

16 January 2020

Rt Hon Andrea Leadsom MP
Secretary of State for Business, Energy and Industrial Strategy
Department for Business, Energy & Industrial Strategy
1 Victoria Street
London
SW1H 0ET
United Kingdom

Dear Ms Leadsom,

Re: Business rates for estate and letting agents

We are writing to you in relation to the business rates estate agents and letting agents are subject to.

Property agents have long been a bedrock of the local high street. However, despite many estate and letting agents being small businesses occupying high street premises, they are considered to be 'offices' as opposed to 'retail' businesses and are ineligible for the existing and proposed business rates cuts.

Over the last five years agents in both sales and lettings have incurred increased costs due to ever increasing legislation and regulation; examples include the tenant fees ban and costs for estate agents associated with event fees, referral fees, consumer protection regulations and others. These remain in addition to taxes.

The increased costs associated with operating in the sector, coupled with liability for business rates that others on the high street are not subject to, are forcing agents to close their public facing high street agencies. One of our members has told us that the amount they pay in business rates is greater than the annual profit made in a year. In 2019 over 51,000 people were self-employed or employed as an estate agent or auctioneer in the UK. However, this is a decrease of 3,000 from 2017 and predictions are that this decline is set to continue.

As is the case for high street retailers, the increase in costs faced by high street agents is compounded by the rise of online agents. Those online agencies face lower costs, squeezing agents with a physical presence on the high street out of the market.

Should estate and letting agents continue to leave the high street, not only will communities be faced with more empty premises and lack of services, but tenants in particular who rely on agents to manage their properties will lose vital relationships. Furthermore, the opportunity for face to face contact facilitates agents in making robust judgments around suspicious activity for the purposes of the money laundering regulations.

Propertymark support the Government's commitment to professionalising the property sector. We have long called for reform and regulation in order to ensure that tenants and homeowners receive the quality service that they deserve. However, this too will come with further costs for agents through training, qualifications and regulation. With this further increase in costs it is understandable that agents in smaller businesses are finding it harder to make ends meet.

The December 2019 Election Manifesto from the Conservative Party committed to investing in towns and communities. The new deal for towns would create “thriving high streets” through cutting taxes for small retail businesses.

In the Queen’s Speech in December 2019 the Government restated its commitment to support business by bringing forward changes to business rates. Measures highlighted included increasing the retail discount from one-third to 50 per cent, and extending the retail discount to cinemas, music venues, and introducing an additional discount for pubs.

Propertymark urge the Government to extend the small business retail discount to include estate and letting agents in order to retain and promote growth not only of the sector, but the local high street, in turn improving the experience for homeowners and tenants.

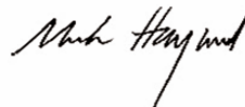
Many of our members have expressed concern about this issue and we would be grateful for a response that we can pass on. To this end we would very much like to meet with you to discuss this matter further.

We look forward to hearing from you.

Yours sincerely,



David Cox
Chief Executive, ARLA Propertymark



Mark Hayward
Chief Executive, NAEA Propertymark