



Mrs P Kelly
Forest Health District Council
College Heath Road
Mildenhall
Suffolk IP28 7EY

Electronic Version
Our Ref: KCC1444/hr
Your Ref: 14/0585/OUT
19th November 2014

Dear Mrs Kelly

DC/14/0585: MEDDLER STUD

Thank you for your email of 16th October attaching the letter of 15th October from agents URS, and related letters and correspondence. I apologise for the tardy response.

Reason for and Context for Request

The application seeks residential development of the Meddler Stud buildings and some land. It also proposes a new 20 box training yard with trainer's dwelling.

I commented in my reports of 30th June and 25th July 2014 that land was being taken out of the horse racing industry, which seemed to be in conflict with policy. Whilst a new 20 box yard is being proposed, the application does not seek to explain whether a larger yard was considered, whether two such yards were considered, or why such a significant amount of the existing RTE is being proposed for non-racing residential development. I suggested that this was a matter on which you needed to reflect.

Additional information has been provided by the Applicant's agent, and you have asked me to provide further evaluation and comment on three matters:

- (i) whether the proposed RTE is of an appropriate size;
- (ii) whether the proposed RTE would be viable;
- (iii) whether there is a market for this type of equestrian facility.

I respond to these in the same order.

Is This of an Appropriate Size?

In evidence to the Public Inquiry in 2013, and as tested during cross examination, I expressed the view that Meddler Stud's potential as a 66+ box racehorse training yard, was limited by numerous factors including:

- poor condition of some of the stables;
- lack of direct access to gallops (occupiers would need to transport racehorses to the gallops in Newmarket);
- lack of a canter facility (the canter to the east having been separated from the buildings).

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I expressed the opinion, in reports prior to refusal of the application and again at the appeal, that there was potential for the Meddler Stud to be divided to provide two yards of 20-25 stables, to be run as small or starter yards and able to use the JCE gallops in Newmarket.

The matter was examined at Public Inquiry and the Inspector concluded that a small-scale 20 box RTE would have a reasonable prospect of success on the yard (IR23).

He also commented that it may be possible to refurbish or adapt some of the existing buildings (IR18), and that on-site exercise facilities were possible (IR21).

I remain of the opinion that the provision of a 20-25 box yard on this site is an appropriate size. It would meet the need for a starter yard or smaller-trainer, and can be provided with the necessary basic exercising facilities which can be used in conjunction with the central gallops in Newmarket.

Accordingly, in conclusion on issue 1, a 20 box yard is an appropriate size for this location.

Whether Such a Yard Would be Viable

In my opinion there is a reasonable prospect of such a yard being viable.

Evidence was examined at the Public Inquiry, with areas examined including the cost of capital works, cost of staff and other costs.

It was my opinion that a 20 box yard could operate viably. I provided plans for division of the Meddler Stud into two such starter/small yards.

In the application now being considered, the Appellant sets out detailed budgets which predict a profit based on a more realistic development cost of £405,000 compared to £869,000 presented to the Inspector (option D of Mr Windsor-Clive's Appendix R).

The budgets now put forward by the Applicant show the following projections, in summary, with the options of an owner or a tenant.

Item	Owner	Tenant
Income	£232,400	£232,400
Expenditure excl trainer and mortgage / rent	£146,679	£146,679
Profit before trainer and mortgage / rent	£ 85,721	£ 85,721
Trainer's earnings	£ 35,000	£ 35,000
Mortgage / Rent	£ 15,750	£ 31,500
Profit after expenses and trainer's drawings	£ 34,971	£ 19,221

These budgets suggest that, were the RTE to be sold, a potential trainer operating at the assumed levels (70% occupancy), would expect a margin of £85,000 before paying for the costs of purchase and before taking any drawings.

The budgets show that if the yard was let, and a tenant paid £31,500 rental (this giving the landlord a reasonable return for the investment) that tenant could expect to make a margin of about £54,000 before drawings (£85,721 profit less £31,500 rental).

These projections seem to be based on a reasonable set of assumptions. Therefore, in conclusion on issue 2, they show that the yard is potentially viable.

Is There a Market?

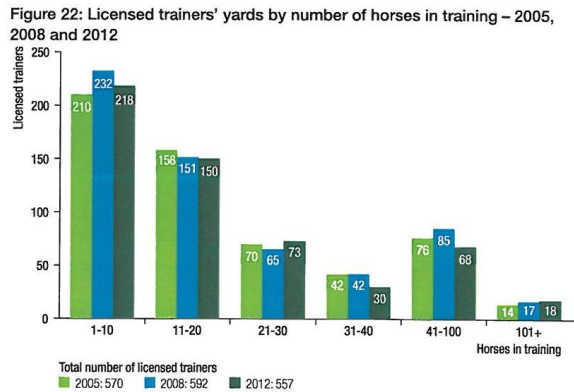
I anticipate that there will be a market for such a yard.

Small or starter yards do tend to have a higher turnover of occupiers, by their very nature. Taking starter yards as an example, they are occupied by people starting out in racing. If

those trainers are successful they can be expected to move on to larger yards where they have more boxes and where they have better access to facilities such as gallops.

If they are not successful they leave the industry. In both cases the starter yard was exactly that: a first yard.

Statistically in 2012 some 66% of trainers operated from yards with 20 or less horses, see the graph below. I attach the full extract. It is clear that this proportion has been similar for at least the last decade.



Note: Licensed trainer numbers based on an average of the monthly returns to the BHA. Source: BHA, Deloitte analysis.

It must be that these trainers are surviving, or being replaced by new trainers. Therefore, in conclusion on issue 3, I consider that there is likely to be a demand for the yard.

Conclusions

In conclusion, on the matters of which you sought my further comments, I conclude as follows:

- the 20 box yard is an appropriate size for this location. Due to the lack of direct access to gallops, any trainer will need to box horses and drive them to the gallops in Newmarket. Accordingly this location lends itself to a small or starter yard of up to 20-25 boxes;
- it is probable such a yard would be viable. The Applicant's budgets indicate potential to generate a significant profit;
- and I consider it likely that there will be a demand for this size of yard.

Comment

It will be a matter for the Council to reflect on policy interpretations, but I comment that there is no analysis about why two such yards could not be provided, or why such a large part of the existing RTE is proposed to be developed out of the Horse Racing Industry.

Please feel free to seek any further clarification.

Yours sincerely

TONY KERNON BSc(Hons), MRICS, FBIAC