

By email only



Rt Hon John Healey MP
HM Treasury
1 Horse Guards Road
London, SW1A 2HQ

26 October 2026

Dear Chancellor,

Budget 2026: Business Rates and Growth

I am writing on behalf of the London Property Alliance, which represents over 300 organisations investing and developing across the capital, comprising more than 4,000 property professionals, to express our concerns over reports that the Government is considering increasing business rates on higher-value commercial properties.

Economic growth can only be created when businesses have the confidence to invest, expand and employ people. While we support the Government's commitment to fiscal responsibility, **it is impossible to tax your way to economic growth**, particularly following the additional costs already placed on business in the 2024 autumn Budget.

A tax on business is ultimately a tax on jobs.

Businesses are already absorbing higher labour, energy and borrowing costs alongside increasing regulatory requirements. A further increase in occupation costs would reduce the resources available for investment and job creation. At a time when too many young people remain locked out of the labour market, the priority should be helping businesses create opportunities, not increasing the costs associated with growth. In London, the challenge is particularly acute, with the highest youth unemployment rate of any UK region and 24.6% of economically active 16 to 24-year-olds unemployed between November 2025 and January 2026. The additional costs introduced in the previous Budget have already made employers more cautious about recruitment. Further increasing the burden on business risks making it even harder for young people to take their first steps into work.

You have spoken about the need to create a more entrepreneurial, investment-led economy and to remove barriers to growth. Those objectives are difficult to reconcile with measures that increase costs for the very businesses that generate investment, employment and tax revenues. Growth comes from investment, productivity and expansion, not increasing the costs of doing business.

This matters across the UK, but it is particularly important in London, the UK's largest economic centre. The capital generates around £618 billion in economic output, accounts for 22.7% of UK GDP and made an estimated net fiscal contribution of £48.8 billion to the Exchequer in 2024/25.

The businesses most likely to be affected are not simply large occupiers. They include many of the major employers, investors and headquarters businesses that act as anchors for wider economic ecosystems. They provide customers, markets and investment opportunities for SMEs, start-ups and entrepreneurs, helping smaller businesses to grow alongside them. When large businesses invest and grow, the benefits ripple through the wider economy. When investment is discouraged, the reverse is also true.

Importantly, this is not simply about large multinational corporations. A business employing little more than 150 people can easily fall within the scope of these reported proposals. These are often exactly the businesses that the country should be encouraging to expand: dynamic, growing companies that have invested, created jobs and scaled over time.

The impact extends well beyond London. Research published by the City of London Corporation found that London-headquartered financial and professional services firms support around 370,000 jobs elsewhere in the UK. These businesses are deeply connected to supply chains, customers and communities across the country and help generate the revenues that fund public services nationwide.

Offices are not simply property assets. They are **critical economic infrastructure** where businesses innovate, collaborate and grow. Office-based sectors support approximately 2.8 million jobs across London and generate almost £290 billion in economic output each year. Every 100 office jobs support a further 40 jobs through supply chains and 18 on local high streets. Increasing costs for major employers therefore affects jobs and economic activity across entire business ecosystems.

We therefore urge HM Treasury not to introduce measures that would further increase the cost of doing business and instead focus on creating the conditions for investment, productivity and job creation. We would welcome the opportunity to discuss this in greater depth.

Yours sincerely,



Charles Begley

Chief Executive, London Property Alliance