

2010 RATING REVALUATION

Introductory Note

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Overview

There is a Rating Revaluation in 2010 of all non-domestic property in England, Scotland, Wales and Northern Ireland. The new Rateable Values (RV's) will come into force on 1st April 2010 and will be based on rental values as at 1st April 2008.

The valuation date is particularly unfortunate for commercial occupiers and owners because rental values were so high in 2008 by comparison with now. The affect of the "credit crunch" and the current economic recession on the property market and the implementation of full business rates payable on vacant space (introduced on 1st April 2008) are beginning to have a distorting effect on rents which will make it very difficult for Valuation Officers to reflect the correct levels of value.

In England and Wales the Valuation Office Agency (VOA) completed the valuations of 1.79 million properties on 31st May 2009 and the 2010 Draft Rating List is expected to be published on 1st October 2009. The extent to which the VOA is able and willing to reflect the current market downturn is something which will only be known when they publish their RV figures in October.

For the purposes of the 2010 Revaluation ratepayers will have the opportunity to question valuations in the Draft Rating List from October

but only in respect of factual issues. Any amendments made as a result of representations in this regard will go into a second draft list which will be published in January 2010 and this list will form the basis of rates demands issued by Local Authorities throughout the UK in March next year.

When the Rating List comes into force on 1st April 2010 ratepayers will be able to make appeals against their assessments.

The Revaluation will affect ratepayers differently depending upon the type of property they occupy and its location. As with all revaluations there are winners and losers. For example, as a result of a significant increase in rental values between April 2003 and April '08 occupiers of Central London offices will undoubtedly be one of the major Revaluation losers

As rating legislation has become increasingly complex and iniquitous the need to understand and minimise rate liability as a cost of property occupation is more important than ever.

London Office Rates

The last valuation date of April 2003 was at a low point after the "Dotcom" downturn whereas the market was at its peak during the 6 months leading up to April 2008.

This means that Rateable Values in London will increase dramatically. Our preliminary estimates of the orders of increase for prime accommodation are

Mayfair	80%
Knightsbridge	70%
Victoria	60%
Holborn/WC1/WC2	50%
City	40%

Rates Liability & Transitional Phasing

In order to calculate rate liability, the Rateable Value must be multiplied by the Uniform Business Rate (UBR). However, it is likely that the Government will announce some transitional provisions if a ratepayer is penalised significantly as a consequence of the revaluation. Consequently the full implications of the Revaluation will not be known until the UBR for 2010/11 and the 2010/11 Transitional arrangements are confirmed. These are expected to be formally announced in October or November 2009. Under previous transitional arrangements annual increases were limited as follows

Year 1:	12.5%	Year 3:	20%
Year 2:	17.5%	Year 4:	25%