

Poor energy performance in residential buildings could compromise your investment value

ARE YOU ABLE TO ASSESS AND MANAGE THIS RISK?

EU's policy ambitions:

90%

cut in emissions from houses by **2050***

*compared to levels in 1990

The trend in Europe is towards more stringent energy performance requirements for both new and existing building stock.

The EU estimates only

10%

of dwellings meet modern energy efficiency (EE) standards

If 90% is not up to standard, the majority of stock will need refurbishment as most will still be in existence by 2050.

Poor performing buildings could be uneconomical to upgrade and in the long run, become 'stranded assets' - don't let this happen to your portfolio

A programme of planned improvements and maintenance could best ensure your assets do not suffer from discounted values.



STATISTICS

Statistics indicate that over time, value differential is beginning to develop. Brown discounts are more prevalent than green premiums.



EPC LABEL

In general, EPC labels are regarded as neither consistent nor reliably accurate measures of energy performance.



REGULATION

EU member governments are increasingly tightening regulations, ranging from minimum EE standards to soft policy incentives.



LENDERS

Leading lenders are beginning to consider energy factors as part of their decision making processes.



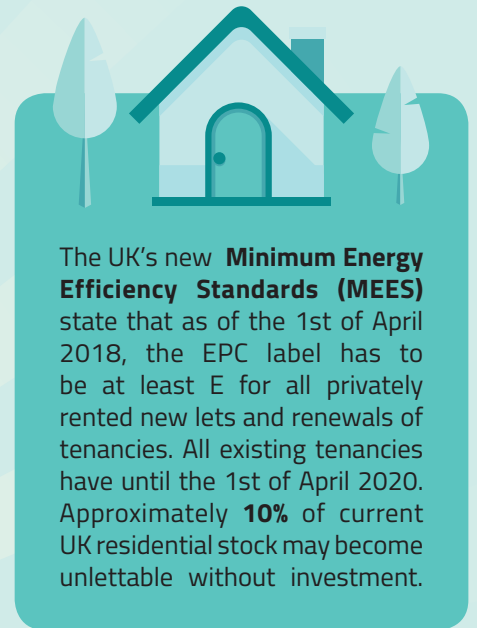
SOCIAL GOALS

EE stock may enhance the health and well-being of the tenants and help deliver social objectives.



RISK

Leading financiers and valuers believe that energy inefficient stock may be more at value risk than energy efficient stock.



The UK's new **Minimum Energy Efficiency Standards (MEES)** state that as of the 1st of April 2018, the EPC label has to be at least E for all privately rented new lets and renewals of tenancies. All existing tenancies have until the 1st of April 2020. Approximately **10%** of current UK residential stock may become unlettable without investment.



RECOMMENDATIONS FOR HOUSING PROVIDERS:

Ensure that you instruct your valuers to consider the value impacts of EE in their valuation reports.

Enhance the collection of energy performance data, in addition to the EPC, for improved decision-making.

Develop a long-term business strategy to optimise EE; this may enhance value and will ensure tenants' well-being, satisfaction and retention.

About REVALUE

REVALUE is a three-year project that aims to develop international guidance for property appraisers, incorporating the collection and easy analysis of relevant energy efficiency evidence. This will help valuers to reflect the value of energy efficiency in their valuations of social and private housing stock.

To know more about how sustainability can impact value go to:

www.revalue-project.eu