

A Summary of Recent Trends and the Year Ahead Property and Urban Regeneration

This 2023 Thought Leadership series will take stock of recent energy sector events in what has been, and still is, an unprecedented and tumultuous period. Over the coming weeks we will look at the opportunities and challenges we foresee in the sectors we work in, how we can help you progress and be successful in your sustainability journey and shine a spotlight on some key expertise areas where our trusted advisors are leading the way. This article takes a look at the [Property and Urban Regeneration](#) sector.

Focus on emissions

According to the Climate Change Committee, 23% of the UK's greenhouse gas (GHG) emissions come from buildings; and buildings are also reported to be responsible for 59% of the UK's electricity consumption. The challenge of reducing a property's carbon emissions is being met with new enthusiasm and with drivers such as [The World Green Building Council](#) setting major goals to ensure every building achieves net zero emissions by 2050, the momentum is growing.

The need to transform the built environment for the better marks a **key responsibility**, and **opportunity**, for real estate investors. Investors are continually looking for buildings that will **future-proof** their portfolios and by embracing the transition to net zero, the value of their real estate assets is being optimised.

Responsible investors and owners should strive to improve their buildings' environmental performance, and also engage with their tenants to ensure occupiers share the same values in the operation of the building.

Reimagine and repurpose

Given that it is estimated that more than 80% of the buildings that will be in operation in 2050 are already in existence, there is an increasing need to look for ways to reimagine, repurpose and retrofit improvements to existing buildings. The need for repurposing is being most strongly felt within the retail, recreational and office sectors, where in a post pandemic environment, the way people shop, socialise and work has changed; and whilst repurposing of property is not a new trend, the rate of change is increasing. The need for retrofitting existing properties is also fundamental to achieving net zero, and upgrading a property and its services to provide greater energy efficiencies, will not only contribute to net zero aspirations but can also enable running-costs savings.

Regulatory pressures

Regulatory pressures to drive net zero targets are also increasing, e.g., the [Minimum Energy Efficiency Standards](#) (MEES) in England and Wales. The regulations introduced by the UK government in 2018, will make it unlawful for landlords to lease out any commercial buildings with an Energy Performance Certificate (EPC) rating of F or lower from April 2023, with more stringent requirements to be introduced over the next decade. Staying ahead of such regulatory drivers and futureproofing portfolios and developments will be essential to meet net zero and also safeguard investments.

Successful navigation of net zero aspirations in the Property and Urban Regeneration sector in 2023 will require a combination of measures from regulatory compliance, reputational capital, responsible investment, development and repurposing. Our team has an excellent understanding of the requirements of major funders and investors, and we have extensive experience of providing responsible investment support for a variety of major commercial transactions throughout the UK and Europe. We are specialists and trusted advisors in Carbon Footprinting, ESG, Transaction Due Diligence, Environmental Risk Assessments, Air Quality Neutral Assessments and Energy Management.

For more information, please reach out to Claire Shepherd, Head of Property and Urban Regeneration for a chat at claire.shepherd@itpenergised.com

