

Belfast City Centre Vacant Units

When rating of empty commercial premises was introduced in 2004 it was anticipated that landlords having to pay 50% of the normal rates payable would act as swiftly as possible to re-let the premises and secure occupiers able to pay the rates on the premises.

However, due to the economic downturn, a situation has arisen whereby empty premises primarily retail in the high street have remained vacant often for lengthy periods. The government has recently reacted to this situation and has introduced a number of measures reduce the impact of the empty units on the high streets.

Rates (Amendment) Act (Northern Ireland) 2012

In an attempt to improve the aesthetic quality of the high street the Rates (Amendment) Act (Northern Ireland) 2012 permits window displays which will animate shop frontages within the specific parameters detailed previously.

Window displays will not constitute occupation of the premises and thus the 50% rate relief will remain for landlords. This is primarily a cosmetic exercise to encourage landlords to be creative with their shop frontages and to remove the blight of dead poorly lit frontages in our shopping streets.

The reason why the number of charity shops has increased in the city centre is because charities receive exemption for the payment of rates and this relieves landlords of the 50% rates burden to which they are subject if the premises remain empty.

An important new incentive in the Rates (Amendment) Act is the provision to grant 50% relief on long term empty shops where the property is first occupied during the 2012/13 rating year. The previous vacancy period must be for a period of 12 months or more. This is a measure specifically designed to attract potential tenant towards properties which have been unoccupied over a long period. ***Estates Agents should be encouraged to actively promote this additional relief which is only available until 1st April 2013.***

The small business rates relief (SBRR) has been extended to provide 20% rate relief for those properties with an NAV of £10,000 or less. In total, this affects just over 1700 companies in the Belfast City Council area (of whom just over 200 are based in the Shaftesbury Electoral Ward).

Current situation

Many potential occupiers may be able to pay rates. However, combined with the other occupation costs for rent, service charge etc., the total cost is beyond their means. What has occurred in the city centre are short term agreements between landlord and tenant whereby the tenant pays the rates and the landlord either substantially reduces the rent payable in order that the rates are covered.

Potential occupiers can only avoid paying rates if they meet the charities exemption criteria and if the usage directly relates to their charitable activity.

Meanwhile uses, pop up shops and other short term occupiers *are not specifically provided for within the legislation*. Arrangements are made privately with landlord and the assessment of rates is undertaken by Land and Property Services after occupation. Whilst there is a period of three months for re-letting when a property becomes vacant and in which no rates are charged, should the property be occupied again within the 3 months period, LPS may make an assessment. 50% rates become payable should a property remain vacant after the 3 month period.