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One in five UK Commercial Buildings Could Become ‘Unlettable’ Under New Government Proposals

Under legislative proposals put forward by the new Energy Bill: Private Rented Sector Regulations 2011, landlords will be unable to let non-residential buildings with an EPC rating of F or G from April 2018.

Mat Lown, Sustainability Partner at Tuffin Ferraby Taylor (TFT), says: “The Government believes that approximately 18% of registered non-residential (commercial) property currently have a rating of F or G, therefore new proposals could render a significant number of buildings obsolete.”

The government will begin encouraging landlords to take advantage of void periods and cyclical upgrades of property to plan efficiency improvements ahead of the proposed regulation.

Mat continues: “Adding to this dilemma, the software used to calculate EPC rating was revised as of April this year to align with the new version of Part L of the Building Regulations, a result of which we are seeing buildings’ ratings drop by one or two bands when using the new parameters.

“This means that where redevelopment or refurbishment works are taking place – possibly with the intention of improving energy performance - landlords may find they have to put in place more measures than were expected to get this rating up to the level needed. And they may need to go even further to future proof the property against later changes in measurement that, if we consider how sustainability measures are continuously evolving, may be sooner than we think.”

Mat believes a lot of the burden for the UK’s commitment to reduce CO2 emissions by 80% by 2050 and 50% by 2025 will fall onto the commercial property industry. “Commercial property is estimated to be responsible for around 20% of current CO2 emissions. The Government has recognised that aviation as another contributor of CO2 emissions is unlikely to meet its reduction target, leaving property facing additional pressure to make up this shortfall. As a result, Government may focus on property particularly as there is a mature regulatory and taxation mechanism to drive carbon reductions.”

Mat concludes: “If commercial property owners anticipate regulatory and market changes now, cost effective sustainability solutions can be implemented. These owners could be at a competitive advantage

in the future. Those owners and investors who do not keep up with the changes may find themselves stuck with obsolete and unlettable properties.”

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