GREGORY ANALYTICS · CHARTERED ACCOUNTANT (ICAEW)

SAMPLE FEASIBILITY STUDY

Ridgeway Farm Padel Centre

Converting a redundant agricultural barn near Dorking, Surrey into a four-court indoor padel centre: market, planning, costs, returns and recommendation

Contents

1. Executive summary and recommendation
2. The proposal and the site
3. The padel market in Great Britain
4. Local demand and competition
5. Planning and site constraints
6. Operating model and revenue
7. Capital cost and funding
8. Financial projections
9. Investment appraisal and sensitivity
10. Risks, conditions and next steps

Appendix: assumptions and sources

Prepared for the owners of Ridgeway Farm (fictional) · October 2026

Illustrative example only. Ridgeway Farm and its owners are fictional and the costs and forecasts are made up to show the format and depth of a feasibility study. The market figures, planning rules and benchmarks quoted are real and sourced as at October 2026.

1. Executive summary and recommendation

The owners of Ridgeway Farm have asked whether a 1,450 m² steel-framed barn, no longer needed for agriculture, could be converted into a four-court indoor padel centre, and whether the project would pay. This study tests demand, planning, cost and returns, and sets out the conditions under which the project should proceed.

£790k	£245k	16.1%	5.0 years
Total capital cost including contingency and pre-opening	Year 3 EBITDA (39% of revenue of £633k)	Project IRR over ten years (NPV £257k at 10%)	Simple payback; 7.2 years discounted at 10%

FINDINGS

- **The market is growing fast but so is supply.** Great Britain had 2,445 padel courts at 682 venues and 1.5 million players on 20 October 2026, up from 68 courts in 2019 and 1,825 courts in May 2026 (LTA). Within 30 minutes of the site about 40 courts are already open (Epsom, Sutton, Cobham, Oxshott, Horsham and Crawley), a 6-court indoor dome is approved at Leatherhead, a 10-court indoor centre is being built at Guildford, and the leisure operator GLL has proposed a padel facility in Dorking itself. The centre must win its own players in the Dorking, Reigate and Horsham corridor rather than share the Epsom–Leatherhead base.
- **The base case is viable but not comfortable.** At occupancy rising from 40% in year 1 to 59% in year 3 (the UK average is 56%), the project returns 16.1% with a payback of 5.0 years. If occupancy stalls at 40% the project loses money (IRR -4.0%). Occupancy is the decisive variable; price, cost and delay matter far less.
- **Planning is the gating risk.** The barn exceeds the Class R permitted-development floorspace limit, so full planning permission is needed. The site is in the Metropolitan Green Belt; re-use of a permanent building is not by itself inappropriate development, but lighting, noise, traffic and a sequential test will decide the application. Recent decisions show converted farm buildings with conditioned hours succeeding where new buildings in open countryside fail.
- **Year 1 cannot service a fully amortising loan.** With £470k borrowed at 7.5% over ten years, year-1 cover is only 1.08 times even with an interest-only first year, so the funding needs a 12-month capital holiday and an equity buffer of about £50,000.

> **Recommendation: proceed to Stage 2, but do not commit capital yet.** Stage 2 (about £18,000 and four months) should (1) run a 60-day demand test, offering founder memberships and coaching pre-registration with a target of 150 paid pledges; (2) obtain pre-application planning advice from Mole Valley District Council with lighting and noise assessments; (3) replace the cost allowances in section 7 with a quantity surveyor's estimate and two court-supplier quotes; and (4) obtain indicative loan terms including a capital repayment holiday. The project should go ahead only if all four come back positive.

2. The proposal and the site

THE SITE

Ridgeway Farm (fictional) lies two miles south of Dorking, off the A24, with direct access from a classified road. The barn is a steel portal-frame building of 1,450 m² (56 m × 26 m) with a clear internal height of 7.5 m, concrete floor and a sound roof. It was built in 1998 for grain storage and has been empty since 2023. The yard can accommodate 40 parking spaces. Mains electricity (three-phase) and water are connected; foul drainage would need a new treatment plant.

WHAT PADEL NEEDS

A padel court is 20 m × 10 m, enclosed by glass and mesh, and indoor play needs a clear height of at least 7 m. Four courts side by side with 2.5 m circulation need a hall of about 46 m × 26 m (1,200 m²), leaving 250 m² for reception, a café, changing rooms and storage. The barn is large enough without extension.

THE PROPOSAL

- Four indoor panoramic courts with LED lighting to LTA specification, on a new reinforced slab.
- Reception, a café-bar with viewing, two changing rooms, accessible WCs and a small pro shop.
- Opening 07:00–22:00 seven days a week, with online booking through a padel platform.
- Coaching by self-employed LTA-accredited coaches; a junior programme in partnership with local schools.
- Memberships offering priority booking and discounts; pay-and-play for everyone else.

TIMELINE

Stage 2 demand test and pre-application: November 2026 to February 2027. Planning application: March 2027, decision by September 2027. Works: October 2027 to April 2028. Opening: May 2028, in time for the summer season.

OPTIONS CONSIDERED

	Option A (base)	Option B	Option C
Courts	4 indoor	3 indoor	6 indoor
Building	Existing barn, converted	Existing barn, converted	Barn plus a new 500 m² extension
Capital cost	£790k	£729k	£1,163k
Planning	Full permission; change of use	Full permission; change of use	Full permission; new building in the Green Belt
Year 3 EBITDA	£245k	£173k	£388k
Project IRR	16.1%	9.6%	18.7%

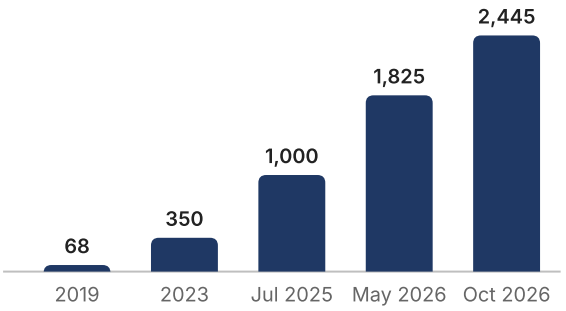
Option A is carried forward as the base case. Option B lowers the capital cost but the fixed costs of staffing and running the building fall on fewer courts. Option C needs a new building in the Green Belt, which recent decisions suggest is unlikely to be permitted, and adds supply to a catchment that may not absorb it.

3. The padel market in Great Britain

Padel has gone from a curiosity to the fastest-growing racket sport in Britain in seven years. The LTA, which governs the sport, counted 68 courts in 2019 and 2,445 on 20 October 2026, with 1.5 million people having played. Courts have more than doubled in the twelve months to October 2026 (from about 1,000 in July 2025) and the LTA's current priorities are public courts, sustainable growth and access, rather than simply more private venues.

Date	Courts	Venues	Players	Source
2019	68	–	15,000	LTA, July 2025
2023	350	–	129,000	LTA / The Padel Paper
July 2025	1,000	325	–	LTA, July 2025
May 2026	1,825	551	1,000,000	LTA, 15 May 2026
20 October 2026	**2,445**	**682**	**1,500,000**	**LTA via The Padel Paper, 20 Oct 2026**

COURTS IN GREAT BRITAIN



Other trackers count more courts because they include projects under construction: Playskan 2,886 courts at 832 clubs (26 Oct 2026); Padel Genie 3,053 courts plus 572 approved projects (Oct 2026). The LTA figure is used as the official benchmark throughout.

OPERATING BENCHMARKS

Benchmark	Figure	Source
UK average listed court price	£34 per court-hour	Playskan booking data, 26 Oct 2026
UK average occupancy, last 90 days	56%	Playskan, Oct 2026 (counts slots no longer bookable)
Occupancy at peak times	About 85%; half of UK players struggle to book at peak	Playtomic Global Padel Report 2026 (survey of 185 mostly top-performing clubs)
Players per court, national	613 (1.5m players / 2,445 courts)	Calculated from LTA figures, Oct 2026
Player profile	Two-thirds of padel players also play tennis	LTA, Oct 2026
Court growth since 2021	86% compound annual growth	Playtomic Global Padel Report 2026

WHAT THIS MEANS FOR RIDGEWAY FARM

- Demand is real: national occupancy of 56% and peak occupancy around 85% show that courts fill in the evenings and at weekends, which is where this centre's revenue is concentrated.
- Supply is catching up: with 572 approved projects in the pipeline nationally, a new centre can no longer assume first-mover scarcity. Pricing is set below the £34 UK average off-peak and at the average at peak.
- The player base skews to existing tennis players, so the local tennis clubs are both a source of members and a channel for the demand test.

4. Local demand and competition

COMPETING VENUES WITHIN ABOUT 25 MINUTES

Venue	Drive from site	Courts	Type	Published prices	Status
Padel Hub (PADELHUB), Epsom	25 min	5	Indoor panoramic; gym, bar	£60–£80 per court-hour (aggregators)	Open since 2024
Leatherhead Leisure Centre dome (GLL / The Padel School)	12 min	6	Indoor air dome, 11 m	Not published	Approved; not open at July 2026 (taster sessions only). GLL has also proposed a padel facility in Dorking
PadelStars, Surrey Sports Park, Guildford	25 min	4 (+10 indoor being built)	Four courts opened 19 Dec 2025; indoor centre under construction	£8–£10 per person	Open; expansion 2026
S3 Padel, Sutton (Social Sports Society)	25 min	4	Covered, floodlit	£20–£50 per court-hour	Open since 2 Oct 2025
Sutton Lawn Tennis Club	25 min	2	Outdoor, members' club	Members	Open since April 2024
CourtFit, Hilton Cobham	22 min	2	Outdoor	Not captured	Open
Oxshott Village Sports Club	18 min	Several	Outdoor, members-led	Members	Open
Ashbury Padel Club, Redhill	20 min	n/k	Indoor (aggregator listing)	n/k	To verify
Bluecoat Sports, Christ's Hospital, Horsham	30 min	4	Covered outdoor	£40 per court-hour	Open
PADELHUB Crawley and Foundry Padel, Crawley	30 min	6 and 4	Indoor (Hub: 5 indoor + 1 outdoor)	£40 off-peak to £80 peak; £44–£52	Open
Gatwick Padel and Cottesmore Hotel, Crawley	30 min	2 and 3	Outdoor	£20–£40	Open

Venues from the LTA court finder, Playtomic, Playskan, RacketRise and local press, checked 30 October 2026; prices are aggregator snapshots and should be re-checked on the day of publication. No confirmed venue was found in Reigate, Horley or Banstead; listings on some directory sites for those towns appear to be generated and are not relied on. Playskan reports average court prices of £37 an hour in Crawley and £38 in Horsham.

CATCHMENT

Mole Valley had 88,808 residents at mid-2025 (ONS mid-year estimates, July 2026), in about 37,100 households with the smallest average household size in Surrey (Census 2021). The neighbouring districts within reach are Reigate and Banstead (159,413), Epsom and Ewell (83,370), Guildford (152,148) and Horsham (152,016): about 636,000 people across the five, of whom perhaps 200,000 live within a 20-minute drive of the site, pending a drive-time analysis. Mole Valley is among the more affluent districts in the South East; ONS small-area income and social-grade data should be added at Stage 2. Note that Mole Valley District Council is being replaced by a new East Surrey unitary council, so the planning authority may change during the project.

DEMAND CROSS-CHECK

Nationally there are about 613 players for every court. Four courts therefore need roughly 2,450 regular players, or 1.2% of a 200,000 catchment, against national participation of about 2.2% of the population (1.5 million players in a population of 68 million). On that test the catchment supports the centre with room to spare. The caveat is supply: about 40 courts are already open within 30 minutes' drive, a further 16 are approved or under construction at Leatherhead and Guildford, and the leisure operator GLL has proposed a padel facility in Dorking itself. If all of these are counted the local ratio falls well below 300 players per court, so the centre must win its own players rather than share the Epsom and Leatherhead base.

POSITIONING

- **Geography:** the only indoor courts south of the North Downs between Guildford and Redhill; the natural venue for Dorking, Leith Hill villages, Horsham-side commuters and Reigate.
- **Offer:** all-weather indoor play at prices below the Epsom hub, a strong junior and coaching programme, and a club atmosphere with a café rather than a booking-only box.
- **Channels:** the three tennis clubs within ten minutes (two-thirds of padel players also play tennis), schools and the farm's own customer base.

Saturation risk. Supply within 30 minutes could rise from about 40 courts today to 56 or more before this centre opens in 2028, and a GLL facility in Dorking would compete directly for the same players. The demand test in Stage 2 exists to find out whether the Dorking corridor will support four more courts. The downside case in section 9 shows what happens if it does not.

5. Planning and site constraints

USE AND PERMITTED DEVELOPMENT

Indoor sport falls in Use Class E(d). Changing an agricultural building to that use is development. Class R of the General Permitted Development Order (as amended from 21 May 2024) allows agricultural buildings to change to Class E, storage, hotel and outdoor sport uses with prior approval above 150 m², but only up to a cumulative 1,000 m² per agricultural unit. At 1,450 m² the barn exceeds that cap, so the study assumes a **full planning application** for change of use with external alterations, car parking and lighting.

GREEN BELT AND LANDSCAPE

The site is in the Metropolitan Green Belt. Under the National Planning Policy Framework (December 2024), paragraph 154(h) treats the re-use of a building of permanent and substantial construction as not inappropriate development, and paragraph 155 allows commercial development on "grey belt" land that does not strongly serve the Green Belt's purposes. A new building for indoor sport would generally be inappropriate. A revised NPPF was consulted on from December 2025 to March 2026, so paragraph numbers must be re-checked before submission. The Surrey Hills National Landscape boundary lies close to the site: inside it, the tests on landscape and lighting are stricter.

ISSUES THE APPLICATION MUST ADDRESS

- **Sequential test:** leisure uses should be in town centres first; the application must show why no suitable town-centre site is available (the Podington refusal turned on this).
- **Lighting:** rooflights and external lighting on a dark rural site; a lighting assessment with blinds and curfews.
- **Noise:** padel generates ball-impact noise; an acoustic report, insulated cladding and hours conditions (for example 07:00–22:00).
- **Traffic and parking:** a transport statement for 40 spaces and access onto the classified road.
- **Ecology:** bat and barn-owl surveys before works; great crested newt and protected-species checks.
- **Drainage:** a foul-water treatment plant and surface-water design.

BUSINESS RATES

The converted building would be assessed for business rates. At an assumed rateable value of £38,000 the 2026/27 small business retail, hospitality and leisure multiplier of 38.2p gives about £14,500 a year; whether a padel centre qualifies for the leisure multiplier should be confirmed with the Valuation Office Agency.

RECENT PLANNING DECISIONS ON PADEL AT FARMS

Case	Proposal	Outcome	Lesson
Podington Padel, Greys Farm, Bedfordshire (2026)	Former grain store converted to two indoor courts	Refused by officers (no sequential test, open countryside), then approved unanimously on a re-application with use and hours conditions and 170 letters of support	Do the sequential test and community engagement first; accept conditions on hours
Kiln Park Farm, Narberth, Pembrokeshire	Agricultural building to two indoor courts plus gym	Approved unanimously as appropriate re-use supporting rural diversification	Re-use of an existing building is the strongest case
Athelstaneford Mains Farm, East Lothian (2026)	New shed with two courts on farmland	Refused: leisure use not related to agriculture or countryside recreation; appeal lodged July 2026	New buildings in open countryside are the weak case (relevant to Option C)
Leatherhead Leisure Centre, Mole Valley	Six-court indoor air dome	Approved with LTA and Sport England support; construction delayed by protected snails	Mole Valley has supported padel at an established sports site; ecology surveys matter

Planning strategy and cost: pre-application advice (£2,000–£3,000) in Stage 2, then a full application with lighting, noise, transport, ecology and sequential-test reports, budgeted at £52,000 within professional fees. Allow six months to decision and a further six if an appeal is needed.

6. Operating model and revenue

HOURS AND PRICING

Open 07:00–22:00, seven days: 105 court-hours a week per court, 420 for the centre and 21,840 a year. Peak is weekday evenings (17:00–22:00) and weekends 08:00–20:00: 49 hours a week per court, 47% of capacity. Court hire is priced at **£40 per court-hour at peak and £28 off-peak including VAT** (£33.33 and £23.33 excluding VAT), against a UK average listed price of £34 and £40–£60 at the Epsom hub. Members pay £36 a month including VAT for priority booking, 10% off court hire and free social sessions.

STAFFING

A centre manager, 3.2 full-time-equivalent reception and café staff across the week, and 0.8 FTE cleaning and maintenance: about £158k a year in year 3 including employer NIC at 15% above £5,000 (less the £10,500 Employment Allowance) and 3% pension. Coaches are self-employed and keep 80% of their fees.

OCCUPANCY RAMP

	Year 1	Year 2	Year 3	Year 4	Year 5
Peak occupancy (49 hours a week per court)	60%	75%	82%	85%	85%
Off-peak occupancy (56 hours a week per court)	22%	32%	38%	40%	40%
Overall occupancy (UK average 56%)	**40%**	**52%**	**59%**	**61%**	**61%**
Court-hours sold	8,678	11,371	12,784	13,322	13,322
Members	120	220	280	300	300
Coaching hours a week	25	40	50	55	55
Player visits	31,240	40,937	46,021	47,961	47,961

Year 1 assumes a May opening with the summer dip, building to the UK average by year 2 and slightly above it from year 3 as the only indoor venue in the corridor. Peak occupancy is capped at 85%, the level Playtomic reports for busy clubs.

REVENUE BUILD

Revenue (excluding VAT)	Year 1	Year 2	Year 3	Year 4	Year 5
Court hire (after 5% member discounts)	£250,424	£324,647	£362,727	£377,571	£377,571
Memberships	£43,200	£79,200	£100,800	£108,000	£108,000
Coaching (20% share of coaches' fees)	£15,000	£24,000	£30,000	£33,000	£33,000
Café, bar and pro shop	£81,224	£106,436	£119,655	£124,698	£124,698
Events, leagues and corporate	£8,000	£15,000	£20,000	£22,000	£22,000
Total revenue	**£397,848**	**£549,283**	**£633,182**	**£665,269**	**£665,269**

Café, bar and pro-shop sales assume 3.6 players per court-hour and an average spend of £2.60 per visit at a 60% gross margin. Coaching income is the centre's 20% share of coaching fees at £60 an hour. Events include leagues, corporate bookings and tournaments and are kept deliberately small.

7. Capital cost and funding

Item	Cost	Benchmark or basis
Four indoor panoramic courts, supplied and installed	£136,000	£25–35k per court on an existing slab; £60–80k+ for a full indoor court (installer guides, 2026)
Reinforced slab, drainage and under-court works	£58,000	Groundworks of £15–30k per court for outdoor courts (UK Padel Guide, June 2026)
Barn conversion: cladding, insulation, rooflights, doors, heating and ventilation, fire and electrical	£203,000	£140 per m² allowance: not benchmarked, needs a QS estimate
LED court lighting to LTA specification	£36,000	£6–12k per court (UK Padel Guide, 2026)
Changing rooms, WCs, reception, café and furniture	£115,000	Allowance; fit-out quotes needed
Car park (40 spaces), access, external lighting and landscaping	£48,000	Allowance
Booking system, IT, CCTV, signage and AV	£18,000	Allowance; platform quotes needed
Professional fees: planning, architect, engineer, QS, lighting and noise assessments, legal	£52,000	About 8% of works
Contingency (10% of works)	£62,000	Standard at feasibility stage
Pre-opening marketing, recruitment and working capital	£62,000	Covers the first three months of trading
Total capital cost	**£790,000**	

Court and lighting costs sit inside the published ranges for indoor installation on a new slab. The building works are the largest uncertainty: no published benchmark exists for converting an agricultural barn to indoor sport, so the £140 per m² allowance must be replaced by a quantity surveyor's estimate in Stage 2. A 20% overrun on the whole budget is tested in section 9.

FUNDING

Funding	£	Terms
Owners' equity (cash)	£320,000	The barn and land are contributed at no cost; a notional rent is charged in the projections
Bank term loan	£470,000	7.5% fixed (Bank Rate 3.75% plus 3.75%), ten years, secured on the farm; interest only in year 1 then amortising over nine years, £5,998 a month
Total	**£790,000**	

DEBT SERVICE COVER

Debt service cover (EBITDA less tax, divided by interest and capital payments) is 1.08 times in year 1 with an interest-only first year, 2.15 in year 2 and 2.84 in year 3. Lenders usually look for at least 1.25 times, so the owners should expect to hold a cash buffer of about £50,000 for the first year or to fund a larger equity share. Alternative funding routes worth exploring at Stage 2 are the LTA and Sport England facility programmes, which have co-funded 112 courts at 57 venues, and a sale-and-leaseback of the courts to an operator.

8. Financial projections

PROFIT AND LOSS, YEARS 1 TO 5

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	£397,848	£549,283	£633,182	£665,269	£665,269
Cost of café and shop sales	(£32,490)	(£42,574)	(£47,862)	(£49,879)	(£49,879)
Gross profit	**£365,358**	**£506,709**	**£585,320**	**£615,390**	**£615,390**
Staff costs (incl. employer NIC and pension)	(£140,000)	(£150,000)	(£158,000)	(£160,000)	(£160,000)
Utilities	(£48,000)	(£48,000)	(£48,000)	(£48,000)	(£48,000)
Business rates	(£14,500)	(£14,500)	(£14,500)	(£14,500)	(£14,500)
Insurance	(£9,000)	(£9,000)	(£9,000)	(£9,000)	(£9,000)
Booking platform and card fees	(£11,745)	(£16,154)	(£18,541)	(£19,423)	(£19,423)
Marketing	(£30,000)	(£18,000)	(£18,000)	(£18,000)	(£18,000)
Repairs, maintenance and consumables	(£15,000)	(£15,000)	(£15,000)	(£15,000)	(£15,000)
Court surface replacement reserve	(£10,000)	(£10,000)	(£10,000)	(£10,000)	(£10,000)
Notional rent to the farm	(£25,000)	(£25,000)	(£25,000)	(£25,000)	(£25,000)
Admin, accountancy, legal and licences	(£16,000)	(£16,000)	(£16,000)	(£16,000)	(£16,000)
Sundry	(£8,000)	(£8,000)	(£8,000)	(£8,000)	(£8,000)
EBITDA	**£38,113**	**£177,055**	**£245,279**	**£272,467**	**£272,467**
EBITDA margin	10%	32%	39%	41%	41%
Depreciation	(£45,560)	(£45,560)	(£45,560)	(£45,560)	(£45,560)
Loan interest	(£35,250)	(£33,961)	(£31,010)	(£27,830)	(£24,403)
Profit / (loss) before tax	**(£42,697)**	**£97,534**	**£168,709**	**£199,077**	**£202,504**
Corporation tax (19%–25% with marginal relief)	–	(£22,096)	(£40,958)	(£49,005)	(£49,914)
Profit / (loss) after tax	**(£42,697)**	**£75,437**	**£127,751**	**£150,072**	**£152,590**

CASH FLOW AFTER FINANCING

Cash flow to the owners	Year 1	Year 2	Year 3	Year 4	Year 5
EBITDA	£38,113	£177,055	£245,279	£272,467	£272,467
Tax paid	–	(£22,096)	(£40,958)	(£49,005)	(£49,914)
Loan interest and capital	(£35,250)	(£71,972)	(£71,972)	(£71,972)	(£71,972)
Replacement capital (lighting and IT, year 5)	–	–	–	–	(£25,000)
Cash available to the owners	**£2,863**	**£82,986**	**£132,349**	**£151,490**	**£125,581**
Loan outstanding at year end	£470,000	£431,989	£391,027	£346,885	£299,316

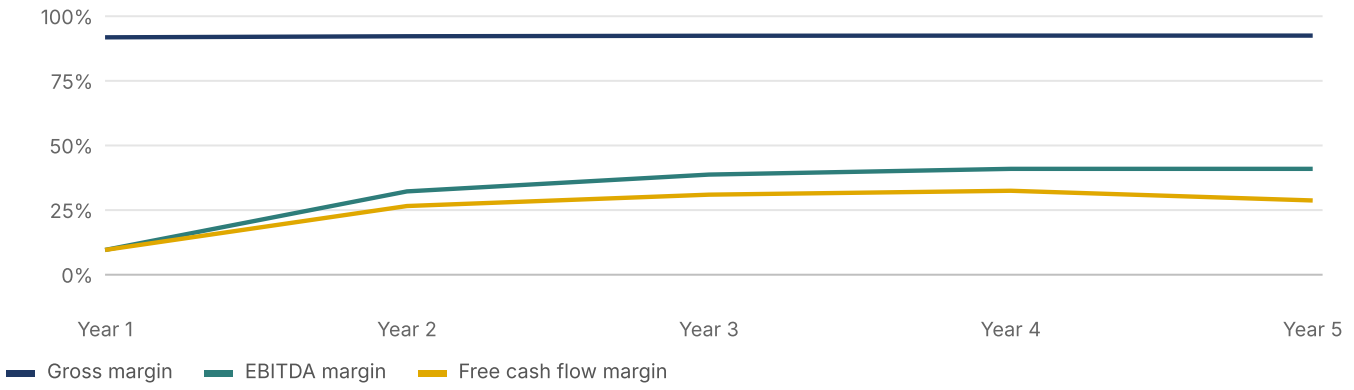
Year 1 is the first twelve months of trading. Prices and costs are in 2026 money with no inflation on either side. Depreciation: courts, lighting and fit-out over ten years; building, slab and car park over 25 years; IT over four. Corporation tax at 19% to £50,000 and 25% above £250,000 with marginal relief between; the year-1 loss is carried forward. Court surfaces are expensed through a £10,000 a year reserve and replaced in year 7 (£60,000) in the appraisal.

8. Financial projections (continued): margins, free cash flow and returns

A padel centre is a capital-heavy business with a high gross margin: once the building and courts are paid for, most of each extra booking is profit. The measures below show how quickly the capital is earned back and what the owners receive after the bank is paid.

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	£397,848	£549,283	£633,182	£665,269	£665,269
Gross margin (after café and shop cost of sales)	92%	92%	92%	93%	93%
EBITDA margin	10%	32%	39%	41%	41%
Net margin (after depreciation, interest and tax)	-11%	14%	20%	23%	23%
Free cash flow (EBITDA less tax and replacement capital, before financing)	£38,113	£145,959	£196,103	£216,087	£191,087
Free cash flow margin	10%	27%	31%	32%	29%
Capital invested at start of year: owners' equity plus retained profit	£320,000	£277,303	£352,741	£480,492	£630,563
plus bank loan outstanding (surplus cash is assumed distributed)	£470,000	£470,000	£431,989	£391,027	£346,885
Total capital invested (equity plus debt)	£790,000	£747,303	£784,729	£871,518	£977,448
Operating profit after tax (NOPAT: EBITDA less depreciation and tax, before interest)	(£7,447)	£109,398	£158,761	£177,902	£176,994
Return on invested capital (NOPAT ÷ capital invested)	**-1%**	**15%**	**20%**	**20%**	**18%**

MARGINS BY YEAR



READING THE RETURNS

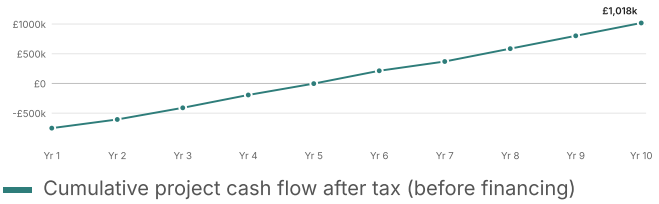
- Gross margin is high because court hire has no direct cost; the only cost of sales is café and shop stock. The gap between gross and net margin is staff, utilities, rates and the notional rent, which are largely fixed, so the net margin rises steeply with occupancy.
- Free cash flow reaches £196k in year 3, 31% of revenue, because tax is low in the early years (the year-1 loss is carried forward) and replacement capital is small until the court surfaces are renewed in year 7.
- Return on invested capital passes the 10% hurdle rate in year 2 and reaches 18% by year 5. In the downside case (section 9) it stays below the hurdle throughout.
- Free cash flow is before financing. After the bank's interest and capital repayments of about £72k a year, the cash left for the owners is £132k in year 3; the debt service cover in section 7 shows how thin that is in year 1.

9. Investment appraisal and sensitivity

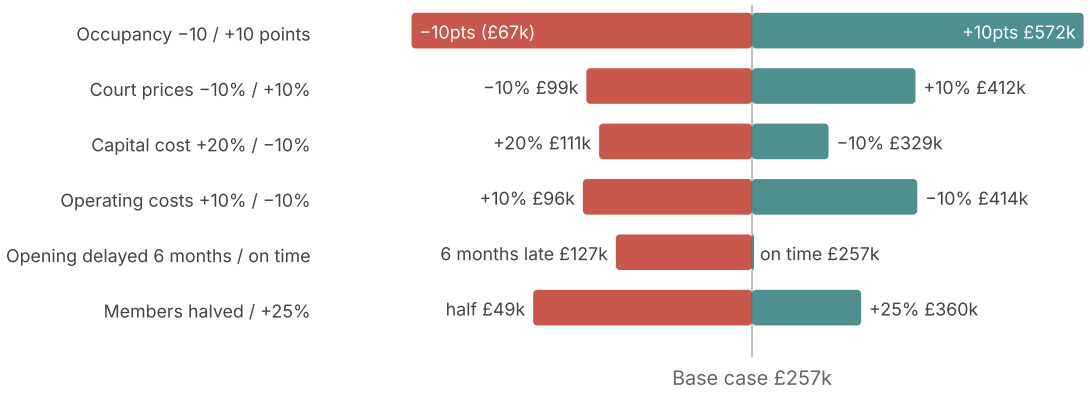
Measure	8% discount rate	10% (base)	12%
Net present value over ten years, no terminal value	£367k	£257k	£161k
Internal rate of return	16.1%		
Simple payback	5.0 years		
Discounted payback		7.2 years	

Project cash flows are EBITDA less tax and replacement capital, before financing, with no value attributed to the building or land at year 10. Including a residual value would improve the figures; excluding it is the conservative convention for a feasibility test.

CUMULATIVE CASH FLOW



SENSITIVITY OF THE NPV AT 10% TO EACH ASSUMPTION



SCENARIOS AND OPTIONS

Scenario	Capital cost	Year 3 EBITDA	NPV at 10%	IRR	Payback	Lowest debt cover (yrs 1–5)
Base case	£790k	£245k	£257k	16.1%	5.0 yrs	1.08x
Downside: occupancy stalls at 40%	£790k	£84k	(£433k)	-4.0%	beyond 10 yrs	0.19x
Upside: occupancy 65% by year 3	£790k	£300k	£508k	21.7%	4.1 yrs	2.49x
Option B: three courts	£729k	£173k	(£14k)	9.6%	6.5 yrs	-0.19x
Option C: six courts (with extension)	£1,163k	£388k	£538k	18.7%	4.6 yrs	1.85x

Occupancy dominates: ten points of occupancy move the NPV by roughly £639k, while a 20% capital overrun or a 10% price cut each cost about £145k. The three-court option saves capital but spreads fixed costs over fewer courts and returns 9.6%; the six-court option returns most on paper but relies on a new Green Belt building and on absorbing 50% more supply.

10. Risks, conditions and next steps

Risk	Likelihood	Impact	Mitigation
Planning refused or delayed	Medium	Project cannot proceed; fees of up to £52k at risk	Pre-application advice; sequential test; lighting, noise and ecology reports; community engagement before submission
Occupancy below 50% by year 2 (new supply at Leatherhead and Guildford; a GLL facility proposed for Dorking)	Medium to high	IRR falls below the cost of capital; loan cover below 1x	Stage 2 demand test; founder memberships; coaching and junior programme; dynamic off-peak pricing; talk to GLL about partnership rather than competition
Building cost overrun	Medium	Each 10% adds about £79k	QS estimate and two court-supplier quotes before commitment; fixed-price contract; 10% contingency
Year-1 cash shortfall	High	Debt service not covered	Interest-only first year; £50k owners' buffer; phased staff recruitment
Operator or manager underperforms	Medium	Revenue and reviews suffer	Recruit an experienced padel manager before opening; consider a management agreement with an established operator
Court surface and glass wear	Low	Downtime; replacement cost	Maintenance contract; £10k a year reserve; replacement in year 7
Interest rates	Low	Each 1% adds about £4.7k a year	Fixed rate for five years; Bank Rate 3.75% with the next decision on 5 November 2026

CONDITIONS FOR PROCEEDING BEYOND STAGE 2

- At least 150 paid founder-membership or coaching pledges from the 60-day demand test, with a majority from postcodes outside the Epsom and Leatherhead catchments.
- Positive pre-application advice from Mole Valley District Council on change of use, with no objection in principle on Green Belt or landscape grounds.
- A quantity surveyor's estimate and two court-supplier quotes within 10% of the £790,000 budget.
- Indicative loan terms with an interest-only first year and total debt service within 55% of forecast year-2 EBITDA.

STAGE 2 PROGRAMME AND COST

Task	Who	When	Cost
Demand test: landing page, founder memberships, tennis-club and school outreach	Owners with marketing support	Nov 2026 – Jan 2027	£4,000
Pre-application planning advice, lighting and noise scoping	Planning consultant	Nov 2026 – Jan 2027	£5,000
QS cost estimate and court-supplier quotes	QS; two suppliers	Dec 2026 – Jan 2027	£4,000
Drive-time catchment analysis and venue survey (Reigate, Redhill, Kingston, Sutton)	Gregory Analytics	Dec 2026	£1,500
Indicative funding terms and LTA/Sport England enquiry	Owners; broker	Jan – Feb 2027	£1,500
Updated feasibility study and go/no-go decision	Gregory Analytics	Feb 2027	£2,000
Total			**£18,000**

> **Decision rule:** if all four conditions are met, proceed to a full planning application in March 2027. If the demand test falls short but planning advice is positive, re-run the study for Option B (three courts). If planning advice is negative on Green Belt grounds, stop and consider the barn for storage or workshop use, which Class R may permit without a full application.

Appendix: assumptions and sources

Assumption	Value	Basis
Court-hours available	4 courts × 105 hours × 52 weeks = 21,840	Opening hours 07:00–22:00
Prices (incl. VAT)	£40 peak, £28 off-peak per court-hour; membership £36 a month	Below the Epsom hub; around the £34 UK average (Playskan)
Occupancy	40% year 1 rising to 61% by year 4; peak capped at 85%	UK average 56% (Playskan); peak about 85% (Playtomic)
Players and spend	3.6 players per court-hour; £2.60 per visit at 60% margin	Assumption
Staff	Manager plus 4 FTE; employer NIC 15% above £5,000; Employment Allowance £10,500	HMRC rates and thresholds 2026/27
Business rates	RV £38,000 × 38.2p small business RHL multiplier	2026/27 multipliers (billing authorities); leisure status to be confirmed
Notional rent	£25,000 a year to the farm	Opportunity cost of the barn; assumption
Loan	£470,000 at 7.5% over ten years, interest only in year 1	Bank Rate 3.75% plus 3.75%; terms to be confirmed
Corporation tax	19% to £50,000; 25% above £250,000; marginal relief between	CT rates 2026/27
Discount rate	10% (8% and 12% shown)	Hurdle rate for a single-site leisure project
VAT	Court hire, memberships and café sales standard-rated; figures exclude VAT	VAT at 20%; registration threshold £90,000

HOW THIS STUDY WAS PREPARED

Gregory Analytics prepares feasibility studies in three stages: a desk study like this one, built on published market data and cost benchmarks; a Stage 2 study that replaces allowances with quotes, planning advice and a demand test; and, if the project proceeds, a bank-ready business plan with monthly cash-flow forecasts. Every assumption is listed so the client can challenge it, and the Excel model is supplied so the figures can be re-run as quotes arrive.

Sources. LTA, Padel's rapid rise: Great Britain reaches 1,000 padel courts (July 2025); LTA, 1,000,000 padel players in Britain (15 May 2026); The Padel Paper, World Padel Day: 1.5 million players (LTA figures, 20 October 2026). · Playskan, UK padel market insights (26 October 2026): 2,886 courts, average £34 per court-hour, 56% occupancy. · Playtomic, Global Padel Report 2026 (March–April 2026 survey of 185 clubs). · Padel Genie, UK court and project count (October 2026). · MyBuilder, Padel court installation price guide (updated 21 August 2026); UK Padel Guide, Padel court construction cost UK (20 June 2026); Padel Build UK, How much does it cost to build a padel court (2026). · Foxes Rural, Padel courts on farms (planning note); Ministry of Housing, National Planning Policy Framework (December 2024); Town and Country Planning (General Permitted Development) Order, Schedule 2 Part 3 Class R. · Bedford Independent, Podington farm padel courts approved after councillors overturn officer refusal (2026); Pembrokeshire Herald, Kiln Park Farm gym and padel courts backed; Edinburgh Reporter, Farming family appeal refusal of padel courts (July 2026); Epsom & Ewell Times and Leatherhead Living on the Leatherhead padel dome (2025). · Playtomic club page, The Padel Hub KT19 Epsom; Padelstars Guildford (updated August 2026); Padel Underground venue listings. · Surrey Heath Borough Council, Census 2021 results for Surrey districts (February 2023); ONS mid-2025 population estimates for Surrey districts (29 July 2026, via Surrey-i). · Town and Country Planning (General Permitted Development) (England) (Amendment) Order 2024 (SI 2024/579): Class R cumulative floorspace limit of 1,000 m² (Planning Geek; Michelmores). · GetSurrey and Leatherhead Living on the Leatherhead padel dome and GLL's Dorking proposal (2025–2026); Sports Insight on PadelStars Guildford (December 2025); Playskan, RacketRise and Playtomic venue listings (October 2026). · Westminster and Bristol City Councils, Business rates multipliers 2026–27. · Bank of England, Bank Rate maintained at 3.75% (17 September 2026). · HMRC, Rates and thresholds for employers 2026 to 2027.

> Ridgeway Farm, its owners and the project costs are fictional and for illustration only. Market statistics, planning rules, competitor venues and tax parameters are real and dated as at October 2026; the competitor list is incomplete and marked as such.