



Newmarket's Horse Breeding and Racing Cluster 2022 Local Impact Report

For Newmarket's Horseracing Industry
and West Suffolk Council

March 2023

SQW

West Suffolk
Council



Contents

| | |
|--|----|
| Overview | 4 |
| 1. Introduction | 7 |
| 2. Research Method | 13 |
| 3. Cluster core: Stud farms | 21 |
| 4. Cluster core: Trainers | 29 |
| 5. Supporting infrastructure: Horse Racing Institutions | 33 |
| 6. Supporting infrastructure/organisations: Scientific and Veterinary Organisations | 43 |
| 7. Supporting infrastructure: Other providers of goods and services | 47 |
| 8. Visitors to Newmarket attracted by the horse racing industry | 51 |
| 9. Assets deployed in the HRI and Capital Expenditure | 59 |
| 10. Total economic contribution | 65 |
| 11. Conclusions and Recommendations | 69 |
| Notes | 75 |

Overview

This study of Newmarket's horse breeding and racing cluster was commissioned jointly by West Suffolk Council and Newmarket's Horse Racing Industry (HRI) with The Jockey Club acting as the intermediary. The research that underpins it was completed in late 2022.

The report was produced at a time of severe economic difficulty which, to varying degrees, is reflected in the estimates of economic contribution (Gross Value Added) and employment presented. The approach to estimating these figures has been through surveys of enterprises and organisations. Unsurprisingly the findings point to a mixed conclusion on the current health and future prospects for the HRI.

There are clear indications of great strengths which together make Newmarket the HQ of the UK's HRI:

- Newmarket's stud farms have 44% of total UK-based stallions, including several of Europe's top stallions, which accounted for 62% of all mares covered in the UK in 2022
- the horse owners' championship top 10 by prize money for 2022 includes four Newmarket stud farms
- the trainers' championship for 2022 was also won by a Newmarket trainer and four others were in the top 10
- the British Racing School and the National Stud play key roles in specialist training for the UK HRI
- Tattersalls auction house attracts world-wide participants to its sales
- the supporting infrastructure – Jockey Club Estates training grounds, the Injured Jockeys Fund's Peter O'Sullivan clinic, veterinary services/equine hospitals – are all top quality
- the full range of specialist equine services and suppliers is present in the area
- the racecourses have more turf races than any other UK town, including a quarter of all top-level (Group 1) races and two of the country's five classic races.

Alongside these strengths, the study findings point to an uneven pattern of outcomes as measured by contributions to Gross Value Added and employment:

- the larger stud farms increased their performance when compared with the SQW data for 2012
- numbers of horses in training were, however, lower and employment with trainers significantly less, partly owing to staff shortages
- the veterinary practices increased their employment numbers significantly
- attendances at 2022 race meetings were substantially lower than the norm.

Table 1: Estimates of economic contribution 2021/22¹

| | £ million GVA (direct, indirect and induced) | Employment |
|--|---|--------------|
| Stud farms ² | 97.9 | 972 |
| Trainers | 89.9 | 1,435 |
| Horse Racing Institutions | 28.5 | 279 |
| Scientific & Veterinary Organisations | 19.1 | 357 |
| Other providers of goods and services ³ | n.a. | n.a. |
| Visitors to Newmarket | 15.2 | 197 |
| Capital expenditures | 5.6 | 45 |
| Totals | 256.2 | 3,285 |

Source: SQW

The overall conclusion is that Newmarket remains a highly competitive place in which to breed and train thoroughbred racehorses for flat races. It makes an important contribution to the local economy and merits a continuation of the support received from West Suffolk Council through its planning policies and their implementation.

This is an unfavourable time to attempt forecasts of the HRI's future growth on account of the general economic climate and some specific issues within the industry. There are, however, initiatives that should increase its contribution to the local economy looking ahead.

- The Jockey Club's proposal for an all-weather racecourse would provide a qualitative enhancement of the cluster; although not assessed as part of this study, it could lead to greater activity.
- Visitors attracted by the HRI bring additional trade to Newmarket. We recommend that a strategy be developed to increase the associated benefits. This strategy should explore opportunities to enhance the town centre, such that it can become part of the 'offer' that is enjoyed by HRI-related visitors and local people alike. A more vibrant town centre would do much for the wider cluster and it would help to ensure that the quality of Newmarket as a place is aligned with the reputation of the HRI cluster.

1 Introduction



Purpose of and context for the study

- 1.1 This study was commissioned jointly by West Suffolk Council and Newmarket's Horse Racing Industry (HRI) with The Jockey Club acting as the intermediary⁴ (as per a Memorandum of Co-operation signed in 2022 which relates to the Local Plan). The client group's requirements of the study are set out in Box 1-1 below.

Review and update of the Newmarket Equine cluster – extract from the statement of the client group's requirements

This commission:

1. Responds to the West Suffolk Employment Land Review December 2021 and Addendum May 2022 which recommends that:

'The Council undertakes further specific evidence to establish the needs of the Horse Racing Industry cluster in more detail which together with the Employment Land Review will inform the local plan process – land use policies and allocations.'

and

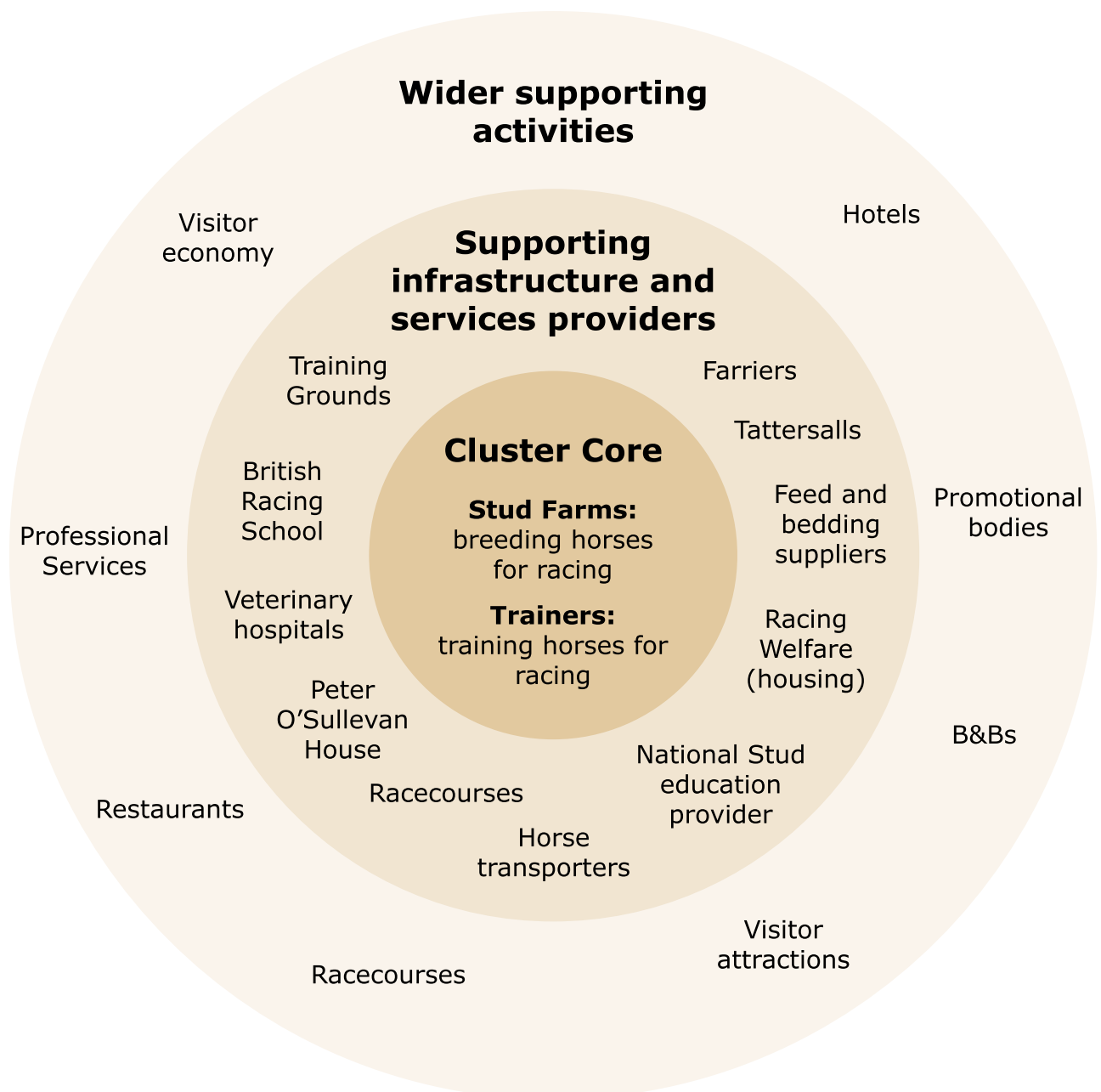
2. Seeks to provide an 'up to date' understanding of the scale and economic significance of the horse racing industry, and its economic cluster and supply chain and the requirements to sustain it, as well as achieve its aspirations for growth in the period up to 2040 to inform wider strategic policy and delivery plan.
3. Based on the evidence prepared the report will make recommendations which will help shape land use policies in the local plan, and in addition any relevant activities outside of the local plan process, which the HRI, relevant stakeholders and the Council might wish to consider.

- 1.2 The surveys and interviews through which data were assembled involved approaches to many people in the HRI. SQW is most appreciative of the assistance the Jockey Club provided in encouraging key people to meet with us and for their input in estimating several complex elements of data. The team is also grateful to businesses from the wider cluster for the time they devoted to this study.

Key elements of the HRI in and around Newmarket

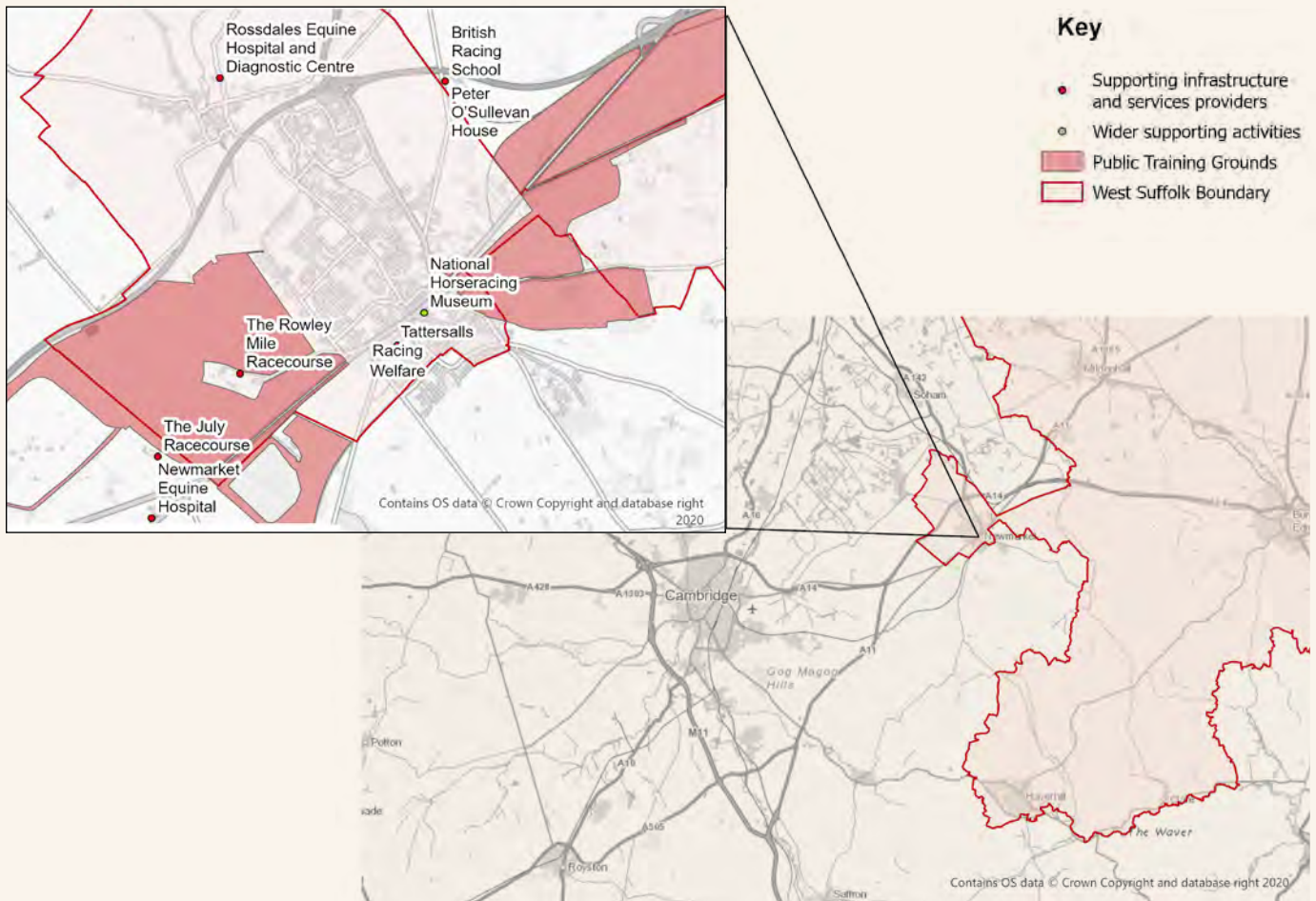
- 1.3 **Newmarket's HRI is a genuine economic cluster.** It is useful to consider the cluster in terms of a 'core' linked to a series of supporting activities, as illustrated in the graphic below.

Figure 1.1: Understanding the HRI cluster in and around Newmarket



- 1.4 The two activities at the core of the cluster are **breeding horses for racing (through stud farms)**, and **training horses to race successfully**. Although both have important international involvements, their relationship in Newmarket is symbiotic: the major stud farms breed high quality horses many of which go to Newmarket trainers – either directly or through the Tattersalls’ sales. The trainers then develop these horses and plan a programme of races which build their credentials as top-ranking stallions and mares over a number of seasons. When they are retired from racing, the most successful horses return to the stud farms where they become the next generation of breeding stock.
- 1.5 The next ring of the cluster features **supporting infrastructure and services providers**. Some of these are highly visible – the town’s green surrounds are dominated by the two racecourses, the Jockey Club’s gallops, and paddocks belonging to the National Stud. Less immediately obvious are the two veterinary hospitals, the British Racing School and Peter O’Sullivan House, all of which are at locations fringing Newmarket. Tattersalls’ extensive sales facilities are within the town envelope, but their visibility is discrete unless a sale is underway. The housing provided by Racing Welfare is likewise not obvious to the casual visitor.
- 1.6 The outer ring of the cluster includes a **wide variety of firms and organisations**. Some of them specialise in racing-related activities but obtain most of their income from outside the cluster; they chose to be in Newmarket as the HQ of Britain’s HRI. For others, the hotels are an obvious example, the HRI provides rather less than a quarter of their income but has a helpful seasonal distribution.
- 1.7 Various ‘events’ attract many visitors to Newmarket. The two racecourses support more turf race meetings than anywhere else in the UK and Tattersalls’ sales also bring both people and horses to the area, both of which require accommodation and refreshment and, for horses, specialised transport. The tourism element is further enhanced by opportunities to visit trainers and stud farms with Discover Newmarket. Visitor spending provides extra income for, inter alia, hotels and shops.
- 1.8 **Taken together, the various components of Newmarket’s HRI cluster have achieved a level of competitive excellence which make it both the national centre for the industry, and internationally recognised as one of a handful of globally significant HRI locations.** As a broad generalisation, economic clusters have great strengths but, paradoxically, they are potentially fragile because of their complex inter-relationships. This is also the case for Newmarket, where a sustained commitment by a very few key individuals has developed the HRI, from what has been described by one of the leading trainers as being “a moribund industry” 40 years ago, into its pre-eminence today.

Figure 1.2: Map showing some major organisations/locations within the HRI cluster



Source: Produced by SQW 2023. Licence 100030994

Report structure

1.9

The report that follows is divided into 10 further sections:

- **Section Two** describes the methodology used to examine the HRI cluster in and around Newmarket. It considers the data sources and it discusses issues linked to the spatial footprint. It also explains the approach to assessing the cluster's economic contribution.
- **Section Three** and **Section Four** focus, respectively, on the activities associated with **stud farms (breeding horses) and trainers**.
- The next three sections are concerned with the 'supporting infrastructure and services providers' depicted in Figure 1-1; they consider in turn **Horse Racing Institutions (Section Five)**, **Scientific and Veterinary Organisations (Section Six)** and **other activities (Section Seven)**.
- **Section Eight** turns to the outer ring of Figure 1-1 to focus on the **visitor economy associated with the HRI**.
- **Section Nine** addresses the value of capital assets associated with the HRI.
- **Section Ten** draws together the different estimates of impact to provide an overall estimate of HRI's economic contribution.
- **Section Eleven** sets out the report's conclusions and recommendations.

2 Research Method



Introduction

- 2.1 Quantifying horseracing's local economic impact is not straightforward, principally as a result of three factors:
- the great diversity of local activities, facilities and services related to horse racing and the fact that many of them do not fit within the Standard Industrial Classification codes through which official statistics are presented
 - consequent dangers of missing some aspects or, conversely, of double counting the impacts of others
 - the difficulty in sourcing data on activities due, for instance, to the understandable unwillingness of businesses in a closely connected yet highly competitive community to divulge sensitive information.
- 2.2 Given these challenges, there was a need for primary data collection across different parts of the cluster and in relation to an agreed study area. The latter was defined in two ways:
- **a radius of 25 miles** was considered as the **extent of the equine cluster** around Newmarket; this allowed for the inclusion of major stud farms near Royston and Thetford. It is important to note that this means that the cluster's geography extends well beyond the town of Newmarket. It also extends beyond the boundaries of West Suffolk.
 - **a 10-mile radius** was used in relation to **staff**. This stops short of Bury St Edmunds, Cambridge, Ely and Haverhill. Even if staff work in or near to Newmarket, those living further than 10 miles from the town are likely to make most of their day-to-day purchases elsewhere.
- 2.3 The remainder of this Section describes the approach to gathering data from each part of the cluster (as depicted in Figure 1-1). It then explains the approach used to calculate impact.

Figure 2.1: Map showing the study areas



Source: SQW (2013). Contains Ordnance Survey data © Crown copyright and database rights (2012). Licence number 100030994

Gathering data from across the HRI cluster

2.4 A set of questionnaires was used as the basis for data collection. These were based on those designed and piloted for an earlier report on the HRI that was completed in 2014⁵ and partially updated in 2017⁶.

Cluster core

2.5 For the two main surveys, of **trainers** and of **stud farms**, emails were sent out by Jockey Club Estates (JCE) and the Newmarket Stud Farms Association (NSFA) respectively with details of an online survey facility and the option of returning a paper copy by scan or post to SQW.

Stud farms

2.6 There were 15 replies (five of them partial) out of a possible 46, giving a numerical response rate of 33%, but responses were heavily skewed towards the largest establishments, notably those with standing stallions. Scaling up for non-respondents was complicated owing to the variety of business models. However, as well as the survey, the study was informed by face-to-face meetings with six of the stallion stud farms and with two others (they accounted for seven of the 15 survey replies).

Trainers

2.7 A survey request was sent to all trainers registered for the use of JCE training grounds.⁷ The response rates were as follows:

- **Larger trainers:** 12 full responses were received from the 26 trainers with an average of 41 horses or more in yard during the 12 months from Nov 2021 to Oct 2022; a further five gave employment data.
- **Smaller trainers:** Nine full responses were received from the 29 trainers with an average of between 11 and 40 horses in yard during the 12 months from Nov 2021 to Oct 2022; a further five gave employment data.
- **Overall:** Full responses from trainers covered 1,140 horses of the 2,582 in yard total, equivalent to 44%. Responses giving employment data covered a further 384 horses or 15% of the total.

2.8 In addition, face to face meetings were held with six trainers, five of whom were amongst the 31 who completed survey fully or in part.

Godolphin

- 2.9 As it spans both training and stud farm functions, a brief explanation of how Godolphin's contribution has been treated is warranted. Due to its integrated business model that includes landholdings, stallions, breeding mares, two training operations, staff accommodation and horse transport, Godolphin's contribution to employment and GVA is considered in relation to both the assessment of training and stud farms.

Supporting infrastructure and services providers

- 2.10 The second 'layer' of the cluster encompasses a range of supporting infrastructure and services providers.

Horse racing institutions

- 2.11 By virtue of its national and international role as the centre for flat racing and thoroughbred breeding, Newmarket has four major establishments and a range of offices which serve the country as a whole. The major ones are the British Racing School, the Jockey Club Estates, Peter O'Sullivan House (Injured Jockeys Fund) and Tattersalls (Europe's leading venue for buying and selling horses). All these were visited for face-to-face discussions. The others were interviewed through Teams, telephone and email exchange.

Suppliers of goods and service to trainers and stud farms

- 2.12 Trainers and stud farms source a wide variety of goods and services from local firms including:
- veterinary practices and scientific laboratories
 - farriers
 - horse transporters
 - bloodstock agents
 - feed suppliers and hay suppliers
 - insurance specialists
 - marketing and PR companies
 - equine photographers
 - straw/bedding suppliers
 - muck/bedding removers
 - fencing contractors
 - contractors to spray/aerate paddocks
 - machinery suppliers
 - tack and other equipment suppliers and repairers
 - builders for maintenance and capital projects.

- 2.13 A programme of face-to-face and telephone interviews was undertaken with a selection of these for two principal reasons. First, to gain a qualitative understanding of how the equine cluster functions and, second, to gauge turnover which such firms generate from customers outside the Newmarket area. Other firms were spoken with on the phone. Discussions confirmed that some of these businesses are based locally because of the area's horse racing and breeding establishments, but also earn significant income from trading further afield. This income adds to the cluster's overall impact.

Wider supporting activities – racecourses, events and the visitor economy

- 2.14 The town's two racecourses mean that Newmarket has more flat racing race meetings than any other turf venue. Racegoers spend money on admission and, within the racecourse, on food/beverages and betting. A proportion of racegoers also come into town and provide business for local shops and restaurants – as do those who are staying overnight in hotels and other accommodation. To explore these impacts, data were obtained from the racecourse itself, which included non-racing events held in its premises. Face-to-face discussions were held with local hotels, the National Horseracing Museum and a range of shops. In addition to the impact from race meetings, people attending Tattersalls' sales are significant for hotels and for other local businesses. Visits by owners to see their horses in trainers' yards or on the gallops are also a source of potential revenue.

Approach to calculating economic contributions

Current expenditure

- 2.15 In relation to current expenditure, assessments of economic impact usually consider contributions of three different forms: direct, indirect and induced.
- 2.16 Drawing on the information provided through stud farms' and trainers' questionnaire responses, expenditures on wages were quantified. Local wages and locally retained profits comprise the direct contribution to the local economy. Some data were also gathered on gross profits from training and where it was clear from the data that a trainer was remunerated through a share of profit rather than through wages (i.e. as if an employee), an allowance was included for this in the estimate of wages.⁸
- 2.17 The surveys also provided data on stud farms' and trainers' purchases from companies within a 25 mile radius of Newmarket. The companies from which these purchases are made will also make local purchases and so on through further rounds of expenditure – this is known as a supply chain multiplier effect. Taken together these comprise the indirect contribution.

- 2.18 Finally, employees living locally (which we defined as within 10 miles) will also make local purchases of goods and services, which will lead to a subsequent round of local expenditures (including employment costs) by the shopkeepers, hairdressers, restaurants, night clubs etc. Thus, there is an income multiplier effect from local wages and this is the induced element of the economic contribution.

Asset values and capital expenditure

- 2.19 Alongside current expenditure, it is also important to consider asset values and capital expenditure to generate a full insight into economic impact. This presents a different set of challenges.
- 2.20 For stud farms, the value of land and buildings could be estimated by a rule of thumb, but unless data were provided in the survey questionnaire it was not possible to include the capital value of the horses they own. Fortunately, information was provided by all the local stallion-standing stud farms. For others the scaling up methodology will, unavoidably, have led to an under-estimation, with the actual figure likely to be significantly higher.
- 2.21 Most of the trainer survey responses included an estimate for asset value. Where the trainer owned their yard the asset value was high; conversely, where yards were, were rented, asset values were much lower. An alternative approach would have been to apply a rule of thumb based on the number of horse boxes in the yard. For the horses in training an average value can also be applied but care is needed to avoid double counting the horses owned by major stud farms.
- 2.22 The surveys of trainers and stud farms (and discussions with other organisations) also gathered data on capital expenditure. Interpreting these data was, however, fraught with difficulty as capital projects can be very lumpy, with high outlays in one year and very low outlays in another. By way of example, some time ago, two of the veterinary practices developed equine hospitals. These were major capital projects but are beyond the scope of this report. Similarly, when the racecourse constructed a new stand, this was a major, one-off, capital item. More recently the development of Peter O'Sullivan House was a major capital outlay for the Injured Jockey Fund.
- 2.23 To avoid the identification of individual establishments, survey replies from trainers and stud farms and information provided by others are amalgamated. There is a wide variation in the percentage of outlay paid to local firms. There will be an indirect multiplier effect from payments to local firms undertaking work on capital projects, which has been estimated and included in the calculation.

Estimation of the multipliers

- 2.24 For the trainers and stud farms which responded to the questionnaire the actual data they provided were used to compute their local expenditures. There is imprecision in these data as they were based on respondents' estimates in terms of a percentage and we appreciate that this will have been difficult to compute. Much of their local expenditure is likely to be on services with a fairly high labour content (and a low leakage from the local economy). Despite this, in estimating the contribution from further rounds of expenditure, the conservative assumption was made that there will be a leakage from the area of 80% i.e. the firms from which trainers and stud farms buy goods and services will make 20% of their total purchases within the 25 mile radius that defines the impact area. This gives a multiplier, calculated by summing the second and subsequent rounds of 1.25. A multiplier is applied to the proportion of expenditure on capital projects which goes to local firms.
- 2.25 The data on wages paid to employees are accurate and reliable, as a record must be kept for National Insurance (NI) purposes. In a normal year, expenditures shown in the household expenditure survey would suggest 60% of wages being spent locally. However, given the escalation in energy prices, this is reduced to 55% to provide the working assumption for the total wage bill accruing to staff living within 10 miles of Newmarket being spent in the local area.⁹

3 Cluster core: Stud farms



Introduction

- 3.1 Discussions and data analysis underline the key role in energising the cluster that is played by a small number of major stud farms with stallions. Only the very best racehorses become stallions and three of the world's top six (according to independent rankings¹⁰) – Dubawi, Frankel and Kingman – are based in Newmarket. The potential earnings of these three stallions alone comfortably exceed £100 million¹¹. Qualitative feedback from the HRI estimates that “applying the same methodology but widening the criteria to the top 20 stallions in the Newmarket area, the fees generated annually rise to £157 million, taking account of some who are over- and under-subscribed and not accounting for stallions whose fee is less than £10,000 per cover.”
- 3.2 The area's pre-eminence in breeding horses that race on turf (as opposed to artificial surfaces) has been achieved through the sustained commitment to Newmarket of a small number of individuals and families who are passionate racing enthusiasts. Godolphin, the world's largest racing and breeding brand, has major interests in Ireland, America, Japan, Australia and France. It is noteworthy that Newmarket has long been its global headquarters, as well as the location for its most significant racing and breeding operations.
- 3.3 Within the overall category of stud farms there are very significant differences between establishments, which the following paragraphs summarise. Most of the larger stud farms make significant payments to trainers and/or other stud farms. To take one example the Maktoum Family, the rulers of Dubai, through Godolphin and Shadwell, have approximately 750-800 horses in training and 300-350 broodmares. To avoid double counting, we have excluded these from estimates of local expenditure.

Major stud farms with standing stallions

- 3.4 There are five stud farms which are of fundamental importance to the global competitiveness and local prosperity of the area's racing and breeding industries: Cheveley Park, Godolphin, Juddmonte, Lanwades and the National Stud. Two other stud farms that are further away, Newsells and Shadwell (which also has a satellite stud near the town), can also be seen as part of the Newmarket community.

- 3.5 The central importance of these stud farms within the UK's wider bloodstock industry can be illustrated by the European Breeders Fund (EBF)'s 2022 statistics. These show that:
- Newmarket area-based stallions contribute 88.7% of total EBF income from UK based stallions¹²
 - Newmarket-area based stallions comprise 44% of total UK based stallions
 - mares covered by Newmarket-area based stallions account for 62.2% of all mares covered in the UK.
- 3.6 These figures highlight the outstanding quality and value of Newmarket stallions. However, they underestimate their contribution to the breeding industry as these stud farms have significant numbers of top-quality brood mares, many of which will be bred with their own stallions and as such never publicly sold. Their value, both to the thoroughbred breed as a whole and in economic terms is difficult to quantify. However, an indication of the value of top-quality mares is provided by Tattersalls end November 2022 mares' sale in which the top 10 mares all sold for £1 million or more and the top five averaged £3.3 million each.
- 3.7 A further indication of the importance of Newmarket's stallions can be seen in the results of Tattersalls 2022 yearling sales. Information provided by the EBF quantifies the number and value of the progeny of stallions standing in Newmarket when the yearling was conceived (i.e. 2020). It is in the premier yearling sale globally (Tattersalls Book 1) that Newmarket stallions' progeny clearly shine.

Table 3.1: Newmarket Yearling sales result

| | Lots Sold | Sale Turnover (Gns) | Number by Newmarket area sires | Value of sales by Newmarket area Stallions (Gns) |
|----------------------------|-----------|---------------------|--------------------------------|--|
| Tattersalls October Book 1 | 424 | 126,671,000 | 143 | 56,005,000 |
| Progeny of Nmkt stallions | | | 33.70% | 44.20% |
| Tattersalls October Book 2 | 633 | 60,780,500 | 161 | 13,982,000 |
| Progeny of Nmkt stallions | | | 25.40% | 23% |
| Tattersalls October Book 3 | 473 | 11,554,600 | 216 | 4,387,600 |
| Progeny of Nmkt stallions | | | 45.60% | 38% |
| Tattersalls October Book 4 | 53 | 319,000 | 40 | 221,000 |
| Progeny of Nmkt stallions | | | 75.50% | 69.30% |
| Tattersalls December | 130 | 4,501,500 | 65 | 1,723,500 |
| Progeny of Nmkt stallions | | | 50% | 38.3% |
| Totals | 1,713 | 203,826,600 | 625 | 76,319,100 |
| | | | 36.40% | 37.40% |

Source: EBF

3.8

The scale of the major stud farms' involvement in the HRI can be illustrated by an aggregation of the 40 days of Tattersalls sales in 2022. This shows that Cheveley Park, Godolphin, Juddmonte, Newsells and Shadwell sold 435 horses with a total value of £40,189,000. They were also major purchasers at the sales and four of them (the fifth buys anonymously through bloodstock agents) bought horses at a total cost of £43,467,000.

- 3.9 The willingness and capacity of the major stud farms to take substantial business risks is explained by the enthusiasm of their owners for the sport and for the challenge of breeding a horse that will win prestige races in their colours. The largest establishment, Godolphin, won both the 2022 trainers' and owners' championships and three other Newmarket stud farms are also in the owners' top ten (as is the owner of a Newmarket hotel). The major stud farms have significant numbers of horses with the leading Newmarket trainers and have achieved notable successes - including Lanwade stud farm's Alpinista winning the 2022 Prix de l'Arc de Triomphe, the richest race in Europe with a total prize fund of €5 million.

Boarding stud farms

- 3.10 The major stud farms with stallions are increasingly averse to risking infection to their broodmare herds by boarding mares which are visiting their stallions. Although the proportion of mares "walking in" has increased in recent years, around 70% will stay for some time in Newmarket. Many of the mares that come from further afield to Newmarket to be covered by local stallions are an important source of business for boarding stud farms. To have the best chance of a successful pregnancy, a mare will typically be sent to a local boarding stud in early February for the start of the breeding season and stay for approximately 6 weeks after covering (success can be confirmed after 40 days).
- 3.11 Some overseas owners station their mares in Newmarket for much longer periods and that practice is probably increasing, as the leading stallions shuttle overseas to extend their breeding season less often than in the past. These resident stays provide the opportunity for a stud farm to establish a long-term relationship with the owners of such permanent boarding mares and with English owners of brood mares who do not have their own facilities. There are considerable advantages in a business model based on resident mares and a number of the large and medium stud farms are less keen to cater for those that only visit for short periods.
- 3.12 Tattersalls' sales provide further significant income for stud farms, with horses arriving for preparation to ensure they are in peak condition for the sale ring. After horses have been through the auction they are often kept on boarding studs prior to travel to their next career. Lastly, some business may come from trainers who wish to give their horses a rest from the rigours of the training regime or to recover from injuries. There are a number of specialised farms, known as spelling farms, which offer this service.

Categorisation of stud farms

- 3.13 Boarding stud farms vary considerably in size and their market orientation. Guided by the Newmarket Stud Farms Association, these are divided into five categories. Their responses to the survey are shown in brackets:
- the five stud farms with stallions that are near to Newmarket¹³ (all have provided sufficient information for their impacts to be estimated).
 - eight largest commercial stud farms (two full replies)
 - eight medium commercial stud farms (two full and two partial replies)
 - 10 small stud farms (one partial reply)
 - 13 private stud farms of varying sizes that meet the needs of their owner and a small number of friends or family members (two replies).

National perspective

- 3.14 For the Newmarket area, data from the Newmarket Stud Farmers Association (NSFA) show a positive picture. Although the number of stallions in the area fell from 46 in 2016 to 37 in 2022 (-19.6%), the number of mares covered showed a fall of less than half that - from 3,821 to 3,456 (-9.6%). For 2023 there will be 37 stallions, all of them at one of the major stud farms - each of which has at least three stallions. Additionally, we have heard of another local stud farm with a wealthy owner who has the aspiration and the resources to establish a stallion stud farm.
- 3.15 A nationwide study for the Thoroughbred Breeders' Association (TBA) by consultants PwC was published in mid-January 2023 (<https://www.thetba.co.uk/breed-protection/industry-studies.html>). This report raises a number of concerns relating to the current unprofitability of many breeders, especially smaller ones, and the possible subsequent impacts on numbers of horses in training and race meetings. It goes on to recommend actions to address the concerns.
- 3.16 The PwC data for stallions show a fall for GB registered stallion numbers from 306 in 2010 to 102 in 2021 and French recorded stallion numbers increasing from 172 in 2010 to 186 in 2021. In explaining the PwC report to the JC and SQW, the TBA leadership team voiced their awareness of the pressures that small breeders are under and highlighted the sustained efforts being made to help them succeed through the Great British Bonus¹⁴.

Calculation of economic contribution

Stud farms responding to the questionnaire

- 3.17 For the stud farms that responded to the questionnaire, the actual data they provided are used as the basis for calculating their contribution to the local economy. Their answers give specific information on the direct component (wage bills), and the indirect component, i.e. purchases from within a 25 mile area from Newmarket. To these figures the multipliers discussed in Section Two are applied. The induced component is focused on staff living locally; and excludes staff living more than 10 miles from Newmarket. The replies received to the survey recorded high percentages of staff living within 10 miles of Newmarket – a weighted average of 89%.

Grossing up for non-respondents¹⁵

- 3.18 This is needed to make an estimate for the stud farms that did not respond to the survey. Data were used from the replies which were received, augmented by what could be gleaned from a web search. The first step was to estimate employment for each stud farm based, in most cases, on their acreage and applying a ratio for the medium and largest of one FTE worker for each 25 acres. From the survey responses, local expenditure per employee and wages per employee were estimated to provide the basis for grossing up for non-respondents. These are the figures used for grossing-up:
- largest boarding stud farms – wages per FTE employee £30,000; local expenditure per employee £40,000
 - medium/small size boarding stud farms – wages per FTE employee £22,500; local expenditure per employee £30,000
 - private stud farms – wages per FTE employee £25,000; local expenditure per employee £35,000¹⁶.

- 3.19 When estimating the contribution from the expenditures of stud farm employees, 65 employees estimated to work for stud farms located more than 10 miles from Newmarket are excluded. For the remaining 907, it is assumed that 89% live within 10 miles of the town i.e. 807 or 83% of the total.

Estimated total economic contribution

3.20 When the actual data from respondents are added to the estimated amounts for non-respondents, the overall totals are as summarised below.

Table 3.2: Estimated economic contribution

| | |
|---|---|
| Direct contribution (wages) | £38,153,000 |
| Indirect contribution (local expenditure on goods and services) | £37,373,000 |
| <i>With multiplier adjustment (see Section Two)</i> | |
| • direct contribution | £38,153,000 |
| • indirect contribution | (£37,373,000 X 1.25) = £46,716,000 |
| • induced contribution | (£35,602,000 X 0.83 X 0.44) = £13,002,000 |

Source: SQW

3.21 The economic contribution sums to an estimated total of **£97,871,000** though it would be safest to see this figure as the central estimate rather than a precise figure.

Employment

3.22 The stud farms that provided information employed 768 full time staff and 43 part-time staff, from which we estimate 792 full time equivalent jobs (FTEs). Those that did not respond are estimated to employ a further 180 FTEs. The total number of **full-time equivalent jobs** provided by stud farms is, therefore, calculated as **972**¹⁷. Most of these jobs, 884 or 91%, are located within 5 miles of Newmarket.¹⁸

4 Cluster core: Trainers



- 4.1 The vast majority of racehorse trainers in Newmarket are based at a “yard” which is within riding distance, via dedicated horsewalks which cross the town, of the training areas provided by Jockey Club Estates. Most of the horses in the yard are in regular training in preparation for entry into races. A small proportion of the horses may be owned, or partly owned, by the trainer but most will be owned either by individuals or syndicates from outside the local area or, in the case of a significant number, by local stud farms. In order to maximise productivity from yards with access to the training grounds, many trainers will send horses requiring rest and recuperation to specialist spelling operations located in the surrounding area. Some boarding studs perform this function outside the busiest breeding periods.¹⁹
- 4.2 Of the 70 or so trainers in the town in 2022, the data below show their superiority both within British racing and globally. 19 of a total 36 British Group 1 flat races, the elite level within the sport, were won by horses trained in Newmarket. This includes all five “classics”, the most historic and prestigious contests in racing. In a worldwide context, according to independent rankings, three of the top 10 trainers globally are based in Newmarket.
- 4.3 The British Horseracing Authority (BHA) has provided helpful data which set Newmarket trainers the context of Great Britain (i.e. England, Scotland and Wales). These data show that:
- 29% of all horses in training in GB are with Newmarket trainers but the percentage is much higher (49%) for those with a handicap rating of 100 or higher; for context, handicap ratings for flat racing range from around 50 at the bottom end with the very best horses generally being rated between 125-135
 - Newmarket has 15% of all licensed trainers but 23% of all registered stable staff (probably a combination of larger yards and fewer horses per staff member).
- 4.4 A further confirmation of the quality in Newmarket’s racing industry can be seen in the prize money rankings, which are dominated by Newmarket trainers. **The owner receives 75% of the prize money. The remaining 25% is split between the trainer (10%), the jockey (10%), stable staff and racing charities (5%).**

Table 4.1: Prize money performance

| Trainer | Wins | Places | Runs | £ GB prize money | £ Overseas prize money |
|--------------------------|------|--------|-------|------------------|------------------------|
| C Appelby (Newmarket) | 152 | 230 | 487 | 6,249,963 | 5,808,727 |
| W Haggas (Newmarket) | 165 | 335 | 667 | 5,796,855 | 1,138,747 |
| J&T Gosden (Newmarket) | 128 | 289 | 584 | 5,127,067 | 2,914,088 |
| A Balding (Newbury) | 133 | 495 | 919 | 4,594,513 | n.k. |
| R Varian (Newmarket) | 138 | 302 | 629 | 3,593,984 | - |
| Sir M Stoute (Newmarket) | 36 | 135 | 247 | 2,921,356 | - |
| K Burke (N Yorks) | 115 | 399 | 767 | 2,898,037 | n.k |
| C&M Johnson (N Yorks) | 171 | 652 | 1,245 | 2,877,502 | n.k |
| A O'Brien (Eire) | 15 | 44 | 84 | 2,819,786 | n.k |
| R Beckett (Andover) | 88 | 269 | 559 | 2,767,624 | n.k |

Source: Great British Racing and International racing Bureau

Trainers responding to the questionnaire

4.5 A questionnaire was sent to 55 trainers and 11 pre-trainers. Information on horse numbers in their yards was also obtained from two additional pre-trainers. From the questionnaire responses, weighted averages and/or simple averages for four key items of data were calculated:

- number of horses per employee
- wage per employee
- local expenditure per horse
- % of employees living within 10 miles of Newmarket.

- 4.6 Separate calculations were made for trainers with 41 or more horses and those with 40 or fewer horses²⁰:
- for trainers with more than 41 horses, we estimate 2.2 horses per employee; for those with 40 horses or fewer we estimate 2.6 horses per employee
 - for trainers with more than 41 horses we estimate an average wage of £30,400; for those with 40 horses or fewer we estimate an average wage of £27,400
 - for trainers with more than 41 horses we estimate annual local expenditure of £7,750 per horse; for those with 40 horses or fewer we estimate £5,600
 - there was little variation in the proportion of staff living within 10 miles of Newmarket – 96% for the larger yards and 97% for the smaller ones.

Estimated total economic contribution

- 4.7 Applying these estimates, contributions from trainers and pre-trainers are set out below.

Table 4.2: Estimated economic contribution

| | |
|---|------------------------------------|
| Direct contribution (wages) | £43,712,000 |
| Indirect contribution (local expenditure on goods and services) | £22,261,000 |
| <i>With multiplier adjustment (see Section Two)</i> | |
| • direct contribution | £43,712,000 |
| • indirect contribution | (£22,261,000 X 1.25) = £27,826,000 |
| • induced contribution | (£41,676,000 X 0.44) = £18,337,000 |

Source: SQW

- 4.8 This sums to an estimated **£89,875,000** though it would be safest to see this figure as the central estimate rather than a precise figure.
- 4.9 The trainers and pre-trainers who returned the questionnaire employed 679 staff full time and 143 part time, a full time equivalent (FTE) total of 765. Non-respondents are estimated to account for a further 670 FTE, giving a total of **1,435 FTE jobs**.

5 Supporting infrastructure: Horse Racing Institutions



Introduction

- 5.1 The five major horse racing institutions discussed below – **Peter O’Sullivan House, the British Racing School, the National Stud, Jockey Club Estates** and **Tattersalls** – all provide facilities and services used by trainers and stud farms. To avoid double counting, the income that they and the other horse racing bodies obtain from Newmarket trainers and stud farms is excluded when calculating their economic contribution to GVA and jobs. In order to preserve confidentiality the data on expenditure and employment are aggregated.

Injured Jockeys Fund – Peter O’Sullivan House

- 5.2 Peter O’Sullivan House was opened in 2019 on a site within the grounds of the British Racing School (BRS). It is the third such establishment developed by the Injured Jockey Fund to "*provide specialist rehabilitation treatment for Musculo-skeletal injuries*". Its facilities include:
- a state-of-the-art hydrotherapy pool with an underwater treadmill and cameras to assist with gait re-education
 - a fully equipped gym with individualised support from highly qualified strength and conditioning coaches
 - a number of simulators for use during end-stage rehabilitation.
- 5.3 The IJF’s head office is housed in the building and the BRS uses classroom at the back of the building accessed through a separate external entrance. To meet safeguarding regulations BRS students also have a separate entrance to the gym, where they build strength and fitness. Location on the BRS site has proved mutually beneficial; IJF staff contribute to some BRS courses and may, from time to time be able to use BRS accommodation.
- 5.4 During the past 12 months there were 426 users of the facilities. Most were jockeys (apprentice, professional, amateur and retired), but there were also 75 stable staff users, including referrals from Racing Welfare, and at least 20 users with no connection to racing. Professional Jockeys and others receiving IJF benefits are treated free of charge. Stable staff and non-racing users pay according to a fixed price list but the charges are reasonable.
- 5.5 The IJF provides 20 FTE jobs in Newmarket.

Figure 5 1: Peter O’Sullivan House Gym



Source: IJF

The British Racing School (BRS)²¹

- 5.6 Prior to the establishment of the BRS in Newmarket there was a temporary jockey training centre at Goodwood. The opportunity to move into Newmarket came from the construction of the A14 dual carriageway which cut through the Chippenham estate and left 120 acres somewhat isolated. Newmarket was the obvious location as the centre of British racing.
- 5.7 The BRS is a charitable organisation with annual running cost of approximately £4.4 million. Its major activity is the delivery of training courses funded, principally, by the Government through the Education and Skills Funding Agency. In respect of the Stable Staff Foundation Course the racing industry makes a contribution, which comes from the Horserace Betting Levy Board. Foundation Courses are 12 and 18 weeks long and are free to UK residents (albeit there is a charge for accommodation, which may be funded by bursaries). The other major sources of income come from the provision of other courses and the BRS’ conference and events business.
- 5.8 Over recent years the BRS has become a more diversified business. It has seen growth in training income from overseas customers (mainly jockeys) and growth in its conference business. However, its main purpose remains providing the training needed by the UK racing industry. Some 15-18% of trainees find places with Newmarket trainers and, where required, BRS provides outreach support when they are settling in. The BRS is also operating the Jockey Coaching Programme for the British Horse Racing Authority (BHA) for which it has five coaches and 13 contractors²². Also for the BHA it runs the Racing Industry Course for delegates from middle management upwards, either those new to the industry or who are looking to broaden their knowledge and understanding of racing, in Britain and abroad. Typically, one third of the 30 delegates are from abroad – from countries such as Japan, USA and Oman as well Europe.

- 5.9 There are presently around 70 horses at the School and the inputs of goods and services required are similar to those needed by trainers (with the exception of transport). Repairs, vehicles and vehicle maintenance are also sourced locally. Capital projects have to be funded through charitable donations and vary quite widely from year to year in both scale and the proportion of expenditure which goes to local firms, but typically a figure of 45% could be expected.
- 5.10 The BRS provides 64 FTE jobs in Newmarket.

Jockey Club Estates (JCE)

- 5.11 Jockey Club Estates owns and manages circa 1000 hectares (2,500 acres) of training grounds situated to the east and west of the town. These are used by an average of 2,364 horses every month and provide vital facilities for trainers and some stud farms; only the very largest trainers have their own facilities and even these also make use of the 'shared asset'. A monthly fee is payable for access to the training grounds and an additional premium for the special gallops. Fees are paid by the horse's owners and whilst some of these are local and included in the impacts quantified in Sections Three and Four, most are not. To avoid double counting in the calculation of local impact, it is assumed that one quarter of JCE revenue is accounted for by the local expenditures of trainers which have been included above.
- 5.12 JCE is headquartered at the Jockey Club Rooms, a landmark building on Newmarket High Street. In addition to offices for JCE, the building is used as a private members club which lets function rooms and bedrooms commercially when not in use by members. JCE manages a residential property portfolio with lets to staff and third parties.

Concepts for "Racecourse Side"

- 5.13 The Jockey Club is considering a number of concepts for an area of land known as "Racecourse Side" in the north-west of the town. These were consulted on publicly in 2022²³. The concepts could assist in further strengthening Newmarket's standing as the "Home of Horseracing" by:
- providing starter yards to help new entrants to training get established
 - developing an all-weather training and racing facility that could help Newmarket trainers to race their horses without the cost and carbon footprint of long journeys
 - a housing scheme which will help staff recruitment by providing affordable accommodation that is well located to their workplaces
 - a park that will offer recreational amenity for the wider community.

Figure 5.2: Proposed Racecourse Side Concepts

In the proposals for Racecourse Side a number of ideas and different projects have been considered across the side.



The **new park** proposes to create a public amenity for all of Newmarket with access, integrated routes and enhanced high quality and interesting environments including Seven Springs.



The winter training grounds would be transformed to provide an **all-weather racecourse** with 6f and 1m2f chutes, it would capture critical starts, and provide enhanced facilities for all-year training that would provide an intimate setting for the racing community with ease of access from the town.



Pinewood Stud provides a **potential residential site** that could potentially benefit both racing industry housing and wider private housing opportunities with walkable and connected links to the town centre and training yards with a variety of housing types and densities to suit a range of households.



The racing community has expressed a desire for more **opportunities for training yards** as well as starter yards and satellite yards. The proposed plan would provide sites for both larger and start-up yards, and an expansion of training grounds.



Southfield Farm could continue its role as a key operational area to service Newmarket's racecourses and training grounds, as well as potentially containing a **recycling facility** for horse waste to cut down on the racing industry's carbon footprint.



Source: Jockey Club

- 5.14 The above proposals are being explored further in terms of their feasibility with more detailed work underway following the consultation in 2022.
- 5.15 The JCE provides 68 FTE jobs in Newmarket.

The National Stud

- 5.16 Employment and expenditure data for the National Stud (NS) are aggregated within data shown in Section 4. Their activities are considerably more varied than other stud farms, including regular visits for tourists (through Discover Newmarket) and a comprehensive education programme which includes lectures available online.
- 5.17 The NS residential courses are a unique UK provision. They *“span the full spectrum – from those with little or no experience with Thoroughbreds, to short courses and learning programmes for those already working at a senior level in the industry. All courses are tailored to provide learners with the industry knowledge and practical training required for a successful career in their chosen field”*.²⁴
- 5.18 The National Stud’s education programme is fully funded and can accommodate up to 50 residential students annually across all levels 1-4. *“The National Stud team provide ongoing career support for students past and present. Graduates of both courses are working in all corners of the globe and placed in leading UK studs such as Whitsbury Manor, Cheveley Park, Newsells Park and Juddmonte Farms etc”*.
- 5.19 Increasing attention is being paid to staffing issues and the NS is seeking to become an exemplar of cultural change as a workplace. It recognises the need to update facilities and improve staff retention by improving working conditions. Although students do undertake practical tasks they should not be relied upon as a workforce. Improvements, which inevitably involve investment, have been made more possible by increased income from NS stallions (in Tattersalls January online sale a breeding right for Time Test was sold for £120,750 and for Lope Y Fernandez for £25,200). Forward thinking includes fewer mares and foals visiting short term as borders, mechanisation of some “manual” tasks, doubling the number of NS brood mares from 5 to 10 to support their stallions and ensure they have the throughput to build solid reputations and increasing the number of permanent boarders and developing relationships with their owners so that the NS is appointed as consignor to the sales.
- 5.20 The National Stud is the only thoroughbred stud in the UK open to the public on a regular basis. Approximately 10,000 visitors tour the stud each year through tours managed by Discover Newmarket. The recent addition of multiple Group 1 winner Stradivarius to the stallion roster is predicted to lead to an increase in visitors in 2023.

Tattersalls

- 5.21 Tattersalls is an integral part of Newmarket's equine cluster, with Tattersalls Limited the leading bloodstock auctioneer in Europe. Based at Park Paddocks in Newmarket, the company's bloodstock operation offers horses for sale in Newmarket, Cheltenham, Ascot, Fairyhouse in Ireland and online, with the sales in Newmarket accounting for over 90% of turnover. The aggregate for sales held at Park Paddocks alone in 2022 was 413,187,735 guineas (£433.8 million) compared to 323,540,800 guineas (£339.7 million) in 2021. The sales are the most important in Europe and among the leading events internationally.
- 5.22 Although restrictions linked to Covid were challenging, Tattersalls held a full sales calendar during the pandemic, which included hosting sales normally held in Ireland. This was vital for the industry which cannot engineer a pause in many of its activities. The running of the sales during the pandemic was fully supported by local and national government bodies, with agreed precautions including registered business attendees only, pre arrival covid testing, and restrictions on numbers in buildings.
- 5.23 Online bidding had been trialled prior to Covid but it came into its own during the pandemic. The number of online sales continues to expand, with nine online sales during 2022 and going forward the aim is to hold one per month. No adverse impact on attendances at the principal sales has been observed.
- 5.24 Bloodstock arrives at Park Paddocks from across the UK, including a proportion from local trainers and stud farms, as well as from Ireland, Europe and America. During 2022, bloodstock sales were remarkably strong despite a backdrop of UK economic uncertainty. Overall performance in 2022 can best be summarised through the Chairman's statement at the conclusion of the December Mares' Sale. This underlines both the scale of the sale and its international reach:

"Every so often we experience sales at Tattersalls which defy all expectations, but in 2022 it is probably fair to say that each successive sale here at Park Paddocks has achieved levels of trade which even the most optimistic observers would have deemed unlikely, culminating in a Tattersalls December Mares Sale which at times has been truly astonishing.

Turnover, average and median have all soared past the previous record levels and to see the packed sale ring as the succession of outstanding fillies and mares took to the stage will live long in the memories of all those present. The huge number of overseas buyers here at Park Paddocks for the duration of the December Sale reflects the incredible support we have received from the vendors who entrusted us with such an illustrious cast of race fillies and broodmares.

Every one of the eleven fillies and mares who sold for one million guineas or more was special and the 5.4 million guineas sale of the gorgeous ALCOHOL FREE was not only the highest auction price in the world this year for a filly in training, but also a wonderful reward for her owner Jeff Smith, her trainer Andrew Balding and all associated with one of the great race fillies of recent years. We all look forward to seeing ALCOHOL FREE race on in Australia and to dual Group 1 winner SAFFRON BEACH, who sold for 3.6 million guineas, who looks set to target the \$20 million Saudi Cup in February.”

5.25 Sales performance during 2022 was consistently very strong, as the table below demonstrates.

Table 5.1: Tattersalls’ sales performance, 2022

| Date | Sale | Revenue generated ²⁵ |
|--------------------------------------|--|---------------------------------|
| February 3rd, 4th | February Sale | 5,849,100 gns |
| April 11th, 12th, 13th | Craven Breeze Up Sale | 11,939,500 gns |
| April 26th, 27th, 28th | Guineas Breeze-Up & Horses-in-Training | 6,691,500 gns |
| May 26th | May NH Sale | 2,884,500 gns |
| July 5th, 6th, 7th, 8th | July Sale | 16,743,285 gns |
| August 31st | August Sale | 5,267,300 gns |
| September 5th, 6th | Somerville Yearling Sale | 7,746,200 gns |
| October 4th, 5th, 6th | Yearling Sale Book 1 | 126,671,000 gns |
| October 10th, 11th, 12th | Yearling Sale Book 2 | 60,780,500 gns |
| October 13th, 14th | Yearling Sale Book 3 | 11,554,600 gns |
| October 15th | Yearling Sale Book 4 | 319,000 gns |
| October 24th, 25th, 26th, 27th, 28th | Autumn Horses in Training Sale | 36,164,500 gns |
| November 21st | December Yearling Sale | 4,501,500 gns |
| November 23rd, 24th, 25th, 26th | December Foal Sale | 35,255,050 gns |
| November 28th, 29th, 30th, Dec 1st | December Mare Sale | 80,831,100 gns |

Source: <https://www.tattersalls.com/>

- 5.26 Over the years, Tattersalls has built a strong reputation for efficiency and probity. The commission it charges are the lowest outside the USA and it has made substantial investments to upgrade the Newmarket facilities; over £6 million was spent in the last 18 months on the reconstruction of the 68 stables together with ancillary buildings in the Solario yard and also the purchase of Exeter Stables – a 6.5 acre property in nearby Exning which will act as a holding yard during sales. The vast majority of any upgrade and maintenance work is undertaken by local firms.
- 5.27 The timing of the sales is favourable for other Newmarket businesses, as the most important sales are held between October 4th and December 1st. This is a relatively quiet period for hotels/restaurants and other town centre businesses which benefit from visitor footfall.
- 5.28 By far the major part of Tattersalls' income comes from the sales, in which an entry fee and vendors' commission are charged. The proportion of income received from local stud farms and trainers is estimated by Tattersalls at 18%. In order to avoid double counting, the economic contribution that Tattersalls makes to the area is reduced by that amount.
- 5.29 Tattersalls and their caterers provide 87 FTE jobs in Newmarket.

Associations and racing charities with national coverage

- 5.30 There are several bodies in Newmarket which, although based in the town, serve a wider community:
- European Breeders' Fund
 - Federation of Bloodstock Agents
 - International Racing Bureau
 - National Racing Staff Association
 - Racing Welfare
 - Thoroughbred Breeders' Association.
- 5.31 Information on their local employment and wage bills was provided by five of the six, together with some information on profits and local expenditure. Using a weighted average, it is estimated that 73% of staff live within 10 miles of Newmarket.

Economic contribution

- 5.32 The estimated economic contribution from the range of horse racing institutions is set out in the table below.
- 5.33 This sums to a total economic contribution of £28,495,000.

Table 5.2: Estimated economic contribution

| | |
|---|---|
| Direct contribution (wages) | £14,781,000 |
| Indirect contribution (local expenditure on goods and services) | £8,912,000 |
| <i>With multiplier adjustment</i> (see Section Two) | |
| • direct contribution | £14,781,000 |
| • indirect contribution | $(£8,912,000 \times 1.25) = £11,140,000$ |
| • induced contribution | $(£8,015,000 \times 0.73 \times 0.44) = £2,574,000$ |

Source: SQW

Employment

- 5.34 The jobs provided in Newmarket by these organisations total **279**.

6 Supporting infrastructure/ organisations: Scientific and Veterinary Organisations



Introduction

- 6.1 The three large veterinary practices and major scientific laboratory in area, all of which are renowned as world leaders, are of vital importance to the cluster. They are arguably what makes Newmarket superior to other training and breeding centres. Each of them derives some income from local stud farms and trainers; for two of the vets, the proportion is high and for them all it is very important. For reasons explained below, the extent to which employment and local income generated by LGC (formerly Quotient Bioresearch) can be attributed to the equine cluster is open to debate.

Veterinary practices

- 6.2 Newmarket can claim to be the Harley Street for the treatment of horses. There are three substantial veterinary practices and two of them have equine hospitals with treatment and laboratory facilities. These attract custom from across the UK and some work from overseas. Newmarket-based vets and surgeons also travel to clients beyond the local area, including clients overseas. Work outside the UK includes attendance at the major European sales. For both these and, importantly, the Tattersalls' sales, a "vetting" service is provided which essentially is a due diligence process leading to a certificate of suitability.
- 6.3 Veterinary services are of vital importance for both trainers and stud farms. For the breeding industry in particular, veterinary expertise helps to secure a high fertility rating for stallions. The vets, in turn, benefit from the large number of clients in and around Newmarket. The economies of scale which these provide mean that, although Newmarket is reputed to be an expensive place for training horses, veterinary fees are claimed to be relatively good value compared to national averages. This, together with a reputation for quality, has helped increase levels of national and international business.
- 6.4 Information has been provided by stud farms and trainers on their veterinary expenditures (although there will be some additional payments for Newmarket-based horses which are made directly by their owners). There is also information from the three vets on their revenue from Newmarket stud farms and trainers. A comparison of these figures provides an approximate cross check on the accuracy of the survey responses provided by trainers and stud farms; they are, in fact, reassuringly consistent.

LGC

- 6.5 The LGC acquired a company in Fordham whose origin traced back to the equine cluster. The site today is described as follows²⁶:

LGC's Cambridge (Fordham) site is one of the largest bioanalytical centres in the world. The high-tech campus is in a beautiful rural setting just outside the British horseracing centre of Newmarket and 20 minutes from the bioscience hub of Cambridge, UK. The site employs around 380 scientists operating from 8,000m² purpose-built, state-of-the-art analytical labs and is home to two main business activities:

Drug Development Solutions

GLP and GCP bioanalysis of small molecules, through oligonucleotides to large proteins for pharmacokinetics, biomarkers and immunogenicity. GMP analytical services for Chemistry, Manufacturing

Sports and Specialised Analytical Services

The world's largest independent provider of drug surveillance, doping control, research activities and supplement analysis including the principal laboratory for Informed Choice and Informed Sport quality assurance programmes.

- 6.6 Work for the HRI is still undertaken at Fordham but it was not possible to obtain data on the economic contribution of this work from the firm itself. An estimate of attributable employment and contribution to GVA has, however, been obtained from other sources and this is in line with what the firm itself indicated for SQW's earlier reports.
- 6.7 It is estimated that 40% of the total income of the veterinary practices comes from local trainers and stud farms and that, therefore, 60% of their employment and the associated wage costs and profit are additional to what has already computed above in Sections Three and Four:
- employment at the veterinary practices and the relevant element of the LGC was 357 FTEs
 - approximately 60% (i.e. 225 FTEs) contribute additional impact and 70% live within 10 miles of Newmarket.

- 6.8 The veterinary practices provided information on their wage bills and profits. When their data are combined with attributable LGC activities, they total £11,753,600 and local expenditures total £3,529,466, so:
- the direct economic contribution (wages and profits) is £11,753,000
 - the indirect contribution is $£3,529,000 \times 1.25 = £4,411,000$
 - the induced contribution is £2,923,000.
- 6.9 The total contribution to GVA is **£19,087,000**
- 6.10 The horse-related jobs provided in Newmarket by these organisations total **357**.

Animal Health Trust (AHT)

- 6.11 The closure of the AHT in July 2020 is a loss for the horse racing industry. Although the direct work for trainers and stud farms reduced after the two equine hospitals opened, it continued to play an important local and national role, with work for the HRI and wider equine world accounting for around 30% of its staff's activities. The sudden loss of some 200 specialist jobs was a severe blow to the staff, many of whom lived locally.
- 6.12 In terms of economic contribution, the impact has been mitigated by much of the work previously undertaken at the AHT being taken up by a substantial expansion in the laboratory capacity of one of the veterinary practices.

7 Supporting infrastructure: Other providers of goods and services



- 7.1 The variety of equine related businesses which supply goods and services to the HRI is considerable. For businesses in which nearly all their income comes from supplying trainers, stud farms, Tattersalls, the BRS or the veterinary practices, their economic contribution has already been captured in Sections Three, Four, Five and Six. There are, however, other businesses that, to varying extents, serve other customers outside the area but have chosen to locate in Newmarket because it is the headquarters of horseracing. Irrespective of the scale of contribution they make to GVA, these firms provide a very wide range of employment opportunities and scope for new business formation. The 2014 SQW report provided qualitative cameos covering farriers, feed suppliers, forage and hay suppliers, horse transporters and tack and other equipment suppliers. With a certain amount of updating, these are reproduced below.
- 7.2 These activities all relate very directly to the day-to-day operations of trainers and stud farms, but there are other horse-related businesses for which the connections are less obvious. For this report we spoke with a specialist insurance business; a design, media and marketing business; a publishing company; and a firm providing a specialist laundry service. They are all in Newmarket because of the HRI, but the proportion of their income from Newmarket's HRI varies a great deal – from 1.3% to 70%.
- 7.3 Three of the four firms provided comprehensive data and for the fourth we have been able to make an estimate. Taken together their direct economic contribution is £1,279,680, they provide 34 attributable jobs and their local expenditure totals £81,952. Whilst these are modest numbers, there are other similar businesses for which data have not been obtained and their inclusion could well add a similar contribution.

Farriers

- 7.4 Farriers typically pay daily visits to trainers and stud farms for hoof trimming, shoeing and precautionary inspection. Racehorses have an average of 6 shoes per month when in training, but mares, foals and yearlings on stud farms are only shod for remedial reasons and typically have their hooves trimmed once a month.
- 7.5 Farriers based in Newmarket are highly skilled and, consequently, cover a wide area. An expert Newmarket farrier may well be asked to act in a consultant capacity. The typical arrangement is for farriers to work as independents and have long-term relationships with a small number of trainers and stud farms. A mix of clients can be helpful as trainers require morning visits, but stud farms can be done in the afternoon. The larger training yards may well require a farrier all day.
- 7.6 Although Newmarket-based farriers will expect to earn a very high proportion of their income from within the area, relationships with owners do lead to some outside work both in Europe and further afield. Prompted perhaps by Covid, a long-established farrier has offered online training as described in an extract from an e mail in 2021.

Box 7.1: An example of online training for farriers

You are invited to the first in a new series of webinars:

Laminitis Webinar with Simon Curtis, Lorenzo D'Arpe and Mark Aikens.

23 Sept from 6:00 PM - 9:00 PM (UK time)

An interactive and educational hoof-care webinar hosted by Dr Simon Curtis, with a full video recording provided afterwards and lots of post-event further learning materials. Explore the process of laminitis, diagnosis, the use of clogs, venograms, rail shoes, therapeutic solutions, and more.

The speakers will discuss the topic in depth, and attendees will have time for discussions with other attendees, as well as Q&A directly with Simon, Lorenzo and Mark on laminitis and farriery.

You will also be sent a certificate of attendance to claim CPD/CE points (4 hours total) where possible. Join us on Zoom!

- 7.7 The Farriers Registration Council lists 58 farriers within 10 miles of Newmarket not including apprentices training locally (a farrier interviewed for this research will have four apprentices who train with him for four and a half years).

Feed suppliers

- 7.8 Much of the feed supply comes from major firms outside the area covered by this study; notably Baileys Horse Feeds at Braintree and Dodson and Horrell near Kettering. There are, however, smaller suppliers and producers within the cluster which specialise in feed for thoroughbreds and there are local millers who source their inputs locally. A few of the largest stud farms also mill their own oats. Up to 80% of feed ingredients can be sourced from the local area, although they can also come from further afield (for top quality oats there is competition from human food suppliers such as Jordans at Biggleswade). For a brood mare or a horse in training, imported soya oil and maize account for about 10% of the mix and molasses (used for coating mixes) is also imported.
- 7.9 As for many others in the cluster, feed suppliers experience fluctuating levels of demand during the year. During the breeding season from January to May when the stallions are standing, an additional 1,000 mares may be based within the cluster and there are also demand peaks around the times of Tattersalls sales.
- 7.10 Whilst local feed suppliers are essentially agents for the major producers, they provide specialist dietary advice locally and contribute to educational courses.

Forage and hay suppliers

- 7.11 A horse in training will require about two tons of main crop hay per year and four tons of bedding. Just for trainers in Newmarket that means delivering some 6,000 tons of top quality hay and 12,000 tons of straw and rape straw and removing a similar amount. There are still farms in the area that supply hay and haylage to trainers and stud farms, typically on the basis of a longstanding relationship. However, a number of farmers have ceased to do so on account of the labour and cost involved in storage and delivery. In June there may be a seven month stock of hay to cope with.

- 7.12 A greater number of local farms supply straw to the cluster although this too is traded nationally. One local firm takes straw to the West Country and brings hay back as a return load. Hay is also imported from overseas, some from as far away as North America. Oat straw is sent out of the area and a proportion comes back as roughage in feed.
- 7.13 Perhaps the most relevant point for local farmers is not the quantity that is actually supplied today to the equine cluster but the fact that there is the opportunity to supply local customers should they so wish. Current crops may become relatively less attractive in future – whether as a result of market prices, transport costs or regulations governing pesticides and fertilisers. As with the agricultural sector generally, employment numbers are low in hay and forage production and supply but, on a per acre basis, they are in the region of twice as labour intensive when compared with a large arable farm.
- 7.14 During 2022 there were very sharp price rises and some consideration was given to substituting locally sourced straw in place of imported shavings. However, according to two local farmers who supply the local HRI, demand for their straw has not increased significantly, perhaps because of the labour-saving advantage of shavings and the potential respiratory problems with straw.

Horse transporters

- 7.15 Six horse transporters were approached for this study and two responded. As there is no basis for scaling up for non-respondents, the economic contribution cannot be estimated. From previous work in Newmarket and Lambourn, SQW knows that there is considerable variation in the activities undertaken by transporters. Some rely almost entirely on local trainers and stud farms but for others a high proportion of their business comes from non-local customers.
- 7.16 Tattersalls provides an important source of business for transporters in shipping horses overseas that have been bought at the sales. Aside from proximity to the sales, Newmarket is a good place from which to do this. It offers the necessary facilities and quality skills to look after valuable horses prior to shipment and it has stables that meet pre-export isolation requirements. JCE also allows non-local horses to use the training grounds for the necessary quarantine periods prior to going overseas to race, although this is a complex operation.

Tack and other equipment

- 7.17 Newmarket's main retail outlet for horse-related equipment and supplies is located in the town. Because of the considerable local customer base, the business has proved resilient to the wider recent economic challenges which face every industry. Sales outside Newmarket are an important element of the business and online sales are likely to be an increasing source of additional revenue in the future. These supply chains create additional traffic within, as well as to and from, the town.

8 Visitors to Newmarket attracted by the horse racing industry



Introduction

- 8.1 Enthusiasm for breeding and racing thoroughbreds underpins the equine cluster. Newmarket itself is a major racing centre due to two racecourses, the Rowley Mile and the July course. Newmarket holds 39 turf fixtures annually, more than any other town in the country, as well as a quarter of all top-level or "Group 1" races held in Britain. These include two of the country's five classic races, the 1,000 Guineas and the 2,000 Guineas, which are amongst the most competitive and prestigious in the sport. The other major attractors of visitors to Newmarket are the Tattersalls sales days. In combination, the 2022 calendar had 73 "attractor days".

Table 8.1: Attractor days, 2022

| Date | Event |
|---------------------------|--|
| February 3rd, 4th | Tattersalls February Sale |
| April 11th, 12th, 13th | Tattersalls Craven Breeze Up Sale |
| April 12th, 13th, 14th | Craven meeting |
| April 26th, 27th, 28th | Tattersalls Guineas Breeze Up & Horses in Training |
| April 29th, 30th, May 1st | Guineas meeting (two Group1 races) |
| May 12th, 13th, 14th | Spring meeting |
| May 26th | Tattersalls May NH Sale |
| June 17th, 18th | Race meeting with music evening |
| June 23rd, 24th, 25th | Race meeting with music evening |
| July 7th, 8th, 9th | July Festival meeting (two Group1 races) |
| July 5th, 6th, 7th, 8th | Tattersalls July Sale |
| July 15th, 16th | Race meeting with music evening |
| July 22nd, 23rd | Race meeting with music evening |
| July 29th, 30th | Race meeting with music evening |
| August 5th, 6th | Race meeting with music evening |

| Date | Event |
|--------------------------------------|---|
| August 12th, 13th | Race meeting with music evening |
| August 26th, 27th | Race meeting |
| August 31st | Tattersalls August Sale |
| September 5th, 6th | Somerville Yearling Sale |
| September 17th | Race meeting |
| September 22nd, 23rd, 24th | Cambridgeshire meeting (two Group1 races) |
| October 1st | Race meeting (one Gro1 race) |
| October 4th, 5th, 6th | Tattersalls Yearling Sale Book 1 |
| October 7th, 8th | Future Champions meeting (two Group1 races) |
| October 10th, 11th, 12th | Tattersalls Yearling Sale Book 2 |
| October 13th, 14th | Tattersalls Yearling Sale Book 3 |
| October 15th | Tattersalls Yearling Sale Book 4 |
| October 19th | Race meeting |
| October 24th, 25th, 26th, 27th, 28th | Tattersalls Autumn Horses in Training Sale |
| October 28th, 29th | Race meeting |
| November 21st | Tattersalls December Yearling Sale |
| November 23rd, 24th, 25th, 26th | Tattersalls December Foal Sale |
| November 28th, 29th, 30th, Dec 1st | Tattersalls December Mare Sale |

Source: website review

- 8.2 The importance of both the race meetings and the Tattersalls sales varies. The most important sales are in October, November and December. Attendances at race meetings are highest in July when music evenings have a big impact. However, all meetings bring significant numbers of people to the town and to understand their impact discussions were held with the racecourse, hoteliers and retailers.

Newmarket racecourses

- 8.3 In 2022, 245,207 people attended the race meetings²⁷. Whilst the contribution that racing makes to GVA and employment is at a lower scale than those of trainers and stud farms, race meetings provide the visible animation of the cluster that keeps Newmarket in the public eye and sustain its image as UK racing's HQ.
- 8.4 The popular "Newmarket Nights" series of fixtures, which combine racing and live music from major acts across the summer, are now a considerable contributor to the racecourse's profits. In addition to racing events, the racecourse is also a year-round event venue, hosting up to 400 events a year – both public and private. These include conferences, dinner dances, private celebrations, exhibitions and business meetings.
- 8.5 The racecourses have 80 staff and employ 50 additional staff on race days (10 FTEs). Some 75% of staff live within 10 miles of Newmarket. Ticket revenue in 2022 was £4,624,000. Total catering expenditure, including Food and Beverages for public and hospitality clients, was £24 per head. Jockey Club Catering estimates that this supports 19 full time jobs and the equivalent of a further 31 full time equivalent jobs from the contracted and casual staff who work at the 39 race meetings.

The impact of visitors associated with the HRI on Newmarket High Street

- 8.6 There are no estimates for how much racegoers spend in or near the town but discussions with retailers, pubs and cafes confirm varying degrees of business from racegoers. Pubs see the greatest impact, with racing (especially during the larger festivals) bringing a surge in custom. Cafés and restaurants see some custom from racing visitors, mostly for breakfast, and one café has had success with offering pre-ordered 'picnic boxes' for visitors to take up to the racecourse. Most retail businesses said that they do not see a significant increase in sales in association with racing visitors.
- 8.7 In speaking with High Street cafés, pubs, restaurants and retailers, two questions were asked:
- How significant are visitors to the racecourse for your business?
 - How significant are visitors to Tattersalls for your business?

8.8

Responses are summarised in the table below.

Table 8.2: Significance of visitors for local businesses

| Business Type | How significant are visitors to the racecourse... | How significant are visitors to Tattersalls... |
|---------------|---|---|
| Pubs | <p><i>Racing is very significant, especially in the summer.</i></p> <p><i>There's more trade from the bigger racing festivals, not so much for the quieter meetings.</i></p> <p><i>Locals change their pattern on big race days, they either avoid us, or come in at a different time when it's quieter.</i></p> <p><i>We have racing 'regulars' who come from out of town, often for breakfast and then drinks late in the day afterwards.</i></p> | <p><i>Our business thrives because of racing and sales.</i></p> <p><i>Sales bring in new faces, including a lot of Irish and Indian customers this year.</i></p> <p><i>For summer sales, sales visitors don't always want to come into town because there's rough behaviour after the races finish.</i></p> <p><i>Visitors to Tattersalls sometimes come for food when the sales finish, but it can be very late (9pm) when the kitchen wants to finish serving food.</i></p> |
| Cafés | <p><i>Racing is not as significant as Tattersalls, but it's still important.</i></p> <p><i>Racing isn't that significant – racegoers prefer pubs!</i></p> <p><i>We do a lot of brunch on racedays.</i></p> <p><i>We offer 'picnic boxes' to pre-order for racegoers to take with them.</i></p> | <p><i>The Tattersalls sales period is very significant for us and we mark it in the calendar to be prepared.</i></p> <p><i>Tattersalls visitors are significant, they can make up to 20% of our custom during a horse sales period.</i></p> <p><i>Visitors come for breakfast – however, we are competing with Tattersalls' own breakfast offer.</i></p> |

| Business Type | How significant are visitors to the racecourse... | How significant are visitors to Tattersalls... |
|---------------|---|---|
| Retail | <p><i>We see an uptick in sales for a dozen of the good race days, but not for the quieter race days.</i></p> <p><i>Not as significant as visitors to Tattersalls.</i></p> <p><i>Yes, racecourse visitors are significant. We have a few regular 'VIP' visitors who visit the races and then our shop as a 'two-stop' thing.</i></p> <p><i>They're not significant - unfortunately visitors only visit the racecourse and then go home.</i></p> <p><i>No, racecourse visitors aren't significant to our business.</i></p> <p><i>Their only impact is adding to town centre traffic.</i></p> | <p><i>For about 4-5 weeks of the year, Tattersalls sales generate an increase in our business, especially in the winter sales period.</i></p> <p><i>We used to see some custom from Tattersalls visitors, but it's dropped noticeably since the pandemic.</i></p> <p><i>Yes, they are hugely significant for us and form a high proportion of sales. This is because we have regular shoppers who return to us when they're in town for industry events.</i></p> <p><i>They're not significant to our business.</i></p> <p><i>Their only impact is adding to town centre traffic.</i></p> <p><i>Sometimes we see a few new faces during the sales period but on the whole, footfall in the town centre is down.</i></p> |
| Restaurants | <p><i>100% yes, we see a big boost in business from both. For racing, we have visitors in for breakfast and early lunch.</i></p> <p><i>We don't have much business from race visitors, especially not in the summer – but a few in the autumn races.</i></p> <p><i>We don't have many from the racecourse – race visitors don't come into town.</i></p> <p><i>We see some extra business from racecourse visitors.</i></p> | <p><i>100% yes, we see a big boost in business from both. For Tattersalls, they come for brunch and then again in the evening.</i></p> <p><i>We see some customers associated with Tattersalls.</i></p> <p><i>Definitely some business from sales visitors.</i></p> <p><i>Yes, we see some extra business from sales.</i></p> |

Source: SQW – based on conversations with 17 local businesses

Hotels

8.9 At present there are only three significant hotels in the town, although it is hoped that the Rutland Arms will soon have a new owner who will take forward its refurbishment (original plans were for 72 rooms):

- the Premier Inn with 75 rooms (built some 12 years ago)
- the Bedford Lodge Hotel and Spa with 86 rooms
- the Best Western Heath Court Hotel with 43 rooms.

8.10 Tattersalls' autumn and winter sales have a marked effect on room rates in Newmarket. In late October a web search ascertained Premier Inn's room rates and how they varied in relation to the late November horse sales:

Table 8.3: Room rates – and how they vary

| | | | |
|----------------|-----------------------|--------------------|---------------|
| 9th-10th Nov | standard rate £48 | semi-flexible £58 | flexible £66 |
| 12th-13th Nov | standard rate £56.50 | semi-flexible £67 | flexible £75 |
| 21st -22nd Nov | standard rate £108.59 | semi-flexible £112 | flexible £123 |
| 22nd -23rd Nov | standard rate £99 | semi-flexible £102 | flexible £112 |
| 26th -27th Nov | standard rate £161.50 | semi-flexible £167 | flexible £177 |

Source: Web search

8.11 Both other hotels reported significantly higher occupancy and room rates during the Tattersalls sales which are doubly valued, being held at a time of year that is otherwise a quiet one for trade. Over the year as a whole it is probable that circa 20% of hotel revenue is attributable to the HRI. This is broadly in line with a group that has a several high-end pubs near Newmarket; their estimate is 15%.

The National Horseracing Museum

8.12 The NHRM provides a high-quality visitor experience which has attracted some 20,000 visitors in 2022 including both racegoers and museum-goers. The Museum was badly impacted by Covid and its enforced closure. Moreover, the Museum's plan to supplement admission charges with new revenue streams was just starting to gain traction when Covid hit. Despite the generous support provided by the HRI and Forest Heath Council for establishing the museum, its current endowment is unlikely, in SQW's view, to fully compensate for visitor numbers which are less than half the 50,000

assumed in the original business plan. This report has included the Museum's wage bill as an attributable contribution to GVA, though if the financial outturn for 2022 is a loss, this will mean an element of overstatement. The Museum has 37 staff members – 21 FTEs.

Discover Newmarket

- 8.13 Discover Newmarket is a tourism membership group which describes itself as *"the official tourism service for Newmarket and the surrounding area. We work with local tourism businesses and stakeholders to promote our historic town as a key destination for the eastern region. We also run an all year round, impressive programme of guided tours and walks. Offering visitors a unique opportunity to go behind the scenes at racing's headquarters to see the equine stars at work and learn about the fascinating history, heritage and culture of this historic town. A series of public tours are available to book through our website or we can arrange private tours on a date that suits you"*.²⁸
- 8.14 The reasoning behind the tours is that whilst there is plenty for a visitor to see in Newmarket it is, except for the Museum, not visible without interpretation and often behind closed doors. Numbers of visitors on a tour vary from 2 or 3 (in a black cab) to as many as 50 in a coach tour to the National Stud. In total some 10,000 visitors per year come on a tour and their popularity is confirmed by a significant level of repeat business. Although the HRI product will continue to be of central importance, the market reach is being widened by "hash-tagable" additions with tours focussed on royalty, on Dick Francis and on Food and Beverages. Consideration is also being given to developing a 3-5 day package with Cambridge.
- 8.15 Discover Newmarket has two full-time staff members and provides part time work for 15 tour guides.
- 8.16 The economic contribution from the visitor economy for which data are available is as follows:
- | | |
|---|--------------------|
| • direct contribution (wages and profit): | £8,007,000 |
| • indirect contribution: £4,400,000 X 1.25 = | £5,500,000 |
| • induced contribution: £4,005,000 X 0.44 = | £1,762,000 |
| This sums to a total economic contribution of | £15,269,000 |

Employment

- 8.17 The attributable jobs provided in Newmarket by these organisations total **197**.

9 Assets deployed in the HRI and Capital Expenditure



Assets deployed

- 9.1 Most previous Sections cover activities that involve significant capital assets. Attaching value to these assets is fraught methodologically, although the client group was keen that some attempt be made. SQW's approach was a cautious one. It relied on primary evidence gathered in the course of the study together with some grossing up. Specifically, a final question was inserted in the surveys of stud farms and trainers and most respondents gave some estimate. Before setting out the findings it is important to note that:
- trainers who own their premises gave a reasoned estimate for the value of the buildings and equipment in their yards, but those who rent them just estimated assets they own
 - with a few exceptions, the horses in trainers' yards are not owned by the trainer, so an average value per horse must be applied to the total number of horses with trainers and pre-trainers. There is an extremely wide variation between the value of the top horses (which are likely to go on into breeding) and the run of the mill, so estimating an average is bound to be contentious
 - the stud farms replying to the questionnaire survey were asked for "*your estimate for the market value of your business assets including land, buildings and horses that you own for breeding purposes*". It is assumed that, with one exception, they will not have included the horses which they own and have placed with Newmarket trainers
 - the most important stud farms gave estimates for their assets which included their own horses. However, there is no basis for estimating the value of horses, whether owned by themselves or others, at stud farms which did not reply to the survey. Inevitably this leads to an under-assessment of their assets.
- 9.2 This approach generated estimates that the client group considered – in general – to be understated. Drawing on its own sources and knowledge, the client group provided some alternative assessments. The paragraphs that follow present both sets of observations. These might usefully be regarded as a range in respect to what is inevitably a very imprecise exercise and one that has not been attempted previously.

Assets deployed by stud farms

- 9.3 For the stud farms which provided information a low estimate is £1,117 million and SQW's high estimate is £1,367 million. For non-respondents the rule of thumb was applied that their acreage, with reasonable accommodation for some staff and horses, is worth £30,000 per acre. On this basis a central estimate for non-respondents' assets is £216 million. The HRI considered this estimate to be low. It noted that *"An additional point to consider is that the prime location, heritage and sustained investment in facilities over many decades. Furthermore, much of the land has not been on the public market for generations if ever. As such its value is near to priceless, and so a degree of underestimation is inevitable."*

Assets deployed by trainers

- 9.4 An assessment of the value of trainers' assets based on the replies to the trainers' survey²⁹ arrives at an asset value of £35,000 per horse capacity, in a yard with 41 or more horses. For such yards, the assets would therefore total £67,095,000. For a yard with up to 40 horses capacity and with a pre-trainer, a similar assessment (though based on less evidence) arrives at an asset value of £27,500 per horse capacity. For the 665 horses with trainers in such yards and the 352 with pre trainers, the assets would therefore total £27,967,500, giving an overall total of £95,062,500.
- 9.5 To assist the research, the Jockey Club sought the view of a chartered surveyor who specialises in equine real estate. He was provided with the number of boxes in each yard and estimated current asset values based on estimates of their value in different locations. His calculation reached a figure in excess of £100 million. This is reasonably consistent with the estimation method used in the previous paragraph.
- 9.6 Reflecting on these estimates, HRI suggested that *"once again this may considerably underestimate the total value due to many yards not being sold on the public market for decades, if ever. There are a number of historic yards on the Fordham and Bury Roads, some of which contain grade II listed buildings such is their heritage and benefit from prime locations, whose value is difficult to estimate but would clearly be considerable. One such yard on the Bury Road, Sefton Lodge, sold for £6 million in 2018."*

9.7 It remains to estimate the value of the horses and to do that means estimating the number of horses that the stud farms have in training in Newmarket to avoid double counting. For the purposes of this calculation, SQW assumed that 675 of the 2,582 horses with trainers are owned by the stud farms and should be deducted to avoid double counting – leaving 1,907 horses to be included in the asset valuation. Advice from an insurance specialist was sought and he suggested an average horse value of £25,000. Looking from another angle, the weighted average for the relevant Tattersalls sales in 2022 (i.e. February Sale, Craven Breeze Up, Guineas Horses in Training, Guineas Breeze Up, July Sale, August Sale, Autumn Horses in Training) was £36,132 for the 2,402 lots sold. A conservative estimate per horse can, therefore, be taken as £30,500 which would give an asset value estimate of £58,164,000 (i.e. 1,907 horses with an average value of £30,500).

9.8 An alternative approach suggested by HRI would be to consider the value of every Tattersalls sale. The average sales price in 2022 was £70,512 for 5,860 lots sold. Multiplying these two figures would suggest an asset value estimate of £134,466,384 or approximately £134 million. However as noted by the HRI: *"This does not include the residual value of home breeds by breeders and stud farms, which are near to impossible to value as they are rarely if ever sold at public auction. They are amongst the most valuable horses in training precisely because they almost exclusively possess the best pedigrees for breeding. In the case of the major bloodstock operations the number of these horses in training can run into the hundreds and as such even the above estimate may be considered extremely conservative."*

Assets deployed by horse racing institutions, veterinary practices and the racecourses

9.9 Estimates of asset values were obtained from the British Racing School, Injured Jockey Fund, Racing Welfare and Tattersalls. An informed estimate for the two veterinary hospitals is also included. Taken together these come to approximately £94 million.

9.10 The Jockey Club owns three distinct assets in addition to the National Stud: training grounds, two racecourse and the Jockey Club rooms. Their combined asset value is estimated to be £176 million.

Capital expenditures

- 9.11 Through the survey work, capital spending was reported by 18 trainers and pre-trainers to an aggregate value of £1,473,117 of which they estimated that £834,079 was paid to individuals and firms within 25 miles from Newmarket (56.6%). Nine stud farms spent a total of £1,486,489 on capital projects of which £687,600 was paid within the 25 miles (46.3%). There is no reasonable basis for scaling up from these figures to allow for non-respondents.
- 9.12 The horseracing institutions and the racecourses reported capital expenditure totalling £9,126,734 of which they estimated that £6,758,848 was paid to individuals and firms within 25 miles from Newmarket (74.1%). One large project accounts for approximately two thirds of these totals.
- 9.13 These figures confirm that businesses and organisations in the racing industry invest significant amounts locally, but they do not greatly help in estimating what level of capital expenditure might be expected in an average year. Rather than include the actual amounts shown for 2022, it is reasonable to allow £15 million as the norm for capital spending and to assume that 70% of this (i.e. £10.5 million) will go to firms within a 25-mile area.
- 9.14 Depending on the type of project, there will be a wide variation in the proportion of contract cost accounted for by wages. If an average of 30% is taken, then the wages paid by firms within the study area will total £3,150,000. At an average wage of £35,000, this implies a total of 90 jobs. SQW's estimate of economic contribution is based on half of these jobs being taken by people living within 10 miles of Newmarket.
- 9.15 Local purchases by contractors will be significantly lower than those made by the stud farms and trainers and local purchases of £3,000,000 are assumed. The wages content of these local purchases will also be lower than for those made by stud farms and trainers. Therefore, a lower multiplier of 1.1 is appropriate.

Economic contribution

9.16 The economic contribution from construction is estimated as follows.

Table 9.1: Estimated economic contribution

| | |
|---|-------------------------------|
| Direct contribution (wages) | £1,575,000 |
| Indirect contribution (local expenditure on goods and services) | £3,000,000 |
| <i>With multiplier adjustment (see Section Two)</i> | |
| • direct contribution | £1,575,000 |
| • indirect contribution | (£3,000,000 X 1.1) £3,300,000 |
| • induced contribution | (1,575,000 X 0.44) £693,000 |

Source: SQW

9.17 This sums to a total of **£5,568,000** and there are **45** local jobs.

10 Total economic contribution



10.1 Previous sections have shown that the HRI makes a range of contributions to the Newmarket area in addition to what can be captured by simply measuring GVA and jobs. They also explain that with further survey work, additional contributions would be identified. However, the summary below captures what we believe to be the main quantitative impacts from the equine cluster.

Table 10.1: Estimates of economic contribution³⁰

| | £ million GVA (direct, indirect and induced) | Employment |
|---|--|--------------|
| Stud farms ³¹ | 97.9 | 972 |
| Trainers | 89.9 | 1,435 |
| Horse Racing Institutions | 28.5 | 279 |
| Scientific & Veterinary Organisations | 19.1 | 357 |
| Other providers of goods and services ³² | n.a. | n.a. |
| Visitors to Newmarket | 15.2 | 197 |
| Capital expenditures | 5.6 | 45 |
| Totals | 256.2 | 3,285 |

Source: SQW

10.2 The direct GVA accounted for by wages and (some profits) is just under £118 million which when divided by 3,285 suggests a GVA per filled job at £35,900 – compared with a 2020 estimate for West Suffolk of £52,400. However, it is important to note that the ONS figure will include profits and our estimate does not include profit estimates for stud farms or trainers. It should also be noted that this does not account for the value of additional benefits. Particularly in the stud farms, workers may be provided with housing by their employer and workers in trainers' yards can expect additional income from the yard's share of prize money.



- 10.3 In 2020 it is estimated that there were 109,000 employee and self-employment jobs³³ in West Suffolk. When stud farms employing 88 people are excluded, the HRI industry accounts for 3,197 jobs which are within 5 miles of Newmarket and a very high proportion of these jobs will be taken by local people. If these are all assumed to be within West Suffolk (the vagaries of the boundary hamper further precision) Newmarket's HRI would account for 2.9% of the total.
- 10.4 Official estimates of GVA at District level are tentative, but we believe that, as a working assumption, West Suffolk's GVA could be estimated at between £5,300 million and £5,700 million in 2020 – say £5,500 million. Again, as a working assumption, it seems reasonable to suppose, recognising that our GVA estimate is on the low side, that £230 million of the £256.2 million HRI contribution will be in West Suffolk. Based on these two figures, the HRI would account for approximately 4% of West Suffolk's GVA.³⁴
- 10.5 The apparent discrepancy between the HRI's employment contribution of 2.5% and its GVA contribution of 4% arises from the application of multipliers. In addition to the 3,029 direct FTE jobs³⁵, additional jobs will be supported:
- indirectly through the local purchases made by trainers, stud farms and other business within the cluster
 - through the local expenditures of men and women employed in those businesses (the induced employment effect).

- 10.6 Within the GVA total, wages (and some profits) account for about £118 million and induced and indirect impacts for about £138 million. The ratio between these is 1:1.2, which, when applied to the 3,197 local jobs indicates a further 3,836 attributable jobs within the 25 mile study area. Therefore, a total of 7,033 jobs corresponds to GVA of £254.3 million.
- 10.7 The value of the job multiplier depends critically on the data that stud farmers, trainers and other HRI organisations provide on their local expenditures³⁶. In the 2014 report a job multiplier of 1:1.6 was estimated and if this is applied to the 3,197 jobs it produces a further 5,115 jobs and a total of 8,312.
- 10.8 There is no certain way to judge which multiplier is closest to the true position. If the lower multiplier is applied (giving an additional 3,836 jobs), a deduction of, say one third should be made for those which will be within the 25mile study area but outside West Suffolk. Consequently, the job contribution to West Suffolk is $3,197 + 2,557 = 5,754$ and the percentage contribution is $5,754/109,000 = 5.3\%$.
- 10.9 If the higher multiplier of 1:1.6 is applied and a deduction of one third is made from the 5,115 jobs (down to 3,410) the job contribution to West Suffolk is $3,197 + 3,410 = 6,607$ and the percentage contribution is $6,607/109,000 = 6.1\%$.

11 Conclusions and Recommendations



- 11.1 The HRI in and around Newmarket is of national and international significance. As this report demonstrates, it makes a substantial contribution to the town's economy although some elements of the cluster have been impacted by recent economic problems. This complicates reaching a view on future prospects.
- 11.2 The first part of this section presents conclusions for each of the main elements of the cluster in terms of their current situation and future growth. It also summarises views on current Local Plan policies and their implementation. The second part offers recommendations based on these conclusions and on wider perspectives provided from fieldwork discussions.

Conclusions

Stud farms

- 11.3 Comparisons of GVA between years are bedevilled by the need to construct specific price indices in order to compare outcomes at constant prices, but employment data avoid this issue. They are also the most reliable answers in survey responses. In the previous SQW report it was estimated that stud farms employed 814 people in 2012 and 2016 as compared with the 972 estimated for 2022 in this report. This finding is in marked contrast with the national situation described in the recent PwC report for the TBA and reflects the current dominance of Newmarket's stallions, and the ambition of their owners as described in Section Three. Despite setbacks from bereavements in recent years, they have demonstrated resilience and a continuing commitment to Newmarket.
- 11.4 Looking to the future there is no evidence to suggest that the major stud farms will wish to expand their Newmarket operations substantially, either in terms of breeding or the number of horses they have in training (there have been some reductions in these numbers). However, from fieldwork discussions with successful medium-sized operations there are indications of an enthusiasm to expand if suitably located land becomes available.
- 11.5 There is insufficient direct evidence to provide firm conclusions on the prospects for small stud farms, but their land should continue to be protected for horse racing uses.
- 11.6 Taking a longer-term view, climate change and water availability are issues that will affect stud farms. The Draft Regional Water Resources Plan for Eastern England³⁷ states that agricultural needs for irrigation could more than double by 2050 but identifies the need for reducing abstraction licences from their current levels.

- 11.7 Neither survey responses nor fieldwork consultations identified serious points of conflict regarding planning policies or their implementation between stud farms and West Suffolk Council or East Cambridgeshire District Council. The general impression is that the relationship works well.

Trainers

- 11.8 SQW's previous reports estimated that trainers employed 2,020 in 2012 and 2,279 in 2016 as compared with 1,435 in 2022. In part this decline can be attributed to staff shortages, but annual average horses in yard data show a similar (though much less marked) variation with circa 3,000 in 2012, 3,385 in 2016 and 2,849 in the period Nov 2021 to Oct 2022.
- 11.9 Given the current economic climate - including escalating costs of feed, hay and shavings – and in view of uncertainties about the regulation of gambling and the prospects for prize money – forecasting through the simple extrapolation of trends is inappropriate. However, if no trainers' yards are permanently closed, there should be capacity using existing sites to increase horse numbers up to the 2016 level (an increase of 19%). This would lead to a significant increase in GVA which, if labour market pressures ease, might well be higher than 19%.
- 11.10 There may be some scope to increase horse numbers in trainers' yards beyond the 2016 level by constructing more stabling within the site curtilage of existing yards, either in the form of traditional boxes or a barn. Quantifying this would require an analysis of individual yards and of constraints from neighbouring developments that would be impacted negatively. Moreover, any such additional capacity would not be brought forward unless the specific trainer had growth ambitions or was attracted by the commercial possibilities of subletting to another trainer.
- 11.11 Developing completely new training yards on previously undeveloped sites is constrained by the need for them to have convenient and safe access to the Jockey Club's training grounds. Conjecturally, much of the most suitable land is already owned by the HRI. The development project outlined in paragraph 5.13 was the only proposal for expanding training yard capacity brought to SQW's attention.
- 11.12 Although this report did not access data on "births and deaths" of Newmarket training businesses, discussions with the HRI confirmed that Newmarket is considered an obvious place for a trainer to establish their first independent yard. However, even if "birth and deaths" data are assembled, estimating latent demand from potential new start enterprise will be highly judgmental.

11.13 A conclusion based on a number of discussions is that increases in the scale required for a viable horse training business may mean that the current property stock is becoming less well fitted to trainer requirements. In particular, there may be an emerging need for more of the larger yards.

11.14 There were no adverse comments about site-specific issues with the planning system noted in survey responses or during face-to-face meetings. A major issue identified was the severe shortage of affordable and key worker housing, including that needed to meet the requirements of young workers in the HRI (for whom a central location is important) and difficulties with transportation were mentioned.³⁸

Horse racing institutions

11.15 There is no quantitative evidence on growth prospects or aspirations, but the following observations derive from study fieldwork:

- if higher levels of funding for its courses were made available the British Racing School could be expected to grow. There is demand for its students and there is only one other specialised college for the HRI in England
- Tattersalls has shown a willingness to respond positively to increased demand for its services and to invest in improving its offer to the market. However, the scope to increase its GVA contribution and job numbers in Newmarket depends primarily on the overall prosperity of the HRI. Tattersalls has a good reputation and appears by its recent investments to be firmly committed to Newmarket. It can be expected to take advantage of growth opportunities which arise in future.

Scientific and veterinary organisations

11.16 The three equine vets employed 208.5 FTE staff in 2012, 272 in 2016 and 357 in 2022. Newmarket stud farms and trainers account for around 40% of the vets' business and Tattersalls sales will provide a further significant business opportunity. The two equine hospitals help to attract horses from across the UK as they are said to offer nationally leading facilities and expertise. Recent growth in employment has been achieved despite reduction in the numbers of horses based with Newmarket trainers; this partly reflects a growth in laboratory business following the demise of the Animal Health Trust. Greater numbers of horses with Newmarket trainers should lead to more jobs in the veterinary practices.

- 11.17 An increase in their GVA contribution will depend on further business being generated from Tattersalls or from further afield. Recent years have seen significant changes in the ownership of veterinary practices and Rossdales joined the VetPartners group in mid-2021. Changes in ownership can bring new business, but group policies can also limit the scope for growth in their allocation of regional responsibilities. Requests for new businesses are not clear or emerging through the Local Plan process. Therefore, policies in the emerging Local Plan should be general and support opportunities as they arise rather than through allocations of land which may be lost to alternative uses.

Visitors attracted to Newmarket by the horse racing industry

- 11.18 In 2012 attendances at Newmarket race meetings totalled 339,972, in 2016 they were 366,961 and in 2022 the total was 245,207. Variations from year to year are to be expected as a result of the state of the economy and weather conditions and it may well be that exceptional increases in travel costs together with a continuing Covid effect account for the disappointing figure in 2022.
- 11.19 However, average attendances at Premier League had recovered to their normal level by the 2021/22 season. Although many football supporters will live quite locally to their club ground, the contrast with Newmarket's racing attendances gives pause for thought when considering what the trend for future attendances may be.³⁹ The prudent approach is to wait until 2023 and 2024 data become available before seeking to make longer-term forecasts of racecourse attendances.

Recommendations

- 11.20 The new Local Plan has to consider many priorities alongside the needs of the HRI. It must reflect the challenges facing Newmarket as a small town. It must also take into account the characteristics of West Suffolk in general – and Newmarket in particular – given its location at the edge of the buoyant Cambridge sub-region, which generates significant growth pressures. All three of these drivers (i.e. the HRI, the need for the town centre (like many others) to restructure and the sub-regional context) have implications for housing supply, land use and transport. The consequence is a complex local situation that will need to be navigated as the Local Plan is refreshed.
- 11.21 Given current uncertainties regarding the equine cluster's growth prospects it is sensible for the HRI and West Suffolk Council to monitor and review the readily available data on horses in yard, horses in training and attendances at the racecourses. The NSFA should be asked what data it collects regularly that can be monitored to indicate the well-being of local stud farms.

- 11.22 The Local Plan policies currently in force and their implementation appear to be effectively supportive of the HRI and, therefore, of continuing relevance for the new Local Plan. Stud farms and horse trainers have distinctive land use requirements and there is a strong, general, case for retaining their land holdings in HRI use, whilst recognising that some HRI assets, such as the racecourse, Tattersalls and the Jockey Club rooms will need to generate income from ancillary activities. In considering developments adjacent or near to stud farms, close attention should be paid to noise and air quality as well as the other aspects customarily reviewed in development control.
- 11.23 Land that is well located for access to the Jockey Club training grounds is a crucial resource for ensuring the resilience and potential future expansion of the cluster's training component. Although specific projects were not identified by this study which can be incorporated into the emerging Local Plan, additional land may be needed over the period to 2040 so as to enable a reconfiguration of training yard sizes and this can be explored in future local plans.
- 11.24 The only major project put forward was the Jockey Club proposal described in paragraph 5.13. The current presentation is too general for detailed review and there are components which are beyond the scope of this report. That said, the provision of an all-weather racetrack would be a qualitative enhancement to Newmarket's equine cluster which, as well as bringing direct benefits to trainers, (and indirect benefits to stud farms and vets) would make a positive contribution to achieving a reduced carbon footprint.
- 11.25 One of the less obvious benefits that the HRI contributes to Newmarket is the additional trade which visitors, attracted by the HRI, bring to the town. As a wider policy issue we suggest that a strategy be developed to increase those benefits. The Horse Racing Industry, other stakeholders and the local authority should jointly consider how the HRI can ensure that visitors to racing attractions visit and support the wider town centre. This should complement the Council's (and Newmarket Vision's) vision for the town centre, such that it can become part of the 'offer' that is enjoyed by HRI-related visitors and local people alike. This would require investment but is something that should be explored. The racecourse would need to be a key stakeholder in implementing such a strategy as it may involve reviewing current provision of on-course provision as well as improving transport links between the racecourses and the town.

Notes

- 1 The employment data are for 2022, the financial data vary somewhat depending on financial year end, but mainly relate to 2021.
- 2 Excluding Newsells and Shadwell but including a number of smaller stud farms that are towards the outer boundary of the study area.
- 3 Although not quantified in this report, these are important in offering a wide variety of new business formation and employment opportunities.
- 4 Throughout the report where mention is made of data and views being provided by the HRI these were obtained from the HRI by the Jockey Club who provided them to the study team.
- 5 Newmarket's Equine Cluster: the economic impact of the horseracing industry centred upon Newmarket. SQW January 2014
- 6 Newmarket's Equine Cluster: the economic impact of the horseracing industry centred upon Newmarket – a short update to the 2014 report
- 7 Only one trainer is not registered with JCE whose database provided the horse numbers. Their horse numbers were obtained directly.
- 8 Gross profit does not qualify as contribution to GVA as, where trainers own their yards, a deduction for depreciation is required.
- 9 This is taken as the total induced effect and not iterated for further multiplier effects as there is no reliable basis available on which to estimate the share of wages in the various firms where staff spend their wages.
- 10 <https://www.thoroughbredracing.com/rankings/category/trainer/>
- 11 Each of the three top stallions covering, on average, an estimated 150 mares in 2023 at fees of £350,000 £275,000 and £125,000 would put potential earnings at £112.5 million. (HRI estimate)
- 12 The EBF income is calculated based on the average value of the nomination sold for each stallion and the number of mares covered by that stallion in the relevant year, with the stallions with the highest fees and covering the most mares paying the largest amount. It does not include in-house mares where no money changes hands, foal share arrangements (where no fee is payable until the offspring are sold at the yearling sales) and also mares that are not in foal and therefore don't have to pay the fee.
- 13 Data from Newsells and Shadwell are not included in the aggregation of impacts in this section as their links with Newmarket differ significantly.
- 14 <https://www.greatbritishbonus.co.uk/>
- 15 This may appear a highly inexact process given the few survey responses, but employment data were obtained from establishments providing 792 of the 972 jobs i.e. 81%.

16 It should also be noted that many employees will receive free accommodation as part of their employment. The value of this in a town where finding suitable accommodation on the rental market is a challenge is considerable and will increase the disposable income of those who benefit from it.

17 As with expenditure, it is usual to apply a multiplier in order to estimate the total employment contribution. This is explained and applied in the overview section of the report in which the various strands of economic contribution are drawn together.

18 SQW estimate based on the stud farm's postcode and estimating distance from the Jockey Club rooms by AA Route Planner.

19 To avoid double-counting, calculations of impact have excluded payments to and from other trainers and local stud farms

20 These were applied also to pre-trainers as appropriate to their horse numbers.

21 <http://www.brs.org.uk>

22 <https://jockeytraining.co.uk/jockey-coaching-programme/>

23 Racing and Training — Lets Play Our Part

24 <https://www.nationalstud.co.uk/>

25 The sales are concluded in guineas. The £ sterling figure is 5% greater i.e. all figures for sales value should be multiplied by 1.05 to convert to £s.

26 <https://www.lgcgroup.com/about-us/locations/>

27 Racecourse attendance in 2022 were: April 27,667, May 20,602, June 29,339, July 81,617, August 48,337, September 15,649, October 21,996.

28 <https://discovernewmarket.co.uk/>

29 The request in the survey was "Can you please provide your estimate for the market value of your business assets including property and horses that you own."

30 The employment data are for 2022, the financial data vary somewhat depending on financial year end, but mainly relate to 2021.

31 Excluding Newsells and Shadwell but including a number of smaller stud farms that are towards the outer boundary of the study area.

32 Although not quantified in this report, these are important in offering a wide variety of new business formation and employment opportunities.

33 Labour Market Profile - Nomis - Official Census and Labour Market Statistics (nomisweb.co.uk)

34 This is conjectural as our working assumptions are judgemental and we cannot verify them. High levels of inflation are a further complication.

35 As many of our interviewees mentioned recruitment difficulties and staff shortages, the employment opportunities will be higher than this figure.

36 The survey questionnaires ask for an approximate % of total expenditure on goods and services from firms within a 25mile area and this is not information that respondents can access easily.

37 <https://wre.org.uk/the-draft-regional-plan/>

38 A wider town transport review is taking place, beyond the specific requirements of a Local Plan.

39 The number of races that can be undertaken at a racecourse is subject to an allocation process

SQW Ltd
2nd Floor, 14-15 Mandela Street,
London NW1 0DU

www.sqw.co.uk

Disclaimer

This report takes into account the particular instructions and requirements of our clients. It is not intended for, and should not be relied upon by, any third party and no responsibility is undertaken to any third party.