

Submission No. 60 - Mr Arthur Lagos - received
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From: Arthur Lagos
To: [LA Committee - PA](#)
Cc: [Coe, Alistair](#)
Subject: Public Accounts Committee to look at rates for unit-titled residences
Date: Friday, 23 March 2018 3:48:10 PM

Dear Dr Lloyd,

As a unit owner, I represent The Owners Corporation (UP 2036) of a small commercial property complex The Phillip Market Place in Phillip ACT.

I appreciate this current enquiry is focused on the residential sector, however I wish to highlight to the committee that the commercial property sector has also been adversely affected by the substantial increase in land rates/land tax.

I am formally requesting the terms of the enquiry be expanded to also examine the commercial property sector.

By way of example, our complex has experienced land rates increases of:

1. 28% increase in 2016
2. 62% increase in 2017
3. 36% forecasted increase in 2018
4. 26% forecasted increase in 2019

These increases are simply not affordable or sustainable as commercial rents typically move up in line with CPI which is around 2%.

Also, retail trading is slow as consumer spending is falling due to cost of living pressures and these rates increases often cannot be passed onto the tenants.

These increases are forcing small business property owners to borrow funds just to pay statutory charges.

The land rates increases also has an adverse impact on property values as valuations are based on net property rents which are reducing as a result of these substantial increases.

This reduction in commercial property value has further negative implications on bank lending requirements which places further pressure on owners.

Our commercial complex is not alone on this matter and I have spoken to many other commercial property owners and they are experiencing similar challenges.

I hope that the committee can expand the terms of reference and I would be happy to make a more formal submission if allowed.

Kind regards,

Arthur Lagos

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