

PROPOSED TOYOKO INN
120 Bath Road, Heathrow
London Borough of Hillingdon
Hotel Needs Assessment

December 2025

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1. EXECUTIVE SUMMARY

1.1 Purpose of the Study

This Hotel Needs Assessment Report has been prepared by Colliers on behalf of Toyoko Inn Co. Ltd ("the Applicant") in support of a planning application to be submitted to Hillingdon Council ("the Council") for the suitability of a proposed limited-service, economy hotel development with 206 keys at Capital Place, 120 Bath Road, Harlington, Hayes, UB3 5AN ("the Site"), within the London Borough of Hillingdon ("LBoH").

The proposed development comprises change of use of the existing building from Class E (office) to Class C1 (hotel), with infill extension, together with ancillary hotel facilities, car parking, drop-off and servicing arrangements, and associated landscaping.

The objective of this study is to prepare an assessment of the market opportunity and, more specifically, the need for and suitability of the proposed hotel development at the Site. The Site falls within the jurisdiction of The London Borough of Hillingdon and it is hoped that this overview will assist the Council with their decision regarding the planning application.

1.2 The London Plan

In March 2021, the Greater London Authority (GLA) published its London Plan outlining the growth trajectory and aspirations for the capital up to 2041, including a key focus on the visitor economy. The Plan and its supporting documentation, GLA Economics report, 2017ⁱ, provided an in-depth analysis of the current and, more importantly, future, supply and demand requirements for serviced accommodation, highlighting the need for an additional 58,000 bedrooms by 2041 (an average of 2,230 bedrooms per annum) to meet the demands of tourists visiting the capital.

It should be noted that the target referred to in the London Plan is taken from the source (GLA Economics 2017 report) and is a Net figure and not a Gross figure. Accordingly, it makes no allowance for hotel rooms being taken out of service due to attrition or, for example, dispersal housing under Government contracts (for example asylum seekers). With approximately 15,000 asylum seekers located in London hotels this is clearly further restricting supply. In fact, the GLA Economics report which informed the London Plan Net target indicates a Gross room requirement of 77,019 or 2,962 rooms per annum.

The GLA Economics report provides a breakdown of the supply and demand analysis by London borough or Council area. The data shows that, in 2015, Hillingdon had the fourth largest share of serviced accommodation rooms at 6.8% of total supply, having been the twelfth fastest growing Council area since 2011, synonymous with its popularity amongst both business and leisure visitors, domestically and internationally, due to the area's proximity to the UK's largest and busiest airport, as well as other key demand generators within both the local and wider London area. Accordingly, the LBoH is projected to be the third highest borough/area for demand growth by 2041 (based on the share of change in serviced accommodation room demand), at 8.5% of the overall London total. The GLA identifies a requirement for an additional 6,554 new rooms to be delivered (i.e. developed or converted) within the LBoH by 2041. While equating to a smoothed average of 252 new rooms per year, in reality, naturally there will be periods of both increased and decreased activity based on factors such as the timing/availability of suitable sites, development conditions and economic lifecycles. Overall, if achieved, the additional rooms should see serviced accommodation supply increase to 16,439 rooms within the LBoH by 2041, up from 9,885 in 2015.

1.3 The Site, Capital Place, 120 Bath Road, Harlington, Hayes, UB3 5AN

The Proposed Hotel Product & Facilities

The proposed development comprises change of use of the existing building from Class E (office) to Class C1 (hotel), with infill extension, together with ancillary hotel facilities, car parking, drop-off and servicing arrangements, and associated landscaping.

The Applicant's proposal is for a 206-key hotel to be operated under their own Toyoko Inn brand, which is positioned within the limited-service, economy sector, characterised by its compact room mix typically ranging from 12 to 18 sqm. The rooms will range from single, double, twin and accessible units, all with en-suite bathrooms.

The ground floor will host the hotel's communal spaces, including a reception area, lounge, bar, breakfast area, meeting room and gym. The space will also provide a small retail shop, which will be ancillary to the hotel use.

Location

The Site occupies a prime location within the LBoH, located directly opposite Heathrow Airport at on Bath Road. It has good public transport links to the airport, central London and the wider motorway network. The surrounding area is predominantly commercial in nature, characterised by a variety of business and hotel developments.

Heathrow Airport, a key generator of demand for accommodation, lies directly to the south, across the A4 road, while residential properties are located to the north. A number of hotels are situated nearby on Bath Road itself, predominantly positioned within the upper upscale sector of the market, such as the Marriott London Heathrow Hotel, Sheraton Skyline and Radisson Blu London Heathrow. There are also several midscale properties in direct vicinity, such as the Ibis London Heathrow Airport and Best Western London Heathrow Ariel Hotel.

The wider area is also home to a number of popular leisure attractions such as Legoland, Windsor Castle and Twickenham Stadium, as well as commercial demand generators such as Slough Trading Estate, Stockley Park, Waterside and Pinewood Studios.

The Site also benefits from good access, with key public transport links such as the underground stations at the three Heathrow terminals (providing access to the Piccadilly and Elizabeth lines and Heathrow Express), situated within a short distance.

Overall, we believe the Site to be exceptionally well suited to the proposed development given its good accessibility profile and access to popular visitor and commercial hotspots. It is therefore in accordance with the London Plan policies E10A and E10G which state that developments in support and extension of the tourist economy should be focused on areas well-connected by public transport, particularly into central London. The Site is clearly highly suitable in this regard, particularly given the popularity of the LBoH as an overnight visitor destination, highlighted by the volume and value of tourism and by high levels of demand, including that being displaced out of the local area.

1.4 Summary of Hotel Market Conditions

Across the London Borough of Hillingdon there are a total of 53 hotels with 11,491 rooms/units (CoStar). The majority of these hotels belong to the upscale and upper upscale sectors, collectively representing almost 55.0% of the total market in terms of room count, mainly due to the presence of nationally and internationally branded establishments. Supply at the lower end of the market is comparatively more limited, with economy hotels accounting for just 21.0% of the total.

Hotel performance data for the overall London Borough of Hillingdon highlights a requirement for additional accommodation stock in the local area, with occupancies reaching circa 86.0% in 2024, as well as demand growth outpacing supply since 2015.

Within the local market area of relevance, which is defined as the Heathrow Airport submarket as per CoStar, performance data for an identified set of competitor hotels positioned within the economy and midscale sectors, show occupancy levels consistently recorded at around 82-85% between 2017 and 2019, growing further to peak levels of 86.0% in 2024, with an overall increase in real demand (room nights sold) outpacing supply growth over the same period, highlighting the strength of the local market and its ability to absorb new supply, reflective of its current status as an undersupplied local market.

This average annual occupancy performance in 2024 was achieved at an annual average daily rate (ADR) of £61.03, which grew by an overall 30.0% from 2017, further testament to the significant strength of demand and consumer need for this type of accommodation within the local area, with high levels of demand also clearly driving price.

Furthermore, an average annual occupancy of this level is clearly indicative that periods of unsatisfied or displaced demand exist locally, particularly when considering monthly seasonality and daily trends; for example, during the peak weekend period and core leisure months when occupancies in excess of 85% are achieved, resulting in demand being displaced outside of the Borough due to demand outpacing supply.

Overall, the Revenue per Available Room (RevPAR) reached £52.49 during 2024, representing a significant uplift of 33.0% on 2017 performance, further demonstrating the strength of the local hotel market and its growing popularity as an area to stay in amongst overnight visitors to London. The opening of the Elizabeth line in 2022 has further enhanced the local area's accessibility profile, providing improved direct connections to and from central London.

In summary, the supply and demand characteristics prevailing both in the Borough and more locally within the competitor market of relevance clearly highlight a supply-demand imbalance, with levels of demand outweighing supply during certain period, further evidencing, and in line with, the GLA's identified requirement for the need for additional accommodation within the London Borough of Hillingdon to meet visitors' accommodation demands over the coming years to 2041.

1.5 About Toyoko Inn Group

Toyoko Inn Group is a Japanese hotel chain founded in 1986 and headquartered in Tokyo. The company focusses on hotels in accessible locations near railway stations and airports. The company's philosophy centres on practicality and affordability. Consequently, the company has streamlined their business model to do away with 'extravagant facilities of resort hotels' or 'overwhelming levels of personal service' and instead focus their efforts on high quality rooms that are 'safe', 'comfortable' and 'modern'. Toyoko Inn Group are now operating 347 hotels across the world and developments are funded by the company's profit and banks as required.

1.6 Conclusion

Overall, we consider the local competitive hotel performance data set exhibits performance indicative of a very strong local market which is evidently undersupplied, with average annual occupancy levels recorded at 82-84% prior to the pandemic and growing to peak levels of almost 86% in 2024. Additionally, year-to-date performance for October 2025 highlights a continued increase in demand levels, which have grown by a further 1.2% when compared to the same period in 2024. This has been achieved despite an increased supply base and significantly higher ADRs, far outpacing inflationary growth, and with average monthly and daily demand (occupancy) data consistently showing periods of unsatisfied demand within both the local and LBoH market.

Locally in the market area of relevance to the Site, there is clear evidence of significant displacement of demand out of the area on almost every Saturday night and on a significant number of Tuesday and Wednesday nights – further evidence of an under-supplied market.

Furthermore, the proposed Toyoko Inn Hotel's economy market positioning sits within a significantly undersupplied sector of the local and LBoH market, highlighting the potential for the hotel proposal at the project Site to help attract a broader range of hotel guests and visitors to the area by offering a product which is comparatively less well represented locally.

Hotel performance data for the overall London Borough of Hillingdon further reinforces the requirement for additional accommodation stock, with occupancies at circa 85-86% during 2023 and 2024, as well as demand growth outpacing supply since 2015.

Even when considering the hotel projects currently in the LBoH development pipeline, which could potentially add up to just 780 rooms to the existing borough supply of 11,491 rooms should all proposed schemes come to fruition, the total room supply in the LBoH market still only reaches 12,271 rooms. This is, however, highly unlikely given that all the pipeline proposals are currently still in the early pre-planning stages (i.e. proposed). Either way, the figure remains below the target specified in the GLA paper which informed the London Plan, which is the addition of 6,554 rooms to see total supply increase to 16,439 rooms by 2041. Consequently, there remains a clear shortfall/need and potential for new hotel properties to be established in the area to meet the forecast GLA demand to align with the plan's requirements.

We believe that the proposed hotel development at the Site will be well received by key users of overnight accommodation in the area. The immediate area surrounding the Site has limited supply within the economy segment, particularly when compared to the upscale plus properties, representing an excellent opportunity to develop a new, high-quality hotel within this sector, which will complement the existing accommodation offering in the area and attract a mix of both corporate and leisure guests to the local market.

Furthermore, the proposed development will play a vital role in retaining demand within the locality and LBoH, especially during peak periods when demand might otherwise be displaced to the unregulated shared economy sector or other establishments outside the Borough.

2. PLANNING CONTEXT & THE PROJECT PROPOSAL

2.1 Background

This Hotel Needs Assessment Report has been prepared by Colliers on behalf of Toyoko Inn Co. Ltd ("the Applicant") in support of a planning application to be submitted to Hillingdon Council ("the Council") for the suitability of a proposed limited-service, economy hotel development with 206 keys at Capital Place, 120 Bath Road, Harlington, Hayes, UB3 5AN ("the Site"), within the London Borough of Hillingdon ("LBoH").

The proposed development comprises change of use of the existing building from Class E (office) to Class C1 (hotel), with infill extension, together with ancillary hotel facilities, car parking, drop-off and servicing arrangements, and associated landscaping.

2.2 Introduction

The existing office building at 120 Bath Road was purchased by Toyoko Inn in 2014 and remained sparsely occupied until Covid-19. The site has been formally vacant from a tenant since 2020 but it is being used for back of house, office and administrative functions for the Applicant. The Applicant's proposal is to now redevelop the building to create a 206-bedroom Toyoko Inn hotel. The hotel will offer high-quality yet compact and affordable accommodation, with rooms ranging from 12 to 18 sqm, as well as communal spaces such as a lounge, bar, breakfast area, meeting room and gym.

The Site falls within the jurisdiction of the London Borough of Hillingdon. This report provides information on the local hotel market of relevance to the project, demonstrating as applicable, the need for further hotel accommodation in the locality and the Borough, and more specifically, the market needs for, and suitability of, the proposed development at the project Site.

2.3 Planning Policy Context

The London Plan

In March 2021, the Greater London Authority (GLA) published its London Plan outlining the growth trajectory and aspirations for the capital up to 2041 across its demographic, economic, social and visitor economy profiles.

One of the core aspects of the Plan focuses on the tourism economy, in particular overnight accommodation to help meet current and anticipated future tourist demand. Section 6.10.2 of the London Plan December 2021 states "Given the importance of tourism to London's economy, London needs to ensure that it is able to meet the accommodation demands of tourists who want to visit the capital. It is estimated that London will need to build an additional [net] 58,000 bedrooms of serviced accommodation by 2041, which is an average of 2,230 bedrooms per annum", as detailed in the accompanying GLA Economics report, 2017ⁱⁱ, which sets out projections for the supply and demand of serviced visitor accommodation between 2015 and 2041 in line with the time horizon for the London Plan, leading to the estimation of the number of net additional rooms expected to be needed based on the demand projections.

However, it appears that the London Plan 2021 failed to emphasise that the figure from the GLA Economics 2017 report was a "Net" figure. They have used the Net requirement figure rather than the Gross requirement figure. The Net figure does not take account of the expected attrition rate of hotel room supply. Therefore, the actual number of new rooms required to reach the Net requirement is 77,019 or 2,962 new rooms per year.

The table below is an extract from GLA Economics' Working Paper 88 and shows clearly the Gross and Net number in Table 13 to be found on page 35 of their report.

Exhibit 1: GLA Economics Projected Number of Additional Rooms Required in London (demand projection)

| 2024 | Total | Average per year |
|------------------|---------|------------------|
| Net additional | 58,140 | 2,236 |
| Gross additional | 77,019 | 2,962 |
| 2025 | Total | Average per year |
| Net additional | 77,743 | 2,221 |
| Gross additional | 104,326 | 2,981 |

Source: GLA Economics Working Paper 88 - 2017

The difference between the two is the amount of attrition, i.e. existing hotel rooms being subjected to change of use, such as residential or dispersal accommodation. It is clear that the figure for new building required is the Gross amount and not the Net amount as the London Plan 2021 suggests.

Furthermore, the overall target set out by the London Plan is a net target, so it is necessary to have a pipeline which is significantly ahead of this figure in order to allow for potential closures as well as other attrition. Thus, there remains a clear opportunity for the development of new hotel properties in the area to bridge the gap and meet the specified allocation of need requirements of the Plan. All of this is against a background of almost more than 15,000 asylum seekers alone being housed in London hotels, further constraining supply, a situation that was not foreseen in analysis informing the London Plan. Additionally, it is important to note that external factors, such as the opening of the Elizabeth Line which serves Heathrow Airport, have changed since the preparation of the London Plan.

Consequently, the number of net rooms suggested will contradict the desired aim to meet the accommodation demands of tourists. It is the gross additional rooms figure which is required as a minimum, with an even greater number of rooms required to be approved for planning permission to allow for those which naturally fall away and do not come to fruition, if London is to potentially meet the overall requirement target from the Plan.

Borough Requirements

The GLA Economics report provides a breakdown of the supply and demand analysis by London borough or Council area. The data shows that, in 2015, Hillingdon had the fourth largest share of serviced accommodation rooms at 6.8% of total supply, having been the twelfth fastest growing Council area since 2011. This is testament to the popularity of the area for both business and leisure visitors, domestically and internationally, due to the strong accessibility profile to the wealth of demand generators within the area and wider London area.

According to the report, projected future demand is likely to follow a similar pattern with Hillingdon forecast to be the third highest borough/area for demand growth by 2041 (based on the share of change in serviced accommodation room demand), at 8.5% of the overall London total.

Looking at the future requirement for new rooms to be delivered, i.e. gross supply to allow for some naturally occurring closures over the period, the GLA projects that Hillingdon is anticipated to deliver 6,554 new rooms by 2041. This equates to a smoothed annual average increase of approximately 252 new rooms per year; however, in reality, some years will also see more new development than others dependent on the timing/availability of suitable sites arising for hotel development or conversion. This growth is expected to result in a total of 16,439 rooms available in the Borough by 2041.

Policies Relating to London's Visitor Economy

The London Plan policies E10A and E10G essentially state that developments in support and extension of London's visitor economy, including serviced accommodation (such as hotels and guesthouse/B&B accommodation), should be focused on areas well-connected by public transport, particularly into central London, taking into account the needs of both business and leisure visitors.

Other policies within the London Plan focused on visitor infrastructure include those which focus on maintaining a sufficient supply of serviced accommodation (E10C) and ensuring sufficient choice for people who require an accessible bedroom, of which the London Plan states that at least 10% of new bedrooms should be wheelchair-accessible (E10H).

The proposed hotel at the Site is clearly highly suitable in regards to Policy E10, particularly given the popularity of the LBoH as an overnight visitor destination. This is highlighted by the volume and value of tourism in the local area, the high levels of demand including that being displaced out of the local area, the highly accessible location particularly into Central London (via Heathrow Express and Crossrail), as discussed further in Section 3.2, and the provision of 10% accessible rooms within the proposed development, which is in accordance with Policy E10H.

Local Plan Part 1 – Strategic Policies (2012)

The Hillingdon Local Plan: Part 1 – Strategic Policies (2012) identifies the Heathrow Opportunity Area as a key growth location for the Borough in terms of the capability of accommodating a significant level of commercial growth. The proposed development Site is situated within the Heathrow Opportunity Area and is therefore highly suitable in regards to this policy.

Local Plan Part 2 - Development Management Policies (2020)

Local Plan Policy DME 5: Hotels & Visitor Accommodation from the Hillingdon Local Plan aims to encourage the development of visitor accommodation, including hotels and conference facilities, in locations that are both accessible and sustainable. The policy seeks to enhance the Borough's visitor economy while ensuring developments are well-integrated into their surroundings.

The policy highlights the importance of high-quality design, where new developments should contribute positively to the local environment through well-considered architecture, landscaping, and signage. This approach ensures that hotels and visitor accommodation enhance the character and amenity of the surrounding area.

Accessibility is another key requirement of the policy to ensure that facilities are inclusive and cater to the needs of all visitors, including those with disabilities, in accordance with Policy DME 6: Accessible Hotels and Visitor Accommodation.

Finally, the policy seeks to protect the amenity of nearby land uses and occupants. Proposed developments should avoid creating negative impacts such as excessive noise, intrusive lighting, harmful emissions, or privacy concerns. Additionally, developments must not lead to traffic congestion or parking problems, safeguarding the quality of life for local communities and maintaining the functionality of surrounding infrastructure.

Overall, Policy DME 5 promotes sustainable growth in visitor accommodation while safeguarding community well-being and environmental quality.

The proposed Toyoko Inn hotel is again well placed as a suitable development according to Policy DME 5, whereby the site has a good level of accessibility, highlighted by its PTAL score of 4, as investigated further into this report. Furthermore, the high-quality design of the proposed hotel will feature 206 modern guest rooms, together with communal spaces at the ground floor level such as a lounge, bar, breakfast area, meeting room, gym and a small retail outlet, which is proposed to serve hotel guests. The hotel could serve as suitable locations for public restrooms and "cool spaces" to offer relief during heatwaves, hence enhancing the amenity of the local area. The design has taken into consideration needs of all visitors, whereby the hotel plans feature 10% accessible bedrooms, as well as approximately 200 parking spaces.

With the limited number of hotel proposals currently in the development pipeline across the LBoH and particularly noting the early stages of these schemes (as further detailed in Section 7), it is critical that there needs to be a solid pipeline of projects to ensure that the London Plan requirement of 16,439 rooms available

in the Borough by 2041 is met. Additionally, not all proposed projects will align with the Local Plan requirements, meaning a robust pipeline of both proposals and confirmed development is required to meet the target.

2.4 The Proposed Development

The Site

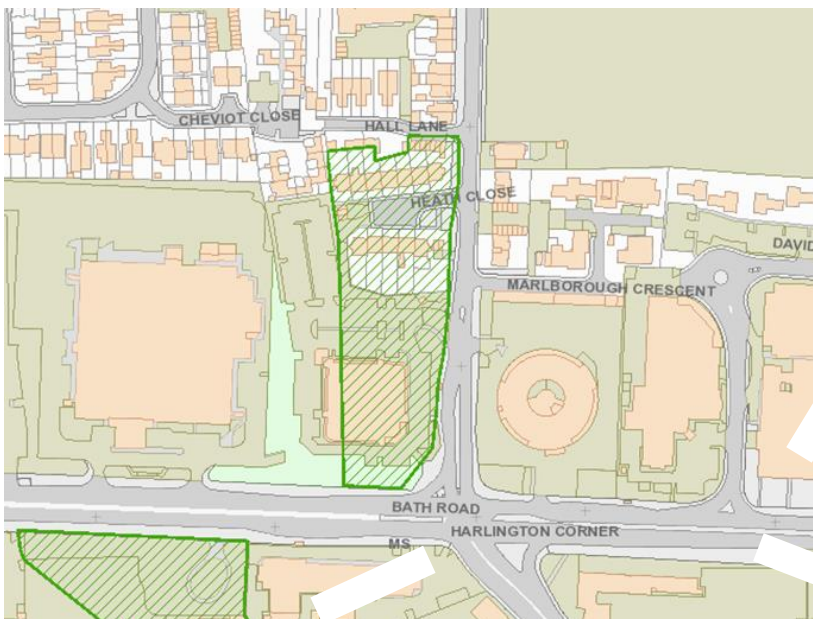
The Site is an existing office building at 120 Bath Road, Harlington, Hayes, UB3 5AN. It occupies a prominent location opposite Heathrow Airport, situated at the intersection of Bath Road and High Street Harlington. It comprises a part three and four-storey former office building constructed of brick in the late 1980s, alongside an associated car park. The property is classified under Class E and provides approximately 6,113 sqm of floor space. The property is currently vacant and has been since 2018, during which time an extensive marketing campaign has been undertaken to secure a tenant for continued use. The campaign could not find a permanent tenant, however the building is being used by the Applicant as back of house/office space.

The property comprises 6,113 sqm of sub-standard office space, with a varied internal layout including meeting rooms and ancillary facilities such as showers, café areas, and tea points. The building is a standard office building with onsite car parking; however, the property does need significant upgrade as it is currently in poor condition.

The surrounding area is predominantly commercial in nature, characterised by a variety of business and hotel developments. Heathrow Airport lies directly to the south, across the A4, while residential properties are located to the north. A number of hotels are situated nearby, and the Sheraton Skyline Hotel is located directly to the west.

According to the Local Plan Policies Map, the Site is located in the urban area and within the Heathrow Opportunity Area and within an archaeological priority zone. To the south of the Site is the Heathrow Boundary, with Public Safety Zone to the south east of the site. Beyond the existing built form, to the north east of the Site is the Green Belt. There is a Tree Preservation Order Area which covers the Site (ref: TPO 29), known as The Hall, High Street, Harlington which was designated on 1st July 1957, the Exhibit below shows the extent of the Tree Preservation Order Area, which extends to the north of the Site.

Exhibit 2: Extract to show extent of TPO Area which covers the Site



Source: The Applicant

The Site is within Flood Zone 1 and is not at risk of surface water flooding.

The Site is located within an accessible location, with a PTAL Rating of 4. The Site is within walking distance of a number of bus stops along Bath Road, providing regular services to a range of destinations including, Ruislip, Hounslow, Greenford, Kingston, Slough, Heathrow Airport and Uxbridge. Despite the Site being conveniently located to Heathrow, the Site and wider area is outside of the Heathrow Perimeter Area and outside of a designated town centre.

The Site does not contain any Listed Buildings, and there are no heritage assets within close proximity of the Site.

Exhibit 3: Existing Condition of Site



Source: The Applicant

The Proposed Development

The proposed development seeks to rejuvenate the subject building into hotel use, incorporating a rooftop extension, internal and external building alterations, parking reconfiguration and provision. The proposed layout closely matches the existing office's doughnut arrangement; a central covered courtyard surrounded by rooms either side of a central corridor. There are four stair cores found at the building's perimeter and two lift cores at the centre. Principle access is located at the south-east corner.

The proposed works would result in a 206-key Toyoko Inn hotel. Toyoko Inn is a Japanese hotel chain focusing on properties in accessible locations near railway stations and airports. The brand's philosophy centres on practicality and affordability, resulting in a product that focuses on a high-quality and comfortable guest room offering. The brand is typically positioned within the economy segment of the market.

The first, second and third floors of the building hold the majority of the guest bedrooms, which comprise a mix of single, double, twin and accessible units ranging in size from 12 to 18 sqm, all with en-suite bathrooms.

The ground floor hosts the hotel's communal spaces. The internal cellular layout has been opened up to host a reception area, lounge, bar, breakfast area, breakfast preparation room, meeting room, gym and staff facilities. The remainder of the ground floor contains bedrooms and a small retail shop.

The top floor (roof) is devoted entirely to plant space.

The proposed hotel would bring forward an improved and high-quality asset to the local area.

3. SITE & LOCATION OVERVIEW

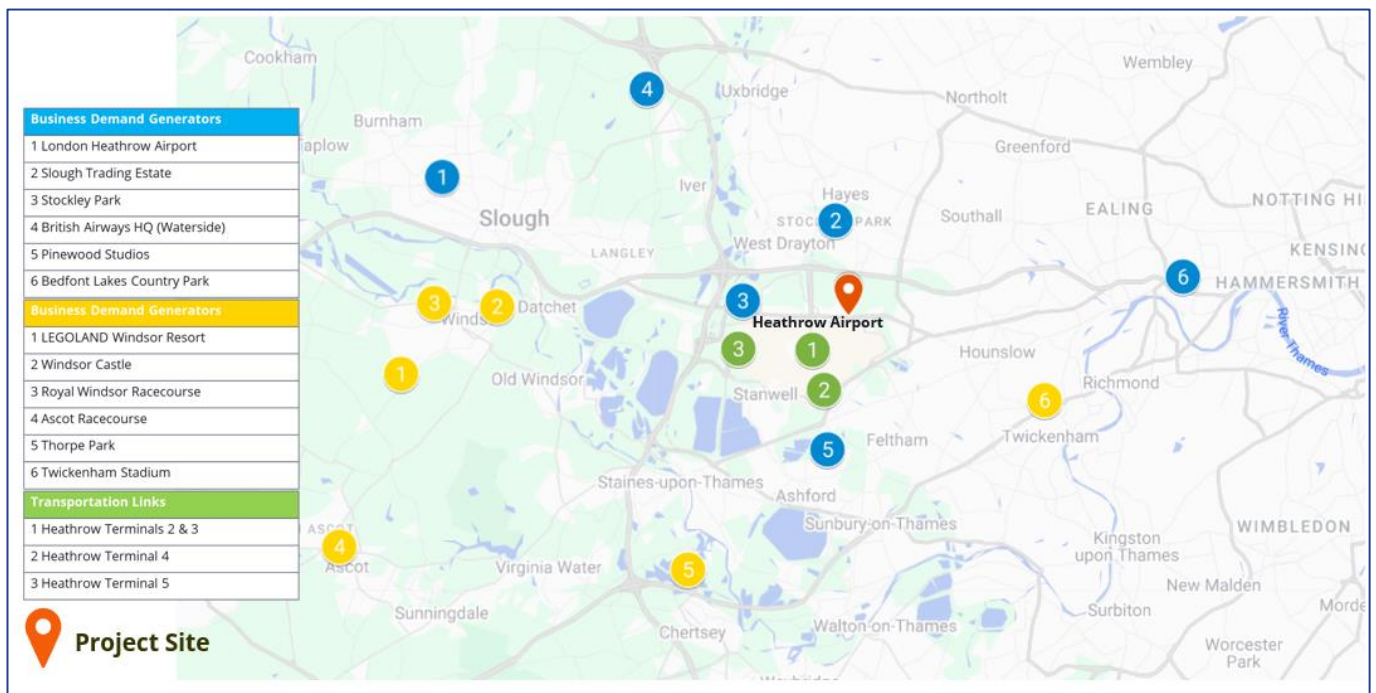
3.1 Site Location

The Site is in a prime location opposite Heathrow Airport at 120 Bath Road and has good public transport links to the airport, central London and the wider motorway network. The surrounding area is predominantly commercial in nature, characterised by a variety of business and hotel developments. Heathrow Airport, a key generator of demand for accommodation, lies directly to the south, across the A4 road, while residential properties are located to the north. A number of hotels are situated nearby on Bath Road itself, predominantly positioned within the upper upscale sector of the market, such as the Marriott London Heathrow Hotel, Sheraton Skyline and Radisson Blu London Heathrow. There are also several midscale properties in direct vicinity, such as the Ibis London Heathrow Airport and Best Western London Heathrow Ariel Hotel.

The wider area is also home to a number of popular leisure attractions such as Legoland, Windsor Castle and Twickenham Stadium.

The Site also benefits from good access (further detailed in the section below), with key public transport links situated within a short distance, making it an extremely suitable site for hotel use.

Exhibit 4: Location Map, Subject Hotel Site and Proximity to Hotel Demand Generators



Source: Google Maps & Colliers Research

3.2 Accessibility & Connectivity

The Site has a PTAL rating of 4 indicating good links to public transport. Heathrow Terminals 2&3 station, which provides access to the Piccadilly and Elizabeth Lines and Heathrow Express, is located within a short 8-minute drive, connecting to key destinations across the city including central London. Other stations within proximity include Hatton Cross underground station (6-minute drive and access to Piccadilly Line) and Heathrow Terminal 5 (15-minute drive and access to Elizabeth and Piccadilly Lines and Heathrow Express).

It is worth noting that the Elizabeth line has made the Heathrow area far more accessible to central London, which has shifted the visitor profile toward more domestic leisure travellers, business commuters, and

international tourists who now find the area easier to reach without relying solely on the Heathrow Express or the Underground. This has diversified the mix of visitors within the Heathrow area, further benefitting and boosting demand for hotels in the locality.

Hotels along Bath Road are also served by the Hotel Hoppa shuttle buses, as well as several free local buses within the Heathrow Freeflow Zone. Hoppa buses connect Bath Road hotels directly to Heathrow terminals, while local buses offer a free alternative from the Central Bus Station at Terminals 2 & 3.

Bath Road also benefits from excellent motorway links including the M4, M25 and A312, positioning it as one of the most convenient hotel locations for airport access.

3.3 Business Demand Generators

The proposed hotel Site is strategically located within close proximity of London Heathrow Airport, which is one of the busiest international airports in the world and a key generator of demand for hotel accommodation. The proposed hotel's immediate area comprises a number of major commercial demand drivers such as Poyle, which is a largely industrial and agriculture area and Waterside, which is the head office for British Airways. The property is also within driving distance of other major economic centres such as Slough, which is home to Slough Trading Estate; Europe's largest trading estate in single ownership. We provide further details below with regards to key local business demand generators.

London Heathrow Airport

- London Heathrow Airport is a key commercial demand generator for the proposed hotel, predominantly with business generated by crew members from various airlines operating out of the airport. Airlines also occasionally have to use hotels in the local area for weather or technical delays as the last option preferring to re-staff and re-cater aircraft if the plane can be fixed within a reasonable time frame.

Slough Trading Estate

- Commercial property spanning across 486 acres with over 600 buildings.
- Provides 7.5 million sq ft of accommodation to 500 businesses.
- Home to tenants from multiple countries including the US, France, Italy, Japan, Germany and South Korea.
- Tenants include Fiat Group Automobiles, Centrica, GlaxoSmithKline, Akzo Nobel, Virgin Media, Telefonica O2, Yell and many others.

Stockley Park

- Business estate spanning across 88 acres, home to a truly international business community.
- Hosts businesses from the US, China, Japan and Italy and occupiers include companies such as Apple, Canon, Sharp, Marks & Spencer, Gilead Sciences and others.

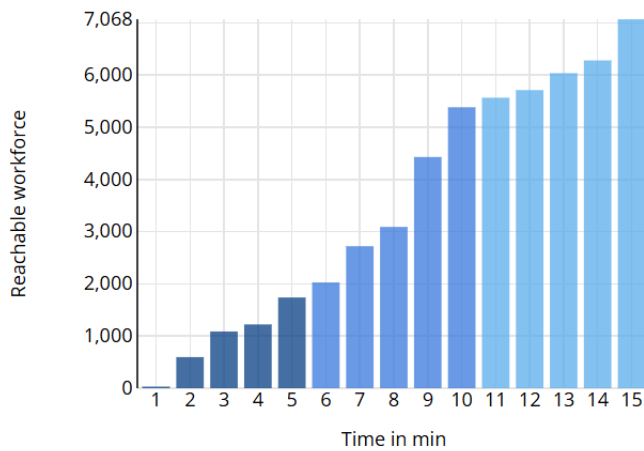
Waterside

- Home to the international headquarters of British Airways, as well as the operational head office of BA's parent company (IAG).

Pinewood Studios

- A demand generator for various hotels in the local area to house crew members.
- Base for productions of high-profile films.

Exhibit 5: Workforce Demographics



Source: StorePointGeo

There is a strong workforce locally, with approximately 7,000 people estimated to work within a 15-minute walk of the hotel Site.

A high concentration of employees and businesses in a specific area drives the need for hotel accommodation due to a variety of factors. Businesses frequently require their employees to travel for meetings, training and other work-related activities. With numerous companies situated close by, there is a continuous influx of business travellers who necessitate lodging. Additionally, hotels also serve as a practical option for employees looking to avoid lengthy daily commutes, tourists exploring the local and wider area's attractions, and as short-term housing for new hires and relocations. The accessibility and proximity to corporate offices, transportation and amenities make hotels close by to business districts a desirable choice for business travellers, contributing to the consistent demand for accommodation in these areas.

3.4 Leisure Demand Generators

Leisure demand is predominantly linked to pre or post flight overnight accommodation relating to the airport or those visiting the main tourist attractions in the wider area and in Central London. The opening of the Elizabeth Line in 2022 has also enhanced the local area's accessibility profile, with key leisure destinations such as Bond Street reachable within 30 minutes.

The wider area is also home to some of London's major visitor attractions such as Windsor Castle, popular theme parks including LEGOLAND Windsor and Thorpe Park, and sporting venues such as Ascot Racecourse and Twickenham Stadium.

LEGOLAND Windsor Resort

- A significant generator of demand for hotels in the local area.
- One of the most visited theme parks in the UK.

Twickenham Stadium

- Home of England Rugby and largest dedicated rugby union venue in the world.
- Second largest stadium in the UK and fourth largest in Europe with a capacity of 82,000.
- One of London's premier entertainment venues.

Windsor Castle

- The oldest and largest castle in the world with over one million visitors per annum.

Ascot Racecourse

- One of the leading racecourses in the UK, enjoying close association with the British Royal Family.
- Hosts 13 out of Britain's 36 annual Group 1 horse races.
- Stages 26 days of racing over the course of the year.
- A popular venue for large events such as weddings, conferences and exhibitions, with over 300 flexible fitting spaces and up to 8,000 sqm of floor space.

3.5 Conclusion

The Site for the proposed Toyoko Inn hotel is strategically located within close proximity of several leisure and business demand generators, with London Heathrow Airport positioned as one of the key sources of hotel demand. The airport is the UK's primary international gateway and one Europe's busiest hubs, which is also currently undergoing expansion plans for a third runway, as detailed further in Section 5.

Overall, overnight tourist demand, both domestic and inbound, from both individuals and groups, exists throughout the year with a focus on core midweek days, weekends and during holiday periods. Short break visitors from Europe and those within a 2 to 3-hour flight time represent a large proportion of this demand, along with the US market which is the primary inbound source market to London as explored further in the following Section of this report.

The London Borough of Hillingdon is well placed for future accommodation developments, in accordance with The London Plan policies E10A and E10G which, essentially, state that developments in support and extension of London's visitor economy, including serviced accommodation (such as hotels and guesthouse/B&B accommodation), should be focused on areas well-connected by public transport, particularly into central London, taking into account the needs of both business and leisure visitors.

With a PTAL rating of 4, the Site is suitably located in this regard and is well located to help to satisfy the growth requirements outlined by the GLA for the London Borough of Hillingdon and London overall over the coming years to 2041, particularly given the current undersupply and displaced demand which is evident across the Borough (as explored further in Section 6).

4. TOURISM OVERVIEW

4.1 Tourism to London

London ranks as one of the world's leading tourist destinations and is the most popular location within the UK for overseas visitors. The capital city's tourism image and offering has improved significantly over the past decade and tourism's importance to London's economy has grown. Estimates are that tourism accounts for approximately 7% of Gross Value Added in London's economy and 10% of GDP.

In 2019, 21.7 million overseas tourists visited London, a significant increase on 2018. Combined with around 12 million domestic tourists, a total of 33.7 million visits to the capital represents an increase of approximately 30% since 2010. In 2019, total expenditure was £18.8 billion, an increase of 23% on 2018 levels.

Post pandemic, London experienced a strong recovery in tourism levels, recording an approximate total of 30.9 million visits during 2022, alongside a total expenditure of £19 billion. Tourism to the capital city continued to improve in the subsequent years, reaching a total of circa 35 million trips in 2024 and representing a strong uplift of circa 13.0% on 2022 levels. Total expenditure also reached peak levels of £22.4 billion, significantly surpassing pre-pandemic performance.

Key points of note include:

- Visits to London showed a stronger recovery against visits to the rest of England during 2024. London received over half (53%) of all inbound visitation to the UK in 2024 and is the leading UK destination in terms of visitor nights, accounting for 41% of all visitor nights nationally.
- Inbound (overseas) visitors accounted for 60% of total visitation to London in 2024 and generated a significant 76% of total spend.
- International visitors to London spent a record £16.9 billion in 2024, showcasing a 7.6% increase over 2019 levels and 19.6% increase over 2022 figures. This is an average of £802 spend per trip, an increase of circa 11% on pre-pandemic levels.
- Inbound holiday trips to London tend to represent about 50% of all overseas visits. These visits have been the key driver of growth since 2009.
- Key source markets for international tourism to London include USA (13.1%), France (9.2%), Germany (7.8%), Ireland (6.8%) and Spain (5.6%). The U.S. remains the largest single source market, driven by both leisure and business travel, whilst European countries dominate the short-haul travel market, typically contributing frequent visits with shorter stays. India and China are growing markets.

Exhibit 6: Inbound (Overseas) Overnight Tourism to London, 2017 - 2024

| Inbound Overnight Tourism | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------------|---------|---------|---------|--------|--------|---------|---------|---------|
| London | | | | | | | | |
| Inbound visitor trips (000s) | 21,708 | 21,072 | 21,713 | 3,696 | 2,723 | 16,118 | 20,277 | 21,066 |
| Inbound visitor nights (000s) | 130,488 | 123,782 | 118,872 | 21,373 | 31,251 | 102,832 | 115,787 | 117,600 |
| Inbound visitor spend (£m) | 16,267 | 14,863 | 15,725 | 2,556 | 2,691 | 14,133 | 16,697 | 16,913 |

Source: International Passenger Survey, 2025

Exhibit 7: Domestic Overnight Tourism to London, 2014 - 2024

| Domestic Overnight Tourism - Annual Three-Year Smoothed Average | 2014-16 | 2015-17 | 2016-18 | 2017-19 | 2022 | 2023 | 2024 |
|---|---------|---------|---------|---------|--------|--------|--------|
| London | | | | | | | |
| Domestic visitor trips (000s) | 12,138 | 12,412 | 12,031 | 12,050 | 14,800 | 15,100 | 13,964 |
| Domestic visitor nights (000s) | 26,953 | 28,111 | 27,351 | 28,066 | 38,735 | 39,494 | 36,928 |
| Domestic visitor spend (£m) | 2,950 | 2,883 | 2,813 | 2,902 | 4,895 | 4,785 | 5,483 |

Source: GBTS/Visit England

Note: Visitor nights data not published post 2019. 2020 and 2021 data unavailable due to Covid-19 pandemic.

4.2 Tourism to the London Borough of Hillingdon

In the following table, we illustrate the trend in the volume and value of domestic overnight tourism to the LBoH, based on data recorded for the Great Britain Tourism Survey (GBTS) by Visit England. Inbound visitor data is unavailable at a local level.

Exhibit 8: Domestic Overnight Tourism to the London Borough of Hillingdon, 2014-2019

| Domestic Overnight Tourism - Annual Three-Year Smoothed Average | 2014-16 | 2015-17 | 2016-18 | 2017-19 |
|---|---------|---------|---------|---------|
| London Borough of Hillingdon | | | | |
| Domestic visitor trips (000s) | 249 | 297 | 300 | 354 |
| Domestic visitor nights (000s) | 452 | 519 | 534 | 791 |
| Domestic visitor spend (£m) | 55 | 56 | 51 | 64 |

Source: GBTS/Visit England

The data provided is an annual figure based on a three-year smoothed average and shows changes in the volume and value of domestic overnight tourism from the 2014 to 2019 period (the latest available published figures on a localised basis due to the Covid-19 pandemic), which provides an indication of the trend at a more local level.

Overall, the data shows a growing trend in domestic tourism to the LBoH. Between 2017 and 2019, a total of 354,000 domestic overnight visitor trips were made to the LBoH, generating 791,000 domestic visitor nights and spend of approximately £64 million. This equated to an average length of stay of 2.2 nights per trip with an average spend of £181.00 per trip.

Overnight trips in 2017-2019 represent a significant overall uplift of 42% on 2014-16, highlighting the growing popularity of the local area amongst domestic tourists. We note that visitor nights have also increased, with the length of stay extending from 1.8 in 2014-16 to 2.2 in 2017-19. Total expenditure has experienced 16.0% growth during this same period.

4.3 Conclusion

The London Borough of Hillingdon is a popular destination for overnight visitation given its proximity to a number of key leisure and commercial demand drivers. The introduction of Crossrail services at stations such as Heathrow Terminals 2&3, 4 and 5 within the Borough has further enhanced the area's profile as a destination for overnight visitors. This popularity is further demonstrated by high levels of demand, including that being displaced out of the local area which is explored in the following Section of this report.

The GLA London Plan highlights a current and future supply and demand imbalance across London, highlighting the need for additional serviced accommodation to meet the accommodation requirements of overnight visitors to the capital. Whilst all boroughs/council areas show a future requirement to meet anticipated demand growth, the quantum of new additional rooms (gross supply) identified varies by area.

With an overall need to build an additional 58,000 serviced accommodation bedrooms in London by 2041, the London Borough of Hillingdon is identified as a key location with the third highest demand growth requirement across London at 6,554 new additional rooms by 2041.

Overall, we believe the visitor profile to the Borough, along with good accessibility to the project Site, demonstrates a market opportunity for a proposed hotel at 120 Bath Road, which is favourably and strategically located for access to London Heathrow Airport, as well as popular visitor and commercial hotspots, and well located to help meet and satisfy various GLA planning policy requirements.

5. HEATHROW AIRPORT

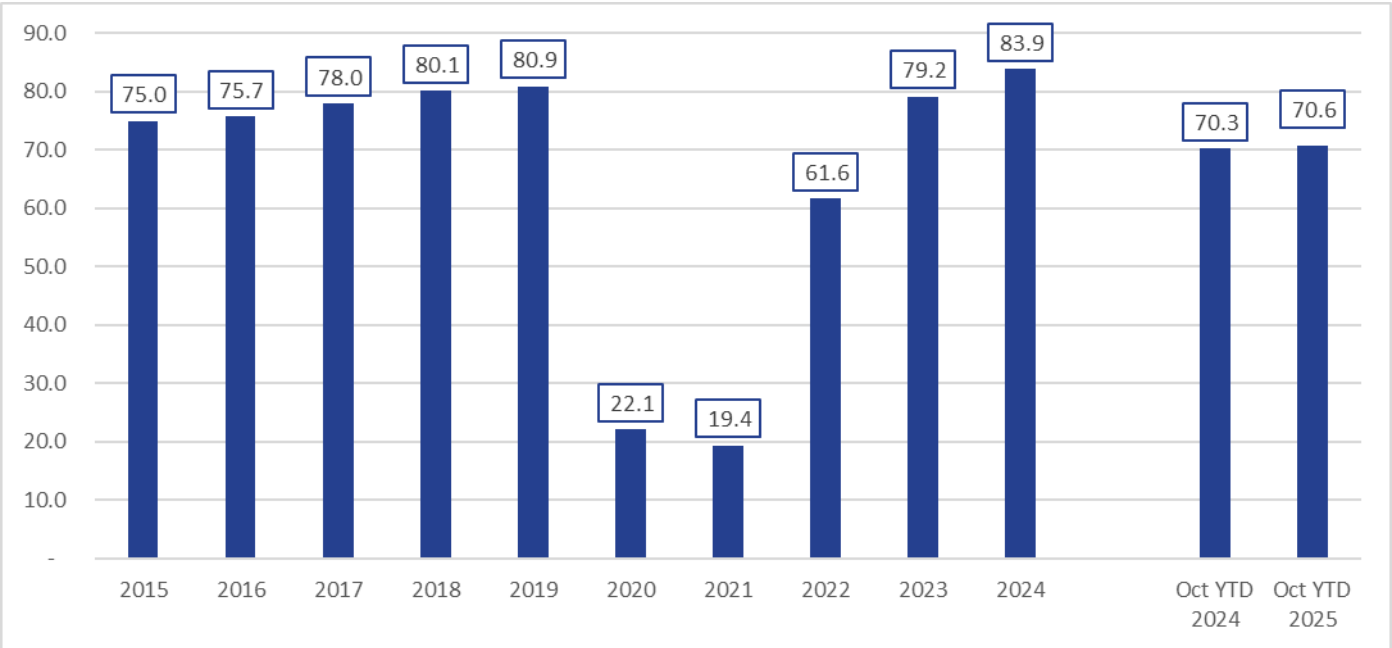
5.1 Heathrow Airport

Heathrow Airport, located 14 miles west of central London and in the London Borough of Hillingdon, is the UK's largest and busiest airport, as well as one of Europe's top three airports in terms of passenger traffic. It serves as a major international hub, connecting the UK to over 200 destinations in more than 80 countries. Heathrow is a key hub for British Airways and Virgin Atlantic and is known for its high volume of international passenger traffic.

5.2 Passenger Numbers

Heathrow Airport has experienced a continuous increase in passenger numbers between 2015 and 2019, from 75.0 million to 80.9 million (8.0% growth across the period). During the pandemic years of 2020 and 2021, passenger numbers significantly declined due to international travel restrictions. However, as foreign borders re-opened during 2022, passenger flows started to experience a recovery. In 2024, passengers at Heathrow Airport surpassed 2019 levels to reach almost 84.0 million, representing an uplift of 3.7%. Furthermore, year-to-date data for October 2025 highlights a further increase in passenger numbers.

Exhibit 9: Heathrow Airport Passenger Numbers (millions), 2015 – 2024 and October YTD 2025



Source: Heathrow Airport Website

5.3 Expansion Plans

Heathrow Airport is pressing ahead with a £50 billion expansion plan, centred on building a third runway (North-Western Runway), new terminal capacity (including a proposed Terminal T5X), and major infrastructure upgrades such as diverting the M25 motorway. The UK government is reviewing proposals, with a formal scheme expected to be confirmed in late 2025.

Plans include increasing Heathrow's capacity to at least 740,000 air traffic movements per year, which are currently capped at circa 480,000, with the addition of a new satellite terminal, referred to as Terminal T5X, alongside expansions to Terminal 2.

Currently Heathrow transits north of 80 million passengers annually and expects this number to reach up to 130 million once the third runway and the associated terminal expansions are completed, driving a corresponding surge in demand for nearby accommodation.

Heathrow would move from being Europe's busiest airport by passenger volume to one of the largest globally, rivalling key hubs such as Dubai and Atlanta. The increase represents roughly a 50% jump in passenger handling capacity, enabled by both the new runway and expanded terminal infrastructure.

This growth will naturally place strain on the existing hotel supply, which frequently operates at high occupancy levels year-round. Particularly during peak travel seasons, there remains a shortfall in accommodation. Given Heathrow's role as a global transport hub and a significant contributor of regional economic activity, the proposed Toyoko Inn Hotel meets an anticipated and evidenced need for additional hotel supply in the local area.

6. LOCAL HOTEL SUPPLY

In this Section, we provide an analysis of the local hotel market of relevance to the project. This includes an overview of existing supply, key competitors to the Proposed Hotel and the future development pipeline of relevance, as well as the demand trends prevailing in the local hotel sector. This analysis will help us to consider the local supply and demand balance and consider whether there is potentially unsatisfied demand and/or an undersupply of accommodation locally.

6.1 London Borough of Hillingdon

Overall, the LBoH borough has a total of 53 hotels with 11,491 rooms/units. The majority of supply is concentrated within the upscale and upper upscale sectors, representing circa 40% of properties and 55% of total rooms (6,258 keys). Upscale hotels account for the single largest proportion of bedrooms due to the presence of several large nationally or internationally branded hotels, such as the 637-key Radisson Hotel & Conference Centre London Heathrow, 304-key Crowne Plaza London Heathrow T4, 266-key Thistle London Heathrow Hotel and 244-key Courtyard London Heathrow Airport hotel. There are also two Hilton Garden Inn properties in the Borough, which collectively provide a significant 741 keys to the market.

Exhibit 10: The London Borough of Hillingdon – Structure of Existing Hotel Supply

| Hotel Class | No. of Hotels | % of Hotels | No. of Rooms | % of Rooms |
|-----------------------|---------------|---------------|---------------|---------------|
| Economy | 14 | 26.4% | 2,397 | 20.9% |
| Midscale | 7 | 13.2% | 772 | 6.7% |
| Upper Midscale | 10 | 18.9% | 1,459 | 12.7% |
| Upscale | 14 | 26.4% | 3,255 | 28.3% |
| Upper Upscale | 7 | 13.2% | 3,003 | 26.1% |
| Luxury | 1 | 1.9% | 605 | 5.3% |
| Total | 53 | 100.0% | 11,491 | 100.0% |

| Hotel Type | No. of Hotels | % of Hotels | No. of Rooms | % of Rooms |
|--------------------|---------------|---------------|---------------|---------------|
| Branded | 38 | 71.7% | 10,935 | 95.2% |
| Independent | 15 | 28.3% | 556 | 4.8% |
| Total | 53 | 100.0% | 11,491 | 100.0% |

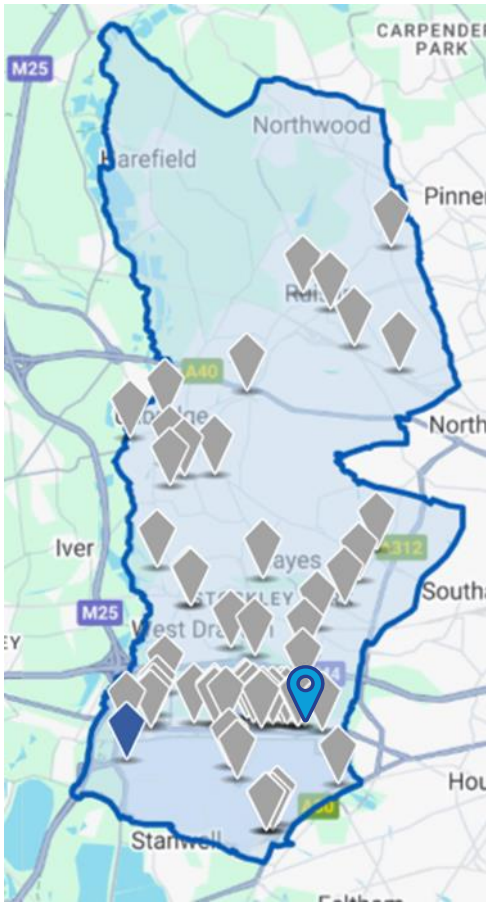
Source: CoStar, November 2025

The economy sector provides a further 21% of total rooms (and 26% of all properties), with Premier Inn dominating the market and no other major brands operating within this segment. Midscale and upper midscale hotels collectively account for 19% of the Borough's total supply, with supply at the luxury level representing 5%.

Overall, therefore, 42% of all properties and 60% of rooms within the Borough are classed within the upscale plus sectors (upscale, upper upscale and luxury), with comparatively less supply across the lower tier classifications, highlighting an opportunity for more entrants within this segment such as the proposed Toyoko Inn hotel.

It is also important to note that there is limited brand diversification within the economy segment, with Premier Inn hotels representing over 90% of the total supply at this market level. The Toyoko Inn concept also sits within the economy sector, clearly highlighting that the proposed development at the Site would help to address a brand gap within the Borough, providing users of overnight accommodation with an affordable and contemporary alternative to the existing supply and potentially helping to attract additional and different types of visitors to the LBoH.

Exhibit 11: The London Borough of Hillingdon Hotel Supply



Source: CoStar, November 2025

Note: blue marker denotes the approximate location of the Site

When looking at the geographical distribution of hotels across the Borough, the majority of properties are located near Heathrow Airport, which is a key demand generator within the area.

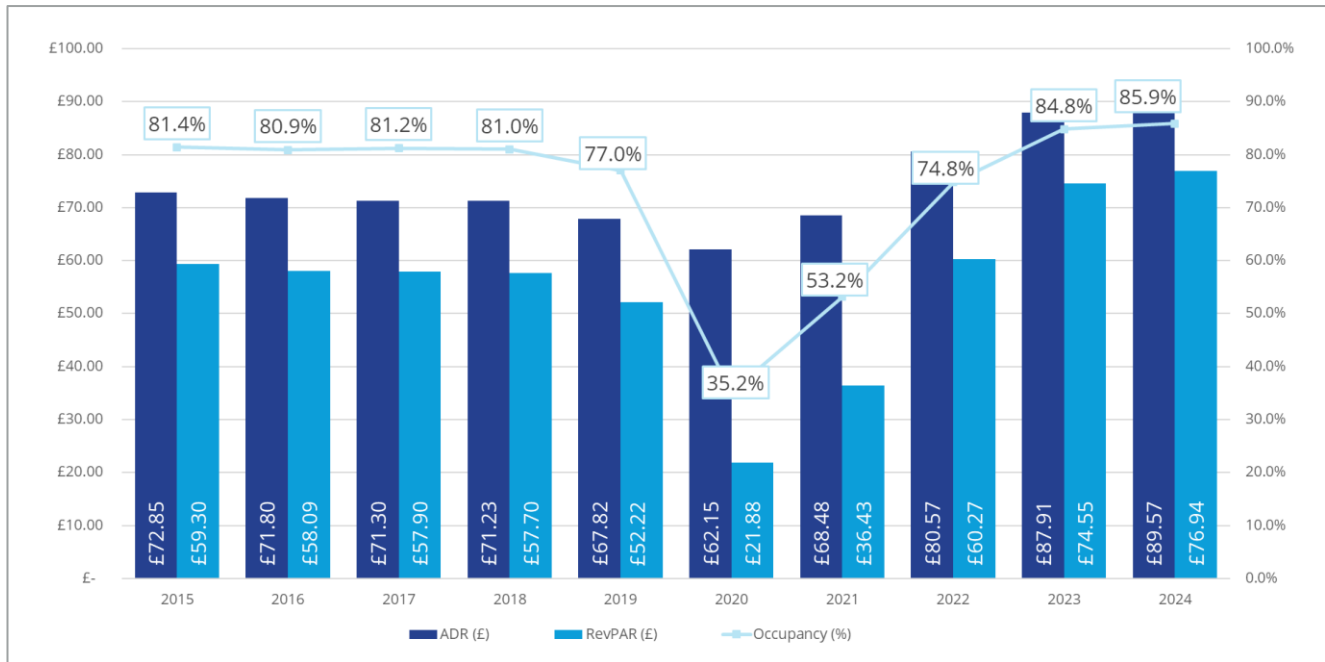
Overall, this structure highlights a clear opportunity for further visitor accommodation across the LBoH, with the local area around the project Site being well placed to respond to the growing need and demand for overnight visitor accommodation in the area due to its favourable location close to Heathrow Airport.

Furthermore, the current offerings in the immediate vicinity of the project Site are primarily limited to upscale and upper upscale properties. This presents an opportunity to establish high-quality, affordable accommodation in an area heavily dominated by upscale plus hotels, which will contribute to further enhancing the appeal of the area as a key leisure destination, provide an alternative accommodation choice for more cost-conscious guests, and within a within established location displaying strong consumer demand for this type of accommodation (as will be demonstrated in the following Sections).

6.2 London Borough of Hillingdon Hotel Market Performance

To place our demand analysis for the local hotel market within context, we first provide an analysis of the average performance for the LBoH hotel market to provide a comprehensive and well-rounded view of hotel demand in the Borough.

Exhibit 12: London Borough of Hillingdon – Existing Hotel Supply Market Performance, 2015 – 2024



Source: CoStar, November 2025

Note: 2020 and 2021 significantly impacted by travel and trading restrictions associated with Covid-19 Pandemic

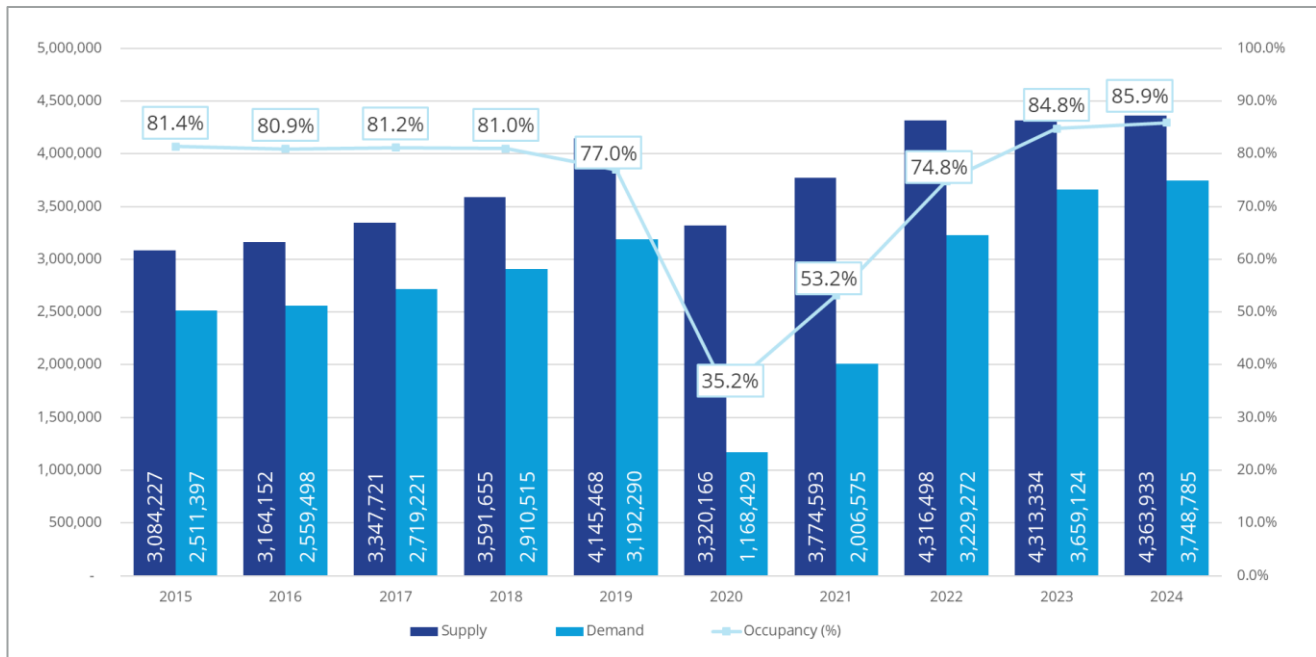
The LBoH hotel market has experienced exceptionally strong occupancy levels of 80% and above between 2015 and 2018, highlighting the strength of demand for hotels in the Borough prior to the onset of the Covid-19 global pandemic.

Whilst the data set recorded a significant decline in occupancy and ADR during 2020 and 2021, this can be attributed to the impact of the Covid-19 pandemic. The year 2022 saw the start of a recovery with occupancies climbing to 74.8%, while ADR soared to £80.57. Occupancies surpassed pre-pandemic performance in the subsequent two years, reaching peak levels of almost 86.0% during 2024, which is circa 12.0% higher than 2019. This uplift coincides with the recent growth experienced at Heathrow Airport, with passenger numbers exceeding pre-pandemic levels to reach 84.0 million in 2024. The ADR also increased significantly during 2023 and 2024, reaching close to £90.00 in 2024 and outperforming pre-pandemic levels by a strong 32.0%.

As a result of strong occupancy and ADR performance, RevPAR levels in 2024 exceeded pre-pandemic figures by an exceptional 47% (+£24.72), reaching the £77.00 mark.

Overall, both the historic and current performance of the Borough hotel market demonstrate robust levels of demand and consumer need for accommodation in the LBoH, with high levels of demand also clearly driving price. Moreover, average annual occupancies at this level (above 80%) clearly indicate periods of unsatisfied or displaced demand exist locally, demonstrating the need for additional hotel supply in the local area. Strong occupancy and ADR performance during 2024 demonstrates the ongoing strength of the local hotel market in Hillingdon, which has been further enhanced by various regeneration initiatives across the borough, including the opening of Crossrail services at several stations across the Heathrow area during mid-2022.

Exhibit 13: London Borough of Hillingdon, Supply and Demand Trends, 2015 – 2024



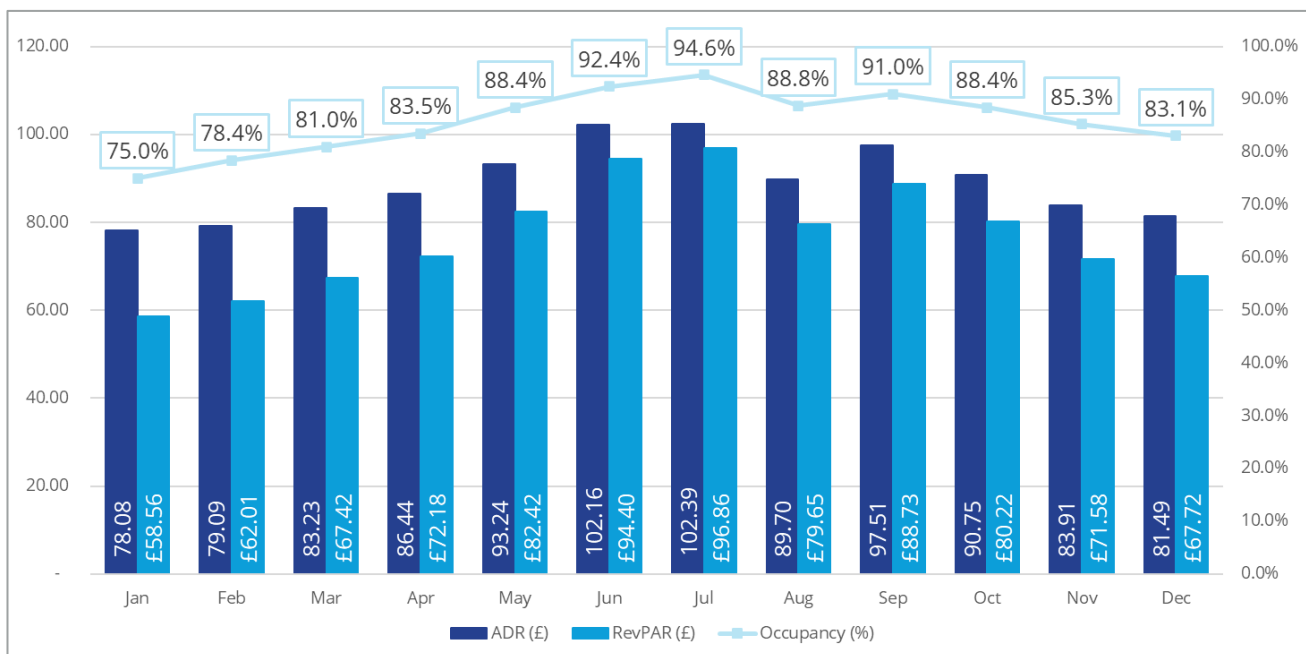
Source: CoStar, November 2025

Note: 2020 and 2021 significantly impacted by travel and trading restrictions associated with Covid-19 Pandemic

The above graph illustrates the supply (total room nights available) and demand (total room nights sold) of hotels for the London Borough of Hillingdon between 2015 and 2024.

The data shows that the overall growth in hotel demand between 2015 and 2024 (+49.3%) outpaced supply growth (+41.5%) during this same period, highlighting the strength of the local market and its ability to absorb new supply, further reflective of its current status as an undersupplied hotel market and reiterating the requirement for additional hotel accommodation in the Borough.

Exhibit 14: The London Borough of Hillingdon, Hotel Market Seasonality Trend, 2024



Source: CoStar, November 2025

The above graph shows the monthly occupancy, ADR and RevPAR trends for the LBoH hotel market during 2024. We note that occupancy levels exceed 80% between March and December, with the period between May to October in particular recording exceptionally strong occupancies of over 88% with some months achieving 90%+, which is highly indicative of an undersupplied market. This results in demand being displaced outside of the Borough due to demand outpacing supply. This, combined with the strong annual occupancy and ADR performance over recent years, is a highly positive indicator of the ongoing and sustained strength of the local hotel market and its ability to absorb new supply, further reflective of its current status as an undersupplied hotel market, which is envisaged to continue strengthening over the coming years.

6.3 Local Market Area of Relevance (Heathrow Airport)

Whilst administrative boundaries are a useful indicator of supply within different areas and zones of London, consumers do not book accommodation on this basis, but rather on the physical location and geography of where they wish to be in relation to the purpose of their visit. On this basis, most consumers will subconsciously identify a catchment/area within which they wish to stay, often based on an approximate walk or drivetime to/from their ultimate destination of choice, or from key transport hubs (such as overground and underground stations), which can often then cross over administrative borders.

To localise our analysis, we have defined the market area of relevance as all properties within the Heathrow Airport submarket, as defined by CoStar. This broadly extends to Hayes to the north, Stanwell to the south, Heston to the east and towards Wrybury to the west. On this basis, there are currently 57 properties with a total of 13,950 rooms/units within the local area.

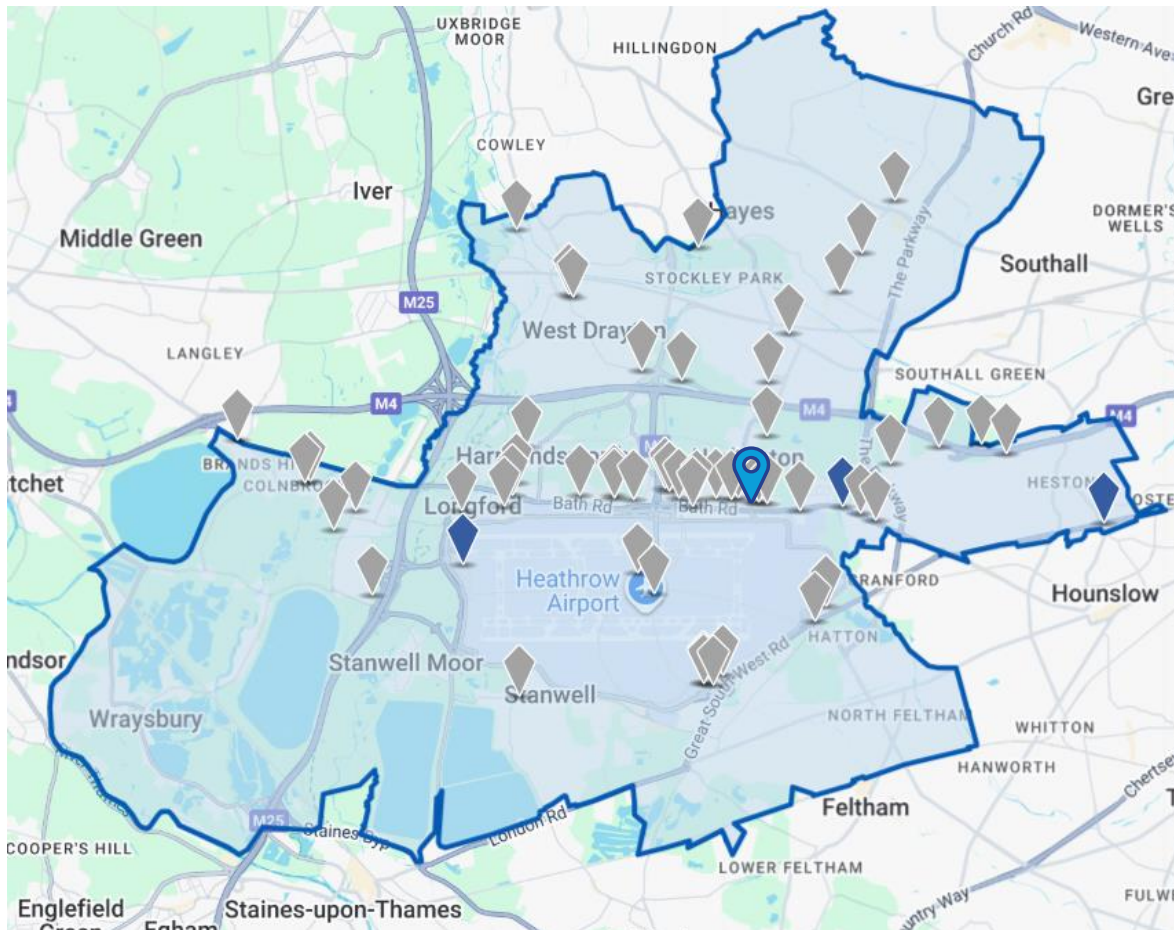
Exhibit 15: Local Hotel Market of Relevance – Heathrow Airport Submarket

| Hotel Class | No. of Hotels | % of Hotels | No. of Rooms | % of Rooms |
|-----------------------|---------------|---------------|---------------|---------------|
| Economy | 16 | 28.1% | 3,109 | 22.3% |
| Midscale | 7 | 12.3% | 772 | 5.5% |
| Upper Midscale | 12 | 21.1% | 2,597 | 18.6% |
| Upscale | 12 | 21.1% | 3,390 | 24.3% |
| Upper Upscale | 9 | 15.8% | 3,477 | 24.9% |
| Luxury | 1 | 1.8% | 605 | 4.3% |
| Total | 57 | 100.0% | 13,950 | 100.0% |

| Hotel Type | No. of Hotels | % of Hotels | No. of Rooms | % of Rooms |
|--------------------|---------------|---------------|---------------|---------------|
| Branded | 41 | 71.9% | 12,628 | 90.5% |
| Independent | 16 | 28.1% | 1,322 | 9.5% |
| Total | 57 | 100.0% | 13,950 | 100.0% |

Source: CoStar, November 2025

Exhibit 16: Local Hotel Market of Relevance Map – Heathrow Airport Submarket



Source: CoStar, November 2025

Blue marker denotes the approximate location of the project Site

Similar to the overall LBoH structure, the upper upscale and upscale sectors account for the majority of room supply in the local hotel market of relevance, collectively representing circa 50% of total rooms (6,867 keys). This is due to the presence of several large branded hotels positioned within these sectors including the 710-bedroom Renaissance London Heathrow Hotel, 637-bedroom Radisson Hotel & Conference Centre London Heathrow, 464-bedroom Radisson Blu Hotel London Heathrow and 428-bedroom Sheraton Hotel Heathrow.

Comparatively, bedroom supply at the economy level accounts for just 22.0% of the total, with the majority of rooms within this segment branded under either the Premier Inn or Travelodge banners (73.0%), resulting in a limited variety of product offerings at this market positioning. There have also been no new hotel openings within the economy segment since 2020, which is when the 81-key Travelodge at Stockley Park Hayes opened. With leisure guests now forming a larger proportion of demand across the Heathrow area, there is a clear opportunity for additional economy hotels to enter the market, with the proposed Toyoko Inn helping to address a brand gap within the local area, providing users of overnight accommodation with an affordable and contemporary alternative to the existing supply and potentially helping to attract additional and different types of visitors to the locality.

The closest hotels to the project site on Bath Road are also primarily limited to upscale and upper upscale properties such as the 352-key Sheraton Skyline Hotel, 393-key Marriott London Heathrow Hotel, 244-key Courtyard London Heathrow Airport and the 464-key Radisson Blu Hotel London Heathrow. The immediate locality is therefore undersupplied in terms of affordable, economy level accommodation. The proposed

Toyoko Inn hotel at the project Site will be exceptionally well placed and well located to help address the market gap and opportunity, particularly given its strategic location on Bath Road.

The proposed hotel will add further high-quality, modern yet affordable accommodation, which we consider will be extremely well received by key users of overnight accommodation in the market area, with both the locality and the LBoH being an established sub-market where consumers appear to place strong emphasis on, and a preference towards, high quality, nationally or internationally branded supply to satisfy consumer requirements.

6.4 Competitive Hotel Market Performance

To analyse the demand trends and characteristics prevailing locally to the Site, we have commissioned a hotel data performance report from CoStar Group. Due to data protection, the guidelines require a minimum of four hotels to be included within a data set.

The set comprises eight properties providing a total of 2,205 rooms, with an average size of 276 rooms per property. These hotels are considered to be competitors based on criteria such as location, market orientation, branding, facilities, pricing, reputation and performance. We outline these in the table below and illustrate their locations thereafter. We present the historical and current performance of the competitive set overleaf and comment thereafter.

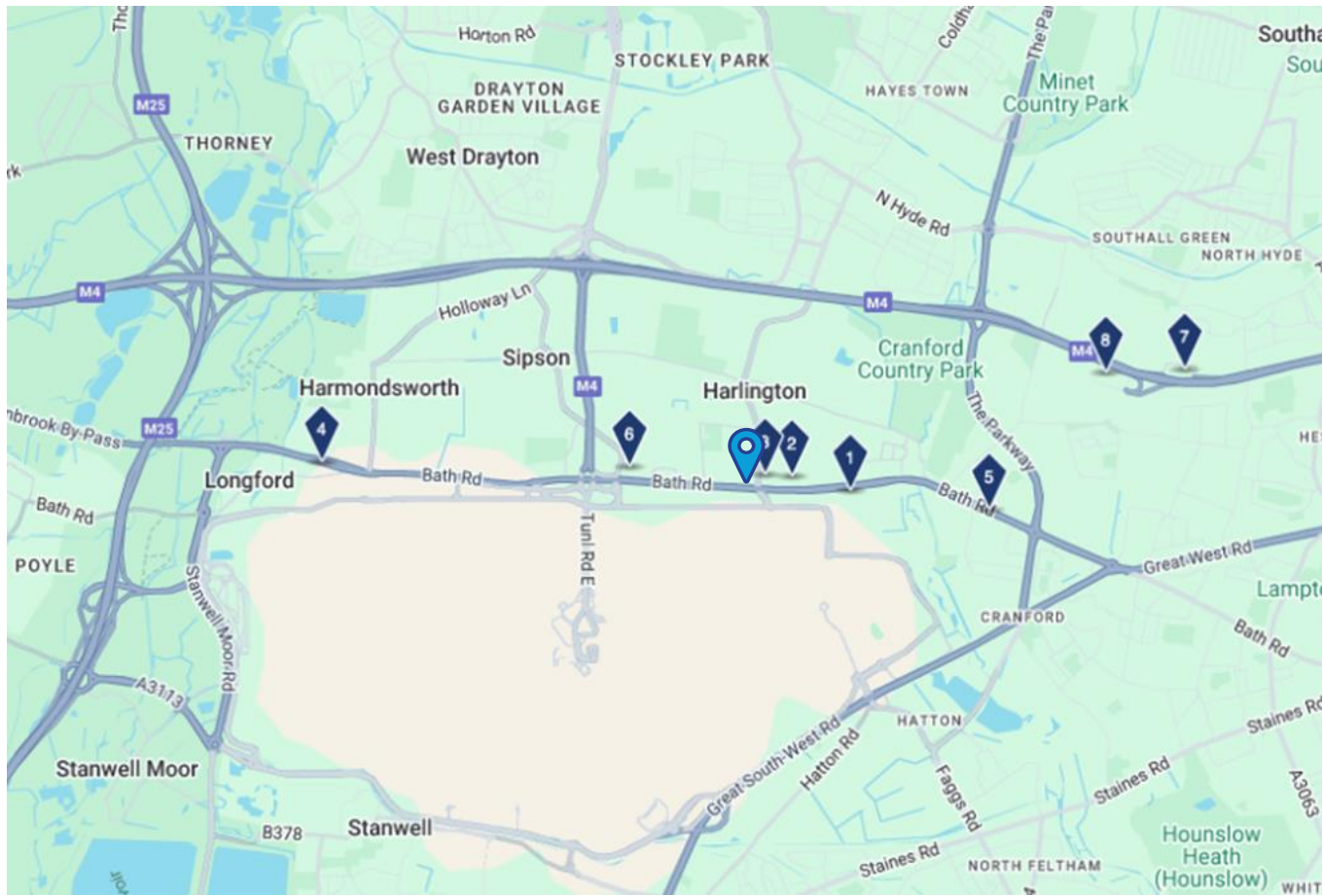
Exhibit 17: Selected Competitive Set

| Map Ref | Property Name | Rooms | Brand | Class |
|--------------|--|--------------|----------------|----------|
| 1 | Premier Inn London Heathrow Airport Bath Road | 594 | Premier Inn | Economy |
| 2 | Ibis London Heathrow Airport | 356 | ibis | Midscale |
| 3 | Best Western London Heathrow Ariel Hotel | 184 | Best Western | Midscale |
| 4 | Premier Inn London Heathrow Airport Terminal 5 | 400 | Premier Inn | Economy |
| 5 | ibis budget London Heathrow Central | 307 | ibis budget | Economy |
| 6 | ibis Styles London Heathrow Airport | 153 | ibis Styles | Midscale |
| 7 | Travelodge Heathrow Heston M4 Eastbound | 66 | Travelodge, UK | Economy |
| 8 | Travelodge Heathrow Heston M4 Westbound Hotel | 145 | Travelodge, UK | Economy |
| Total | | 2,205 | | |

Source: CoStar, November 2025

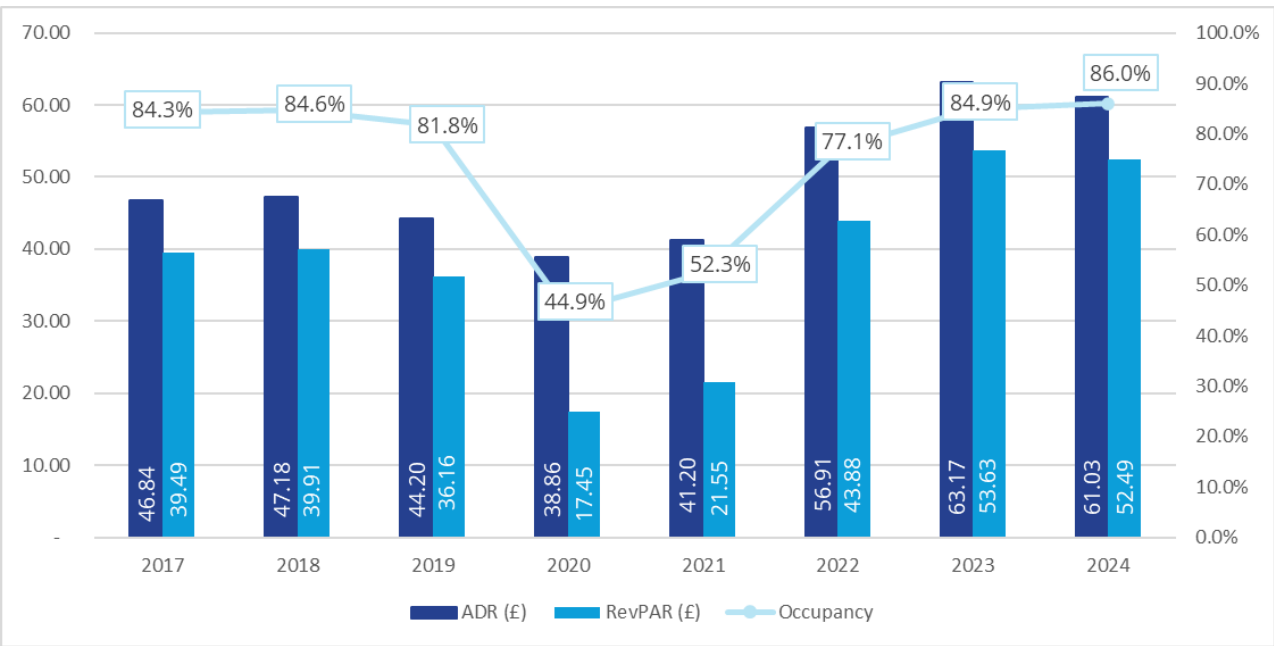
Whilst the degree of competitive relevance of each hotel will vary dependent on the factors outlined above, we consider primary competitors to the proposed Toyoko Inn hotel to be positioned within the midscale and economy sectors.

Exhibit 18: Local Competitive Market – Location Map



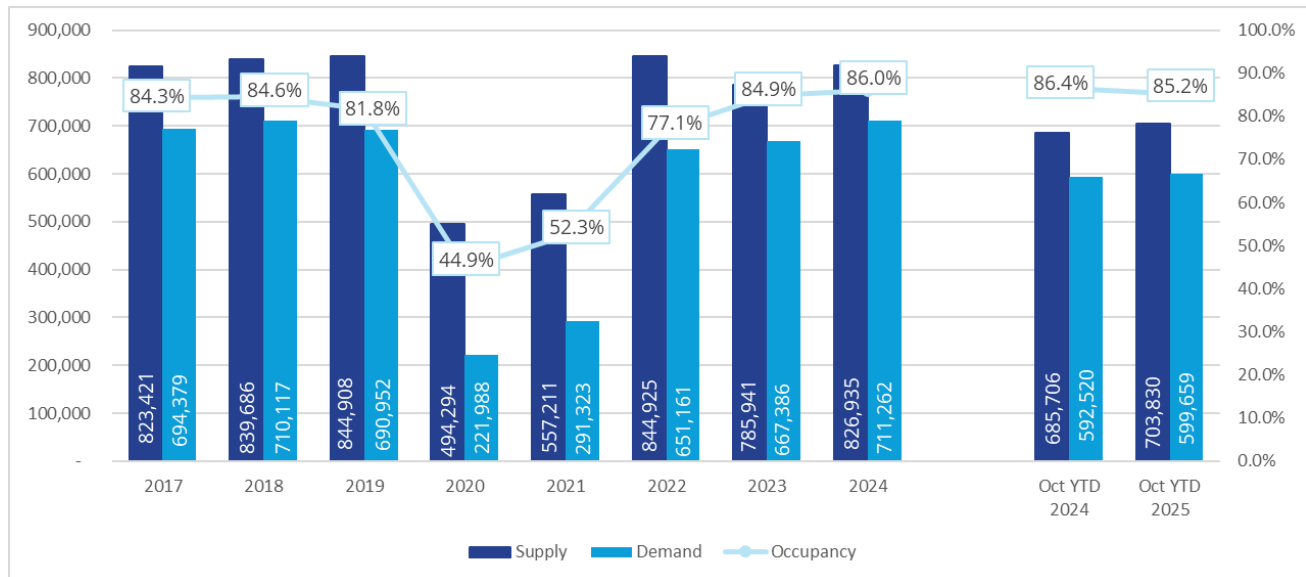
Source: CoStar, November 2025
Blue marker denotes location of the proposed Toyoko Inn Hotel

Exhibit 19: Competitive Set Occupancy, ADR and RevPAR Trends, 2017 – 2024



Source: CoStar, November 2025

Exhibit 20: Supply and Demand Trends, 2017 – 2024 and October YTD 2025



Source: CoStar, November 2025

Occupancy - Supply and Demand Analysis

The local competitive hotel set experienced very strong occupancy levels during the period from 2017 to 2019, with annual occupancies consistently recorded at circa 82-85%.

Furthermore, we note that the growth in demand between 2017 and 2018 (+2.3%) slightly outpaced supply growth (+2.0%) during this same period, highlighting the strength of the local market and its ability to absorb new supply, which combined with the high levels of annualised occupancy, is reflective of its status as an undersupplied local market.

Whilst the data set recorded a significant decline in occupancy during 2020 and 2021, this can be attributed to the impact of the Covid-19 pandemic.

Post-pandemic, 2022 showed a strong rebound in demand recovery with occupancy achieving 77.1% and exceeding pre-pandemic levels in 2023 by reaching circa 85.0%, as the recovery of international and business travel continued. Growth was further supported by the opening of the Elizabeth line in mid-2022, which enhanced the overall accessibility profile of the local Heathrow area. We also note that the competitive set recorded occupancy levels significantly above the overall London average of 77.4% in 2023, again demonstrating the strength of the local hotel market and its growing popularity as an area to stay amongst overnight visitors to London.

Occupancy levels continued to grow during 2024, reaching an impressive 86.0%, which further surpasses pre-pandemic performance and indicates that hotels are operating near capacity with periods of displaced / unsatisfied demand arising as a result.

YTD performance for October 2025 shows a further 1.2% increase in absolute demand (total room nights sold), which highlights the ongoing strength of the local hotel market and its growing popularity as an area to stay in amongst overnight visitors to London. It also reinforces the requirement for additional hotels in the area, particularly at the lower end of the market, to satisfy periods of displaced demand.

Accordingly, this provides an excellent opportunity and need for the proposed Toyoko Inn hotel at the project Site, which is envisaged to be positioned at the economy level.

Average Daily Rate (ADR) and Revenue Per Available Room (REVPAR)

The average daily rate (ADR) for the local set grew by a 0.7% between 2017 and 2018 before slightly dipping to £44.20 in 2019.

In contrast to global and London market trends, the competitive set's ADR experienced minimal impacts during the pandemic years of 2020 and 2021, which could be attributed to essential demand generated by the airport via airline crews, quarantine stays and repatriation passengers. This further reinforces the strength of the local hotel market, which benefits significantly from a stable demand base.

The ADR surpassed 2019 levels in 2022 to reach £56.91 and grew further to £63.17 in 2023, exceeding 2019 levels by 43.0% and representing growth notably ahead of inflation. The local area's improved accessibility profile via the opening of the Crossrail services could also be a factor driving ADR levels in the local area. This trend, alongside the occupancy growth observed, is a testament to the strength of the local competitive hotel market.

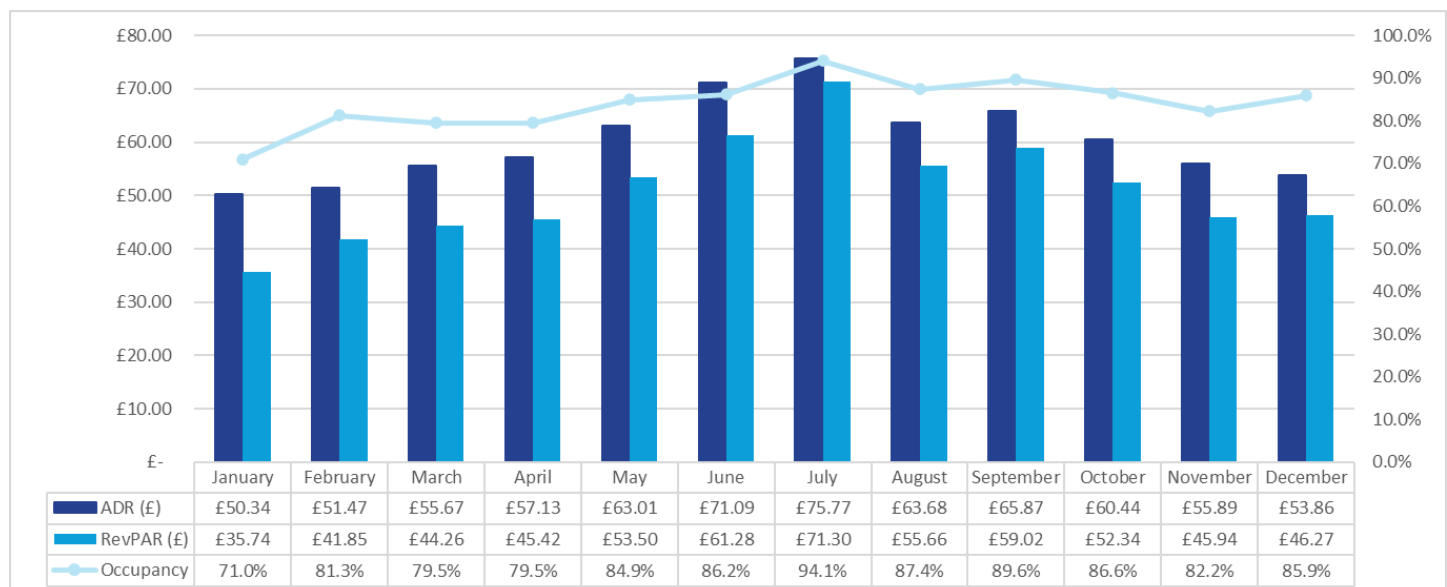
The local hotel set saw the Revenue per Available Room (RevPAR) increase between 2017 and 2018, representing an overall uplift of 1.1% and approaching the £40.00 mark. Strong ADR performance and a recovering occupancy during 2022 enabled the competitive set to record RevPAR levels ahead of 2019 figures. In 2023, the RevPAR exceeded pre-pandemic performance by £17.48 (+48%) to reach a period high of £53.64. In 2024, the market softened with ADR falling slightly to £61.03, which combined with the 1.3% increase in occupancy, resulted in RevPAR decreasing by 2.1% to £52.49.

Whilst the data suggests some current pressure on the local competitive market, levels of demand remain robust and price points strong, underpinned by the appeal of the local area to both corporate and leisure visitors, with demand still being displaced out of the local area due to its continued status as an undersupplied market with strong consumer demand.

Seasonality of Demand

The graph below illustrates the seasonality of demand (occupancy) for the competitive hotel set during 2024. It is important to note, however, that this is the monthly average performance and that specific patterns will vary amongst different hotels.

Exhibit 21: Hotel Competitive Set –Seasonality Trends, 2024



Source: CoStar, November 2025

Operating at an annual average occupancy of 86% means that the local competitive hotel market is enjoying high and sustained levels of demand year-round, with relatively little seasonality impact within the market. That said, occupancy peaks in July (94.1%), when leisure demand to London also peaks, as well as during the months of June and August to October (86.0% and above), synonymous with the peak corporate travel months and August being a strong travel period. This is likely to correspond to the times when displaced demand is also at its highest level, albeit with a year-round occupancy at 85%+, we expect unsatisfied/displaced demand to occur throughout the majority of the year. This is demand which is being displaced out of the Borough into other neighbouring areas, highlighting that the local hotel market is undersupplied and that a supply-demand imbalance exists locally.

Day of Week Analysis

The Exhibits below present the average annual daily occupancy, ADR and RevPAR for the local competitive hotel set over a 12-month period from November 2024 to October 2025.

Exhibit 22: Average Daily Occupancy, ADR and RevPAR, November 2024 – October 2025

| KPI | Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
|---------------|--------|--------|---------|-----------|----------|--------|----------|
| Occupancy (%) | 77.5% | 81.1% | 84.1% | 83.8% | 81.9% | 82.4% | 86.0% |
| ADR (£) | 51.42 | 55.41 | 61.99 | 61.53 | 56.14 | 56.52 | 62.34 |
| RevPAR (£) | 39.86 | 44.91 | 52.15 | 51.57 | 46.00 | 46.55 | 53.59 |

Source: CoStar, November 2025

The data shows that average daily occupancy typically peaks on Saturdays at 86%, which also commands the highest average daily ADR over the week at circa £62. This, combined with occupancies of 82.4% during Fridays demonstrates the significance and importance of the leisure segment to local hotel performance.

Tuesdays and Wednesdays enjoy the next highest occupancy which, alongside the strong demand across the core Monday to Thursday midweek period, highlights the relevance of the corporate sector to the local hotel market.

It is important to note that the occupancy only dips below 81% on Sunday which, again, demonstrates an undersupplied hotel market in the local area.

Furthermore, there are approximately 140 days per year where occupancies exceed 85%, which is indicative of an extreme shortage and almost certainly leading to displacement of demand. Moreover, this displacement occurs consistently on almost every Saturday, as well as on a significant number of Tuesday and Wednesday nights, particularly during the corporate months. Displacement is evident throughout the year.

Exhibit 23: Average Daily Occupancy by Month, November 2024 – October 2025

| Occupancy (%) | | | | | | | | |
|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Sun | Mon | Tue | Wed | Thu | Fri | Sat | Total Month |
| Nov-24 | 74.5% | 77.1% | 79.9% | 81.4% | 80.6% | 80.5% | 85.6% | 80.1% |
| Dec-24 | 80.1% | 81.9% | 84.0% | 80.8% | 83.1% | 85.5% | 90.2% | 83.5% |
| Jan-25 | 68.6% | 72.9% | 77.4% | 76.5% | 76.4% | 74.9% | 73.7% | 74.5% |
| Feb-25 | 65.3% | 74.0% | 77.6% | 76.0% | 74.4% | 75.7% | 80.6% | 74.8% |
| Mar-25 | 72.0% | 75.3% | 77.9% | 77.5% | 77.9% | 76.0% | 83.0% | 77.1% |
| Apr-25 | 75.8% | 78.5% | 83.0% | 82.6% | 78.0% | 81.7% | 85.1% | 80.8% |
| May-25 | 79.6% | 81.4% | 87.1% | 88.1% | 83.8% | 86.8% | 86.5% | 84.9% |
| Jun-25 | 80.5% | 86.2% | 90.4% | 90.1% | 89.2% | 88.4% | 90.3% | 87.6% |
| Jul-25 | 87.3% | 88.6% | 90.1% | 91.1% | 88.4% | 88.8% | 93.6% | 89.7% |
| Aug-25 | 81.4% | 81.3% | 82.9% | 82.0% | 78.4% | 79.6% | 85.5% | 81.6% |
| Sep-25 | 84.8% | 88.3% | 89.5% | 92.8% | 90.2% | 91.0% | 90.4% | 89.5% |
| Oct-25 | 79.3% | 85.3% | 86.9% | 86.4% | 82.2% | 81.6% | 87.9% | 84.2% |
| Total Year | 77.5% | 81.1% | 84.1% | 83.8% | 81.9% | 82.4% | 86.0% | 82.4% |

Source: CoStar, November 2025

Overall, the average daily performance shows a healthy market with a balanced mix of demand. It benefits from a strong weekend (leisure) and midweek (corporate) market, with average daily occupancies and ADRs for the local hotel set supporting daily RevPAR levels of approximately £52.00 during the midweek period, while achieving between around £47.00 and £54.00 during the weekend with the exception of Sunday (circa £40.00).

Understanding Satisfied vs. Unsatisfied Demand

It is important to note that room occupancy only shows “expressed demand” or “satisfied demand”, i.e. those guests that were able to be accommodated. What it does not capture is those guests that would have liked to stay but were not able to either because the hotel was full, or because the hotel had increased prices to such an extent that they chose to stay elsewhere (it is normal for hotels to increase pricing for the last rooms available). It might also be that the demand required rooms for a group of 20 people, but only 10 rooms were available. All this demand is characterised as “displaced demand” or “unsatisfied demand”. This is manifested in several ways, the guests choose hotels in different locations (elsewhere in London), or they shorten their stay, or they find accommodation in Airbnb style accommodation or in extreme circumstances, postpone or cancel their trips. Therefore, it is not the case that since every hotel room is not 100% occupied on every day of the year, that there is a sufficient supply. Due to seasonality (annual and weekly), there will be periods when hotels are full and others when there is spare capacity.

Assessing the extent of displaced demand is difficult and varies from market to market (dependent upon the degree of seasonality). However, in London, it is generally considered that hotels start to experience a degree of displacement once occupancies fall in the 80-85% range and this continues becoming more acute the higher the occupancies rise.

In our experience the chart above clearly demonstrates that there is considerable displaced (unsatisfied) demand in this market area and that the market is undersupplied.

6.5 Conclusion

The identified competitive market of relevance enjoys exceptionally strong levels of performance, both in terms of occupancy (demand) and the ADR achieved. Average occupancies throughout 2024 exceeded 85% for eight months of the year when examined on a month-by-month basis, with a further three months achieving close to 80%. It is worth noting that 2024 occupancy outperformed pre-pandemic levels by a healthy 5.0%, which can be attributed to the growing demand for hotel accommodation in the local area, particularly since the opening

of the Crossrail services at Heathrow underground stations during 2022, coupled with a strong 3.7% uplift in passenger numbers at Heathrow Airport (83.9 million in 2024 vs 80.9 million in 2019). As a result of robust demand, the ADR has experienced significant growth, reaching £61.03 in 2024, which represents a 38.0% uplift on 2019 performance. This overall level of growth, and particularly the dynamics of such high levels of demand still being achieved alongside a notably stronger ADR, are clearly testament to the significant strength of the local market and its ability to absorb new supply.

Moreover, an annual average occupancy of 86.0% for the local competitive hotel set clearly highlights an undersupplied market where periods of unsatisfied demand exist, which are displaced out of the local area. Data for the wider LBoH hotel market also displays a very strong annual occupancy at 85.9% alongside multiple periods of unsatisfied demand (which in London is generally considered to exist above 80%), suggesting this is displaced out of the Borough to other parts of London. Overall, this clearly demonstrates a requirement for additional accommodation stock within the local area and Borough to satisfy the levels of demand growth seen in recent years, as well as to satisfy the forecast future demand requirement identified within the London Plan, under-pinned by the GLA Economics report.

Without additional new bedroom stock, demand will significantly outweigh supply, resulting in demand continuing to be displaced out of the local area (with evidence suggesting this is already frequently occurring), and potentially to other neighbouring Boroughs. Additionally, this demand could also be displaced from hotels to alternative types of accommodation, particularly those within the un-registered shared economy segment, with the likes of Airbnb and Vrbo becoming an increasingly popular consumer choice. Most owners within the shared economy sector are operating and renting out their accommodation below the level/threshold where VAT and business rates would apply. This increasingly means that whilst offering an alternative choice for visitors, this type of accommodation is generally disruptive to the residential environment and compares poorly to modern purpose built and/or purpose operated units which contribute far more to the local economy and with less negative disruptive effects.

Overall, the GLA's future identified requirement, combined with clear evidence that the local area is already undersupplied and experiencing displacement out of the area highlights that the project Site is exceptionally well placed to help satisfy the current shortfall and future demand requirement for additional serviced accommodation in the area. This is further supported by the improved accessibility and established status of the Borough as an overnight destination for both domestic and inbound visitors, across business and leisure purposes.

7. FUTURE HOTEL SUPPLY OF RELEVANCE

7.1 London Pipeline Context

Research conducted into pipeline hotel projects by Colliers (based on authoritative data sources) shows that a high proportion of planned bedrooms do not enter the hotel market indicating that a significant percentage of hotel schemes do not come to fruition.

Analysis of the London hotel market shows that as of August 2022, London had 39,007 bedrooms in the overall pipeline, with 10,622 bedrooms confirmed to enter the market. However, as of December 2024, just 5,858 keys were delivered, which is 55% of the confirmed pipeline and just 15% of the total pipeline. We have found that this trend is reflected across other key cities in the UK, such as Manchester, Edinburgh and Glasgow.

This shows that not all planned hotel bedrooms from future pipeline projects will enter the market, and therefore proposed hotel projects are not guaranteed to increase the supply of an area. This highlights that it is necessary to have a future pipeline that is ahead of rooms required to allow for such hotel schemes which will not be delivered.

Exhibit 24: London Hotel Pipeline Analysis

| London | | |
|--|------------|---------------|
| Pipeline as of August 2022 | Hotels | Rooms |
| Confirmed Projects | 73 | 10,622 |
| On Hold | - | - |
| Unconfirmed/Speculative | 356 | 28,385 |
| Total | 429 | 39,007 |
| Actual Hotel Openings (August 2022 - 2024) | Hotels | Rooms |
| Total New Supply Delivered | 66 | 5,858 |
| No. of New Rooms Delivered as % of Total Pipeline | 15% | |
| No. of New Rooms Delivered as % of Confirmed Pipeline | 55% | |

Source: AM:PM, CoStar Hotel Database, Colliers

7.2 The London Borough of Hillingdon

According to the CoStar Hotels Database, there are a total of six hotel proposals within the development pipeline for the LBoH with a total of 780 rooms. These exclude any projects considered to be abandoned or deferred.

We would generally consider those proposals which are either under construction/renovation or in the final planning stages (where planning permission has been approved and work is estimated to commence within the next 12 months) as being most relevant and having a higher chance of progressing forward. On this basis, there are no schemes within the LBoH pipeline as all projects are currently in the earlier proposed stages.

Upscale and upper upscale projects account for the largest proportion of the Borough's development pipeline, collectively representing 36.2% of pipeline room supply. There are two schemes at the economy level, representing just 24.5% of the total development pipeline, with both projects situated in Uxbridge, which is further away from the Heathrow Airport area. This further reinforces the undersupply of accommodation offerings within this segment in the local area, providing an excellent opportunity for additional entrants such as the proposed Toyoko Inn to come forward.

Exhibit 25: Development Pipeline, London Borough of Hillingdon

| Construction Status | No. of Hotels | % | No. of Rooms | % |
|---------------------------|---------------|---------------|--------------|---------------|
| Proposed | 6 | 100.0% | 780 | 100.0% |
| Final Planning | 0 | 0.0% | - | 0.0% |
| Under Construction | 0 | 0.0% | - | 0.0% |
| Total | 6 | 100.0% | 780 | 100.0% |

Source: CoStar, November 2025

Exhibit 26: Development Pipeline, Market Structure, London Borough of Hillingdon

| Hotel Class | No. of Hotels | % | No. of Rooms | % |
|-----------------------|---------------|---------------|--------------|---------------|
| Economy | 2 | 33.3% | 191 | 24.5% |
| Midscale | 1 | 16.7% | 150 | 19.2% |
| Upper Midscale | 1 | 16.7% | 157 | 20.1% |
| Upscale | 1 | 16.7% | 174 | 22.3% |
| Upper Upscale | 1 | 16.7% | 108 | 13.8% |
| Luxury | 0 | 0.0% | - | 0.0% |
| Total | 6 | 100.0% | 780 | 100.0% |

Source: CoStar, November 2025

7.3 Local Market Area of Relevance (Heathrow Airport Submarket)

According to the CoStar Hotels Database, there are a total of just three proposals within the local market area of relevance, defined as the Heathrow Airport submarket on CoStar. Collectively, these projects provide 439 keys.

It is important to note that none of the hotels in the pipeline are currently under construction, with the three projects all in the early proposed stages of development. Accordingly, the likelihood of these schemes coming forward is relatively low.

The competitive relevance of pipeline schemes is based on a number of factors including the proposed location, size, grade, class, branding (if known) and product offering, as well as their status in the planning pipeline. Considering the development pipeline is dominated by hotels positioned at the upscale, upper upscale and upper midscale segments, we would not consider any of these properties to directly compete with the proposed Toyoko Inn. The structure of future supply also indicates that the local market will continue to have an under representation of economy level hotel supply.

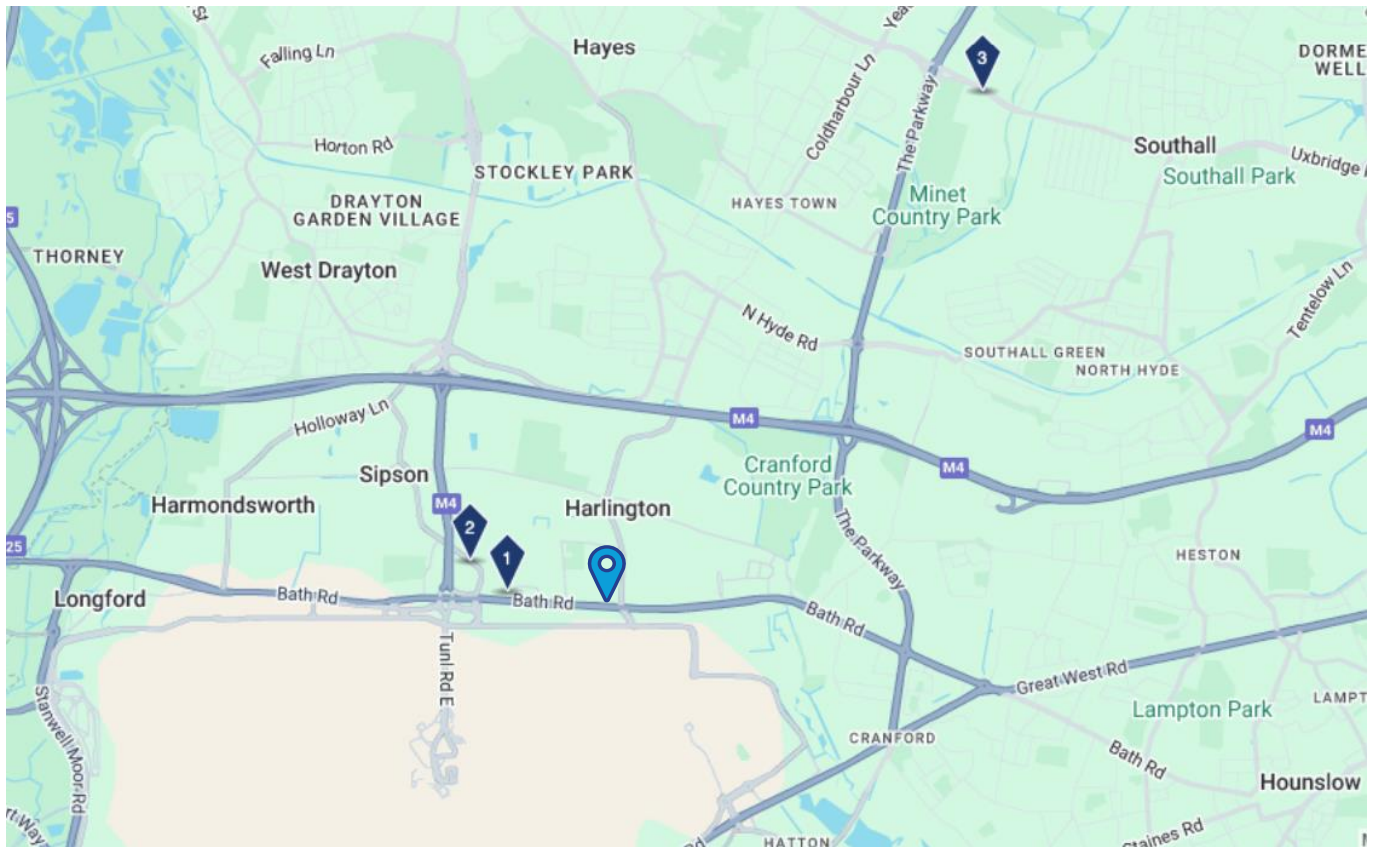
We outline pipeline supply in the following Exhibit and show their respective locations in the map thereafter.

Exhibit 27: Development Pipeline, Local Market of Relevance (Heathrow Airport Submarket)

| Map Ref | Proposal / Hotel Name | Rooms | Brand | Class | Construction Status | Year Built |
|---------|---|------------|-------------------|----------------|---------------------|------------|
| 1 | Hampton by Hilton London Heathrow Bath Road | 157 | Hampton by Hilton | Upper Midscale | Proposed | 2028 |
| 2 | Vivanta by Taj Heathrow | 108 | Vivanta | Upper Upscale | Proposed | 2027 |
| 3 | Infinite Hayes | 174 | Independent | Upscale | Proposed | 2026 |
| | Total | 439 | | | | |

Source: CoStar, November 2025

Exhibit 28: Local Market Area of Relevance (Heathrow Airport Submarket), Development Pipeline Map



Source: CoStar, November 2025

Blue marker denotes location of the proposed Toyoko Inn Hotel

7.4 Conclusion

The advanced pipeline proposals, should they all come to fruition, will help to address a clear market need and requirement for additional hotel accommodation in the London Borough of Hillingdon. However, with the exceptionally high levels of demand seen locally, which are expected to continue growing in the future, we consider that a requirement for additional bedrooms and a supply-demand imbalance will still remain moving forward. This, therefore, clearly highlights the need for additional room supply to meet future demand expectations within the LBoH, which has been identified by the GLA as one of the top five boroughs/council areas with the greatest allocation of need for additional serviced accommodation supply to meet future demand expectations.

With the ongoing development of hotel projects in the pipeline, which could potentially add up to just 780 rooms to the existing supply of 11,491 should all proposed schemes come to fruition, the total room supply in the LBoH market could reach up to 12,271 rooms. In the event that these schemes do come forward, this figure would still remain well below the target specified in the London plan which, with the addition of 6,554 rooms would see total supply increase to 16,439 rooms by 2041. This is, however, highly unlikely given that all of these potential rooms are currently in the early stages of development (ie. construction works have not commenced yet). Consequently, there remains a clear shortfall/need and potential for new hotel properties (such as the proposed Toyoko Inn) to be established in the area to meet the forecast GLA demand and align with the plan's requirements.

8. THE PROPOSED HOTEL

8.1 Overview

The proposed development seeks to rejuvenate a vacant office building into hotel use, incorporating a rooftop extension, internal and external building alterations, parking reconfiguration and provision. The proposed layout closely matches the existing office's doughnut arrangement; a central covered courtyard surrounded by rooms either side of a central corridor. There are four stair cores found at the building's perimeter and two lift cores at the centre. Principle access is located at the south-east corner.

The proposed works would result in a 206-key Toyoko Inn hotel. Toyoko Inn is a Japanese hotel chain focussing on properties in accessible locations near railway stations and airports. The brand's philosophy centres on practicality and affordability, resulting in a product that focuses on a high-quality and comfortable guest room offering. The brand is typically positioned within the economy segment of the market.

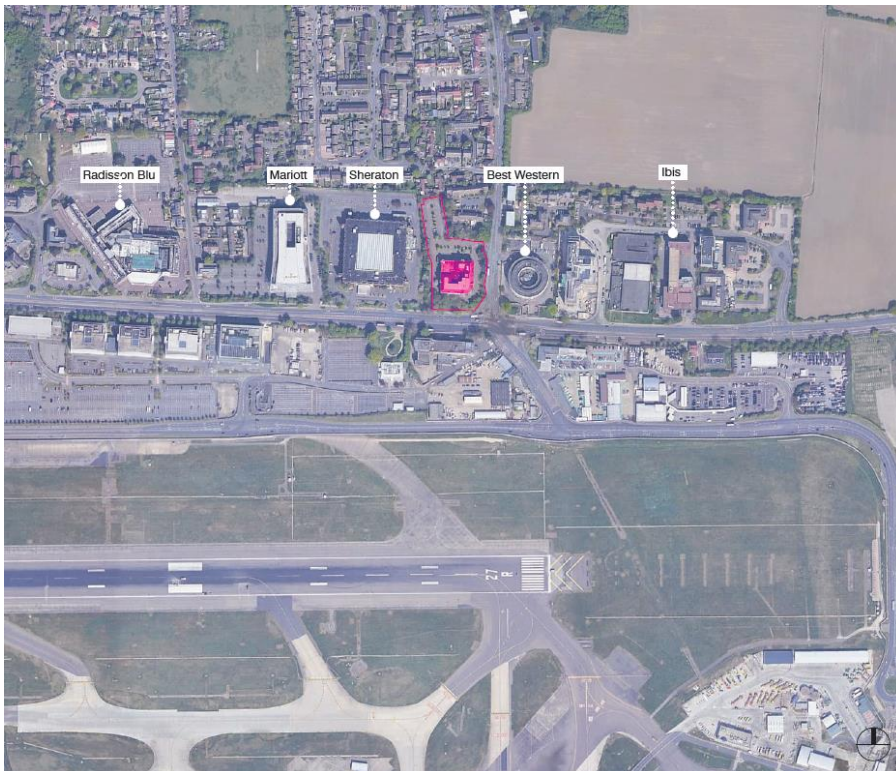
The first, second and third floors of the building hold the majority of the guest bedrooms, which comprise a mix of single, double, twin and accessible units ranging in size from 12 to 18 sqm, all with en-suite bathrooms.

The ground floor hosts the hotel's communal spaces. The internal cellular layout has been opened up to host a reception area, lounge, bar, breakfast area, breakfast preparation room, meeting room, gym and staff facilities. The remainder of the ground floor contains bedrooms and a small retail shop.

The top floor (roof) is devoted entirely to plant space. The hotel will also provide approximately 200 parking spaces.

The proposed hotel would bring forward an improved and high-quality asset to the local area.

Exhibit 29: Capital Place, 120 Bath Road, Harlington, Hayes, UB3 5AN - Project Site Boundary and Locality



Source: The Applicant

Guest Rooms

The hotel will comprise 206 guest rooms dispersed across the ground to third floor of the building. The room mix comprises single, double, twin and accessible units ranging in size from 12 to 18 sqm, all with en-suite bathrooms. Approximately 10% of the total key count represents accessible rooms, in accordance with the London Plan policy E10H.

The bedrooms, although compact in size, will focus on a high-quality standard and finish, providing an affordable and comfortable guest room option to visitors in the local market.

Other Facilities

The ground floor hosts the hotel's communal spaces. The internal cellular layout has been opened up to host a reception area, lounge, bar, breakfast area, breakfast preparation room, meeting room, gym and staff facilities. The remainder of the ground floor contains bedrooms and a small retail shop.

8.1 The Hotel product

The proposed hotel will be positioned at the economy level within the limited-service sector. The hotel will offer rooms varying from approximately 12 to 18 sqm.

Properties within the limited-service segment operate as full-service hotels in terms of appearance and room standard but feature more streamlined food and beverage and meeting facilities congruent with their location.

Limited-service hotels hold a strong appeal to both corporate and leisure guests. As a predominantly rooms driven operation, they offer a lean, efficient operating model and a lower build cost than their full-service counterparts, whilst still commanding the ability to drive high occupancy and strong ADRs due the inherent quality of the bedroom product. The development economics are therefore often more favourable for this type of hotel, particularly in strong city peripheral or regional sub-markets, in view of the current development climate which is characterised by inflated build costs and more expensive debt finance.

9. WIDER ECONOMIC BENEFITS OF HOTEL PROJECTS

9.1 Overview

Hotels offer a range of employed positions with training opportunities and chances for career progression, particularly for local low-skilled labour through direct, indirect, induced and tourism impacts.

It is in the interest of hotel businesses to have motivated employees to ensure good customer experiences, and where customer-facing, those with local insights are additionally important. There is therefore good opportunity for employing those from local communities.

The hotel industry is renowned as a great environment for career advancement as one can initially find employment with very limited experience or specific skills and then progress with time through the ranks, which provides opportunity to increase income potential, social status and skills. Large national and international hotel chains regularly offer a wide range of positions within the larger organisation and primarily rely on insider staff to fill these. Various skills are additionally transferable outside of the industry once acquired.

Other employment benefits from hotels also include increased opportunities through the local supply chain. Additionally, hotel developments help attract new visitors to an area, which in turn support local businesses via guest expenditure in shops (including local convenience stores), restaurants, pubs, pharmacies, food markets and event venues. Major hotel brands, in particular, can generate high levels of visitors to a local area since they draw visitors based on their recognisable brand even if the immediate area is less familiar to guests. Guests are then able to explore and spend locally.

A very high-level estimation of employment benefit can be assumed based on typical multiples. We consider this below for direct employment. Additionally, there are wider employment benefits with regard to indirect, induced and tourism related employment.

9.2 Employment Benefits of the Proposed Development

In accordance with the Employment Density Guide (November 2015, latest available) by Homes & Communities Agency, the budget sector has an employee-to-bed ratio of 1:5 (i.e. 1 full-time employee per 5 beds), whereas for the midmarket sector it is in the order of 1:3 and 1:2 for the upscale sector. Luxury ratios would differ dependent on the exact positioning within the Luxury sector, i.e. 'entry' or 'super-lux'.

There are also further employment benefits from a hotel since there is an important multiplier effect. This includes employment in relation to the supply chain and employees' spending power but also, and a particular advantage of tourism businesses such as hotels, is the benefit through guests staying in the hotel and spending in the area. This additional employment beyond that directly by the hotel is referred to as indirect, induced and tourism related employment. According to a World Travel and Tourism Council report of 2021, the creation of one new job in hospitality has a multiplier effect with nearly two new jobs created on an indirect, induced or tourism basis.

The local linkages of tourism spend are very important, particularly when the socio-economic status of those employed is considered. Hotels and tourism related spend typically provides good opportunities for both full and part time work, employment for people with low and medium skill levels particularly as well as high skilled managers. There is also the opportunity of training, and for enhanced guest experiences there is often a preference amongst employers for local employees.

Hotel employees tend to come from diverse socio-economic backgrounds and neighbourhoods and hotels provide opportunities across the socio-economic groups.

The Applicant is currently estimating circa 59 FTEs to be employed at the proposed Toyoko Inn Hotel.

9.3 Visitation and Local GDP Contribution

A new hotel development will bring overnight visitors to the local area, which will in turn benefit local businesses. An estimation can be considered through the following calculation:

- Utilising the local competitive hotel set's average annual occupancy of 86.0% in 2024, it could be estimated that a total of 64,663 room nights would be sold at the proposed 206-key Toyoko Inn hotel, once it is open and stabilised, based on the hotel achieving a fair market share which is often a conservative assumption with new hotels typically outperforming or "over-penetrating" the market.
- If a Double Occupancy Factor ("DOF") of circa 1.5x is then applied to this figure, this would suggest approximately 97,000 overnight visitors per annum to the local area, once the subject hotel opens and is stabilised, assuming fair market share is achieved.

Whilst not all visitors will necessarily be new to the area, the above indications reiterate the benefit of a new hotel development in the LBoH, illustrating the significant level of overnight visitors that a hotel can bring to a local area and its businesses.

Further, research suggests that a multiplier of approximately 1.4x can be applicable to a hotel's total revenues when estimating a hotel's total contribution to local GDP. Bespoke analysis would determine the multiplier for this specific hotel but at an indicative level such a multiplier means that for every £1 spent at a hotel, an additional 40p is spent across the local economy (restaurants, bars, entertainment venues, taxis etc).

Research conducted by Turley Economics, on behalf of Whitbread and Premier Inn Hotels, found that 39% of their guests ate out during the day, increasing to 57% of guests in the evening. Of these guests, 59% spent over £50 locally whilst approximately 25% spent over £100, a significant contribution to the local economy. In regard to local entertainment, the findings demonstrated that 49% of guests spent money outside of their hotel during the day and 33% in the evening.

Additionally, findings included that the average spend per room per night was £143, although hotels in London and city centre locations were typically found to attract higher visitor expenditure than other locations. Of this total expenditure, it was found that on average £71 per room per night is spent within the immediate area of where the hotel is located. London locations were also found to attract a higher proportion of business travellers than other locations, and the average spend per room per night was recorded at £137, showcasing notable expenditure in the local area to a hotel generated by business travellers.

Hotel operations are also significant contributors to business rates, with data suggesting that the hospitality sector in the UK contributes around £3 billion annually, reflecting 11% of all business rates paid.

In conclusion, there is a positive story with regard to hotel development in this location in terms of local employment, job creation and improving the income potential in the local neighbourhood and its businesses.

10. ABOUT TOYOKO INN GROUP

10.1 Background

Toyoko Inn Group is a Japanese hotel chain founded in 1986 and headquartered in Tokyo. The company focuses on hotels in accessible locations near railway stations and airports. The company's philosophy centres on practicality and affordability. Consequently, the company has streamlined their business model to do away with 'extravagant facilities of resort hotels' or 'overwhelming levels of personal service' and instead focus their efforts on high quality rooms that are 'safe', 'comfortable' and 'modern'. Toyoko Inn Group are now operating 361 hotels across the world and developments are funded by the company's profit and banks as required.

11. CONCLUSION

Overall, we consider the local competitive hotel performance data set exhibits performance indicative of a very strong local market which is evidently undersupplied, with average annual occupancy levels recorded at 82-84% prior to the pandemic and growing to peak levels of almost 86% in 2024. This has been achieved despite an increased supply base and significantly higher ADRs, far outpacing inflationary growth, and with average monthly and daily demand (occupancy) data consistently showing periods of unsatisfied demand within both the local and LBoH market.

Locally in the market area of relevance to the Site, there is clear evidence of significant displacement of demand out of the area on almost every Saturday night and on a significant number of Tuesday and Wednesday nights – further evidence of an under-supplied market.

Furthermore, the proposed Toyoko Inn Hotel's economy market positioning sits within a significantly undersupplied sector of the local and LBoH market, highlighting the potential for the hotel proposal at the project Site to help attract a broader range of hotel guests and visitors to the area by offering a product which is comparatively less well represented locally.

Hotel performance data for the overall London Borough of Hillingdon further reinforces the requirement for additional accommodation stock, with occupancies at circa 85-86% during 2023 and 2024, as well as demand growth outpacing supply since 2015.

Even when considering the hotel projects currently in the LBoH development pipeline, which could potentially add up to just 780 rooms to the existing borough supply of 11,491 rooms should all proposed schemes come to fruition, the total room supply in the LBoH market could reach up to 12,271 rooms. This is, however, highly unlikely given that all the pipeline proposals are currently still in the early pre-planning stages (i.e. proposed). Either way, the figure remains below the target specified in the GLA paper which informed the London Plan, which is the addition of 6,554 rooms to see total supply increase to 16,439 rooms by 2041. Consequently, there remains a clear shortfall/need and potential for new hotel properties to be established in the area to meet the forecast GLA demand to align with the plan's requirements.

We believe that the proposed hotel development at the Site will be well received by key users of overnight accommodation in the area. The immediate area surrounding the Site has limited supply within the economy segment, particularly when compared to the upscale plus properties, representing an excellent opportunity to develop a new, high-quality hotel within this sector, which will complement the existing accommodation offering in the area and attract a mix of both corporate and leisure guests to the local market.

Furthermore, the proposed development will play a vital role in retaining demand within the locality and LBoH, especially during peak periods when demand might otherwise be displaced to the unregulated shared economy sector or other establishments outside the Borough.

ⁱ GLA Economics, Working Paper 88, Projections of Demand and Supply for Visitor Accommodation in London to 2050. GLA, 2017.

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