Hicks Baker
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RETAIL & LEISURE

Rating Revaluation

Inaccurate, Inconsistent and Inexcusable!

The draft rating revaluation list was published on 19th November 2022 and is due to be effective from 1st April 2023. The revaluation affects every non-domestic property in the UK and is the first revaluation for six years.

Over the coming months, there will inevitably be considerable 'spin' by politicians about how they are 'helping' the high street by providing rates relief to occupiers of retail and hospitality units up to a maximum of £110,000 per business; and by not increasing the Uniform Business Rate (UBR) in line with inflation, and by removing 'downward' transition.

There are even some 'interesting' high level statistics that will no doubt get banded around to 'prove' how the revaluation will also assist a sector which has been battered by almost every conceivable headwind – effects of Brexit; a pandemic; energy prices; inflation; wage rises; staff shortages; lack of footfall due to working from home etc.

These stats, produced by the Valuation Office Agency (VOA) who were responsible for the revaluation, will state that in the South East the average rateable value (RV) of retail properties decreased by 10.1%; that for the Reading area the figure was a reduction of 7.8% and that the average rateable value for restaurants across the UK reduced by 2.2%

HOWEVER, on a daily basis, the reality on the ground is emerging that there are some appallingly incorrect revaluations stated in this draft list, which will have a potentially devastating impact on business's which are struggling to keep their heads above water.

The new rateable values should relate to the 'rentable' value in April 2021 – in order to assess what this should be, in the first instance the VOA should consider the rent actually being paid. From there, they should then consider evidence from comparable, relevant transactions.

For more information please contact **Fiona Brownfoot –** Director – Retail & Leisure
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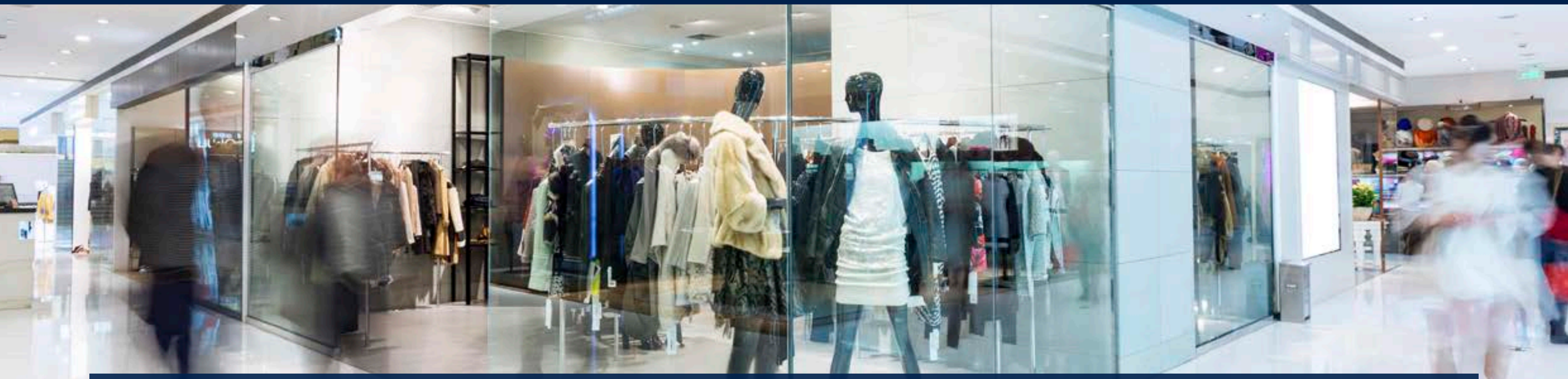

So, looking at a few actual assessments in Reading:

Property 1 - Restaurant

2017 RV - £130,000

2023 RV - £211,000 a 62% increase

Rent in 2021 - £85,000

Property 2 – Restaurant unit

2017 RV - £73,000

2023 RV - £117,000 a 60% increase

Quoting rent in 2021 (property is vacant) £75,000

Property 3 – Retail unit

2017 RV - £52,000

2023 RV - £84,000 a 62.5% increase

Rent - £75,000

Property 4 – Retail unit

2017 RV - £43,750

2023 RV - £68,000 a 55% increase.

Rent - £40,000

This is based on an assumed Zone A value of £86 – this particular street has never seen a retail unit let at this level. Evidence would show that £50 Zone A would be appropriate – that's an over valuation of over 70%!!!

Property 5 – Restaurant unit

2017 RV - £64,000

2023 RV - £104,000

Rent - £68,000

By way of a 'sense check' – the most prime restaurant pitch in the town is undoubtedly the Riverside in The Oracle. In their wisdom, the VOA have reduced the rateable values of these units - they have assessed the value of those units to be £33 per square foot (psf) whereas the restaurant units in a less prime street in the town are assessed at a value £41 psf.

To demonstrate that the inaccuracies are not limited to increases in rateable values, there are also entries which represent under valutaions such as in Queen Victoria Street where units are being valued at a Zone A rate of c.£70 which (a) puts it at a lower value than Cross Street which is wrong and ludicrous and (b) is lower than the evidence available from comparable transactions.

Inaccuracies and inconsistencies' are unfortunately being discovered in other Berkshire towns – in Wokingham, a row of five shops have been variously valued at Zone A rates between £25.54 and £43.84 and one shop has been valued on an overall basis whereas all the others have been zoned.

It doesn't take a surveyor to see how blatantly 'wrong' all these assessments are, so all occupiers and landlords are recommended to check the new assessments for their properties at www.gov.uk/find-business-rates

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