

had marketed the site for alternative uses. Remarketing for office use is unlikely to bring an alternative user. This site is therefore likely to have been considered by occupiers for a variety of city centre users.

DETAIL (Including consultation carried out)

Description of Site

4. As Southampton's ambitious City Centre Master Plan is implemented hotel development has a key role to play in the regeneration and economic growth of Southampton and its future development as a cruise port and visitor destination.
5. Development Securities have been involved with the city for a number of years having commenced development of the Carnival HQ building in 2007 followed by the Premier Inn on the adjoining site in 2010.
6. Given their historic involvement in the area a Development Agreement with Development Securities for the site ended in January 2015. Despite four years of marketing the Aqua offices scheme no viable occupiers have been found to enable the development to proceed. In the absence of any pre letting this scheme was unable to commence. Although Development Securities suggested alternative uses for the site no viable development was proposed. The Council now have control of this site and can consider how to secure its re-development.
7. There has been a direct approach to the Council for this site as an opportunity to secure a hotel development. This is for a 152 bedroom hotel which will operate as a Moxy brand, which is part of the Marriot group. Moxy is a new brand of stylish hotel which has been launched in eight US metropolitan locations, including properties in New York City, San Francisco, Seattle, New Orleans and Chicago, Berlin and Milan. Although this brand of hotels operate at the affordable end of the market, it is much higher end in terms of style and design.
8. A hotel study was undertaken in 2013. Hotel occupancies are very high in Southampton City Centre resulting in strong revpar performance, particularly at the 4 star and boutique level. Budget hotel occupancies are high in all locations. Midweek occupancies are strong, with hotels consistently filling and turning business away on Tuesday and Wednesday nights. Friday and Saturday occupancies are high in Southampton City Centre. The cruise market enables Southampton hotels to perform very strongly between April and October. The Southampton Boat Show is also a key contributor to the strong hotel performance in Southampton City Centre, allowing hotels to event price at full occupancy for a 10-day period every September. Business use is supported by other major conventions, exhibitions and business events that generate significant hotel demand are Seaworks, Ocean Business and the ACE Cruise Convention. Contractors are a key market for budget hotels. Leisure break visitors using Southampton as a base for the New Forest, Isle of Wight, Winchester, Paulton's Park and Marwell Zoo are a key weekend and summer market for Southampton hotels.
9. Thus all indicators point to strong growth in demand for hotel accommodation in Southampton. Corporate demand is set to increase as the city's economy expands and office and business park schemes are progressed and occupied. Contractor demand for budget hotels is likely to increase with renewed construction activity. Cruise ship traffic through Southampton is forecast to increase by 25% by 2020 and a further 25% between 2020 and 2030. There are good prospects for continued growth in leisure break demand particularly given the planned development of

Southampton's waterfront and leisure and cultural offer. Southampton is also well placed to capitalise on the forecast growth in overseas tourism to Britain. Demand from air passengers and crew should increase as international travel through Southampton Airport grows. The increase in the city's population is likely to generate increased demand for weddings and functions as well as visits to friends and relatives.

10. This is a form of development for which Planning Permission does not exist, however it is the type of use suitable for a City Centre location. The building will be constructed using modern methods of construction using pre-fabricated sections, and will have a short construction period.

RESOURCE IMPLICATIONS

Capital/Revenue

11. The basis of the transaction is set out in the confidential appendix, which sets out the capital receipt which would be received by the Council.
12. The Council currently manage the service charge arrangements for the Premier Inn site, with its costs recovered from the lessee. It is intended these responsibilities be passed on to the lessee of the phase 2 development. The site is identified on Plan V2859 attached to this report.

Property/Other

13. The property comprise a vacant site which is held under Town and Country Planning Act 1990.
14. There is currently the long lease for the Premier Inn and an Electricity Substation. These will be included in the area of any lease granted. These properties are both let on a peppercorn and will release the Council of ongoing management.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

15. Disposal to be under section 233 Town and country Planning Act 1990.

Other Legal Implications:

16. None

POLICY FRAMEWORK IMPLICATIONS

17. The relevant policies in the City Centre Action Plan (CCAP) are AP1 and AP25. Policy AP1 relates to new office development and West Quay site B is one of the sites identified for office development to help deliver PUSH and Core Strategy growth targets. There is a presumption in favour of office development, but the policy recognises the need for reasonable flexibility to promote successful regeneration and enable viable schemes to be delivered. Alternatives uses such as hotels would need to demonstrate why office use is not viable.

KEY DECISION?

Yes

WARDS/COMMUNITIES AFFECTED: Bargate

SUPPORTING DOCUMENTATION

Appendices

- 1. Site Plan
- 2. Confidential Appendix

Documents In Members' Rooms

- 1. None

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out. No

Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1. None	