

Foreword

This work was produced for the Technical Panel meeting, June 2009.

We have not revisited the data but broadly speaking we would expect the costs to be constant or even slightly increased given the current economic conditions.

The data does not require to be revisited as the principles underpinning this data were agreed in June 2009. However, the original paper was withdrawn as the changes required Commission consent.

Assumptions

1. Estimated value of retail market = £350m
2. Number of properties in market = 140,000
3. Annual average charge (based on above) = £2,500
4. Average monthly charge (based on above) = £208

Methodology

The analysis uses three pieces of data alongside the financial information to make a broad estimate of charges being applied to vacant properties because of the '1 month' rule as follows:

1. The grand total shows the number of properties which became vacant during month one eg September
2. The number of properties from the above cohort which were not vacant a month later
3. The number of properties from the above cohort which were still vacant

The number of properties which were vacant for a month or more is then multiplied by the average monthly charge.

This is not an exact science and of course there are some caveats:

1. the average monthly charge used will not be exact for the cases used – possible over or under estimation
2. the number of properties / total market value may vary
3. the analysis does not take into account where properties are retrospectively made vacant / informed to LPs. For example a customer informs an LP they moved out over one month ago. Significant underestimation

Number which became vacant in Sept and position at 31 October	Number of Property References Still Vacant in October	Total	Wholesale Charge Impact
	Not on Vacant Report 31/10/08	2	
	31/10/2008	383	79,792
	Grand Total	385	

Number which became vacant in October and position at 1 Dec	Number of Property References Still Vacant in Nov	Total	Wholesale Charge Impact
	Not on Vacant Report 01/12/08	2	

01/12/2008	141	29,375
Grand Total	143	

Number which became vacant in November and position at 24 Dec	Number of Property References Still Vacant in Dec	Total	Wholesale Charge Impact
	Not on Vacant Report 24/12/08	6	
	24/12/2008	146	30,417
	Grand Total	152	

Number which became vacant in December and position at 19 Jan	Number of Property References Still Vacant in Jan	Total	Wholesale Charge Impact
	Not on Vacant Report 19/01/09	2	
	19/01/2009	78	16,250
	Grand Total	80	

Number which became vacant in January and position at 27 Feb	Number of Property References Still Vacant in Feb	Total	Wholesale Charge Impact
	Not on Vacant Report 27/02/09	7	
	27/02/2009	46	9,583
	Grand Total	53	

Number which became vacant in February and position at 31 Mar	Number of Property References Still Vacant in March	Total	Wholesale Charge Impact
	Not on Vacant Report 31/03/09	0	
	31/03/2009	160	33,333
	Grand Total	160	

Conclusion

The tables show examples for six different months. This shows the average charge associated with having to wait one month to inform of a vacancy is £33,000. While it is accepted that this will not be an exact value it provides an indication of the magnitude of this issue.

The nature of the market means that for the 'average' customer in this scenario it will take a number of months before the retail margins allow this wholesale charge to be repaid.