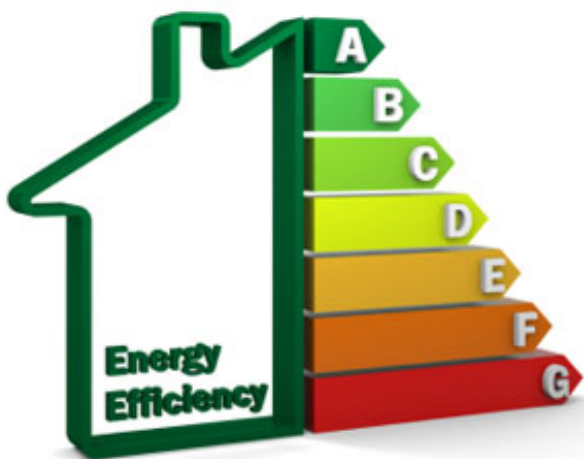


Turning the minimum
energy standards headache
into an opportunity



What are the **changes** to **EPC ratings** and **what does it mean** for landlords and owner investors?



The Energy Efficiency (Private Rented Property) (England & Wales) Regulations 2015, make it mandatory for commercial properties that do not reach a minimum energy efficiency standard (EPC Rating of F or G) to be brought up to a minimum EPC E Rating before they can be let from **April 2018**.

However buildings that score an E Rating in today's terms could be downgraded to an F Rating in the future, due to Building Regulations becoming progressively more stringent.

Statistics published by Department for Communities and Local Government in January 2016, indicate that for the twelve month period ending on 31st December 2015, 32% of Non Domestic properties were awarded a Rating of E, F or G.

This means that nearly one third of commercial properties could be un-lettable from April 2018.

What should you do now?

- 1 Given the risk to property owners and occupiers it is clear that a full understanding of the energy efficiency of your property assets should be attained. The starting point needs to be to have an accurate EPC Rating produced. Many early EPC ratings are primarily assumption based and have subsequently been found to be inaccurate.
- 2 Where an EPC rating is an F or G (or is at risk of becoming so) an Energy Efficiency Plan should be put in place to improve the energy efficiency of the property. This should include a cost benefit analysis of improving energy efficiency and weighing these against the uplift in market value and rents achieved.
- 3 Implement energy improvement works before April 2018. Some of the measures can be straightforward, e.g. upgrading to efficient lighting can have a huge impact on the EPC rating and marketability of your property.
- 4 Planning these upgrades in advance provides the opportunity to take advantage of void periods, lease breaks and/or be included as part of ongoing planned maintenance and plant renewal programmes.
- 5 Assess whether Green Deal finance could be utilised.
- 6 Lower energy costs by improving the internal efficiency and by having a more controllable environment.

How can Avison Young help?

- ✓ **Advise** you about the legislation and the impact this may have upon your property assets
- ✓ **Assess** the current energy efficiency of your property/properties
- ✓ **Develop** an Energy Efficiency Plan, aligned with the building life cycle
- ✓ Where necessary we can **negotiate** with landlords or occupiers regarding completion of energy efficiency projects, including possible lease re-gearing
- ✓ **Procure** and **manage** any improvement works
- ✓ **Provide** energy performance reports and ratings for statutory compliance and marketing purposes

Avison Young is a member of the UK Green Building Council



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