

ENERGY PERFORMANCE CERTIFICATES

Sustainability, energy efficiency, carbon emissions, biodiversity and climate change are just a few words currently in vogue within the commercial property industry.

Until now we have all been mindful of 'being green' and environmentally friendly due to the occasional reminders of melting polar icecaps, rising sea levels, the depleting ozone and global warming images portrayed in the media. However, few of us can say we have done anything significant about it, except perhaps fit an energy efficient light bulb! This is because the cost and hassle factor of becoming green has always seemed to outweigh any benefit. This is no different within the property industry (where buildings account for approximately 44% of total carbon dioxide emissions). Investors and developers incurring increased construction costs on eco-friendly buildings must ultimately be able to recoup this through higher rents and sale prices in order to achieve the required return on their investment.

We are however now beginning to witness a shift be it on ethical, moral or legislative grounds. Developers are suddenly viewing environmentally sustainable buildings as potential opportunities. The current trend is towards greener investments. Sustainability is sexy. Developers and business occupiers alike feel they are entrusted with contributing towards saving the planet. With cost saving benefits such as solar panels, rainwater harvesting and thermal control insulation radically increasing the energy performance of buildings by reducing carbon emissions landlords and tenants are encouraged to take a longer term view. For a tenant the benefits equate to vastly reduced overheads, i.e. cheaper utility bills, an attractive selling point for a landlord looking to lease out their commercial premises.

Unbeknown to the vast majority of businesses, Energy Performance Certificates (EPCs) are to be introduced from 6 April 2008 for all new build and existing commercial property over 500m² (5,382 sq ft). All remaining commercial properties, i.e. under 500m², must have an EPC by 1 October 2008. To the layman, this will be similar to a 'white goods' label using a rating A-G as well as incorporating cost effective recommendations for physical improvements to a property.

Clearly building owners and tenants need to act. An EPC will be required upon construction, sale, transfer and leasing (only on newly leased property and where a valid EPC does not already exist) commercial premises. Once obtained however, an EPC will last for a period of 10 years provided no significant alterations are made to a property, but beware failure to have an EPC will result in a fine upto a maximum of £5,000. From January 2009 air conditioning systems larger than 12kW will be subject to inspection every 5 years.

Owners and occupiers take note; EPCs must be produced by members of a government approved assessors accreditation scheme qualified to the appropriate level subject to the degree of complexity of the property. With the Royal Institution of Chartered Surveyors (RICS) looking to provide its own accreditation scheme, businesses should already be thinking about appointing Chartered Surveyors. Walton Goodland will be attaining the appropriate accreditation to ensure its clients continue to receive a high level of professional service across all commercial property sectors including management, valuation, sales/lettings, landlord and tenant and rating.

Clearly there remain many unanswered questions as yet in relation to EPCs. Only time will tell if a low certification rating under the scheme will significantly impact on the value of a property which has been classed as inefficient.

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