

Leicestershire COMMERCIAL PROPERTY

Top wish for budget is revealed

■ ADDRESSING LIABILITY IS BIG HOPE FOR PROPERTY EXPERT MATT MOORE

Addressing empty rate liability is top of the wish list for Leicestershire commercial property experts ahead of the chancellor's budget tomorrow.

The loss of rate relief for vacant buildings has dogged the commercial property market since it was scrapped by the Labour government in 2008 to stop land banking.

Property experts say its abolition has put a massive burden on landlords, stifling growth and speculative development, even leading to demolition, as owners fear the financial downside of their premises standing empty.

Currently, empty properties with a rateable value of £18,000 or below are exempt from business rates.

From April 1 this is dropping to just £2,600 or below.

Properties with a higher rate will receive empty property relief for the first three months of

being empty and six months for industrial property.

However, Matt Moore, property director at Westleigh Developments, of Whetstone, said this will still have a big impact on the amount of speculative construction that takes place, as developers will not want new offices to stand empty.

He said: "The chancellor could take a more relaxed approach to empty rates liability."

"He could also look at introducing incentives for developers who construct better performing, environmentally friendly buildings, such as VAT reductions on materials purchased for their construction."

"Occupiers could then be offered incentives to move to such buildings, such as reduced business rates."

David Johnson is a partner in Readings, Hope and Mann, of Leicester, and also East Midlands spokesman for the Royal Institution of Chartered Surveyors.

He said: "I would like to see void rate liability at nearly all levels rethought, to encourage

investment in property and create affordable facilities for new businesses, start-ups and those wishing to grow."

Tony Hodges, of Spencers Druce Naylor Parkes, in Leicester, underlined the need to rethink the burden the chancellor was putting on smaller businesses and start-ups.

He said: "Empty rate liability is crippling private landlords."

Alex Reid, for Mather Jamie, in Loughborough, said removing empty property rates would help existing property owners struggling to let vacant buildings, and remove drawbacks to speculative building.

He said: "More radical would be to offer businesses the first year's rates free, giving tenants an incentive to take empty property on new leases."

Max Boden, policy manager at Leicestershire Chamber of Commerce, said there were too many deterrents to an expanding commercial property market.

He said: "We need something to make initial investment worthwhile on easy terms."



PICTURE: MIKE SEWELL

IMPACT: Westleigh's property director Matt Moore outside one of the developer's buildings

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Factory is transformed

WORK could start in the next couple of months on the £1 million transformation of a historic Victorian factory and warehouse into arts and business workspaces.

Leicester City Council is set to turn the grade-II listed site next to the Curve in Rutland Street into 11 workspaces.

The council will fund about £400,000 of the work. The remaining £640,000 will come from European Regional Development Fund cash which was granted in 2008.

City council head of economic regeneration Mike Dalzell said: "The development is two doors up from Curve, and involves two derelict buildings

owned by the council. We're just finalising costs to create 11 new workspaces aimed at businesses that might be growing out of the nearby LCB depot and creative businesses such as ceramics, fashion and artists.

"Work will start soon."

The council bought the freehold of the then occupied building in 1982. It has been vacant since 2002. The building was listed in 2006.

The council marketed the property in August last year with a guide price of £400,000. Two offers were received, but both were for less than £200,000 and the authority decided to reject them.



WORKSPACES PLAN: The building in Rutland Street

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