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**OLDING ROAD  
BURY ST EDMUNDS  
SUFFOLK  
IP33 3TA**

**Development Options Appraisals Report**

**West Suffolk Council**

**13<sup>th</sup> June 2024**

**Carter Jonas**

## 1. EXECUTIVE SUMMARY

We summarise the key features of this report which should nevertheless be read in full.

- The Olding Road site was intended to be developed into a mixed-use hub (public health, leisure and private sector offices) as part of a Public Service Village (PSV). The project has subsequently evolved with the existing Bury St Edmunds Leisure Centre being retained and refurbished rather than creating a new facility on the subject site. As such, all potential future use options are now being considered on the site – as outlined in this report.
- The site is located within a mixed-use area including commercial, education, leisure, retail and residential uses.
- Existing buildings on the site comprise of a former warehouse building (8,367 m<sup>2</sup> / 90,062 sq. ft. – all floors), depot building (3,290 m<sup>2</sup> / 35,413 sq. ft. – all floors) and baling shed (650 m<sup>2</sup> / 6,997 sq. ft.).
- Soft market testing has been carried out to better understand the levels of demand for various types of potential end uses including:
  - Food retail
  - Retail warehouse
  - Leisure / active leisure
  - Gym
  - Builders merchants / DIY stores
  - Self-storage
  - Day Nursery
  - Hotel
- Expressions of interest were received from various parties across a range of sectors including: Lidl, Loaf, Hobbie Craft, SCS, Go Outdoors, Any Time Fitness, Wickes, Cinch Self Storage, WigWam Self Storage, Travelodge and a Trampoline Park Operator.
- Warehouse / logistics occupiers did not form a part of the soft market testing, but it was found that there are over 23 active requirements for space within Bury St Edmunds from occupiers of this kind.
- In-depth market analysis was carried out - the findings of which have influenced the options considered. The market sectors analysed included:
  - Industrial
  - Food Retail
  - Retail Warehouse
  - Active Leisure
  - Self-Storage
  - Day Nursery
  - Hotel
- A total of seven re-use / redevelopment options have been considered. The options cover a range of scenarios ranging from the retention and re-use of the existing buildings (subject to either light or full refurbishment works) for warehouse / light industrial accommodation to the creation of purpose-built buildings suitable for retail warehouse / food retail / hotel / day-nursery or active leisure.
- Development appraisals were completed for all of the proposed options based on costings provided by Currie & Brown in addition to other development assumptions, detailed in the report.
- The headline findings of the development appraisals (based on the assumptions outlined) were that:
  - None of the options make a profit. Option A (warehouse refurbishment) generates the lowest deficit at -£5,426,857 compared to Option D2 (warehouse / active leisure) which has the largest deficit at -£13,706,278.
  - Option F2 (retail development) provided the highest annual rental income (£1,487,669 pa) compared to Option A which generates the lowest (£796,966).
  - However, Option F2 is the most expensive option to deliver with total costs (excluding land) coming in at £27,887,182. Conversely, Option A is the cheapest to deliver at £9,336,639.
- Sensitivity analysis was carried out for each option to determine if a profit could be made through a combination of increased rent and reduced construction costs. Based on the analysis undertaken – it could be possible to achieve a profit on cost for Options A, B, C, E, F, G1 and G2. However, to achieve this – potentially unrealistic increases in rent or decreases in construction costs are required.
- Further analysis of the possible development options is required – particularly around assumed specifications and associated construction costs. In addition, further market engagement is recommended to refine prospective end occupier requirements combined with detailed development of option plans with associated planning advice on each.
- The aspiration is to secure pre-lets for the spaces created as soon as possible to minimize exposure and reduce risk. A marketing process has been outlined with an estimated timeline of circa 40 weeks to prepare for and then engage fully with the market to the point of agreeing Heads of Terms.