

## Non-domestic rating: Business Floorspace England and Wales



Valuation Office  
Agency

### Main findings

This release can be considered as a supplement to the latest NDR stock of properties statistics release, published 15 September 2016, based on the current 2010 compiled list. It provides analysis of the business use of those properties on local rating lists for which there is a measured floorspace, which make up around 95% of the rateable value (RV) of all rateable properties.

#### England and Wales 31 March 2016:

- The total floorspace was 578 million metres squared (m<sup>2</sup>), an increase of 12 million m<sup>2</sup> (2.1%).
- The average RV per metre squared (RV per m<sup>2</sup>) was £80 per m<sup>2</sup>.
- The sector with the largest total floorspace was the Industrial sector at 55.7% of total floorspace.

Between 1 April 2000 and 31 March 2016 the number of rateable properties with a measured floorspace element increased by 141 thousand (9.0%).

### About this release

This is an update to our NDR: Floorspace release which was published in May 2012. The statistics provide information on the number and value of the stock of rateable properties (known as “hereditaments”), as well as the floorspace and RV per m<sup>2</sup> broken down by sector and geographic location.

**Responsible Statistician:**  
Paul McReady

**Statistical Enquiries:**  
[statistics@voa.gsi.gov.uk](mailto:statistics@voa.gsi.gov.uk)

**Media Enquiries:**  
03000 585 015

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To be confirmed.

## Rateable properties and rateable value

### Total properties (contributing to floorspace) and associated total rateable value

As at March 2016, there were 1.6 million rateable properties with a measured floorspace element in England and Wales. (There are 1.96 million rateable properties in total in the local rating lists). The total RV of these properties was £46.1 billion (76.7% of the total local rating list).

Properties without a floorspace valuation are assigned to an Excluded category and not included in total floorspace and RV per m<sup>2</sup> tables in this release. The Excluded category accounted for 19.3% of all properties and 22.6% of total RV.

Between 1 April 2000 and 31 March 2016 the number of rateable properties within scope of floorspace statistics increased by 141 thousand to 1.6 million.

### Floorspace and RV per m<sup>2</sup>

The floorspace in a particular location or sector can change for a number of reasons, including but not restricted to: demolished properties; new entities; reconstitution and alterations. RV per m<sup>2</sup> will further be impacted by the outcome of successful challenges to valuations and Valuation Office Reports (VORs).

As at 31 March 2016 the total floorspace in England and Wales was 578 million m<sup>2</sup> with an average rateable value of £80 per m<sup>2</sup>.

Between 1 April 2000 and 31 March 2016 floorspace increased by 12 million m<sup>2</sup> (2.1 %). Over the same period there has been an increase in RV per m<sup>2</sup> of £24 per m<sup>2</sup> (42.9 %) in England and Wales, reflecting the revaluations of the rating lists which took effect in 2005 and 2010.

## Definitions

**Rateable property (also known as hereditament):** a unit of property that is, or may become, liable to non-domestic rating and thus appears in a rating list.

**Rateable value (RV):** The legal term for the notional annual rental value of a rateable property, assessed by the valuation officers of the VOA. Every property has a RV that is based broadly on the annual rent for which the property could have been let on the open market at a particular date (this is 1 April 2008 for the 2010 lists.)

**Rating lists:** There are 348 Local Rating Lists in England and Wales, one for each Local Billing Authority. There are two Central Rating Lists, one for England and one for Wales.

**More detailed statistics...** on RV per m<sup>2</sup> in England and Wales can be found in Tables [FS1.4](#), [FS2.4](#), [FS3.4](#), [FS4.4](#), [FS5.4](#). Statistics presented in these tables are consistent with the relevant rating list (so those for 2000-2004 are based on the 2000 rating list; 2005-2009 are based on the 2005 rating list; and 2010-2016 are based on the 2010 rating list),

## Floorspace and RV per m<sup>2</sup> by country and region as at 31 March 2016

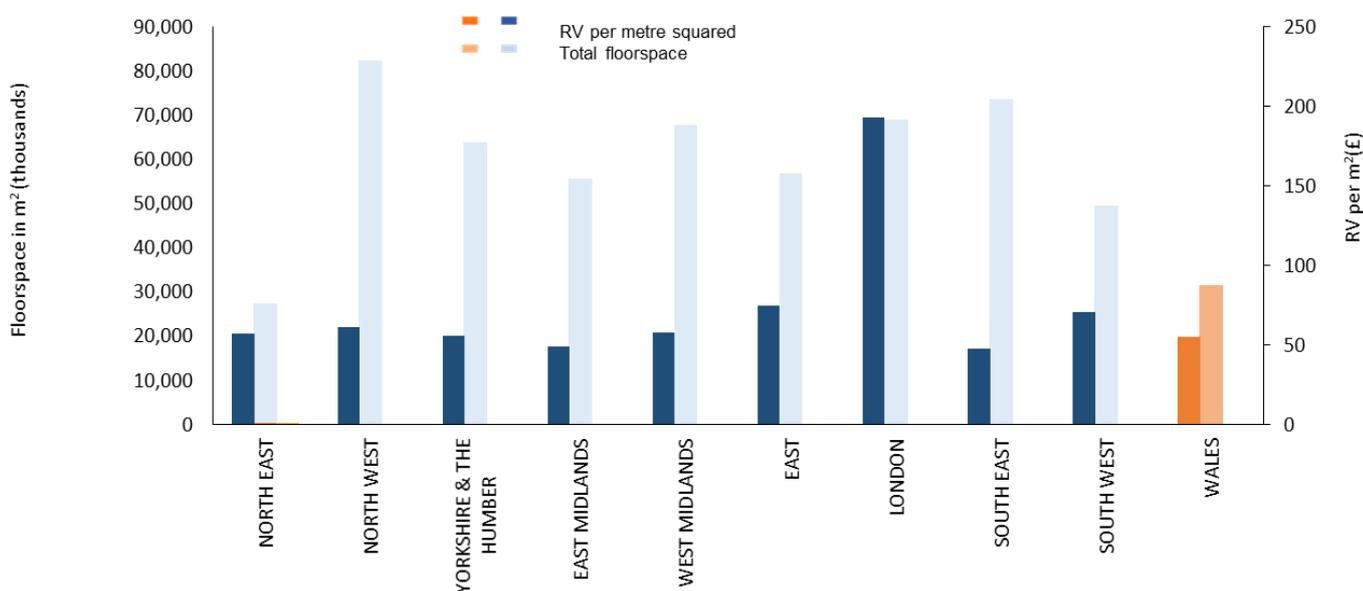
The total floorspace for properties in England was 546.1 million m<sup>2</sup> accounting for 94.5% of the England and Wales total. Wales accounts for 5.5% at 31.6 million m<sup>2</sup>. The RV per m<sup>2</sup> in England and Wales were £81 per m<sup>2</sup> and £55 per m<sup>2</sup> respectively.

Within England and Wales the North West had the largest proportion of floorspace (14.3%). The North East occupies the smallest proportion of floorspace accounting for 4.8% of the total.

London, has the highest RV per m<sup>2</sup> (£193 per m<sup>2</sup>) of all regions which is more than two times the value of the next highest region. The East Midlands has the smallest RV per m<sup>2</sup> at (£49 per m<sup>2</sup>).

More detailed statistics...on RV per m<sup>2</sup> in England and Wales can be found in Tables [FS1.3](#), [FS2.3](#), [FS3.3](#), [FS4.3](#), [FS5.3](#)

**Chart 1: Total floorspace occupied and RV per m<sup>2</sup>, split by English Region and Wales, as at 31 March 2016**



Source: Tables FS1.3, FS1.4

## Floorspace and rateable values by sector

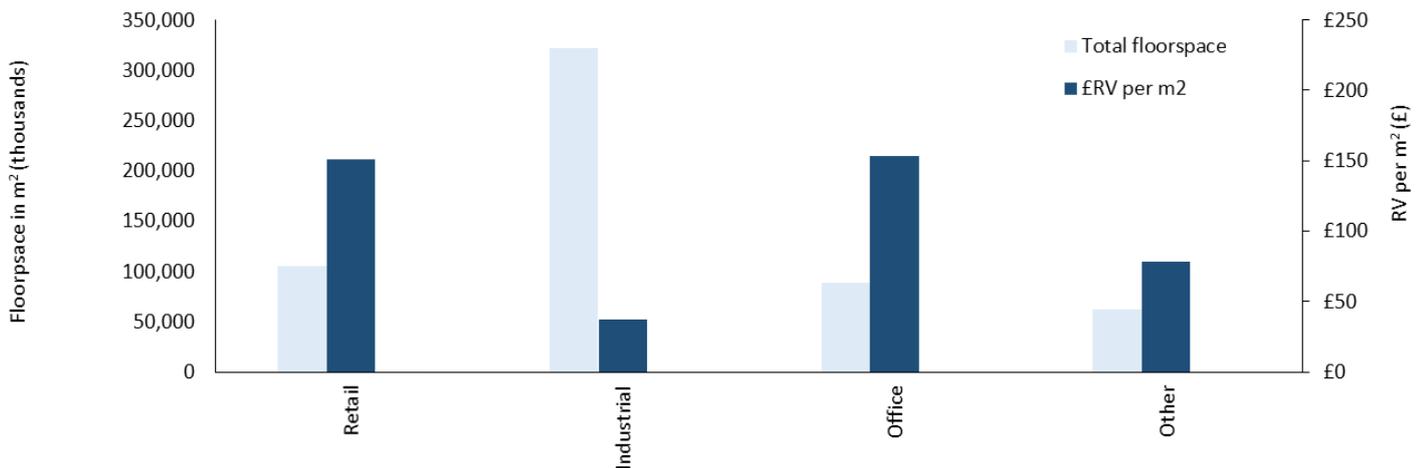
As at March 2016, the largest proportion of floorspace was found in the Industrial Sector (55.7%). However, the Industrial Sector also had the lowest RV per m<sup>2</sup>. The highest RV per m<sup>2</sup> was found in the Office Sector at £153 per m<sup>2</sup> closely followed by the Retail Sector at £151 per m<sup>2</sup>.

### Definitions

**Special category (SCat) code:** a classification of property detailing the basis on which it was rated.

**Sector:** a grouping of SCat codes. More information can be found under 'category', in the data information and methodology section of this document [here](#).

**Chart 2: Total floorspace occupied and RV per m<sup>2</sup> by sector in England and Wales as at 31 March 2016**



Source: Table FS1.3, FS1.4, FS2.3, FS2.4, FS3.3, FS3.4, FS4.3, FS4.4, FS5.3, FS5.4

## Background notes

The Valuation Office Agency (VOA) is required, by the Local Government Finance Act 1988, to compile (and maintain) rating lists specifying a RV for all non-domestic rateable properties (also known as hereditaments) in England and Wales. New lists are normally compiled every five years containing updated RVs. The current rating list came into effect on 1 April 2010. These figures do not include those for the draft list which comes into force on 1 April 2017.

The VOA collects information on rateable properties. A rateable property is a property on which rates may be charged and is the unit to which the VOA assigns RV. In general rateable properties are buildings or premises within buildings, appropriate or used for single occupation. Rateable properties can be occupied or vacant. This has no impact on RV, though it can affect the level of rates levied on a property. All the statistics in this release relate to rateable properties.

The RV provides the basis for national non-domestic rates bills, which are issued by local authorities. The RV of a property is the value at which a property might be expected to be let for one year. It is based on a range of factors including use, location and age, but a major determinant of rental value is the size (total floorspace) of the property.

For many of the more common types of commercial properties, the VOA measures the floorspace of the property as part of the detailed internal surveys that it undertakes to assess RVs.

As part of the valuation process, each rateable property is assigned a Special Category (SCat) code. Over time, this has become one of the key variables for classifying properties and it forms the basis of the category assignments in this series.

## Data information and methodology

### Use made of the data

This is the second release of the Non-Domestic Rating: Business Floorspace statistical publication. The statistics presented in this release are not directly comparable with the first, published in 2012, for several reasons:

- Historic figures in this release (for example statistics representing the Rating Lists as at 1 April 2000) are compiled using the latest data available (extracted 31 March 2016) and this will include backdated assessments or other amendments not reflected in earlier statistical series. This release contains around four years' worth of retrospection. The impact of this is more significant on more recent year's figures than earlier years.
- In order to make this publication consistent with our stock of properties publication, the mappings of SCat codes have been reassigned between sectors since the first release reflecting the latest operational expertise based on latest practices in valuation. In addition to this we have reassigned several SCat codes that were previously included in the other category to the excluded category. This is because they were impacted by missing floorspace and no longer satisfied the conditions which would allow missing values to be imputed.
- As a consequence of aligning this release with our stock of properties publication, we have relabelled the years. In practice this means that, for example, what was labelled as 2000 in the first release is now labelled as 2000-01.

A summary of the published change at England and Wales level for all sectors can be seen by clicking on the link:

## Data quality

The information supplied in the tables is based on administrative data held within the VOA's operational database. Validation and processing steps are undertaken on the data, for instance imputing for floorspace where it is missing and assigning categories. The data are then geo-referenced (assigned to geographic areas) and the final statistical outputs generated.

## Categories

For the purpose of this release, 'Sector' consists of the following categories: Retail, Industrial, Office (RIO) and Other, which is a categorisation commonly used by those in the surveying profession. RIO was created using the 369 SCat codes, which are the operational codes used by the VOA to classify a property's use. VOA statisticians have, in conjunction with operational colleagues, mapped each SCat code to one of the four categories. The 'Other' category was created to cover SCat codes which could not be readily assigned to 'Retail', 'Office' or 'Industry'. For the purposes of this release we also have an Excluded category denoting properties without a measurable floorspace.

While the VOA endeavours to keep these codes up-to-date, in some cases there may be a change in a property's use which the VOA is not made immediately aware of. These statistics are based on the data recorded on the VOA's systems at 31 March 2016.

SCat codes were assigned to categories where the floorspace data met certain criteria:

- Where more than 70% of the records had floorspace and the average RV of all rateable properties was within a tolerance range of the average RV of rateable properties with floorspace.
- Where more than 30 records had floorspace and the ratio of averages is within stricter tolerances.
- And, in a few exceptional cases, where fewer than 30 records with floorspace and the ratio is within even stricter tolerances.
- Failing these checks, the SCat was assigned to the Excluded category. SCat codes previously included but now excluded are denoted by \* in the category lookup table.

## Category look-up table

Click the link below to view a table with the mapping of SCat code to sector

## Imputing for missing floorspace

For the rateable properties assigned to a floorspace category for which floorspace data is unavailable, it has been imputed using the following steps:

- The RV per m<sup>2</sup> was aggregated for all records with floorspace in each Rating List (i.e. combining the years 2000, 2001, 2002, 2003 and 2004 for the 2000 List), for each SCat code and region.
- Where such a RV/ m<sup>2</sup> would be derived from a low number of cases, a broader average (e.g national SCat average, or regional sub grouping of SCat codes of comparable properties) would be calculated.
- Since all rateable properties without exception have RV data, the missing floorspace was then estimated by dividing the RV by the relevant mean RV/ m<sup>2</sup>.

Click the link below for a table that provides a summary of the extent of imputation in this release:

## Geo-referencing

Floorspace statistics are built up from post code to local authority level rather than billing authority code, as in our NDR Stock of properties statistical release.

Aggregated statistics are presented at various geographies (e.g. region, local authority/unitary authority). All geographic variables are assigned by matching VOA records to the latest version (February 2016) of the National Statistics Postcode Lookup (NSPL) file.

Not all rateable properties can be geo-referenced in this way. Where this has occurred we have identified the region of missing geography based on its Billing Authority Code.

Click the link below for a table that gives a breakdown by year of the rateable properties that it was not possible to assign to valid geographies:

The unmatched cases for England show little evidence of a regional bias as the match rate is relatively consistent scoring at less than one percent for each year for each region. The Wales unmatched starts out at a slightly higher rate of around three percent in 2000 but noticeably improves over the time period to under two percent by 2016. This still seems high and so further work will be carried out to see if this match rate can be improved for future iterations of this statistical release.

## Other issues

The VOA measurement conventions follow the Royal Institution of Chartered Surveyors (RICS) Code of Measurement Practice. The floorspace measurement convention used for different properties is given below. Some properties in certain areas do not comply with this code and follow established local practice.

- Retail premises and offices: Net internal area (NIA): Includes most space useful to the business of an occupant, and excludes common areas, stairwells, and foyers. The lift shafts, walls and columns of a property are also excluded.
- Factories and warehouses: Gross internal area (GIA): Includes all internal area, but excludes external walls.
- Other: There are recommendations for different types of premises and depending on the type, measurement can be NIA or GIA.

The impacts of summarising floorspace data measured on different conventions, as may occur in the Other category, has yet to be fully explored.

## Further information

More detailed information on the 2010 Local Rating Lists is available on the Agency's website at the following location:

<https://www.gov.uk/correct-your-business-rates>

Further information on the area codes used in this release please refer to the ONS's website at the following location:

<https://www.ons.gov.uk/methodology/geography/ukgeographies/administrativegeography>