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CLIMATE AGENDA TO LEAD TO TWO-TIER PROPERTY MARKET – IPAV

The climate agenda will lead to a two-tier property market, with those who imbed sustainable practices achieving higher values and those who don't suffering a 'brown discount', IPAV, the Institute of Professional Auctioneers & Valuers has said.

Speaking in advance of the launch tomorrow (Thursday) of a special guide, Sustainability, Climate Change and Your Business, a publication for auctioneers, valuers and estate agents, on how to inculcate good practice on sustainability in every aspect of their businesses, Pat Davitt, IPAV's Chief Executive said:

"Significant changes are going to be needed in how buildings are developed, built, operated, renovated and demolished into the future and the entire industry needs to ramp up to meet the challenge."

He said sustainability considerations are already driving the behaviour of buyers, renters, investors and lenders, across both residential and commercial property.

"Anyone who fails to recognise and plan for the new scenario will get left behind and the value of properties that don't get with the sustainability agenda will be lesser by comparison with those that do," he said

"Already the concept of better value 'green' mortgages has arrived. Under both EU and national policy we will see a host of further financial and other incentives coming down the track. Consumers are already voting with their climate conscience, and business has no option but to respond," he said.

"Valuers, for their part, are increasingly becoming more familiar with terms such as 'green leases'; 'life cycle cost analysis'; 'green building certification' and disclosure frameworks."

Recent research by JLL on the impact of sustainability on values in central London office buildings revealed a green rental premium in the range 6 per cent to 11per cent with vacancy being lower in buildings with higher certification ratings.

"This future looks very much like buildings with green credentials achieving higher sales prices and rents and the rest having 'brown discounts' applied," said Mr Davitt.

He said to help property buyers IPAV believes the Property Price Register should record the BER or Building Energy Rating.

"Currently they are not published on the site but such transparency would support the case for green loan and green mortgage discounts for retrofits," he said.

The Irish Green Building Council has said the built environment's heavy use of heating and electricity makes it one of the highest sources of greenhouse gases by sector in Ireland contributing 37 per cent of the annual total of CO2 emissions.

The national target is to reduce operational emissions from residential and commercial buildings by up to 56 per cent by 2030.

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