

| General Details | |
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| Dataset Title: | Commercial and Industrial Property Vacancy Statistics, 2004/2005 |
| Domain(s): | Physical Environment Indicators: Physical Environment |
| Time Period of Dataset(s): | 2004/05 |
| Geographic Coverage: | England |
| Lowest Area Output: | District / Local Authority |
| Supplier: | Department for Communities and Local Government (DCLG) |
| Department: | Neighbourhoods, Cities and Regions Analysis Division |
| National Statistics Data? | Experimental Statistics - this information has been developed in accordance with the principles set out in the National Statistics Code of Practice but has yet to be fully accredited as a National Statistic. |
| No. of Variables (excluding area names and codes): | 1 |
| Scope and Purpose | |
| <p>The statistics presented here show estimated vacancy rates for commercial and industrial properties in English local authorities (LAs).</p> <p>The data cover financial years and are derived from the amount of relief given by LAs on business rates for empty properties.</p> <p>Vacancy information is reported to the Department for Communities and Local Government (DCLG - formerly the Office of the Deputy Prime Minister) by the annual National Non-Domestic Rates 3 (NNDR3) return. The returns are used to estimate the value of empty property as a proportion of the total value of property using the methodology described (see 'Administrative Procedures' section), to provide an indication of vacancy rates in each LA.</p> <p>The data are used as an indicator for LAs to measure levels of business activity in their area, and also monitor the potential for new development.</p> <p>DCLG is also carrying out work to improve the data available on vacant properties (See 'Data Quality - Accuracy' section for more details).</p> | |
| Administrative Procedures - Background Information | |
| <p>Estimated vacancy rates are available for each LA in England, and are calculated for the financial year.</p> <p>Each year, every non-domestic property in England has to pay a business rate to contribute towards the costs of local authority services, similar to domestic properties paying council tax.</p> <p>This business rate is also known as the Non-Domestic Rate and is calculated by applying a given multiplier to the rateable value of the property. Please see the annexes of <i>Commercial and Industrial Floorspace and Rateable Value Statistics 2005</i> here for more information on the calculation of rateable value.</p> <p>There are situations where properties can be refunded for part or all of the business rates they have paid. The amount they receive back is called the relief, and vacant properties are among those that qualify for relief. The amount of relief that can be received on a property depends both on the time that a property has been vacant and the type of property. The property type is known as the 'bulk class' and in the 1998-2004 statistics there were four bulk classes: retail premises, offices, factories and warehouses. In 2005 DCLG added a fifth bulk class, 'other bulk premises'. Information on the derivation of bulk classes is also available in the annexes of <i>Commercial and Industrial Floorspace and Rateable Value Statistics 2005</i> here.</p> | |

For the first three months that a property has been vacant it receives 100 per cent relief regardless of its bulk class, and after that retail premises and office premises receive 50 per cent relief, while factories and warehouses continue to receive 100 per cent relief. We cannot be sure how much relief the non-bulk and other bulk premises receive so we assume that they are in the same proportions as the bulk classes.

DCLG calculates the vacancy rates by analysing the value of the relief each year and the make up of the commercial and industrial property stock within each LA. Certain properties are exempt from paying business rates and are excluded from the calculations. These include churches and agricultural buildings, and until 2000, central government buildings (such as prisons and defence establishments).

The Local Government Finance directorate within DCLG collates data on empty and partially empty properties through the National Non-Domestic Returns 3 form sent out annually to each LA.

However, the NNDR3 returns only provide the *total* amount of relief given to each LA. This means that the returns will underestimate the total value of vacant property, since some of these properties will only be receiving 50 per cent relief (as explained above).

The methodology used attempts to adjust for this by estimating the total value of relief if all properties received 100 per cent relief, regardless of how long they had been vacant. The key assumptions underlying the estimation process are as follows:

- Firstly, the amount of relief given to properties which are vacant for three months or less and therefore receive 100 per cent relief is estimated. Based on more detailed information provided by several LAs it is estimated that on average around 3 per cent of all commercial and industrial property in an LA is likely to be vacant for three months or less at any time. Therefore, 3 per cent of the total gross rates payable are taken to provide an estimate of the amount of relief that is going to properties vacant for three months or less.
- Once the amount of relief given to these 'short-term' vacant properties has been calculated, this is subtracted from the total relief - leaving the relief given to longer-term vacant properties (longer than three months). This 'residual relief' figure is then adjusted to take into account that retail premises and offices are only permitted 50 per cent relief, half what is allowed for factories and warehouses.
- Commercial and industrial floorspace and rateable value statistics released on the Neighbourhood Statistics Service [website](#) in February 2006 contain information on the distribution of total rateable value in each bulk class for each LA. Using this information it is possible to estimate how much of the 'residual relief' is likely to be from each bulk class. This is achieved by assuming that the proportion of rateable value that relates to vacant properties will be the same within each bulk class. This is a reasonable assumption since the aim is to produce a single figure for the LA as a whole. The relief given to retail premises and offices is then multiplied by two, to provide an estimate of the true value of vacant properties.
- Finally, the estimates of relief for short-term vacant properties, long-term vacant retail premises and offices, and long-term vacant warehouses and factories are added together to give a total estimate of the value of properties vacant in each LA. The estimate of the vacancy rate is calculated by taking this total relief estimate as a percentage of the total business rates paid by the LA.

Concepts and Definitions

Vacancy rate

The proportion of commercial and industrial properties within the LA boundary that are vacant.

Business rates

Businesses and other occupiers of non-domestic properties pay Non-Domestic Rates (also known as business rates) to directly contribute towards the costs of LA services.

Relief

Some properties are exempt from paying part or the entire business rate. The amount they receive back is called the relief, and vacant properties qualify for at least 50 per cent relief. The table below shows the proportion of relief given to different commercial and industrial property types ('bulk classes'), depending on how long they have been vacant.

| Bulk Class | Duration of Vacancy | |
|-----------------------------|----------------------|------------------------|
| | Three months or less | More than three months |
| Retail premises and offices | 100 per cent relief | 50 per cent relief |
| Factories and warehouses | 100 per cent relief | 100 per cent relief |

National Non-Domestic Rates 3 (NNDR3) return

Every LA provides DCLG with annual data detailing the amount of money paid back to properties which qualify for any relief. These amounts are disaggregated by the reason for the LA giving relief. One of these reasons is that the property has been vacant at some point during the year.

Data Classifications

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| Standard Classifications used (if any): | Not Applicable. |
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| Further Details about Classifications: | Not Applicable. |
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Edit and Imputation Procedures Not Applicable.

Validation and Quality Assurance

The NNDR3 return forms are validated within Local Government Finance in DCLG. Any significant year-on-year changes in any of the figures supplied will be questioned with the LA.

Checks are also made with the final vacancy rate data calculated using these returns. Again, any significant year-on-year changes in vacancy rates are queried with the relevant LA.

Geographic Referencing

At present, data are presented for each local authority. This is the smallest geographic level that the information can be presented at as statistics are calculated from financial information at LA level (from the NNDR3 returns).

The forms are sent out to each LA, and the data collected cover this LA boundary. There is no potential for misallocation, since the LA name is captured at the point of collection.

The LA boundaries used correspond to those in place at the time of data collection. However, because there have been no significant boundary changes during the period covered, data can be presented on 2003 fixed LA boundaries.

| Data Quality | |
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| Relevance: | The data are used as an indicator for local authorities to measure levels of business activity in their area, and also monitor the potential for new development |
| Accuracy: | <p>There will inevitably be differences between estimated and actual vacancy, particularly at local level when the global assumptions used in the adjustment process do not hold. The greatest differences are likely to occur in those LAs that have vacancy spread unevenly between the bulk classes or where the 3 per cent assumption of short-term vacancy is less accurate.</p> <p>DCLG is researching possible improvement in estimating the number, size and duration of vacant properties. The aim is to refine the estimation process by linking LA data on vacancy episodes to hereditament and floorspace information obtained from the Valuation Office Agency (VOA) at property level.</p> <p>This will enable the calculation of vacancy rates for smaller areas or clusters, and will change the basis from financial to property-based information. This will also allow data to be disaggregated by different types of commercial and industrial property, such as the bulk classes, and also by the duration of the vacancy.</p> |
| Timeliness and Punctuality: | The data covers the financial year 2004/05. Annual updates are expected. |
| Accessibility and Clarity: | The data and an accompanying publication can also be accessed on the DCLG website |
| Comparability: | The same methodology has been in place for calculating Vacancy Rates from 1998/99 through to 2004/05, so year-on-year comparisons can be made. |
| Coherence: | DCLG is carrying out work to improve the data available on vacant properties by linking it to VOA hereditament information (see 'Data Quality - Accuracy' section). |
| Disclosure Control | |
| The Office for National Statistics carries out a number of checks to safeguard confidentiality. In accordance with standard procedures this dataset has been reviewed and approved for release. | |
| Sources for Further Information or Advice | |
| <p>Further information on this dataset is available from:</p> <p>Robert Hartley Department for Communities and Local Government (DCLG) Telephone Number: 020 7944 4400 (extension 17752) Email: Robert.Hartley@communities.gsi.gov.uk</p> | |