



BUSINESS RATES AND INVESTMENT

CALL FOR EVIDENCE

PREPARED AND SUBMITTED BY
Rachel Kelly
Assistant Director (Finance)
E: rkelly@BPF.org.uk
12 Feb 2026

INTRODUCTION

The British Property Federation (BPF) represents the UK real estate sector, an industry that contributes more than £116bn to the economy and supports 2.4 million jobs. Our members are invested in commercial and residential real estate in communities across the UK - revitalising our cities and shared spaces, re-imagining our town centres, and creating vibrant new places designed for the way we live today.

Modern, productive workspaces are the foundation to supporting our businesses and generating economic activity. And as our economy changes, our commercial property stock must also evolve and adapt to support our modern economy - from data centres and lab space to modern, flexible office space. We cannot afford for our business rates system to create barriers to investment and growth in our property stock.

EXECUTIVE SUMMARY

We fully support Government in its endeavours to reform the tax system to remove barriers to investment and growth. We need a tax system which is simple, fair and predictable – to give businesses the certainty that they need to invest. For property investors and property intensive businesses in particular, investments tend to be long term in nature – as such, the level of certainty and predictability in the tax system is particularly important. Furthermore, given the rate of tax within business rates is far higher than any other business tax, any deficiencies in the design or operation of the tax are amplified – and as such, Government is right to focus attention on removing barriers to investment and growth within the business rates system.

Over half of commercial property in the UK is owned by professional and institutional investors¹ – it is therefore equally important that the business rates system supports investment and growth from both occupiers and property owners alike.

Empty Property Relief reform is the priority to support investment from property investors

The most common concern that property investor members raise in relation to business rates is the inadequate levels of Empty Property Relief (EPR). Due to the very low levels of EPR, the business rates system adds significant risk to investing in towns and cities with high vacancy rates – it also adds cost and uncertainty to refurbishment and development projects. Given the period between tenants is the optimal moment for property owners to make decisions about investment needed to the property – and often the point at which energy efficiency improvements are made - it is completely counter intuitive for the tax system to add further risk and cost to property owners at this point in the property investment lifecycle. Given the wider development viability challenges currently facing the sector, it has never been more important to address the shortfalls with Empty Property Relief which further hamper development viability – and hold back growth and investment.

We recognise that many Local Authorities have raised concerns over mitigation and avoidance activity in respect of taxes on empty properties. We do not condone tax evasion – and we support Government's objective to design taxes in a way which they cannot be easily avoided. However, *the starting point must be to first design the tax rules so that they are fit for purpose and aligned with Government's objectives to support*

¹ [The Size & Structure of the UK Property Market Year-end 2023 \(March 2025\) Report](#)

investment and growth. Introducing more anti-avoidance rules is not a substitute for addressing the fundamental shortfalls with the Empty Property Relief system.

Empty Property Relief reforms needed to support investment and growth:

In order to support investment, Government should seek to impose a fair and sustainable tax burden on empty properties – which avoids exposing property owners to unreasonable levels of risk when properties fall vacant. This can be achieved with two reforms:

- 1. A 12 month period of 100% Empty Property Relief - Our [data](#) shows that typical reoccupation periods for retail properties are closer to 12 months on average – which shows how woefully inadequate the current 3 month period of EPR is. Extending the 100% EPR period to 12 months, would better reflect typical reoccupation periods. (Even aligning all asset classes to 6 months EPR in the first instance would be a marked improvement).*
- 2. Following the initial period of 100% Empty Property Relief, a tax rate no higher than 50% of the main tax rate should be applied thereafter. Our data shows that while around half of retail properties will find a new occupier within 12 months – there is still a huge minority of properties that will take much longer – even over 24 months. It is often those properties in our least thriving towns and cities that remain vacant for the longest – which is where we want to attract investment the most. Government can better support that investment by lowering cost and reducing the risk.*

Wider reforms to support investment in our property stock

In addition to reforming Empty Property Relief, we have drawn out below the other notable reforms to better support investment and growth.

- 1. The total tax burden on business must go down – the UK has the highest property tax burden of the whole of the OECD² – and a top rate of business rates for higher value properties of over 50% - well above other business tax rates. As well as addressing the design features of the tax which are not supportive of growth – we cannot overlook the fact that the high tax burden itself has an impact on UK competitiveness, and therefore investment and growth. We conducted research last year: *Business Rates: The Wider Economic Impact*³ - to examine the impact of an increase or decrease in business rates on our wider economy. The research shows that an increase in the tax burden of even just £100m would have the following ramifications for our wider economy: £135m of lost output; £88m reduction in Gross Value Add (a proxy for productivity); circa £15m of wider Government tax revenues lost; and up to 1,300 Full Time Equivalent jobs.*

The risk to jobs in the wider economy from relatively small increases in business rates is especially concerning and should cause Government to reconsider further increasing or even redistributing business rates on certain sectors.

² [Tax on property | OECD](#)

³ [ay-business-rates-economic-impact-final-report-with-foreword-17-march-2025-003.pdf](#)

2. The move from slab to slice should be consulted on in detail – including rates and thresholds - and should ideally be introduced alongside a reduction in the total tax burden. The Autumn 2024 Budget measures introduced new tax rates for different types of property at different valuation points. This has not only added complexity to the tax system, it has also introduced more cliff edges in the tax system, where the tax burden disproportionately increases after a relatively small increase in the value of the property. These cliff edges will risk distorting and hampering investment at those margins. A slab to a slice system will mitigate the impact of those cliff edges – however, there is a risk that this reform could further penalise those sectors that rely heavily on higher value properties, which have just been penalised by the introduction of the new higher rate surcharge. This includes many of our growth sectors – as well as large logistics hubs and infrastructure that our economy relies on. Given the risks to jobs and growth of further increasing the business rates burden again on higher value properties, Government must first consult in detail on any proposed new measures – with specific rates and thresholds, so that both Government and businesses can properly assess the potential impact and make informed representations.
3. **Improvement Relief must be extended to property owners in order to be effective** - Given over half of commercial property is owned by investors⁴, this incentive would be far more effective if it applied to properties owned by investors in practice. (The requirement to have the same occupier pre and post works effectively excludes works which are carried out between tenants – which is typically when property owners would seek to carry out extensive or invasive improvement works). Furthermore, the 1-year period of relief is not sufficient to sway an investment decision in many cases – a longer period of deferral, ideally closer to 5 years, would be significantly more impactful.
4. **A fairer and more predictable tax system**
 - a. **Up to date valuations – and more notice of changes to valuations** – the recent changes to carry out revaluations every three years will support a more responsive business rates system - and Government could go one step further by reducing the antecedent valuation period from two years to one year. Furthermore, Government could provide more notice to businesses by publishing the draft valuations further in advance of them coming into effect (the current 4-month notice period between the Autumn budget and the rates bills coming in from the following April is not sufficient for business).
 - b. **A fixed tax rate** – at the moment the tax rate fluctuates at each valuation and increases by inflation between revaluations. The toxic combination of changes to valuations every three years, combined with the uncertainty of changes to the tax rate, creates significant uncertainty for business. It would be simpler, fairer and **more predictable** for business if the tax rate was fixed (as it is for all other taxes!). This way, businesses' tax bills would more predictably go up and down based on changes in their properties' rateable value (which are a proxy for rents in many cases).

Our response to the call for evidence questions are set out in the appendix. Please do not hesitate to get in touch if you would like more details.

⁴ [The Size & Structure of the UK Property Market Year-end 2023 \(March 2025\) Report](#)

Appendix 1: Call for evidence – response

Chapter 2: About you

1. In what capacity are you responding? • As a business • As a Business Representative Organisation • As a local authority • As a property owner • As a rating Agent • Other (please provide details)

We are the British Property Federation, a trade body representing investors in property across the UK. We are merging with the Association of Real Estate Funds (AREF) and the investment Property Forum (IPF) later this year and will become Real Estate:UK (RE:UK).

2. Please provide details of the business or body you represent.

We represent professional and institutional investors in real estate across the UK. Over 60% of commercial property in the UK is owned by professional and institutional investors. Their primary objective is to invest in assets for the long term to generate stable rental income returns – which provide income to pensioners and savers in the UK and across the world.

Investors in commercial real estate have historically invested in traditional asset classes, like retail, office and logistics – but the workspaces that real estate sector invests in reflect the workspaces that businesses in our modern economy need – for example, more recently, we have seen more investment in newer asset classes, including: lab spaces, data centres, and film studios etc.

3. Where in England are you based? • National • Other (please provide details)

Nationwide.

4. What sector are you representing?

From the workspaces our businesses use, to the retail and hospitality space that we spend our leisure time in – and the growing network of logistics space which keeps our economy moving – the real estate sector touches on almost every sector in the economy.

5. How many properties do you occupy?

Over 60%⁵ of commercial property in the UK is owned by professional and institutional investors.

6. What is the approximate cumulative Rateable Value (RV) of your property portfolio?

Professional and institutional investors own approximately £600bn⁶ in investment grade commercial real estate in the UK (just over 60% of the investment grade stock). Therefore, we

⁵ [The Size & Structure of the UK Property Market Year-end 2023 \(March 2025\) Report](#)

⁶ [The Size & Structure of the UK Property Market Year-end 2023 \(March 2025\) Report](#)

would estimate that property investors account for approximately £40-£45bn of the total £84bn of Rateable Value in England and Wales.

7. Do you own some or all of the properties your business occupies? Please provide details of the breakdown.

N/A

8. If you are representing an individual business: • What is the size of your business? Small (50 employees or fewer) o Medium (250 employees or fewer) o Large (over 250 employees)

N/A.

9. If you are a Business Representative Organisation, what types of businesses do you represent?

Our members are property investors - invested in all sorts of commercial and residential real estate across the UK. Predominantly traditional commercial asset classes, like retail, logistics and offices - and more recently, as our economy evolves, investors have started to invest in and develop new assets, from data centres and lab space, to film studios.

Over 60% of commercial property in the UK is owned by professional and institutional investors. Their primary objective is to invest in assets for the long term to generate stable rental income returns – often generating income for pensioners and savers in the UK and across the world.

10. If you are a landlord, how many properties do you own?

Professional and institutional investors own approximately £600bn⁷ in investment grade commercial real estate in the UK (just over 60% of the investment grade stock).

11. If you are a landlord, what types of businesses do you typically lease properties to?

Our members are property investors - invested in all sorts of commercial and residential real estate across the UK. Predominantly traditional commercial asset classes, like retail, logistics and offices - and more recently, as our economy has evolved, investors have started to invest in and develop new assets, from data centres and lab space, to film studios. Our members lease to a diverse spectrum of business occupiers – from across the economy.

⁷ [The Size & Structure of the UK Property Market Year-end 2023 \(March 2025\) Report](#)

Chapter 3: The role of business rates in investment decisions

12. In your business or sector, are property improvements typically undertaken by the property owner or the occupier?

Both. It depends on a number of factors, notably, the length of the lease. Generally longer-term investments are made by the property owner and 'fit outs' are paid for by the occupier – however, this can vary if lease lengths are particularly long. It is also common for property owners to provide capital support to new occupiers for their fit outs costs as well - e.g. as part of an incentive package to take on a lease.

13. In your business or sector, do property investments typically occur on existing premises, or do other constraints require relocation or the acquisition of new property?

Property investors will typically do both activities – both refurbish or expand existing premises – and also acquire new properties for lease as well.

14. What is a typical investment in your business or sector that affects your business rates? Please provide specific examples (for example, capital intensive projects, expanding floor space, opening a second site or moving to a bigger property) including relevant financial figures and other specific details.

Undertaking refurbishment works in particular affect the business rates burden on property owners. In addition to the capital outlay for a refurbishment project, including managing a period of no rent while the property is vacated before the refurbishment works to take place - the business rates burden on the landlord also increases in this period because the Empty Property Relief periods (of 3 months for retail and offices) are nowhere near long enough to accommodate typical refurbishment periods. It is worth noting that for a multi-tenanted property, business rates will be due on some empty units while the building is being vacated (as not all leases will end on the same date) - and similarly, rates will start to be paid on empty units as the property starts to be leased up after the refurbishment works have been completed.

15. What is the typical lifecycle for these investments and their major decision points?

Lighter refurbishment investments take place more frequently and normally between tenants – typical lease lengths are closer to 5 years currently – so that gives a sense for how regularly property owners would be prompted to do a lighter refurbishment and re-fit out their properties. If tenants stay in situ, the refurbishment cycle might be a bit longer – or some lighter works might take place while the tenant stays in the premises.

More significant refurbishments or complete re-developments would be done on longer time frames – normally every 20–30 years – although other factors like lease cycles, changes in market demands, or even regulatory prompts like the EPC requirements, will also influence these investment cycles.

It is worth highlighting that over 80% ⁸ of our commercial property in our 6 largest cities are below EPC B – therefore there is huge impetus to use periods in between tenants to invest in energy efficiency improvements in our property stock. The business rates system current imposes significant cost on property owners (due to inadequate EPR) at the very point when this investment needs to be made.

16. How do business rates specifically influence investment decisions versus other factors? For example, other elements of the tax system, UK competitiveness, borrowing costs, labour costs, regulatory requirements, expected timeframes in which to see additional profit. If possible, please provide examples of specific investment decisions.

We are currently suffering from a development viability crisis for both commercial and residential developments. Investment and development decisions will be influenced by multiple factors – and many of these will be outside of Government's control in the short to medium term (notably construction costs and interest costs). However, planning delays and a recent surge in tax and regulatory changes in recent years have also contributed materially to the development viability crisis. Or recent report – *Boosting Development Viability* ⁹ - sets out how Government can better support development viability in the UK. As well as addressing speeding up the planning process and addressing the most egregious tax and regulatory blockers – Government should prioritise maintaining tax and regulatory stability for business and investors.

In the context of business rates, while the impact of the total tax burden cannot be underestimated, the primary barrier to investment and refurbishment activity from property owners is the inadequate levels of Empty Property Relief. Empty Property Relief is currently only available for 3-6 months (depending on the asset class) – which is not long enough to cover most refurbishments (especially for a multi let building as it can take time to fully vacate the premises before refurbishment and fully lease up the building afterwards). Applying business rates to empty properties adds additional costs and uncertainty to refurbishment and development activity – and therefore hampers viability.

17. How do business rates factor into your decisions about property ownership, development, or refurbishment?

⁸ ["80% of commercial buildings risk being unlettable without EPC clarity" - elemental](#)

⁹ [Boosting Development Viability](#)

There is relationship between rent and rates – and for that reason, it is important to maintain at a stable and sustainable level of business rates to avoid unduly affecting property investment decisions.

We would draw out that business rates on empty units in particular makes development and refurbishment viability even more challenging. See further comments on the impact of business rates on empty units on investment and refurbishment activity in response to question 26.

18. How do you factor revaluations into business planning (at an individual property level and across your portfolio)? If possible, please provide examples.

Many property owners and investors will make use of advisors to inform them of trends and changes in valuations for their sector and therefore likely uplifts in their rateable values that they could expect at future valuations.

The changes to tax rates and Government policy around tax rates is harder to estimate – and will only become more difficult following the introduction of new tax rates for different asset classes and different valuation points. This added complexity and unpredictability is not helpful for estimating the impact of revaluations and making investment decisions.

19. What are the benefits and downsides of a system where the property occupier is liable for business rates, versus the owner?

There are three main reasons why a change of this nature would not be beneficial to businesses or the economy – it would be incredibly disruptive to the economy, it would make it harder for Government to target reliefs; and it would be complicated to administer. Taking each in turn:

A. The transition would be incredibly disruptive to the property industry and wider economy

If the tax were to be levied on the property owner, it would require a wholesale change to the basis of lease agreements. In the short term, this would also have a significant impact on real estate valuations – which will also have knock on implications for loans secured against commercial real estate, and the ability to service debt. In the long run, as leases are updated to reflect the new obligations, we wouldn't expect to see a significant change in the incidence of the tax – so it is not clear how the disruption in the economy could be justified.

B. Limited ability for Government to target reliefs to certain occupiers/sectors

Government regularly targets reliefs to different sectors and businesses – including charities and small business and, more recently, high streets and pubs. In addition, Government was able to use business rates reliefs very effectively during the Covid pandemic to relieve costs and support cash flow for retail, hospitality and leisure businesses almost immediately. Furthermore, we understand that one of the key benefits of

the 'Digitalising Business Rates' agenda is to make it even easier for Government to target reliefs more effectively to the sectors that need it. Were the legal incidence to be shifted to the property owner, the Government would lose this ability to quickly and effectively target reliefs to respond to different sectors' needs.

C. Complexity of levying tax on the property owner

Levying a tax on a property occupiers is relatively straight forward – it is clear who is liable, and where the bills should be addressed to. A tax on property owners would be much more complex – firstly to identify who the owner of a given property or hereditament is – and then to establish where to address their bill to.

It will also be challenging to establish who should be liable for more complex ownership structures (whether that's joint ventures or partnerships, or trusts, or other overseas entities – especially where there are multiple possible 'ultimate beneficial owners'). Furthermore, additional complexity would arise in properties with tiered ownership structures – which might have both freehold and long leasehold owners where it could be difficult to establish who the 'owner' is within that tier.

The ongoing backlog of registrations of many commercial property transactions at Land Registry would present a further challenge in identifying up to date owners of commercial properties in the UK.

20. What changes could be made to the administration of the system to support business investment?

- More transparency around valuations and methodologies much earlier would be helpful.
- A shorter antecedent valuation period would make the valuations more up to date.
- Communicating draft valuations to businesses sooner e.g. we would suggest that the draft rating list could be shared with business at the same time they are shared with Government.
- Remove the risk of backdating of bills – the risk that a change in valuation approach could result in backdating of rates bills to the beginning of a valuation cycle adds huge risk for investors – and deters investment over this period of extreme uncertainty. There is a live issue for the serviced office sector whereby the VOA have indicated a change of valuation approach which could result in some serviced office buildings being valued as a single hereditament. The lack of transparency around what the criteria are that would affect the valuation approach adds significant uncertainty for investors - which is compounded by the risk of backdating - and is actively deterring investment.

Chapter 4: Transforming Business Rates: reforms to incentivise investment

21. Do you have any specific examples where 'cliff-edges' in the system have been, or will be an impediment to investment?

Serviced offices

While not a result of the new multipliers, there is currently a live issue for serviced offices which results in a huge cliff edge in tax treatment - depending on whether the buildings are valued as multiple hereditaments or single hereditament. This shift in valuation will have a material impact on the total rates bills paid by the property – primarily because the businesses using these serviced offices would lose their access the Small Business Rates Relief under this approach. As well as the huge uplift in rates bills – this uncertainty is compounded by the VOA's ability to backdate rates bills to the beginning of the valuation period – which could be up to three years. Given the material amounts at stake, this ability to backdate bills compounds the uncertainty for investors – which is actively delaying or deterring investment in the sector. As well as providing more certainty and transparency to ratepayers around the valuation approach for this sector, we would recommend that the VOA's approach to backdating is reviewed to ensure that cliff edges and uncertainty for rate payers is minimized.

This situation regarding services offices must be addressed to ensure that the approach to valuation does not inadvertently result in many small businesses not being able to access the small business rates relief that they would otherwise be entitled to claim. It is important to ensure that a speedy resolution is found to avoid prolonged uncertainty for business – and to ensure that cliff edges in tax treatments are avoided whereby neighboring and competing serviced office providers are subject to wildly different business rates bills.

22. What types of investment would be supported by a move to a slice based system?

We need to see more detail and modelling of a proposed slice based system to answer this question. However, it's likely that businesses that have the flexibility to use lots of smaller units – instead of single larger buildings, will be able to maximise the use of the 'nil rate band' for each property, if there is one - and therefore minimise their business rates bills.

23. What are the wider benefits or downsides of a slice-based tax?

The primary benefit is to mitigate the effect of 'cliff edge' points which result in disproportionate uplifts in rates bills after only small increases in valuations.

The main risk, or downside, is that it's likely that the tax burden could be shifted again to larger properties - to the same sectors that have just been hit by a higher rate surcharge for properties above £500k (many of which will be growth sectors that the Government is trying to champion as

part of the Industrial Strategy). As such *we would recommend it needs more detail and modelling in order to avoid even more costs being pushed up for the largest ratepayers.*

24. What types of improvements have you considered, but not taken forward because of business rates? Where possible, please provide specific examples where Improvement Relief (IR) has factored into these decisions.

Anecdotally, we haven't heard of any property investors members using IR. This is not surprising because many property owners will typically carry out improvement works between tenants, to avoid disrupting tenants – however, the current IR rules require that the same occupier be in situ before and after the improvement works takes place. This requirement effectively excludes property owners from accessing the relief – and given property owners account for over half of commercial real estate investment, this criteria is a huge barrier to the effectiveness of this relief.

Furthermore, we hear consistent feedback from members that a 1-year delay is unlikely to have a significant impact on most investment decisions – it would need to be a much longer deferral period – ideally closer to 5 years.

25. Are there any other aspects of IR that you would like to make the Government aware of that would support investment?

See response to question 24 above.

26. To what extent does Empty Property Relief (EPR) influence your business's decisions to acquire, hold, invest in, or dispose of empty properties?

Acquire and dispose – The inadequate level of EPR makes it riskier to acquire properties in areas with very high vacancy –because there is a higher risk that property owners could be left with a large, unexpected cost until new tenants can be found. For the same reason, it will therefore also make them harder to dispose of. Therefore, the insufficient levels of EPR is exacerbating risk associated with properties in areas with already high vacancy. If EPR provided more effective relief during periods of vacancy, the risk of taking on these underutilised assets would go down – which would likely lead to more transactional activity and more underutilised assets being refurbished or re-purposed and brought back into use.

Hold: It can be difficult to dispose of vacant units or units in areas with high vacancy - and inadequate EPR makes it even harder. As such, it can force investors to hold onto assets that they might otherwise prefer to dispose of.

Invest in: Even in areas of low vacancy, refurbishment works affect the business rates burden on property owners at the point they seek to make improvements to the building. In addition to the capital outlay for a refurbishment project, and often managing a period of no rent while the

refurbishment works take place - the business rates burden on the landlord also increases in this period because the Empty Property Relief periods are not long enough to cover the time it takes to fully vacate a multi tenanted building before the works commence - and similarly, fully lease the building after the refurbishment works have been completed. Any cost here adds barriers to the viability of refurbishment activity. In areas with already high vacancy, the risk that the property, or parts of the property will remain vacant after the refurbishment works are higher – as such, insufficient EPR is likely to exacerbate development viability challenges in areas where vacancy rates are higher.

27.What are the main factors that contribute to bringing an empty property into use within your sector? Please provide details.

Depending on the asset class being considered, the wider market factors that will feed into an investment decision will vary – but could include factors like: demand, footfall, approach of local authority planning departments, disposable income of local residents; access to workforce etc. In addition, see comments on EPR above.

28.The government is committed to tackling avoidance, while also ensuring that EPR supports business investment. How can the government best meet those aims through reform?

The starting point should be to design the tax rules to best support growth and investment – which means imposing a fair and sustainable tax burden on empty properties, and ensures property investors are exposed to a proportionate level of risk when properties fall vacant. As well as supporting investment, a fairer system would naturally reduce the incentive to reduce or mitigate business rates on empty properties.

As a starting point, we recommend that EPR is extended to better reflect real re-occupancy periods. The current 3 month EPR period for retail and offices is wholly inadequate and does not reflect typical reoccupation periods (see data from BPF/Local data Company [here](#)). Furthermore, imposing 100% tax charge on an empty unit after the EPR period makes investment in some property riskier – particularly for investment in less thriving areas that already have high vacancy rates – and also for speculative developments or refurbishments, where it could take some time to find an occupier for a property or allow for a multi-let property to be fully let.

In order to redress the imbalance in risk for investors in empty properties, *EPR should be increased to at least 6 months for all properties, and ideally 12 months, followed by a 50% discount thereafter.*

The 50% discount is very important – a similar discount applied before the EPR rules were changed in 2007 when they became far more punitive – anecdotally, it was only after the rules changed for empty properties in 2007 that rates mitigation activity became more common. Given it costs money to employ experts to mitigate rates bills on empty properties, a lower tax rate on empty properties would reduce the financial incentive to pay for an expert to mitigate rates bills.

29. EPR has a reset period of 13 weeks. What are the typical lease durations of occupants of non-domestic properties?

The Property Industry Alliance' Property Data Report¹⁰ is a good source of data for the commercial property sector. Over half of commercial property leases are for around 5 years or less. Average lease lengths are closer to 9 years (although this excludes break clauses – which is applies to about 30% of leases).

However, while short term lets are less common – they are really important sources of funding e.g. while a longer term tenant is sought, or while planning permission so sought.

30. What is a typical number of days per year that short-term lets are (a) available to let and (b) actually let?

Most of our members seek the stability of longer-term rentals – reflecting the long-term stable returns valued by pensioners and savers. There are some business models which make use of short-term rental as a specific part of their business model – e.g. pop-up retail. However, for the most part, short term lets are used to supplement income and fill voids while longer term tenants are found, or while planning permission is sought for re-development. Anecdotally, short term lets can vary from weeks to a few months.

31. What evidence is there that SBRR is being used by second home owners whose main aim is not to operate a local business but to manage tax liabilities?

No comment.

32. How could SBRR be reformed to limit its use by second homeowners who are not mainly operating a local business while maintaining support for those who are?

No comment.

33. Does the current system for monitoring and enforcing which short term lets qualify for business rates work effectively?

No comment.

¹⁰ [Property Data Report 2023 | Property Industry Alliance](#)

Chapter 5: Valuations on the Receipts and Expenditure Methodology

The majority of our members' properties are valued on the rental basis; therefore we have not responded to all the individual questions in this chapter. However, we would support any reforms which promote a more transparent and predictable approach to valuations. Business rates is a very material cost in investment and occupation of property – and certainty and predictability are critical to investment decisions.

We also agree that the taxation of our critical national infrastructure is particularly important, and it is sensible to review how they are valued, to ensure the valuation approach doesn't jeopardise or contradict wider Government objectives. However, we would note that some of our infrastructure is valued under other methods (e.g. data centres, some utilities infrastructure, logistics hubs etc) – as such a full review of the valuation of our critical national infrastructure would need to be broader than just a review of the R&E method.

34. Has the process and methodology of your R&E valuation impacted your ability to plan and/or implement your investment decisions, either for the 2026 revaluation or previous revaluations? Please include:

- a) Detail on the projects, for example timescale, location, planned spend, and why you planned to make that investment
- b) Any impact on consumers, other businesses, or your local community of changes to investment plans
- c) Any impact on the wider economy and growth, trade, tourism, regional regeneration or connectivity
- d) Where your liabilities have changed, how you have decided between reducing/increasing investment and passing through additional costs or savings to your customers and why

35. Is there evidence that valuer judgements make outcomes on R&E more unpredictable than other methodologies? If so, please explain.

36. Are there elements of the methodology or its application which make your rateable value challenging to predict? If so, which elements and why are they challenging to forecast?

37. What approaches would provide you with greater predictability and stability for your valuation? Please include:

- a) Why this approach would provide greater predictability
- b) Any downsides and mitigations, such as less responsiveness to market conditions or specifics of your property

38.What are the advantages and disadvantages of more direct government involvement in valuation, such as intervention to prescribe aspects of a property's valuation?

39. Is there a different approach to valuation or calculating your rateable value that would provide a more appropriate basis for business rates liabilities, and why?

40.Are there aspects of the property tax system and valuation in other countries you either operate in or directly compete with that better enable high-value, long-term investment? If so, what are they and why are they effective?

The UK has the highest property tax burden in the OECD. Business rates valuations by their very nature can be subjective, especially for more unique buildings and infrastructure. It will be impossible to completely remove the element of subjectivity in valuations – however, the very high level of tax exacerbates aspects of the business rates system which are less predictable or more volatile.

41. Are there wider changes government should consider to the business rates system that would better enable high-value, long-term investment?

As well as reducing the tax burden – we would support fixing the tax rate (like all other taxes) - to improve predictability and reduce the volatility.

Questions 42-46 – pre-list discussions

We understand that pre-list discussion can work well for certain sectors – particularly those where there are a limited number of stakeholders and full information can be shared – for example a multi-let building like a shopping centre. The principle of the approach is good – to avoid uncertainty and surprises by sharing evidence and agreeing a broad approach earlier in the process. However, work is needed to improve trust and transparency in the system to ensure it can work more effectively.