

Typical Rates of Capital Allowances on Commercial Property Transactions



The following tables illustrate the typical levels of plant and machinery allowances that may be available for a variety of property types in both new build and investment situations.

New build

Type of Property	Levels of P&M, as a Percentage of Build Cost	
	Low %	High %
Offices (non air-conditioned)	12	20
Offices (air-conditioned)	18	38
Hotels	28	48
Hospitals	28	52
Nursing Homes	22	40
Shopping Centres (covered mall)	18	40
Retail Parks	5	18
Industrial	3	12
Retail Fit-Out	40	85
Car Dealerships	18	28
Data/Call Centres	22	75

Second-hand investment property

Type of Property	Levels of P&M as a Percentage of Purchase Price*	
	Low %	High %
Offices (non air-conditioned)	10	18
Offices (air-conditioned)	15	38
Hotels	22	44
Hospitals	24	45
Nursing Homes	20	35
Shopping Centres (covered mall)	15	35
Retail Parks	3	13
Industrial	2	10
Car Dealerships	15	25
Data/Call Centres	20	65

*These figures assume that no restrictions will apply in terms of claims made by prior owners of the property

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The reasons for the variance between the low and high figures given for new build and second-hand investment property primarily relate to differences in possible specifications for any given property type, though also take into account HM Revenue and Customs' approach and willingness to allow the items claimed.

In addition, for second-hand investment property, the levels of allowance are affected by two important additional factors. Firstly, the proportion of the purchase price attributable to land and secondly whether or not plant and machinery allowances have been claimed by previous owners of the property. This point in particular could mean that investment properties are acquired with little or no allowances attaching them.