

## 2023 RATING REVALUATION IN ENGLAND AND WALES

The 2023 Rating Revaluation comes into effect on 1 April 2023 and significant increases in the rates paid on logistics and warehousing are expected as consequence of this.

Business rates that occupiers pay under the current 2017 Rating Revaluation are based upon rental values as at the valuation date of 1 April 2015. For the forthcoming 2023 Rating Revaluation, the new valuation date will be 1 April 2021. Between the valuation dates for the 2017 and 2023 Lists there have been significant increases in rental values of logistics and warehousing, with a 20% average increase in rents nationally and in some locations average rental increases of up to 45%. Rental increases on certain types of property in certain locations, especially some in Central London, have been markedly higher with over a doubling of rents over this period.

The issue that occupiers of logistics and warehousing are likely to face from 1 April 2023 are increases in business rates payable at similar levels to this growth in rents. Potential increases could be even higher than this as there is extensive evidence of logistics and warehousing being undervalued on the 2017 List, meaning that the rates are starting from a lower base. This likely increase in business rates may not be fully understood or budgeted for by some occupiers and could come as a shock to many. In the UK the business rates burden on occupiers is already substantial and this increase comes at a time when significant cost pressures are already being experienced in a number of different areas.

The following is an indication of the percentage increases in rates payable in different locations that the Revaluation could have. These changes are based on Gerald Eve Prime Logistics and Multi-Let research data, MSCI data for rental growth between the valuation dates and anticipated changes in the rates multipliers between Rating Lists:





Using our detailed market research and bespoke business rates forecasting system Gerald Eve are currently helping clients forecast their rate liabilities on the 2023 List. Once draft Rateable Values are released by the Valuation Office we will then provide clients with updated estimates based upon these.

The key dates in the run up to the 2023 Rating Revaluation are shown in the following timeline:



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If you would like assistance with your business rates please do not hesitate to contact one of our dedicated business rates experts above.

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