



RenoValue

Highlights from the high-level roundtable Integrating Sustainability in Property Valuation



26th January 2016
European Parliament



Background

The use of property valuation is an essential aspect of the property lifecycle: that is why encouraging energy efficiency and renewable energy needs to start here. To accelerate the market transition towards nearly Zero-Energy Buildings, it is essential to demonstrate the business case for and the value of sustainable buildings to prospective buyers, sellers, lenders and investors.

On 26 January 2016, the RenoValue project organized the roundtable “Integrating sustainability in property valuation“, an opportunity to discuss why and how policy makers should strengthen the role of property valuers as drivers of the market transition towards sustainable buildings.

The event was organized at the European Parliament in Brussels with the support of Theresa Griffin MEP (S&D, UK) and Sirpa Pietikäinen MEP (EPP, Finland) and in collaboration with the Renovate Europe Campaign.

The debate was moderated by Ursula Hartenberger, Global Head of Sustainability at RICS, on behalf of the RenoValue Consortium.

Marie Donnelly, Director at DG ENER, and forty stakeholders representing valuers, products manufacturers, service providers, architects, research centres, investors and specialised press attended the roundtable.

RenoValue

RenoValue is a capacity building initiative funded by the Intelligent Energy Europe Programme of the European Union. The project aims to develop a training toolkit for practicing valuation professionals on how to factor energy efficiency and renewable energy issues into valuation practices and advice their clients accordingly.

RenoValue partnership includes: RICS, CBRE, Skanska, Troostwijk, Karlsruhe Institute of Technology, Politecnico di Milano, Narodowa Agencja Poszanowania Energii and Business Solutions Europa.

Business Solutions Europa



CBRE

TROOSTWIJK

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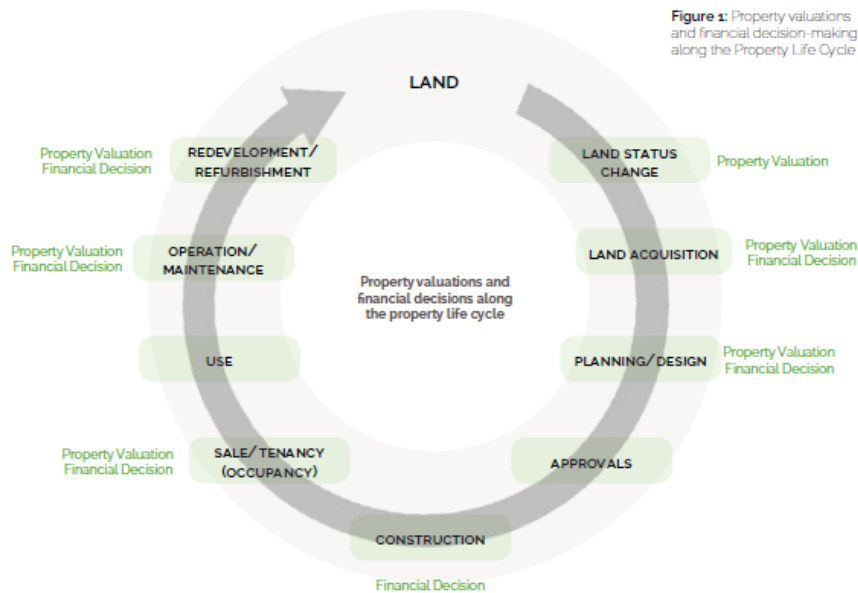


RenoValue is funded by the Intelligent Energy Europe Programme of the EU and is managed by the Executive Agency for Small and Medium sized enterprise (EASME).

The opinions expressed in this document do not reflect the views of the organizations and institutions represented at the event or the views of the European Commission.

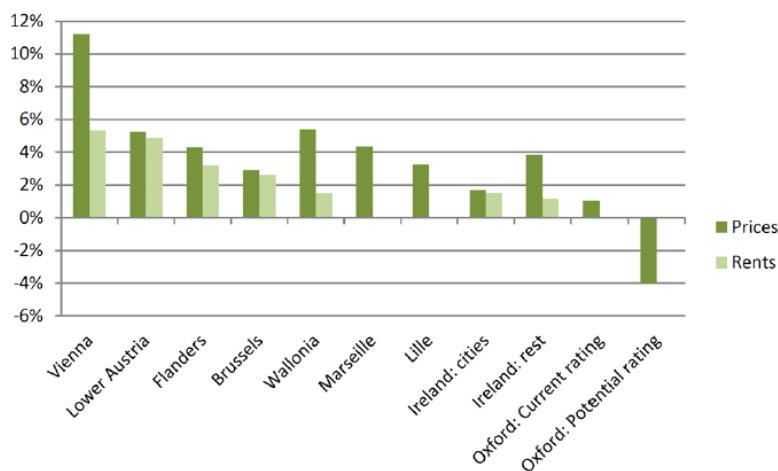
Highlights from the roundtable

- The use of property valuations is an essential aspect of the property lifecycle.
- Valuations are carried out at almost every stage of the property life cycle.



- There is an emerging empirical evidence from an increasing number of markets that sustainable buildings not only perform better in terms of energy efficiency but also financially: amongst other issues, they command higher rents or resale prices for property owners and/or they hold their value better over time.

Effect of one-letter or equivalent improvement in EPC rating across a selection of European property markets



Source: Bio Intelligence Service, Ronan Lyons and IEEP, 2013, Energy performance certificates in buildings and their impact on transaction prices and rents in selected EU countries, Final report prepared for European Commission (DG Energy), p. 15

- The RICS Red Book 2014 is a game changer: valuers are advised to integrate sustainability considerations in their valuation practices.

Game changer: RICS Red Book 2014

“As commercial markets become more sensitised to **sustainability matters**, so they may **begin to complement traditional value drivers**, both in terms of occupier preferences and in terms of purchaser behaviour.”



Therefore valuers are advised to:

“[...] **assess the extent to which the subject property currently meets sustainability criteria and arrive at an informed view on the likelihood of these impacting on value**, i.e. how a well-informed purchaser would take account of them in making a decision as to offer price, [...]”

Source: Royal Institution of Chartered Surveyors (RICS), 2014, RICS Valuation – Professional Standards January 2014, Valuation Practice Statement 4, p. 59

- According to the findings of RenoValue, most of the challenges which valuation professionals face when integrating sustainability in their valuation practices are a direct result of a lack of transparency in their respective markets.

Common themes across all project target countries



- The findings of RenoValue research are included in the RenoValue Market Insight Report which collects feedback from a series of roundtables with valuers and other stakeholders carried out in several European countries.

- The key policy recommendation from the report is that policy makers should enforce regulation to make sure that market participants have access to reliable transaction and performance data (as a first step, this could include EPC-data only).
- Consequently, RenoValue recommends EU and national policy makers to consider developing and enforcing regulatory and/or fiscal policies that will help improving market transparency. In particular it addresses the lack of a systematic consideration of energy efficiency and renewable energy and other sustainability aspects in property valuation.
- An increased focus on data will be essential to improve EPCs.
- The idea of increasing data transparency, reliability, availability and accessibility of information is supported by the European Commission.
- ECPs can be useful as they provide elements of information that can further develop the capacity of consumers to make informed choices. Currently EPCs are underused, but have a great potential. It is an energy labelling and information tool which has to be further developed to contribute to boost the market.
- The idea of integrating sustainability into valuation methodologies is a key issue that the European Commission will support.
- Once the Commission will propose its revisions of energy efficiency legislations in September 2016, political negotiations with all the EU institutions will begin and are expected to finish with an agreement in 2018. The revised directives will be ready for transposition in 2019/2020. This is the timeframe the Commission is currently looking at when defining the proposals for revision.
- By that time, there will be further technological evolutions and developments that the European Commission needs to take into account: nZEB should be the norm and smart meters should be deployed everywhere.
- Buildings must be considered as an integral part of the energy system of the future. The priority is not only to reduce energy demand in buildings, but to allow buildings to generate power themselves, actively participate in the smart grid, be involved in DR systems and contribute to district heating systems.
- Renovation needs a boost. Different ownership structures and split incentives are barriers that the European Commission has to address also under a financial perspective.
- 50 million people live in energy poverty: the EU Parliament should be the main actor to eradicate energy poverty and work on data transparency.

Photos

More pictures are available [here](#)



Video Statements

Please click on the links below to view the video statements from Theresa Griffin MEP, Mary Donnelly (DG Energy), Ursula Hartenberger (RICS) and Adrian Joyce (Renovate Europe Campaign).

“...we have to look at buildings not as inert objects but as actually part of the energy transition...”



Theresa Griffin, MEP

[Watch video](#)

“...ensure that we have access to data, that data is transparent and can be used and that data can be validated...”



Marie Donnelly, Director DG ENERGY

[Watch video](#)

“..the RenoValue training material can be made useful also for other stakeholders...”



Ursula Hartenberger, RICS

[Watch video](#)

“...help valuers to take account of energy efficiency and sustainability aspects in renovated building...”



Adrian Joyce, Renovate Europe Campaign

[Watch video](#)

“Without reliable data, a valuation professional cannot factor the energy and wider sustainability performance of an asset into the valuation report.”



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