



# High Street Rental Auctions



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IPM Position Paper  
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“As part of the Levelling Up and Regeneration Bill, introduced to Parliament on 11 May 2022, the government is introducing High Street Rental Auctions, a new power for local authorities to require landlords to rent out persistently vacant commercial properties to new tenants, such as local businesses or community groups.”

<https://www.gov.uk/government/consultations/high-street-rental-auctions/high-street-rental-auctions>

Almost 14% of shops in the UK are empty. In the north, the average figure is higher, with nearly 1 in 5 stores in the north east lying vacant (18.2%)\*.

Government has recognised the impact of vacancy - as a symptom of slow growth that also lowers the confidence of communities and their investors. Despite the seeming availability of space on high streets, too often businesses and community groups find that letting a unit is extremely difficult. Those that manage towns and cities - and look to curate a vital and viable mix of shops and services - face the same challenge.

In this context, High Street Rental Auctions (HSRAs) have been welcomed by many as an additional tool to help return long empty and often visibly deteriorating units back into use. It has also been criticised by some, including landlords, and the policy does present challenges in how to define and implement its powers. As a professional body of place leaders and managers, IPM has a responsibility to reflect their perspectives and to draw on our collected experience in this field. This documents set out an initial view and we look forward to working further to add more data and perspectives from our membership and networks.

\*BRC-LDC Vacancy Monitor 2023: accessible via [brc.org.uk](https://www.brc.org.uk)



## Applicability of proposed powers

Government's focus on the challenges facing our high streets in general, and on vacancy in particular, is welcome. Although we understand the scale of vacancy in the UK, we lack data on its underlying causes and cannot describe a full national picture of the priorities and challenges of stakeholders involved. (See 'defining vacant', overleaf)

HSRAs can provide impetus to developing this greater understanding, but only if the policy is introduced as part of a wider strategy to tackle empty shops. Consulting with experienced practitioners in this field has led IPM to estimate that, even in places that are proactive on vacancy, HSRAs might be used against barriers to re-letting for only 1 or 2 in every 20 vacant units. There is a range of other ways to help tackle vacancy that could work before this step is needed.

## Local focus

HSRAs will put new power in the hands of local authorities but as an optional measure, there is a number of reasons why it may not be used.

IPM's experience is that not all local authorities are proactively working to tackle vacancy. There are many competing high street priorities, often tasked to a small number of economic development staff who cover many local centres. Practitioners lack the resources, capacity and skills to work in what can be a complex field. Often, this leads to a view that vacancy is intractable, and solely an "agents-landlords thing".

On a practical level, if councils are not working on a day-to-day basis on vacancy, they will have difficulty knowing when units reach the one-year vacant qualifying point for inclusion in the rental auctions process and in making informed decisions about what might be the best use types for each to deliver the best outcome.



## Defining 'vacant'

With the circumstances of local government in mind there are questions for policymakers. Much of the focus of conversation on vacancy has been about dealing with absentee landlords, but there are a range of scenarios not characterised solely by this dynamic.

For example, will HSRA powers encompass units that are unoccupied but have a previous tenant still paying the rent on an unexpired lease, or departed tenants still in the hands of administrators?

What will happen if the landlord of the vacant unit is a significant local organisation or even the local authority itself (as is the case with many vacant units around the country)? Will businesses, local groups or organisations be able to initiate the process if their local authority does not? Although HSRA is a foundation for action on vacancy, these scenarios illustrate how a well-researched and resourced local strategy is imperative.

## Risk to local mix

Another consideration for policy makers and those managing high streets is how the behaviour of landlords may change once legislation is in place, and how the powers interact with other aspects of the high streets eco system.

Knowing that a unit is headed towards the rental auction process, landlords have more incentive to take the first occupier available, even if the use doesn't add to the local mix or benefit the place. The business rates regime has a number of 'technical' routes by which the landlord can secure exemptions, for example classifying it as 'unfit to occupy', or for storage, or by using it to house antennae. A question remains as to whether these will be options to thwart the intentions of the HSRA powers.

# Partnering to reduce vacancy

The IPM has worked with its members across the UK to collect perspectives about high street vacancy and the complex challenges it presents. This work, which started in summer 2022, has uncovered some common approaches which have typically led to success in reducing chronic vacancy. Alongside the tactical activities which address supply of and demand for units are the important strategies for building local capability and intelligence required to address vacancy in a meaningful and sustained way.

## Local intelligence

To make any approach to vacancy both practicable and sustainable requires a proactive approach. By developing a register of vacancy data which includes more intelligence than standard land registry and companies house records, local teams can focus their efforts on specific activity - whether that be working with agents to promote an empty property, thinking about the broad commercial appeal of the street, or engaging with specific landlords. This doesn't have to be done by the local authority, it can be taken on by a place partnership, BID where there is one, local agents, civic society and others.

## Partnership approach

IPM understands the pressures that local authorities are under, often with only one or two staff members responsible for multiple district centres and high streets. [A strong and inclusive local partnership between stakeholders is therefore essential to tackling vacancy.](#)

Our experience shows that such a partnership approach, which sets out to use a menu of proven ways to overcome barriers to re-letting - including proactively identifying and connecting with potential occupiers that fit the place vision, initiating pop-up shops and meanwhile uses, and adopting grant-funding schemes to help with fit out costs - can reduce vacancy and improve the local mix. [Developing a commercial agent and landlord forum, or similar group, to engage landlords and agents to work within a place partnership](#) helps to support this approach. IPM expects that if place partnerships can be supported to form across the country, and are underpinned by new HSRA legislation that sets a strong tone for the expectations of not just landlords but all those working in the interests of a place, we will see the best results in tackling high street vacancy.

# Call to action:

## IPM Members and place stakeholders

The following are actions that IPM members and other place managers and leaders working on the high street vacancy issue can adopt in their places:

### 1. Register of vacancy

Ensure that there is an ongoing, updated register of high street vacancy. This doesn't have to be done by the local authority, it can be taken on by a place partnership, BID where there is one, local agents, civic society and others;

### 2. Develop agent and landlord forums

Develop a commercial agent and landlord forum or similar to engage landlords and agents to work within the place partnership and actively manage vacancy;

### 3. Align to a place vision

Use the place vision/plan or strategy to identify a pipeline of suitable tenants for vacant properties, that will strengthen the town's offer.



# Appendix - technical questions

The following is a detailed list of questions on specific elements of the HSRA proposals, submitted by our members and collated by the IPM policy team.

1, Is the intention as set out in the consultation note, simply, “to give local authorities the power to tackle vacancy rates” or will they be given a responsibility to engage on this issue with matching resources, funding to support delivery? If the former then, based on the current sense that a minority of local authorities are proactively working on vacancy, take up and thus impact might

2, Given the power to action this is with local authorities, what will happen if - as is increasingly the case in some places - the local authority itself is the landlord?

3, With the potential limitations of 1 & 2 above in mind, is there scope for other organisations e.g., BIDs, civic societies, community groups, agents to initiate the HSRA process?

4, The consultation says: “The use of High Street Rental Auctions ...is not intended to apply in the case of properties whose landlords are actively seeking to fill their premises – rather where vacancy rates are a significant issue and landlord cooperation is low.” How is “actively seeking” to be defined?

5, Will the government allow exceptions in one or more of these cases, where the unit appears empty but is not considered by the landlord as ‘available to let’?

a. The previous tenant went into administration or has left but is still paying rent on an unexpired lease, so the landlord is not in control, or

b. The unit, though unoccupied is under offer, at heads of terms or in refit, with a new tenant readying to open there. And if the answer is ‘yes’ to any of the above, what checks will the legislation contain to avoid landlords citing exceptions when they do not apply, simply to avoid the auction process?

6, Does heritage, conservation or ACV status affect the process – i.e., if there are no suitable bidders for a heritage or community building, does the property have to be let to an ‘unsuitable’ use?

# Appendix - technical questions (cont.)

7, Will the legislation have a way to overcome a potential issue with the involvement of unincorporated bodies that cannot enter into contracts so any liability is held personally by its members?

8, What happens to business rates while the landlord is not allowed to grant any lease, license?

9, What flexibility will there be in s163 leases if a permanent tenant wants the unit?

10, How can the government promote/support/facilitate and encourage business support to help start-ups/ meanwhile use/community groups have a chance of succeeding when these opportunities arise?

11, What are the Government's target outputs and outcomes for this policy?

12, Can a county council be the lead authority for instigating the HSRA process even in areas where there are district / borough / city councils?