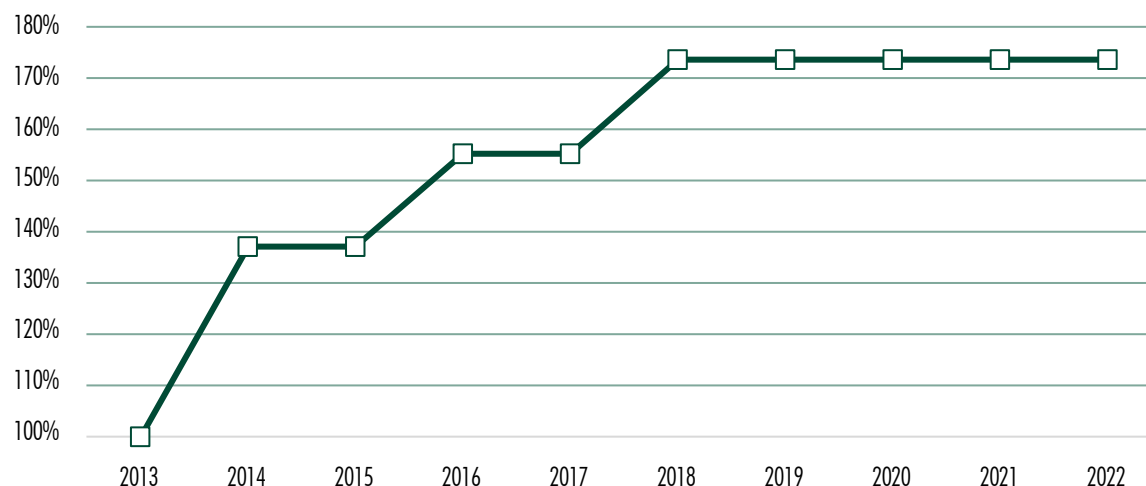
- The local hotel market, defined as an area within a 2-mile radius of the site, comprises 16 properties, offering a total of 1,417 hotel rooms (c. 88 hotel rooms per property). We note that only around 22% of these hotel rooms are located in close proximity to the site (1-mile radius) – please refer to page 24 for more analysis.
- There are five properties on Uxbridge Road, including two branded hotels, the 170 Hyatt Place West London Hayes and the 86-Premier Inn London Hayes Heathrow. The former is the only hotel with over 100 keys and will be replaced by the proposed Hotel under a different name. Another area with a high concentration of hotels is to south of the site, near the M4 and Airlinks Golf Course.



HOTEL MARKET

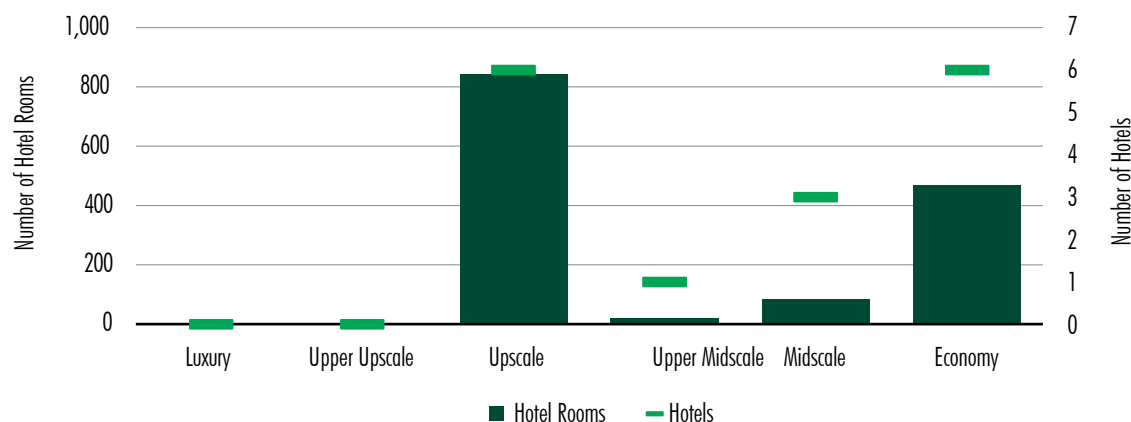
LOCAL HOTEL SUPPLY: 2-MILE RADIUS OF THE SITE

hotel room supply Evolution between 2013 – 2022 (YTD-Mar), indexed to 2013 levels



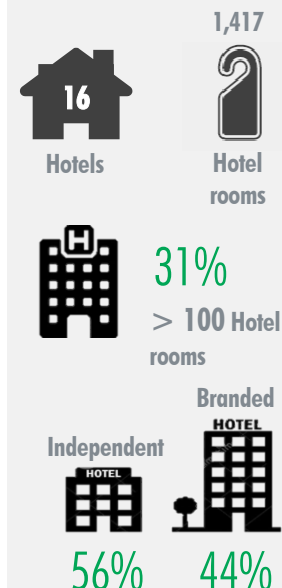
Source: STR, 2022; Republication or other re-use of this data without the express written permission of STR is strictly prohibited.

Hotel Supply by Class (as of March 2022)



Source: STR, 2022; Republication or other re-use of this data without the express written permission of STR is strictly prohibited.

Market Statistics



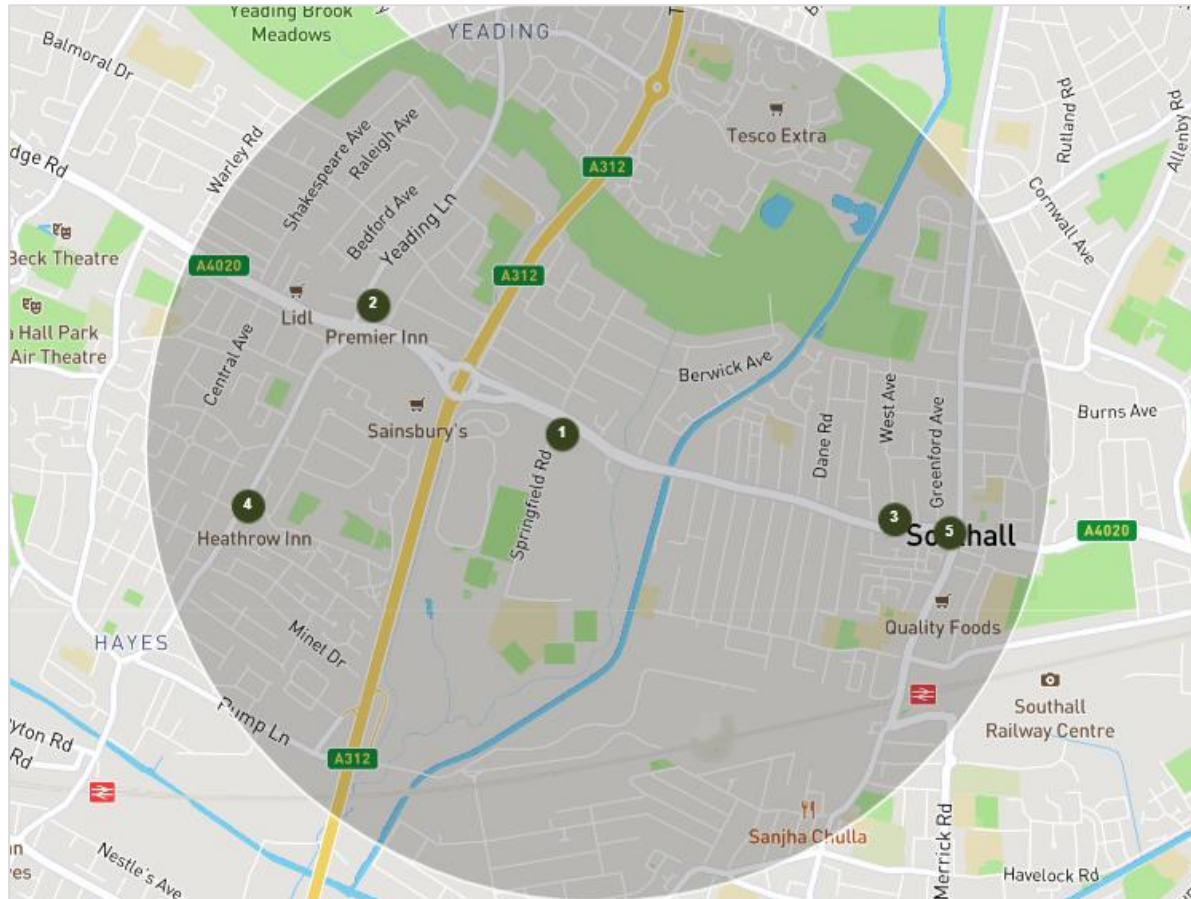
CBRE Analysis:

- The hotel supply within a 2-mile radius of the site increased by 74% between 2013 and March 2022, albeit growing from a low base, following the opening of four hotels. These include two properties in proximity to the site, the 170-hotel room Hyatt Place Hayes and the 150-hotel room Premier Inn London Heathrow Hyde Park.
- Based on the number of properties, there is almost an even split between independent and branded hotels, though the latter account for 63% of all hotel rooms.
- Around 70% of all properties offer less than 100 hotel rooms, due to a high provision of independently owned and operated hotels.
- The local hotel supply is dominated by economy and upscale hotels, whilst there is a clear shortage of midscale and upper-midscale as well as upper-upscale/luxury properties.
- The branded hotel provision remains considerably lower when compared to other areas in proximity to Heathrow Airport. There is a strong presence of leading domestic hotel brands, Premier Inn and Travelodge, which each account for two properties within a 2-mile radius of the site.
- Hyatt Place and Staycity are other major hotel brands in the local catchment.
- Overall, based on its envisaged quality and ancillary facilities, the proposed Hotel would not face stiff competition from other hotels. We would expect it to become one of the leading accommodation providers in the market.

HOTEL MARKET

LOCAL HOTEL SUPPLY: 1-MILE RADIUS OF THE SITE

Locational Overview



Source: STR, 2022; Republication or other re-use of this data without the express written permission of STR is strictly prohibited.

Marker	Hotel Name	Grade	Class	Hotel Rooms
1	Hyatt Place West London Hayes	4 Star	Upscale	170
2	Premier Inn London Hayes Heathrow	Budget	Economy	86
3	Essex Inn Hotel	2 Star	Upscale	31
4	Heathrow Inn Hotel	2 Star	Midscale	24
5	Broadway Inn	2 Star	Economy	11

CBRE Analysis:

- We have also examined the hotel supply trends within the immediate proximity to the site, where five hotels are currently trading. Overall, the hotel room provision in the market is relatively limited and of poor quality.
- Hyatt Place West London is the only full-service hotel in the area, offering the type of facilities that would appeal to higher-spending corporate and leisure travellers. We understand that this property benefits from good levels of corporate demand, being the preferred option for the local businesses and West London Film Studios. The proposed Hotel with a wide range of high-quality facilities and hotel rooms should not have a problem in replacing Hyatt Place West London as the leading hotel in the market; and attracting the same corporate travellers from the local businesses.
- Other hotels in the area are the 86-hotel room Premier Inn London Hayes Heathrow and several small and independent hotels, with an average of 22 hotel rooms. These independent hotels of generally low quality and do not appeal to higher-spending corporate and leisure travellers, particularly from overseas.

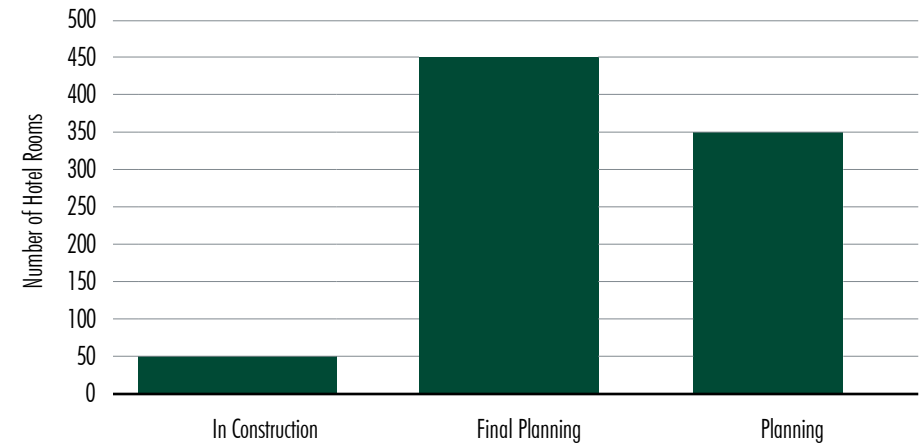
HOTEL MARKET

HOTEL PIPELINE: 2-MILE RADIUS OF THE SITE

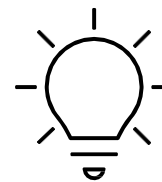
Location of Future Hotel Supply

- There are eight hotels in the pipeline, though only one property under construction, - the 17-hotel room Roshni hotel. Due to its size and market positioning, this property would not pose a competitive threat to the proposed Hotel.
- Most pipeline hotels are concentrated around Southall, which we attribute to the continued investment and regeneration of this area.
- All projects are positioned as either economy, midscale or upper-midscale hotels, highlighting that hotel demand in the area is relatively price-sensitive. Additionally, there are no branded hotels in the pipeline.
- Four properties (451 hotel rooms) are in final planning, including three hotels with over 100 hotel rooms (for more details, please refer to the following page). However, many of these projects were announced before the pandemic, and may therefore be delayed or cancelled, due to rising construction costs and alternative use options.
- Below we provide a brief description of the projects with over 100 hotel rooms that are in final planning:
 - The 180-hotel room **Middlesex Business Centre** hotel was announced in 2017, part of the wider regeneration of the underutilised site in Southall. However, there has been no updates on this project since then.
 - The 162-hotel room **Hambrough Tavern** has been in planning since 2016. Planning permission for this upper-midscale hotel was granted in August, 2021 and is due to expire in three years. Based on our desktop research, works have not started on the site.
 - The 103-hotel room **White Hart** is an upper-midscale hotel, in planning since 2020. No planning permission has been granted since then, though the scheme is in the final stage of receiving it.
- We understand that there are plans to develop a 174-unit aparthotel on 15-17 Uxbridge Road. This scheme would also provide some ancillary dining facilities and a gym, creating around 60 jobs.
- If this project goes ahead, we would expect it to primarily target long-stay corporate demand. Typically, aparthotels have a limited provision of dining and meeting facilities, when compared to a full-service hotel (like the proposed scheme). This explains why aparthotels have lower staffing requirements and therefore create less jobs than full-service hotels. Aparthotels usually do not attract any group conference and meeting demand, again due to the lack of adequate facilities.

Hotel Rooms by Status (February, 2022)



Source: STR, 2022; Republication or other re-use of this data without the express written permission of STR is strictly prohibited.

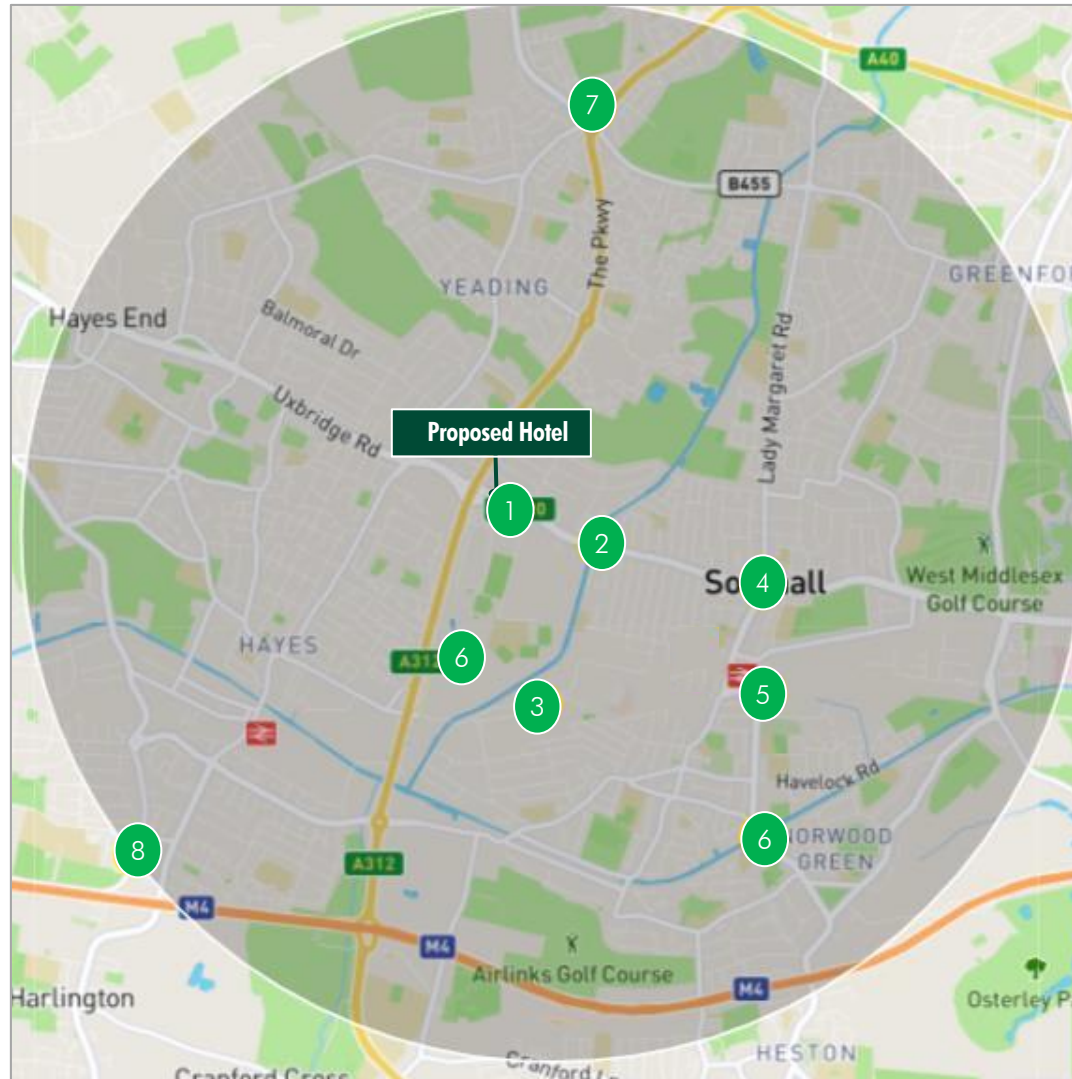


Based on our research, there is only one hotel (17 hotel rooms) under construction and additional three schemes in final planning. Most of the confirmed and speculative projects are to the east of the site, in and around Southall (as shown on the map on the following page). The majority of hotels are at the lower classification of hotel supply (i.e. economy and midscale), and there is a clear shortage of full-service hotels (upscale and above) that would appeal to higher-spending travellers.

HOTEL MARKET

HOTEL PIPELINE: 2-MILE RADIUS OF THE SITE

Location of Confirmed and Potential Hotels



Source: STR, 2022; Republication or other re-use of this data without the express written permission of STR is strictly prohibited.

MAP LEGEND	HOTEL NAME	CLASS	HOTEL ROOMS	BRAND
1	15-17 Uxbridge Road Aparhotel	Midscale	174	TBC
2	Hambrough Tavern	Upper Midscale	162	Independent
3	Southall Waterside	Economy	250	Independent
4	Roshni	Midscale	17	Independent
5	Middlesex Business Centre	Upper Midscale	180	Independent
6	The Lamb	Upper Midscale	6	Independent
7	The White Hart	Upper Midscale	103	Independent
8	Kaz Hotel	Upper Midscale	97	Independent
TOTAL			1,032	

MAP LEGEND	HOTEL NAME	ADDRESS	POSTCODE	STATUS
1	15-17 Uxbridge Road Aparhotel	15-17 Uxbridge RD	UB4 0JJ	Planning Application Submitted
2	Hambrough Tavern	8 Hanson Gdns	UB1 1NG	Planning Permission Granted
3	Southall Waterside	White St	UB1 1QZ	Planning Permission Granted
4	Roshni	7-9 South Rd	UB1 1SU	Under Construction
5	Middlesex Business Centre	Bridge Rd	UB2 4AY	Planning Permission Granted
6	The Lamb	137 Norwood Rd	UB2 4JB	Planning Permission Granted
7	The White Hart	Church Rd	UB5 5AX	Awaiting Legal Agreement
8	Kaz Hotel	29-31 Shepiston Ln	UB3 1UJ	Planning Permission Granted

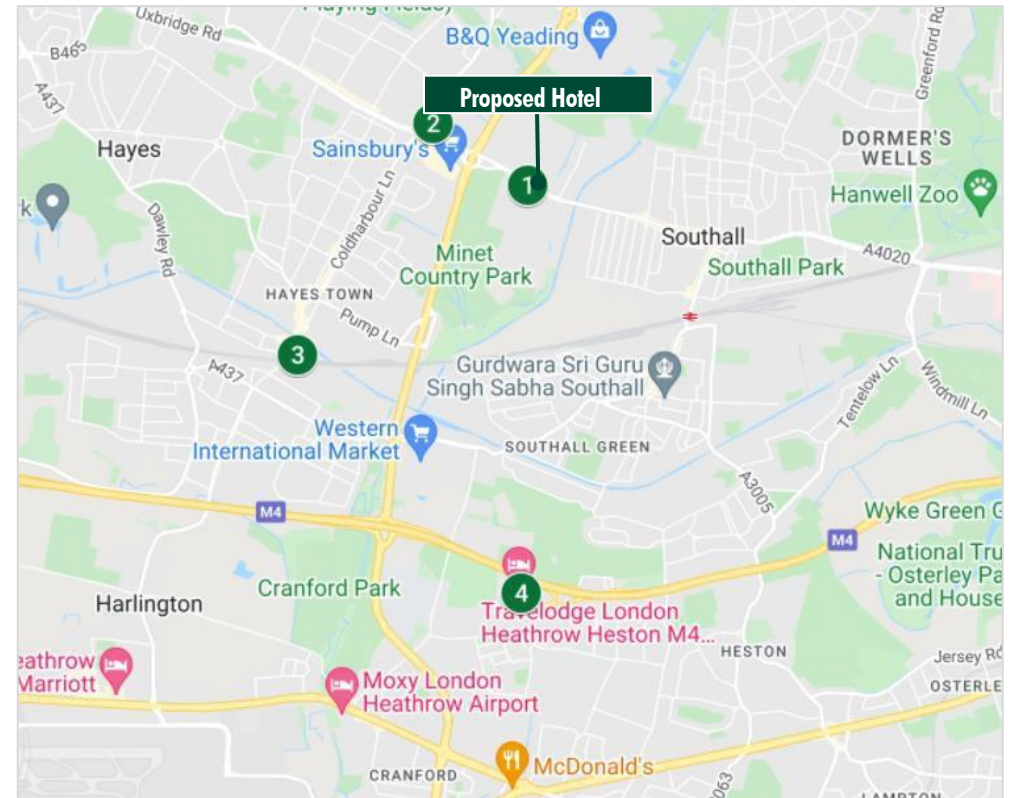
Source: STR, 2022; Republication or other re-use of this data without the express written permission of STR is strictly prohibited.

HOTEL MARKET

HOTEL PERFORMANCE TRENDS: 2-MILE RADIUS OF THE SITE

HOTELS		DISTANCE FROM SITE (MILE)	HOTEL ROOMS	CLASS
The Proposed Hotel		n/a	435	Upscale
1	Hyatt Place West London Hayes	0.1	170	Upscale
2	Premier Inn London Hayes Heathrow	0.7	86	Economy
3	Staycity Heathrow	1.8	269	Upscale
4	Travelodge Heathrow Heston M4 Westbound Hotel	3.6	145	Economy
TOTAL			670	

Source: STR, 2022; Reproduction or other re-use of this data without the express written permission of STR is strictly prohibited.

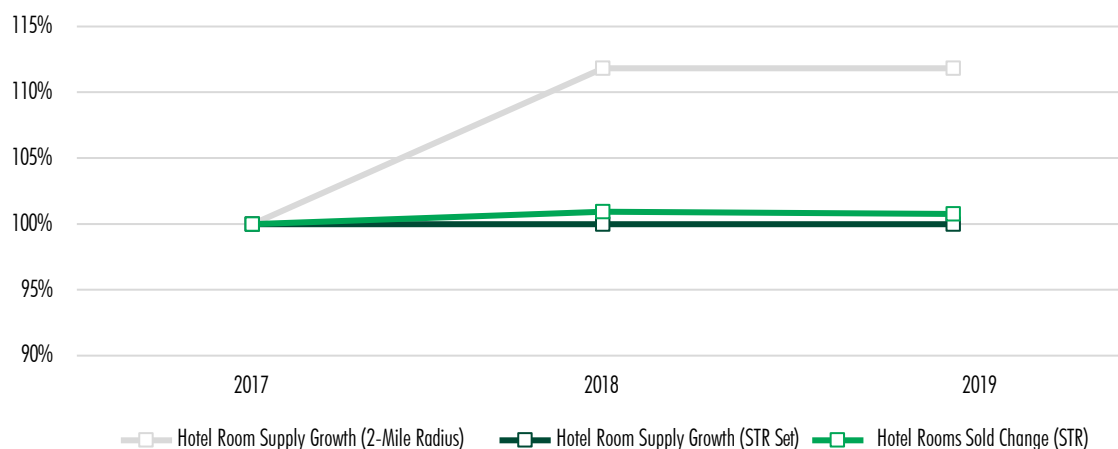


- To analyse the hotel performance trends in the local market, we procured a hotel benchmark set from STR. The set comprises four properties (670 hotel rooms), accounting for 47% of all hotel rooms within a 2-mile radius of the site. The sample is therefore large enough to provide a reliable and accurate overview of hotel occupancy trends in the area.

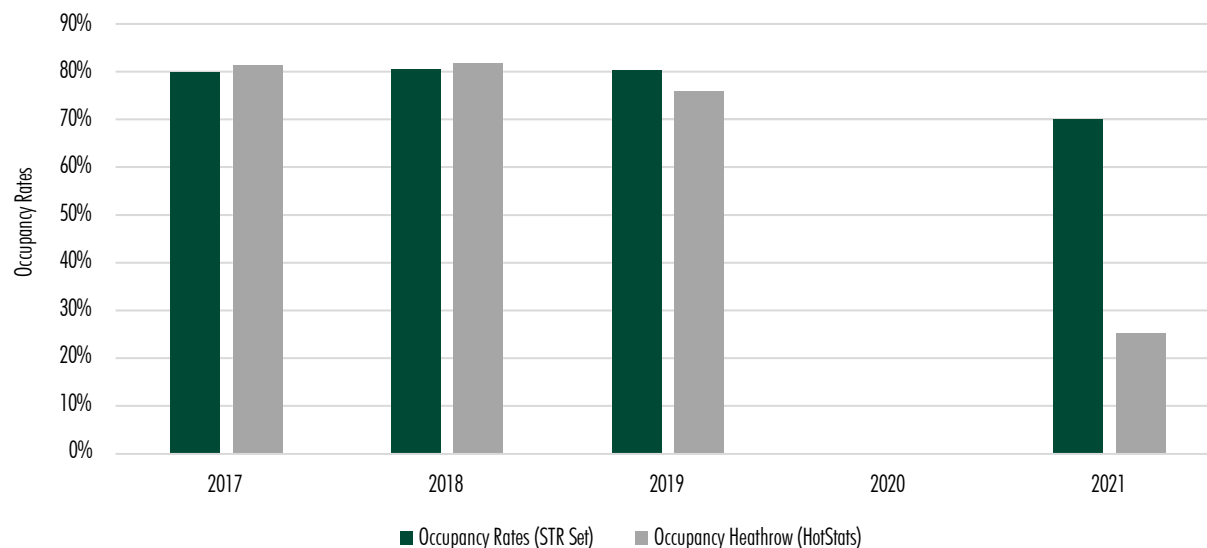
HOTEL MARKET

STR BENCHMARK SET

Growth in Hotel Room Supply and Hotel Rooms Sold, 2017 – 2019, Indexed to 2017



Annual Occupancy Rates (STR Set)



Source: STR, 2022; Republication or other re-use of this data without the express written permission of STR is strictly prohibited; No Occupancy reported for the procured STR Set in 2020

CBRE Analysis:

- The adjacent charts provide an overview of the hotel performance trends in the local area between 2013 and 2019, and in 2021.
- As reported on page 19, the local hotel market recorded an 11% growth in hotel room supply between 2017 and 2019, following the opening of the 150-hotel room Premier Inn London Hayes Heathrow Hyde Park in August 2018.
- In the wider market, 13 hotels (4,054) opened within a 4-mile radius of Heathrow Airport.
- Despite these additions, the trading performance of the selected hotels in proximity to the site remained relatively stable, averaging 80% per year. In contrast, the occupancy rate at hotels near the airport declined to 75%, illustrating that the Hayes/Southall hotel market is less affected by changes in Heathrow hotel supply.
- We note that when annual occupancy levels are around 80%, we consider such markets to be supply-constrained. Due to these high occupancy levels, on many nights of the year hotels in the area were either fully booked or close to operating at full capacity. Potential overnight travellers, therefore, had no choice but to either stay elsewhere, only come for a day visit or cancel/reschedule their travel plans.
- We note that in 2021, the selected hotels in the area achieved an average occupancy of 70%. Since April 2021 occupancy levels were consistently above 60%, exceeding 80% between June and December.

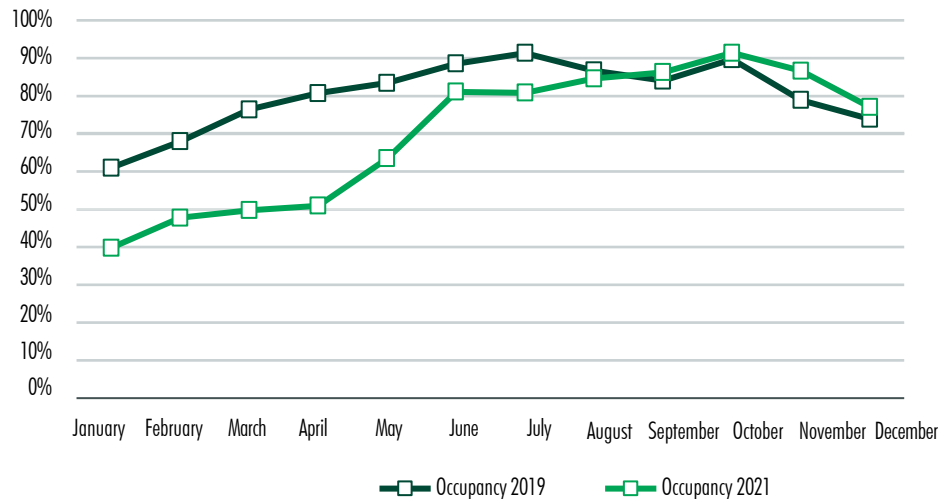


HOTEL MARKET

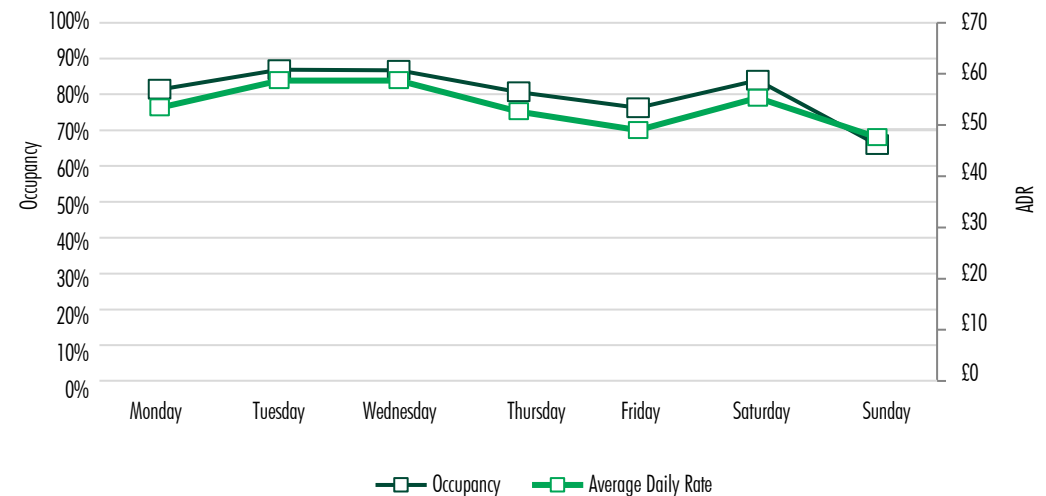
STR BENCHMARK SET: MONTHLY & DAILY MARKET TRENDS (2019)

The graphs below present the average monthly occupancy and average hotel roomrate spread by month and day of the week.

Monthly Performance, 2019 vs 2021



Average Occupancy & ADR (2019 data)



Source: STR, 2022; Reproduction or other re-use of this data without the express written permission of STR is strictly prohibited;

CBRE Analysis:

- Before the pandemic, monthly average occupancy levels were above 80% for seven months of the year. In other months, occupancy rates fluctuated between 60% and 76%, which is generally considered a good level of trading.
- In 2021, occupancy levels returned to pre-pandemic levels from August to October, though declining afterwards as a result of the Omicron variant.
- In terms of daily trends, average occupancy levels were above 80% on almost all days of the week, peaking on Tuesday and Wednesday (due to strong corporate and conference demand) as well as on Saturday (due to major sporting and cultural events in London).



CONCLUSION

HIGHLIGHTS

In our view, there is a good market opportunity to develop a 435-room Hotel on Uxbridge Road, Hayes. This is supported by the performance of hotels in proximity to the site, which operated close to 80% occupancy in 2019, indicating a supply constrained market. In 2021, occupancy levels were close to 70%, above the wider London average of 38%. Given that demand levels in London are projected to return to pre-pandemic levels by 2024-25, there will be a need for additional quality guest accommodation in the area - to capture historically unsatisfied demand as well as to support and complement future development projects in the area.

Highlights:

- Hayes and surrounding areas have benefited from increased investment and regeneration, but the serviced accommodation offer is fairly limited.
- As per our analysis on page 17, London's hotel stock is heavily skewed towards the West End, Midtown and the City of London. Finding an appropriate site for a hotel scheme in these areas is becoming more difficult, and with the city forecasting a potential requirement of around 58,000 hotel rooms of serviced accommodation by 2041, this pressure will continue.
- The shortage of quality accommodation is particularly acute within a 1-mile radius of the site.
- The proposed Hotel would bring balance and substantially increase the hotel room provision in the upscale segment. Furthermore, as a full-service property, the Hotel would create more employment than a typical budget or midscale hotel.
- Whilst the London economy is forecast to return to pre-pandemic levels by Q1/Q2 2022 (according to latest projections from Oxford Economics), the tourism sector is forecast to fully recover by 2024. This is in part due to the reliance of London, as a major gateway city, on international demand, which will likely face a more protracted recovery.
- There is a good provision of leisure demand generators in the local and the wider area, such as Windsor Castle, Legoland Windsor Resort and Hanwell Zoo.
- The new Elizabeth Line improves the area's connectivity with central London's landmarks and attractions.



