



CARISBROOKE
I N V E S T M E N T S

22 Grosvenor Square London W1K 6DT
Tel: 020 7493 6774 Fax: 020 7493 2454

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Information line: 0800 298 7040

Dear Stakeholder

Hanchett End, Haverhill – Draft Concept Statement

As you will be aware, in 2006 the Suffolk Development Agency, working with its partners St Edmundsbury Borough Council and Haverhill 2000, commissioned an independent report into the viability of developing an Enterprise Technology Park on the Hanchett End site.

This report concluded that such a project would only require 8.3 hectares (20 acres) of the 12 hectare (30 acres) site, leaving 3.6 hectares (9 acres) surplus. It acknowledged the very high infrastructure costs (£1.75m) that would be incurred in developing the site and explored the opportunity of releasing at least 2 hectares (5 acres) of the site for other uses in order to pump prime (i.e cross subsidise) the scheme. The viability model then assumed 2 hectares of residential development at £1m per acre. On the basis of the analysis this was considered the only viable option.

Choose Suffolk and Carisbrooke Investments have recently commissioned an updated report from PACEC into the Hanchett End site. Its remit was to re-examine the viability of the newly named 'Haverhill Research Park', in light of St Edmundsbury's recently published draft Concept statement. The report examines the costs of implementation, the associated revenues and the potential risks and funding gaps of the scheme.

The report also recognises that the *"park would be a highly attractive and relatively low density development, forming a 'gateway' to Haverhill"*. Importantly though, the report acknowledges that the *"demand for premises has, if anything, weakened since the 2006 survey"*, and continues:

Firms are unlikely to wish to relocate from the Cambridge sub-region, which is a major potential market for the Haverhill development, unless there is a cost push influence – i.e. lower rental levels in Haverhill for similar quality floorspace.

The report reaffirms the 2006 conclusion that some 3.6 hectares (9 acres) of land would be potentially surplus and that this amount could be higher if the development density was increased.



Importantly, the report acknowledges the significant economic and regeneration benefits that the scheme would bring to Haverhill, including:

- Helping to achieve local and sub-regional policies, especially those set out in the St Edmundsbury Economic Action Plan
- Acting as a stimulus for enterprise and start-ups with existing firms becoming more competitive and inward investment attracted to the area
- Increasing employment opportunities for the residents of Haverhill by providing higher quality jobs and incomes
- Improving the image of Haverhill

In order for these economic and regeneration benefits to be met, however, the report recognises the need for higher value development. Given the updated projected total infrastructure costs are now £4m (more than double the 2006 estimate), it concludes that the scheme would ***“still be showing a loss after 10 years”***, based on an average take-up of 15,000 sq ft per annum.

The report states further that the park is incapable of generating sufficient capital on any realistic assumptions without the infrastructure being met either by a public subsidy or through the sale of land for alternative and much higher value development

In summary, the analysis shows that while there would be significant benefits to Haverhill and the wider area, there is a high risk attached to the scheme for the developer, given the relatively low demand at present and the potential development costs. The solution, the report argues, is to utilise the residual surplus land at the site for residential, or some higher value-added use, to allow the development to be pump primed and move forward positively. It states that the draft Concept Statement should be further developed so that it defines the amount of appropriate land that could be used for these higher value uses.

We are pleased that the findings of this report reaffirm what we have said all along. The Haverhill Research Park is an important development for Haverhill but the current vision, as set out in the draft Concept Statement, does not offer the clarity and certainty needed to produce a viable development. We hope that the council will carefully consider the content and conclusions of the report before making amendments to the final version of the Concept Statement later this year.

A copy of the new PACEC Report is on this website.

Should you have any further questions or wish to be sent a copy of the report, please do not hesitate to call me on 07880 743477 or contact the project's freephone information line and speak to a member of the team on **0800 298 7040**.

Yours Faithfully
Nic Rumsey

N. S. RUMSEY
Director