

## CUMBERLAND NEWS – 23 MAY 2008

Just how important is commercial property to our daily lives? More than you might think! In fact each and everyone of us is affected in some way either *directly* – via personal or business ownership of commercial property or Self Invested Personal Pension schemes; or *indirectly* – via investment in share capital, Real Estate Investment Trusts and other property based investment vehicles.

As individuals we invest in insurance companies, trusts and banks who in turn own property outright as a direct investment as well as via share holdings in property companies. In fact many of the major owners of commercial property are these very same institutions who rely on investment returns from the commercial sector to provide us with our own return on capital. Consequently without sometimes even realising the performance of property indirectly influences our own financial position. How well property performs depends on how well it is managed. In times of economic uncertainty this can be the difference between the success and failure of business. At Walton Goodland we manage commercial property across all sectors of the market offering expert advice on the key issues affecting the industry.

Government intervention in recent years has brought new challenges to the property industry, none more relevant than the current hot topics of Energy Performance Certificates and Empty Rates.

### **Energy Performance Certificates (EPC's)**

For those people who have recently sold or are in the process of selling residential property you will already be aware of the requirement to have an EPC. Certificates indicate how energy efficient a property is on a scale of A-G, similar to that found when purchasing 'white goods' for the home. The certificates also provide advice on measures to reduce carbon emissions and energy bills.

Owners and occupiers of commercial property beware! EPC's are already a mandatory requirement for commercial properties exceeding 10,000 sq m in area. The situation arises when a building is constructed, sold or rented thereby requiring an EPC to be provided. The certificate will then remain valid for a period of 10 years and must be made available to a prospective buyer or tenant before entering into a contract of sale or lease. An EPC will not be required otherwise, i.e. where an existing lease is already in place or where a tenant assigns a lease and a valid certificate already exists. **Important: From 1 July 2008 EPC's will be required for commercial buildings over 2,500 sq m. As of 1 October 2008 an EPC will be required for every non domestic building regardless of size!**

Owners and occupiers take note; EPCs must be produced by members of a government approved assessors accreditation scheme qualified to the appropriate level subject to the degree of complexity of the property. Walton Goodland is one of only a select few companies nationally having personnel qualified to Level 3 ABBE and BRE in Non-domestic energy assessment. Interested parties should contact us immediately.

### **Empty Rating**

With effect from 1 April 2008 government legislation dealt a severe blow to landlords and tenants of commercial property. Previously vacant retail shops and offices benefited from a 3 month exemption period from business rates. After which point rates became payable at 50%. This has now changed. The 50% relief has been abolished with property owners and tenants of vacant property liable for payment of full business rates if the property remains empty after 3 months.

Vacant industrial property has previously benefited from a nil rating liability. This has also now changed. After a 6 month period of grace, from when a property becomes vacant, owners and tenants of empty industrial units will now also be subject to payment of full rates. The impact is already being felt particularly in light of current financial market conditions. Landlords are rapidly considering their position reviewing portfolios, quoting rents and the potential for avoidance options. Deborah Goodland, Director of Walton Goodland and recognised specialist commercial rating expert can be contacted for professional advice. **Important: Listed buildings are exempt from payment of business rates when vacant and charitable organisations and sports clubs are entitled to specific rate relief.**

It is recommended that urgent action is taken and expert advice sought from Walton Goodland at the earliest opportunity.

For further information on the above please contact **Walton Goodland, 10 Lowther Street, Carlisle, Cumbria, CA3 8DA; T. 01228 514199; F. 01228 594303; E. info@walgoodland.com**