2026 RATING REVALUATION IMPACT

Introduction

Business rates remain a significant property cost for both occupiers and investors. Labour came into Government promising to “replace the business rates system, so we can raise the same revenue but in a fairer way” in England.

The reality has proved somewhat different once the new Government fully understood the difficulty of replacing the annual £30 billion revenue with an alternative.

However, the Government is introducing various changes from April 2026 to address perceived unfairness within England. Similarly in Wales, the Government has recently consulted on proposed changes to assist ratepayers thought to be disadvantaged by the existing rates system.

Following the 2026 Rating Revaluation, new rateable values will be effective from 1 April 2026 throughout the United Kingdom.

Within this paper, we examine:

- The potential rateable values changes
- What this means for ratepayers’ future liabilities
- Who will be impacted by the changes announced by the Government

Key points

- Total rateable value to increase across England, Scotland and Wales
- The Industry & Logistics sector will have the highest increases of rateable value and liability
- Retail will have a double benefit - lower rateable values and discounted multipliers in England and Wales
- Multipliers will fall for 2026 /27 to reflect higher rateable values even after adjustment for 4% inflation
- With 11 different multipliers proposed across England, Scotland and Wales, business rates will get even more complex
- New Retail Hospitality Leisure multipliers in England will cost £2.17 billion
- The office sector, with an additional £537million annual liability, will be the most impacted by the new High Multiplier funding the Retail Hospitality Leisure discounts

Purpose of Revaluations

The purpose of a revaluation is not to raise additional revenue but rather re-apportion the tax liability according to how rental values change.

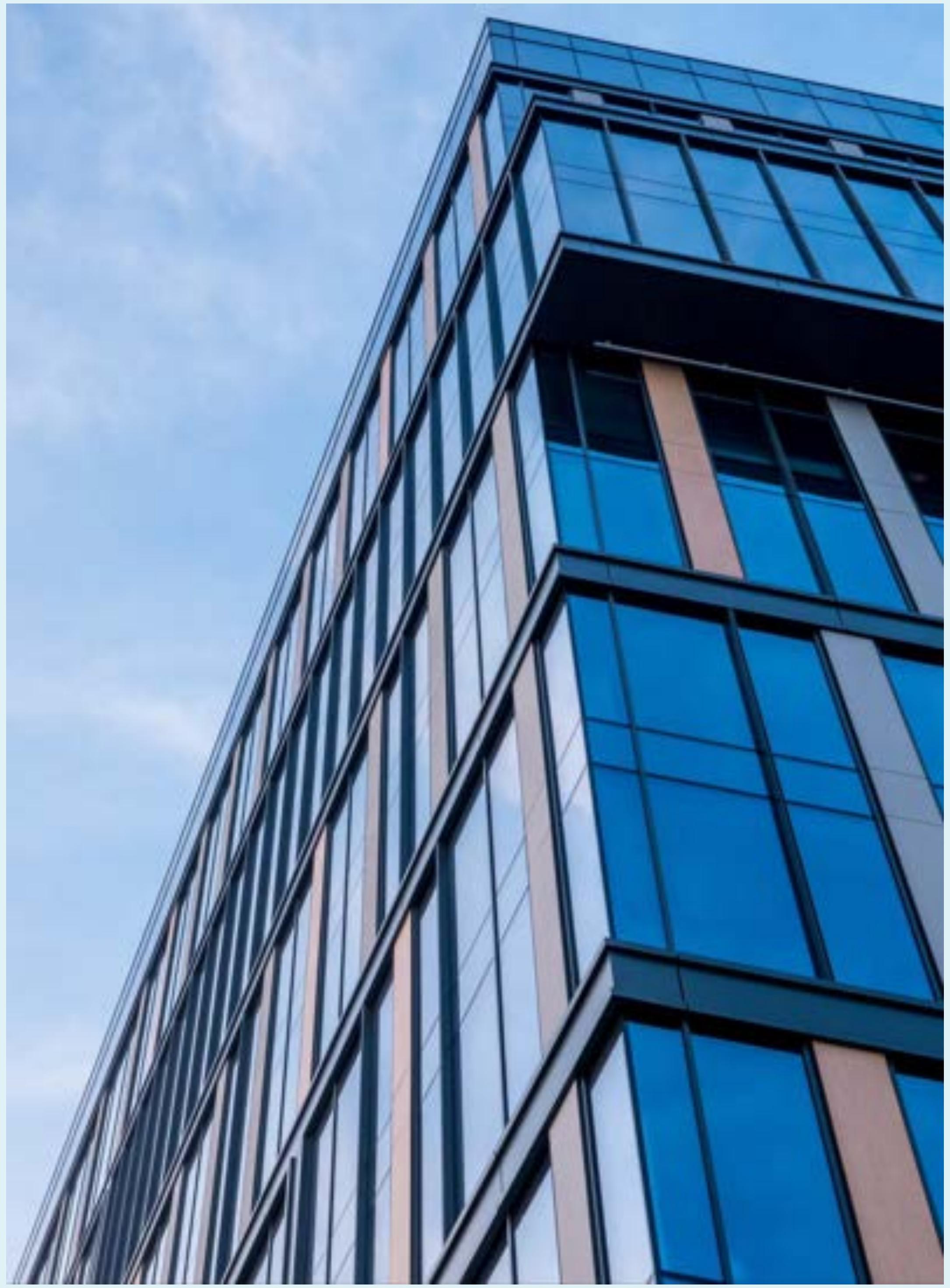
Consequently, the multiplier applied to rateable values to determine liability is rebased at each revaluation according to how the total rateable value across 2.2 million properties changes. So if the total rateable value increases by 5%, the multiplier falls by the same percentage before being adjusted for inflation to ensure the same revenue in real terms.

This revenue certainty is highly attractive for government especially given it is also inflation-proof as the multipliers can increase annually in line with inflation.

Key Dates

1 April 2024	Antecedent valuation date (England and Wales)
1 April 2025	Tone date (Scotland)
22 October 2025	September CPI announced
November 2025	Draft 2026 Rateable Values published
26 November 2025	2025 Autumn Budget – multipliers and transition scheme confirmed (England)
January 2026	Scottish and Welsh Budgets – multipliers and transition confirmed
February / March 2026	Local billing authorities issue new 2026/27 rate bills
1 April 2026	New 2026 Rateable Values and 2026/27 liabilities commence

2026 Rateable Values



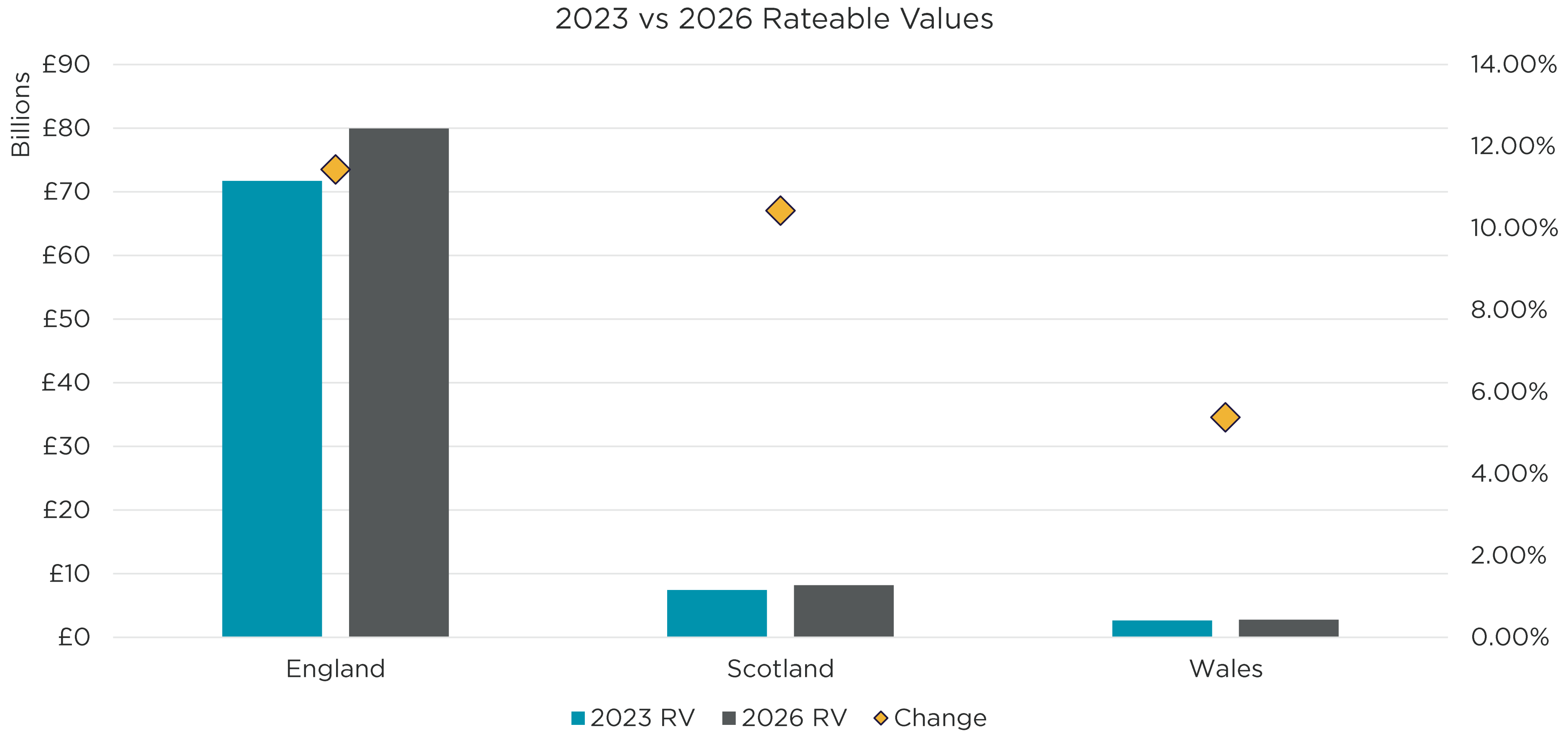
2026 Rateable Values in England and Wales will be based on annual rental values on the Antecedent Valuation Date (AVD) of 1 April 2024. Meanwhile in Scotland the new rateable values will be based on rental values on the Tone Date of 1 April 2025.

The current 2023 Rateable Values are equivalent to rental values on 1 April 2021 (England and Wales) and 1 April 2022 (Scotland).

The time lag between AVD / Tone Date and revaluations is to allow the Valuation Office Agency and Assessors time to collate and analyse rental evidence before completing their rating valuations.

Consequently, rents paid by occupiers drive rateable value change. The Government views shifting rental values as a proxy of ability to pay or affordability for ratepayers.

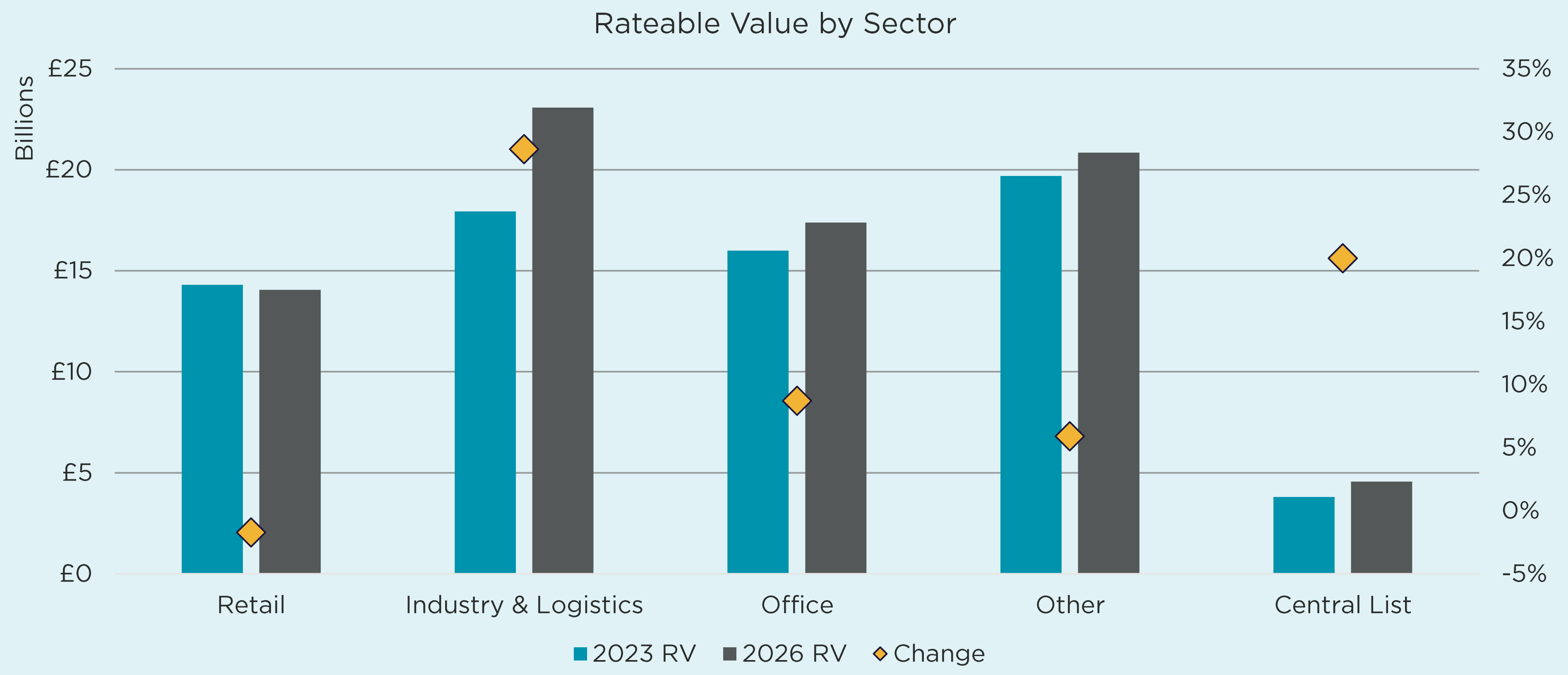
Our research suggests total rateable value in England will increase by 11.44% to £79.9 billion. In Scotland the overall increase will be less at 10.45% to £8.2 billion and in Wales 5.38% to £2.8 billion.



England

Rateable value change varies significantly across sectors. Within England, Industry & Logistics will have the largest rateable value increase at 28.64% whereas Retail's total rateable value will fall by 1.73%.

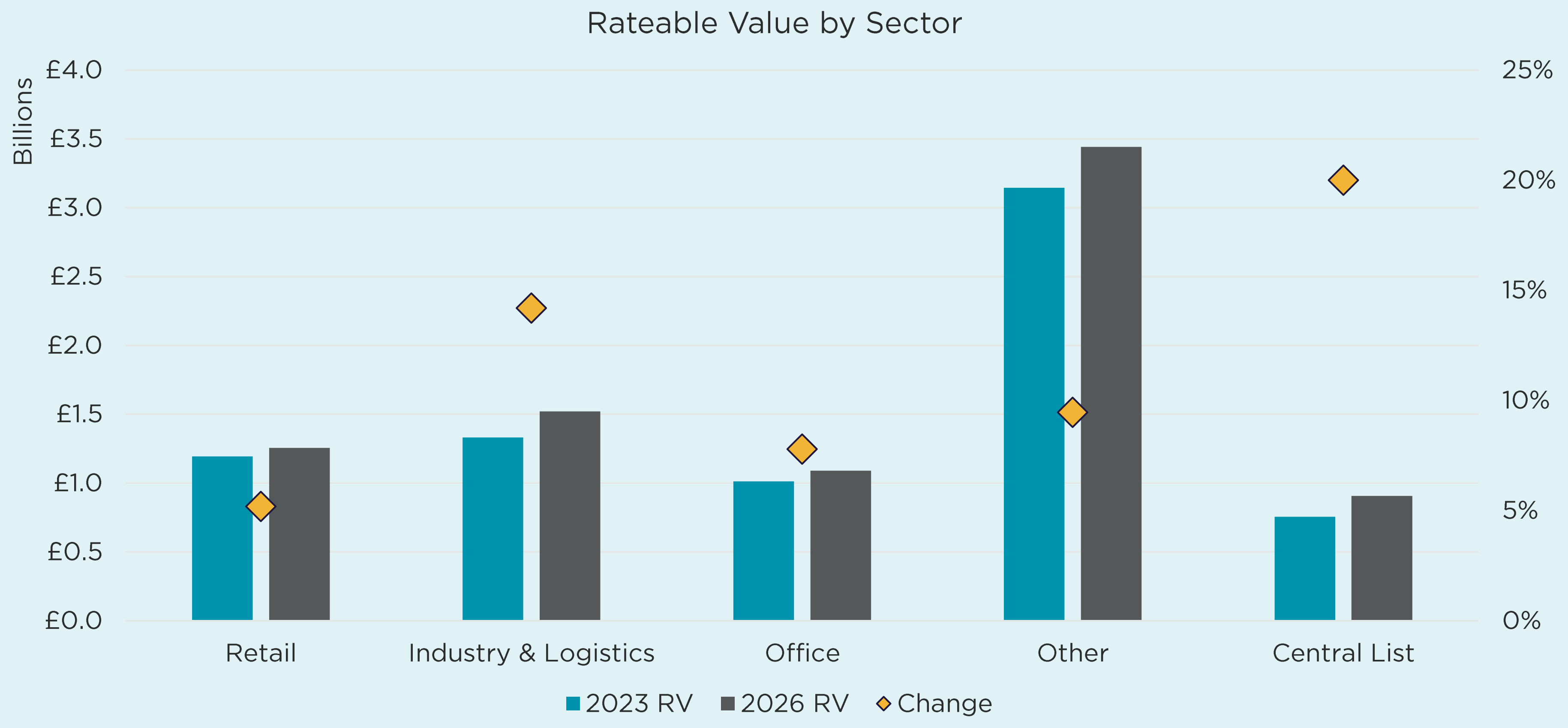
These % change figures are overall. Individual rateable value changes will vary significantly according to property quality.



Scotland

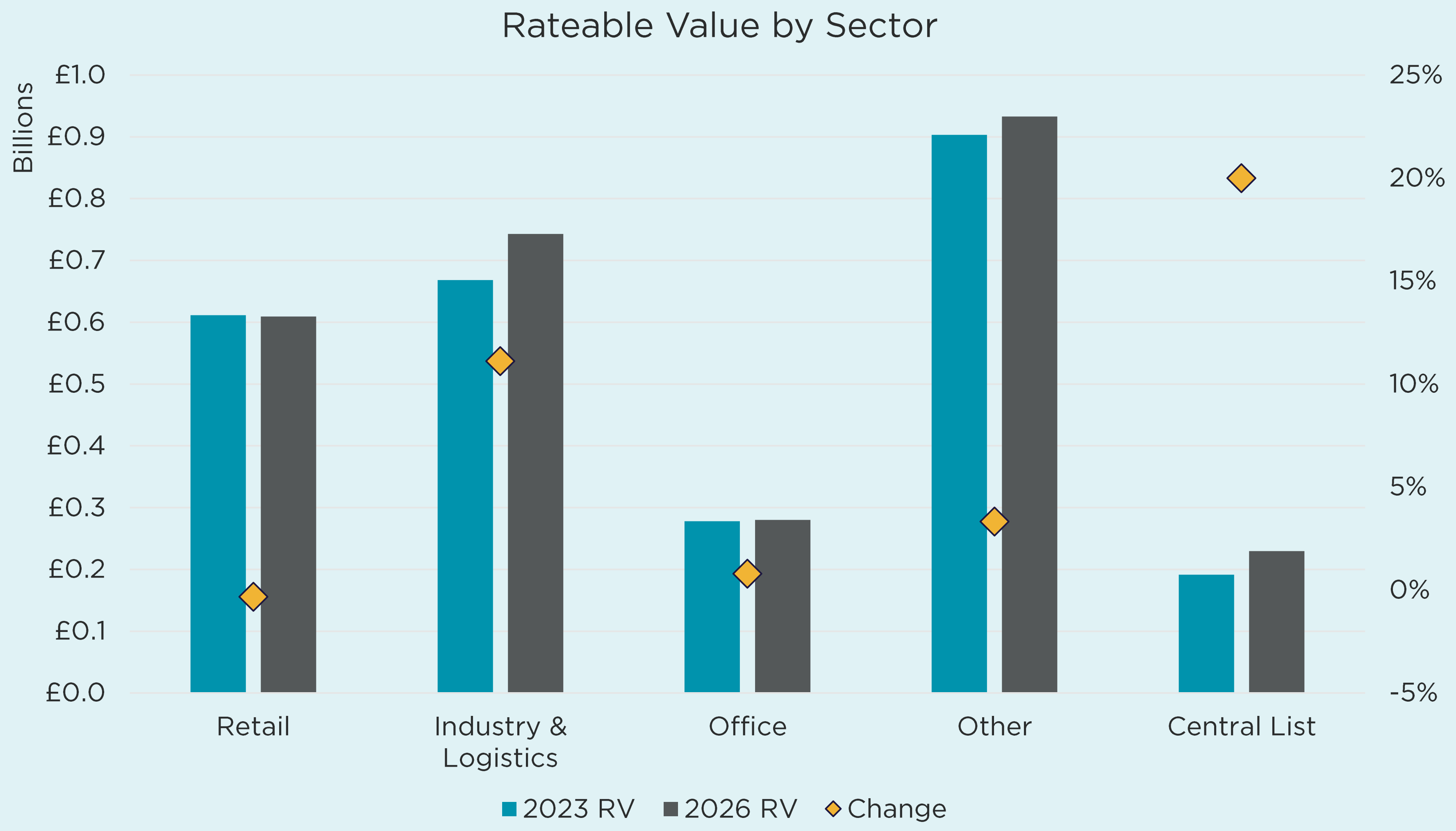
The sector rateable value changes are not as extreme as in England clustering more closely around the overall 10.43% increase. This is explained by lower rental growth between April 2022 and April 2025.

Central Roll will have the highest growth at 20.00% driven by inflation impacting building replacement costs and strong revenue recovery post COVID impacting Revenue & Expenditure valuations. Retail again has the lowest growth at 5.20%.



Wales

Rateable value changes in Wales mirror Scotland and England with highest increases for the Central List (20.00%) and Industry & Logistics (11.12%) and lowest within Retail, a 0.33% fall.



Multipliers

An increase in rateable value does not automatically mean that a ratepayer's liability will also increase. Notional liability is determined by multiplying the rateable value with the applicable multiplier.

Within Greater London a Crossrail supplement is applied to properties whose rateable value is above the current threshold of £75,000 and in the City of London an additional supplement is applicable.

England

The 2025/26 Standard and Small Business Multipliers are 55.5 and 49.9 pence respectively.

The Bank of England has forecast September 2025 CPI at 4%. Consequently, if the total rateable value in England increases by 11.44%, we predict the 2026/27 Standard and Small Business Multipliers will be rebased to 51.1 and 46.0 pence respectively.

New Multipliers to be introduced

The Government has committed to addressing perceived unfairness within the business rates system and protect the high street from further decline by introducing discounted multipliers for qualifying Retail Hospitality and Leisure (RHL) ratepayers from 1 April 2026. These discounted multipliers will replace the existing RHL relief.

Legislation limits the RHL multiplier discount to a maximum 20.0 pence below the Small Business Multiplier and will be applicable within two rateable value bands – those below £51,000 and those between £51,000 and £499,999. To fund these discounts and ensure the same total rates revenue is raised, a new High Multiplier will be applicable to all rateable values of £500,000 or higher. Legislation caps the High Multiplier at no more than 10.0 pence above the Standard Multiplier.

We have modelled the potential multiplier discounts and premium given the collar limits. If a 15.0 pence discount is applied to RHL properties whose rateable value is below £51,000 and 10.0 pence discount for those where the rateable value is between £51,000 and £499,999, the total discount will amount to £2.17 billion. This means 6.7 pence will need to be added to the Standard Multiplier and applied to all rateable values of £500,000 and above to raise the £2.17 billion revenue shortfall.

The introduction of three new additional multipliers will add complexity to business rates system already viewed as impenetrable by most ratepayers.

Multiplier	Rateable Value Band	2026/27
RHL Multiplier	Below £51,000	31.0 pence
RHL Multiplier	£51,000 - £499,999	41.1 pence
Small Business Multiplier	Below £51,000	46.0 pence
Standard Multiplier	£51,000 - £499,999	51.1 pence
High Multiplier	£500,000 and higher	57.8 pence

Who pays for the RHL discounts?

The additional £2.17 billion revenue will have to be generated from circa 20,000 properties whose rateable value will be £500,000 and above.

The office sector will be hit hardest by this additional tax burden. 5,300 offices will have rateable values over the £500,000 threshold and pay an additional £537 million per annum. Industry will have almost 3,800 properties paying £267 million and logistics 2,000 properties paying £260 million.

The retail sector will have 3,000 properties paying £233 million, which includes 1,800 food stores paying £145 million. There has been speculation that the Government is considering exempting retail from the High Multiplier due to the potential impact on inflation. If retail was exempted, then the burden of the additional liability caused by the High Multiplier will be shared amongst a smaller number of ratepayers.

Perhaps more contentious are healthcare including NHS hospitals (400 properties paying £69 million) and the education sector (2,200 properties paying £152 million).

Scotland

The total rateable value will increase by 10.43% which means the rebased 2026/27 multipliers will fall even following adjustment for inflation.

Multiplier	Rateable Value Band	2025/26	2026/27
Small Multiplier	Below £51,000	49.8 pence	46.4 pence
Intermediate Multiplier	£51,001 - £100,000	55.4 pence	51.6 pence
Large Multiplier	Above £100,000	56.8 pence	52.9 pence

There is a political dimension to the likely future multipliers. The Scottish Budget always follows the UK Budget and the Scottish Government tends to ensure that the Intermediate Multiplier is below the Standard Multiplier in England. If the Scottish Government continue with this policy, then the Intermediate Multiplier could be lowered further to 51.0 pence.

Wales

The total rateable value in Wales will increase by a smaller 5.38%.

The currently 2025/26 multiplier is 56.8 pence. Once rebased to reflect the change in rateable value and adjusted for 4% inflation the new 2026/27 multiplier will be 55.9 pence.

The Welsh Government has recently concluded a consultation on introducing a Retail only discounted multiplier from 1 April 2026.

The new discounted Retail Multiplier will be applicable to rateable values below £51,000. To offset the discount, a new High Multiplier will be applied to all rateable values over £100,000. However certain property types (e.g. schools, hospitals, health centres, libraries, leisure centres, etc.) will be exempted from the High Multiplier.

We have modelled the likely rates discount and the corresponding additional revenue required from rateable values over £100,000. A 15.0 pence Retail discount will mean 2.6 pence premium will need to be applied to rateable values over £100,000.

Multipliers	Rateable Value Band	2026/27
Retail Multiplier	Below £51,000	40.9 pence
Standard Multiplier	Up to £100,000 & exempted properties over £100,000	55.9 pence
High Multiplier	Above £100,000	58.5 pence

Transition

Ratepayers that experience very high rateable value increases are protected by transition schemes. These schemes shield the ratepayers from the entire and unaffordable liability increase in a single year and instead phase in the increase over a number of years.

Transition schemes will be confirmed at the various Budgets.

Previously transition was revenue neutral so any loss of revenue due to the phasing in of increases was paid for by ratepayers whose falling liabilities were also delayed (known as downwards transition). Downwards transition was previously scrapped, and we do not anticipate it being reintroduced.

Liability Impact

When analysing the liability impact across Office, Industry & Logistics and Retail sectors, we have used achievable prime rents excluding exceptional outliers. Consequently the 2026/27 liability changes below are higher than sector averages.

Offices - London

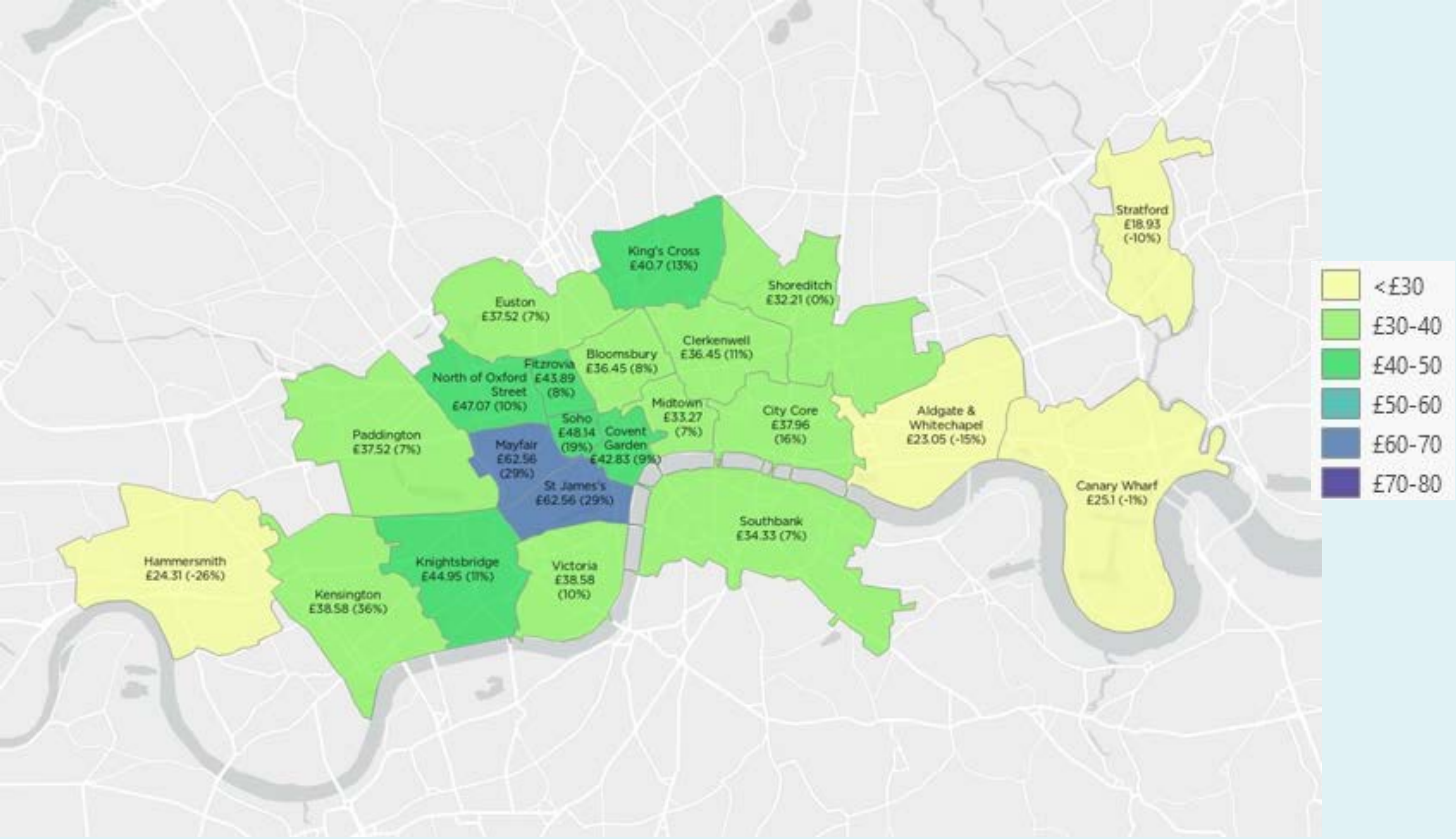
The lower Standard Multiplier offsets some of the rateable value increases for those ratepayers whose rateable value is below £500,000.

Where the High Multiplier applies, rate liabilities will increase in all districts except Hammersmith (16.71% fall), Aldgate & Whitechapel (4.53% fall) and Docklands (1.10% fall).

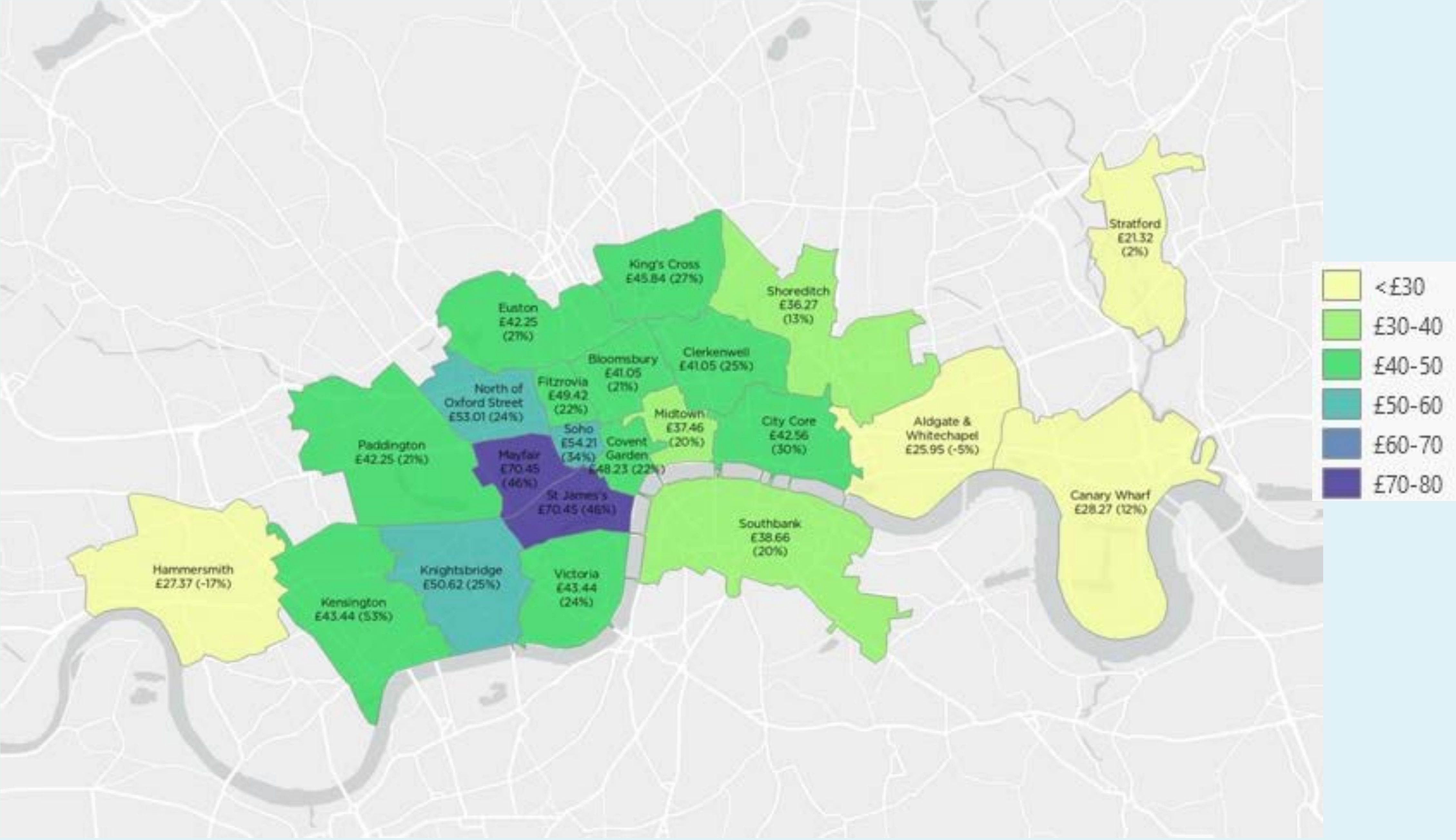
The highest liability increases for office rateable values over £500,000 will be in Kensington at 53.50% and Mayfair, St James's and West End which will all see an increase of 45.71%.

See the following pages for further visuals on the London Office RV changes.

2026/27 liability for office RV's below £500k (% change from 2025/26 rates liability)



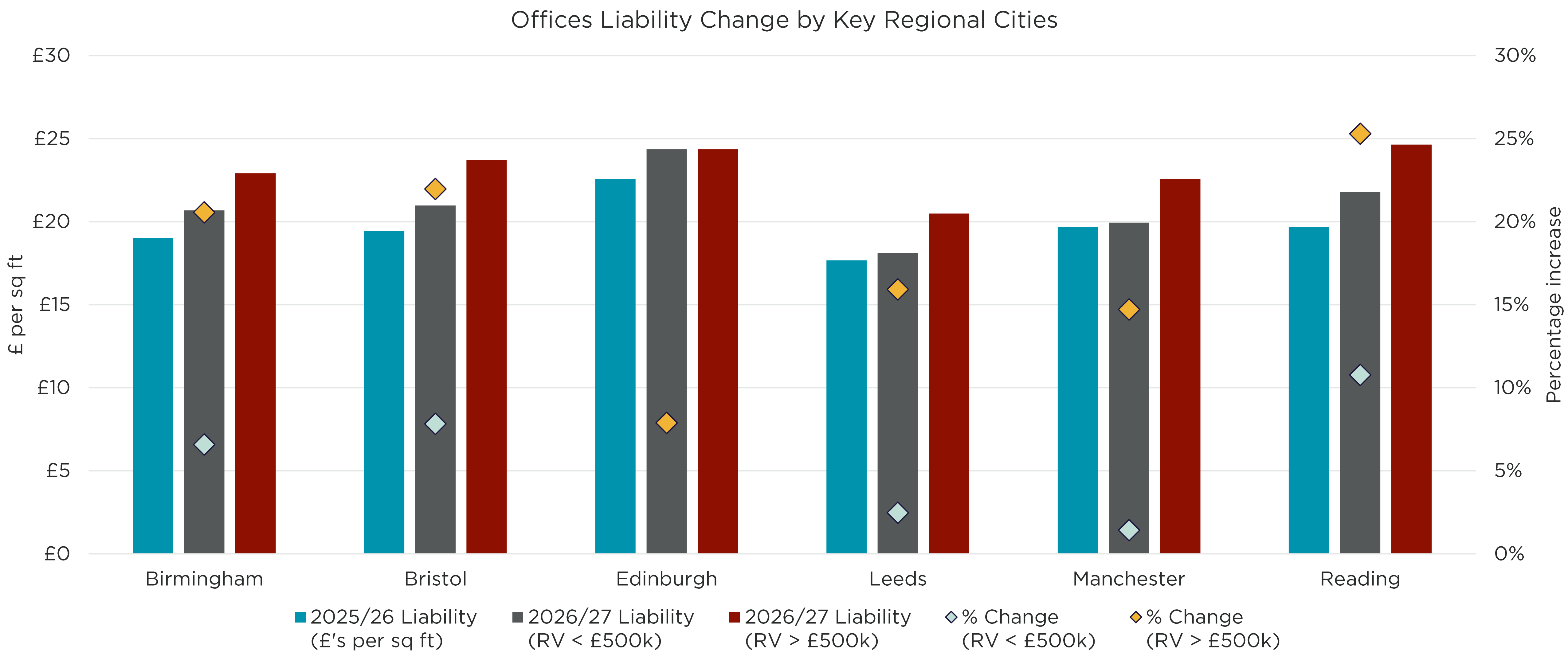
2026/27 liability for office RV's over £500k (% change from 2025/26 rates liability)



Offices: Regions

Liability changes for offices whose 2026 Rateable Value is below £500,000, are relatively modest, with increases in rateable value partially offset with a lower Standard Multiplier. Within our sample, Leeds will have the lowest liability increase at 2.48% and Reading the highest at 10.77%.

The liability impact for offices whose rateable value is over £500,000 however is significant due to the impact of the new High Multiplier. Excluding Edinburgh, the lowest increase will be 14.72% (Manchester) rising to 25.3% (Reading), with both Birmingham and Bristol offices experiencing increases of more than 20%.



Industrial & Logistics

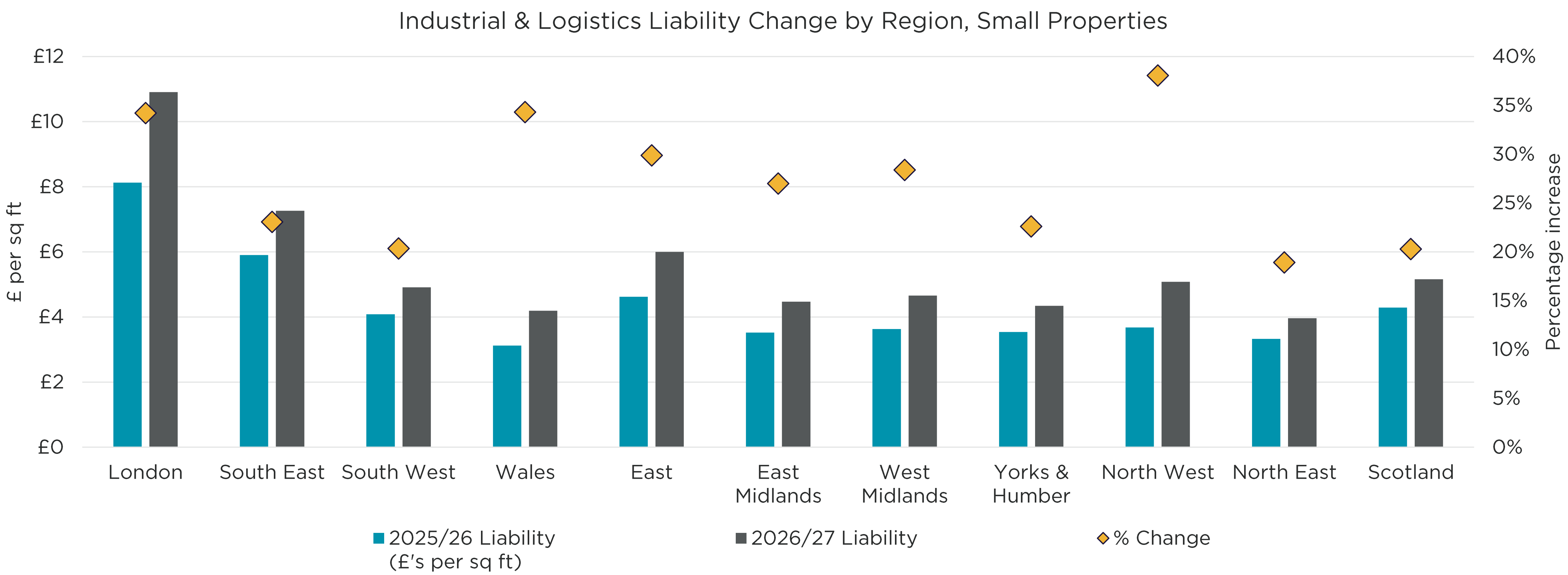
Industry & logistics is the sector most impacted with by far the largest overall increase of rateable value.

We have split our analysis of the Industry & Logistics Sector into small properties typically commanding rents below £100,000 per annum and larger facilities with rents above £100,000 per annum.

Small properties

Given this segment will not benefit from any multiplier discounts nor have the additional burden of High Multiplier, the significant increase in liability will be driven by rateable value increases.

The North West will have the highest liability increase at 38.04% followed by Wales (34.29%), London (34.19%) and East (29.87%). Even the lowest increase in the North East at 18.92% will be significant.



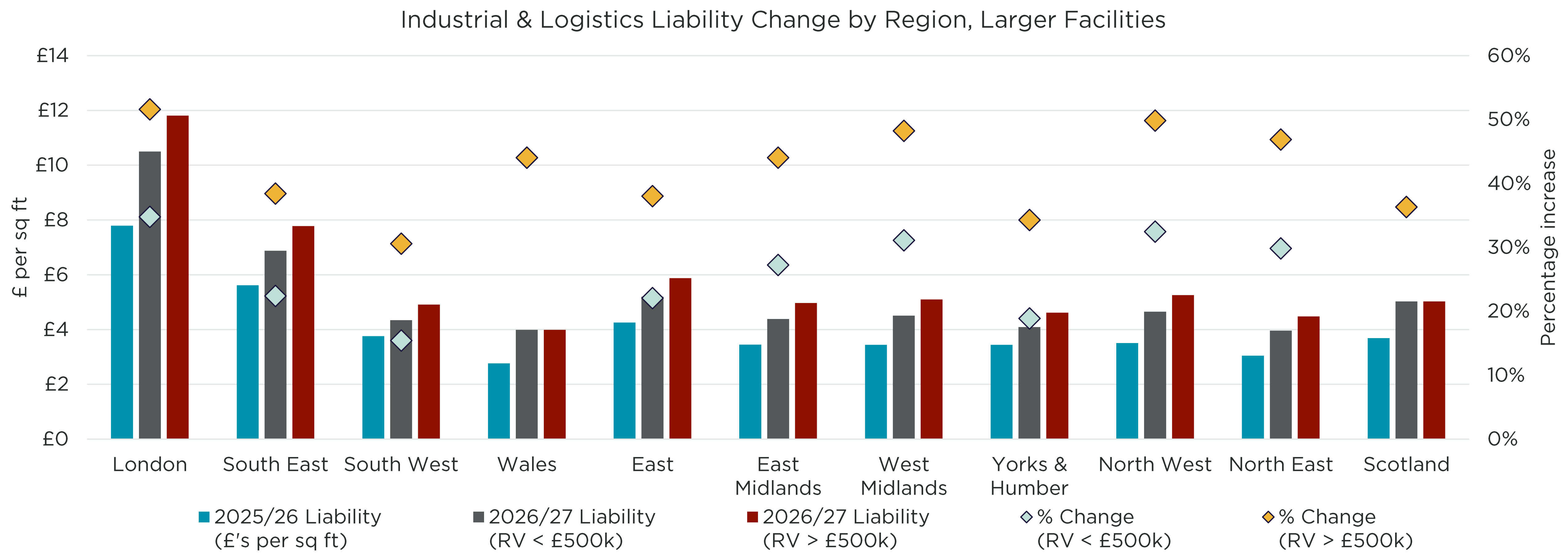
Larger Facilities

Industry & Logistics whose rateable value is over £500,000 will suffer a double hit. Rateable values will increase significantly which, combined with the High Multiplier, will lead to much higher liabilities.

The highest liability increase will be London (51.6%), North West (49.86%), North East (46.86%) and East Midlands (44.06%). At these levels of increase, transition may assist by phasing in the increases over the two years following the revaluation. Even the "lowest" increase in the South West will be 30.59%.

Properties subject to the Standard Multiplier in England will also see liabilities increase between 34.79% (London) and 15.43% (South West).

Meanwhile in Wales, rateable values over £100,000 will be subject to the new Welsh High Multiplier leading to a liability increase to 44.04%. Similarly in Scotland, rateable values over £100,000 will have the Scottish Large Multiplier applied leading to 36.31% liability increase.



Retail

We have used Zone A to compare rents across different locations and analyse likely rateable value changes. Similarly, the liabilities presented in the chart on the following page are Zone A liabilities rather than an average square footage cost.

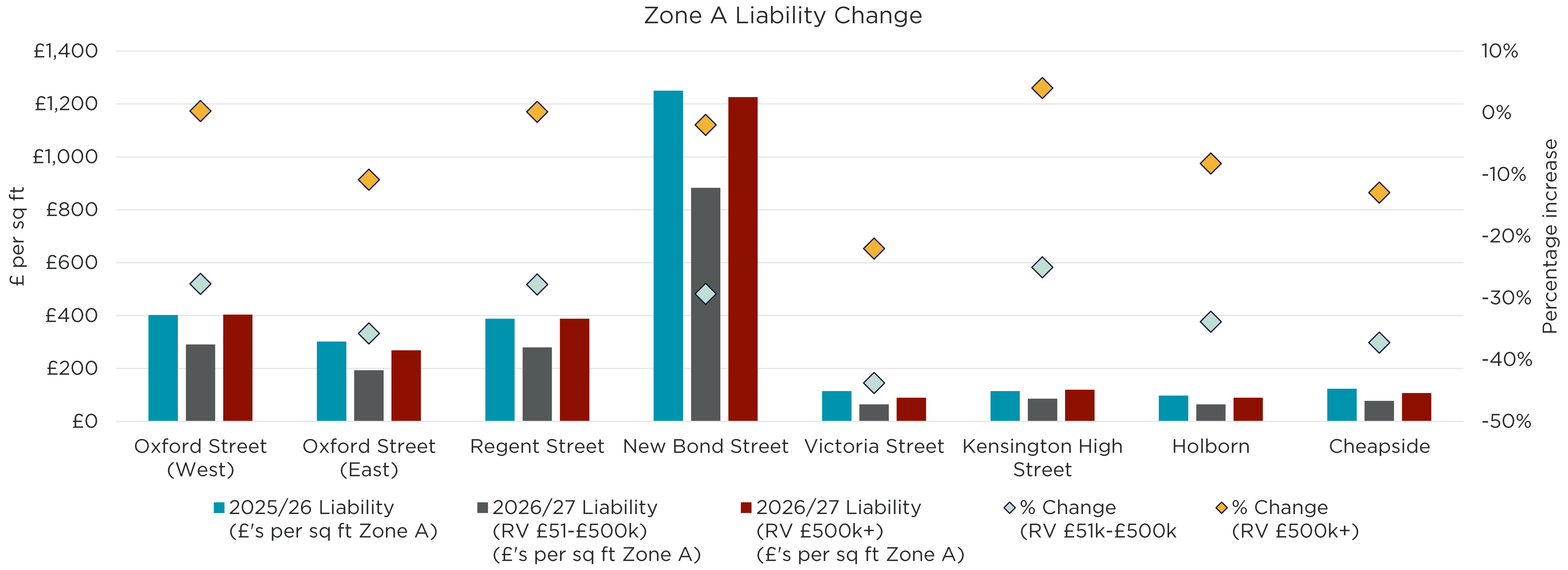
The combination of lower High Street Zone A's and discounted Retail Hospitality Leisure (RHL) Multiplier for rateable values below £500,000 means much of Retail will have a double benefit leading to significant liability falls in 2026/27.

London Retail

Zone A's fell between April 2021 and 2024 by as much as 25% (Victoria Street) but averaged a 10% fall across our sample locations. Combined with the discounted RHL Multiplier, Zone A liabilities will drop sharply at least for those rateable values below £500,000.

Victoria Street will see a 43.78% reduction, Cheapside 37.25%, Oxford Steet (East) 35.75% and Holborn 33.86%. The smallest falls will still be significant at 27.72% (Oxford Street West) and 27.82% (Regent Street).

Applying the High Multiplier for rateable values over £500,000 has little adverse impact, especially when compared to other sectors. The highest Zone A liability increase will be Kensington High Street at only 4.0% and Oxford Street (West) at 0.29% and Regent Street (0.15%). All other locations will see a fall of Zone A liability even with the High Multiplier applied.



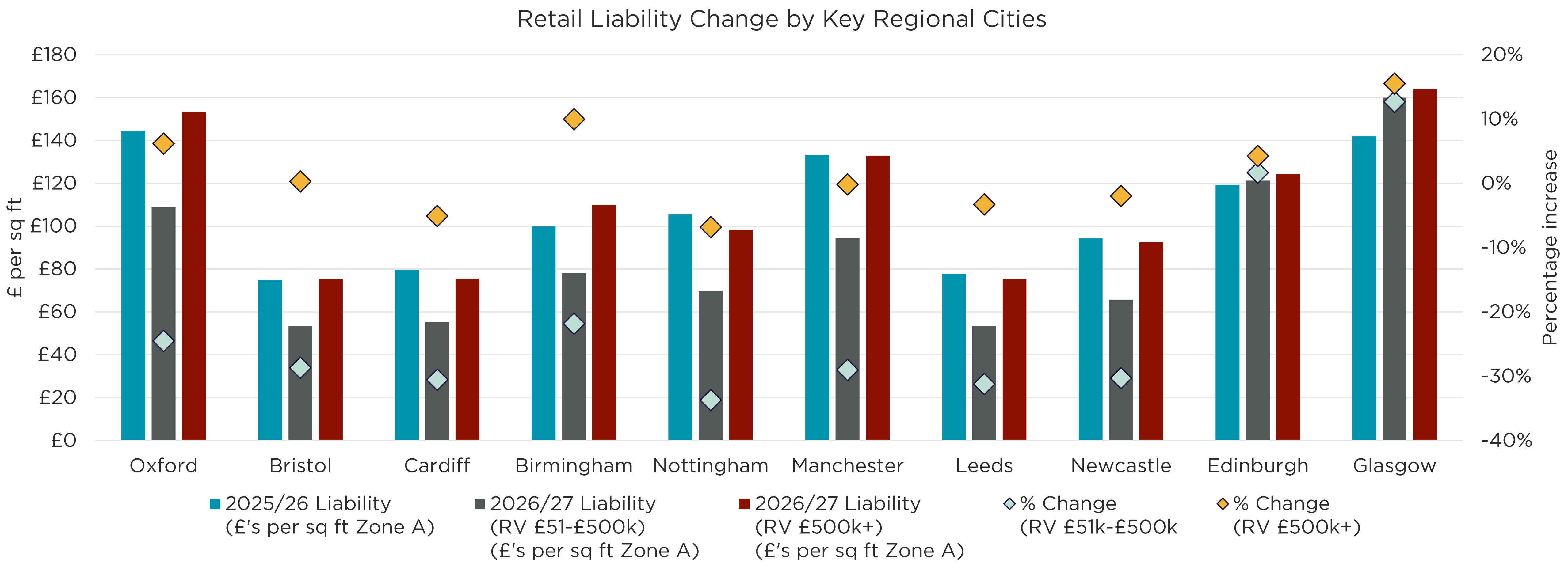
Retail Outside of London

The situation outside London mirrors that inside the capital.

Edinburgh and Glasgow are an exception and will have higher Zone A liabilities following the revaluation. With later Tone Dates, Zone A's increased between April 2022 and 2025, and there will be no multiplier discounts in Scotland.

Outside Scotland, the largest Zone A liability falls will be Nottingham (33.74%), Leeds (31.24%), Cardiff (30.56%) and Newcastle (30.3%) where rateable values are below £500,000.

Where the rateable value exceeds £500,000 and the High Multiplier applied, the Zone A liability changes are more mixed. Birmingham (9.93%), Oxford (6.15%) and Bristol (0.28%) will increase and all other locations fall.



Mitigating the Impact

The world of rating is increasingly complex, but opportunities to reduce rates cost exist. Proactivity is key to mitigating the impact of the 2026 Revaluation.

Early engagement of professional advisors to audit and potentially eliminate factual valuation errors once the draft 2026 Rateable Values are published in November could mean avoiding unnecessary excessive payments.

Otherwise, a detailed review of the new rateable values and challenge where excessive will be advisable coupled with the ongoing management of liability throughout revaluation cycle to reduce cost.

Contact one of our rating experts to understand the implications of the revaluation on your properties in more detail.

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