LEISURE SECTOR AND BUSINESS RATES EXPERTS URGE RATING REFORM AHEAD OF AUTUMN STATEMENT

- Chancellor urged to reform how tax is levied on hospitality industry and improve transparency for ratepayers ahead of further rises in 2017

The future success of the UK hospitality industry is being put at risk by “prohibitive” rises in business rates bills, the Association of Licensed Multiple Retailers and business rates experts BNP Paribas Real Estate have warned.

Kate Nicholls, chief executive of the ALMR, the trade body for pub, club, bar and casual dining operators, told the industry’s autumn conference that rising business costs were threatening the ability of the sector to continue to drive growth in the UK.

And Nigel Ball, head of licensed leisure at BNP Paribas Real Estate, warned that the licensed leisure sector would be among the worst hit by business rate rises in 2017, with government proposals to restrict appeals, currently before Parliament as part of the Enterprise Bill, set to make challenging these increases even harder.

Kate Nicholls told delegates: “Licensed hospitality and retail businesses are continuing to drive growth in the UK. Rising employment and pickup in wage growth are driving sales on the high streets, with pubs, bars and restaurants contributing to an increase in household spend.

“Unfortunately, rising business costs, particularly in the shape of prohibitive rates, are impacting on profitability, growth and investment and putting this fragile economic recovery at risk. This will need to be addressed by the Government if it wishes to see a continued growth in the service sector.”

BNP Paribas Real Estate’s head of licensed leisure, Nigel Ball, said: “Our leisure industry, from much-loved community pubs to London’s famous nightlife, is at serious risk unless the government takes meaningful steps to make business rates fairer, more consistent and more transparent.

“The sector is likely to be among the worst hit by rates rises in 2017, and against this backdrop it is vital that businesses’ bills are based on accurate rateable values. Current government proposals for reform of the appeals process will actually reduce transparency, and are fundamentally unfair.”

The ALMR said that the average pub currently pays just under £15,000 in business rates (5% of their turnover), rising to £16,000 for casual dining outlets or wine bars and £26,000 for nightclubs, and that bills have risen by more than 14% - or by £2,300 – over the last valuation period.

Research undertaken by BNP Paribas Real Estate suggests that government is likely to set the Uniform Business Rate to around 50p in the pound in 2017 – meaning that businesses rates will represent 50% of the rateable value of the property for the first time – allowing government to collect about £26bn in rates income.

BNP Paribas Real Estate found that for pubs, restaurants and other licenced leisure operators:

- Those worst affected by the 2017 rating revaluation will be in London, where rateable values are forecast to increase by 55% in the West End and by 20% in the City.

- In other UK cities, Manchester faces increases in rateable values of 25%, while businesses in Newcastle, Edinburgh and Glasgow are expected to rateable values rise by 19%, 10% and 10% respectively.

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No areas expect to see rateable values fall, but in Sheffield, Leeds, Liverpool and Birmingham, licensed leisure properties will see little change.

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About BNP Paribas Real Estate

BNP Paribas Real Estate, one of the leading international real estate providers, offers its clients a comprehensive range of services that span the entire real estate lifecycle: property development, transaction, consulting, valuation, property management and investment management.

BNP Paribas Real Estate has local expertise on a global scale through its presence in 37 countries with approximately 180 offices and 3,800 employees (16 wholly owned and 21 by its Alliance network that represents today more than 3,200 people). BNP Paribas Real Estate is a subsidiary of BNP Paribas. For more information: www.realestate.bnparibas.com

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