

ENERGY PERFORMANCE OF BUILDINGS: ARE YOU READY?

Building occupancy and operation accounts for almost 50% of the UK's energy consumption. To combat this problem, new Energy Performance Regulations were introduced in 2007. Fresh legislation being introduced over the coming months will have a direct impact upon property owners and developers - within this newsletter we address what action needs to be taken by you to comply and how Willis are able to assist.



WHEN IS THE LEGISLATION TAKING EFFECT?

ENGLAND AND WALES

APRIL 6, 2008

ENERGY PERFORMANCE CERTIFICATE (EPC) REQUIRED ON CONSTRUCTION FOR ALL DWELLINGS. EPC REQUIRED FOR THE CONSTRUCTION, SALE OR RENT OF BUILDINGS, OTHER THAN DWELLINGS, WITH A FLOOR AREA OVER 10,000M².

JULY 1, 2008

EPC REQUIRED FOR THE CONSTRUCTION, SALE OR RENT OF BUILDINGS, OTHER THAN DWELLINGS, WITH A FLOOR AREA OVER 2,500M².

OCTOBER 1, 2008

EPC REQUIRED ON THE SALE OR RENT OF ALL REMAINING DWELLING
EPC REQUIRED ON THE CONSTRUCTION, SALE OR RENT OF ALL REMAINING BUILDINGS, OTHER THAN DWELLINGS.
DISPLAY CERTIFICATES REQUIRED FOR ALL PUBLIC BUILDINGS > 1,000M².

SCOTLAND

MAY 1, 2007

EPC REQUIRED ON CONSTRUCTION FOR ALL BUILDINGS.

DECEMBER 1, 2008

EPC REQUIRED FOR THE SALE OF ALL DWELLINGS.

JANUARY 4, 2009

EPC REQUIRED FOR THE SALE OF ALL OTHER BUILDINGS, AND THE RENTAL OF ALL BUILDINGS.

IN ENGLAND, WALES AND SCOTLAND

JANUARY 4, 2009

FIRST INSPECTION OF ALL EXISTING AIR-CONDITIONING SYSTEMS OVER 250 KW MUST HAVE OCCURRED BY THIS DATE.

JANUARY 4, 2011

FIRST INSPECTION OF ALL REMAINING AIR-CONDITIONING SYSTEMS OVER 12 KW MUST HAVE OCCURRED BY THIS DATE.

*Note - a system first put into service on or after 1 January 2008 must have a first inspection within 5 years of it first being put into service.

WHAT ARE THE IMPLICATIONS FOR PROPERTY OWNERS?

- Increased importance being placed on Corporate Social Responsibility.
- Increased competitiveness in the market place for higher rated buildings.
- Lower rated properties result in lower rental agreements and more void units.
- Possible funding difficulties as lenders become reluctant to arrange finance for low rated properties.
- Failure to comply with the new regulations may lead to both a hefty penalty, up to £5,000, and difficulties in completing the sale or lease of a property.

ENERGY PERFORMANCE CERTIFICATES (EPC'S)

EPC's will grade energy performance on a scale from A-G similar to the system used for grading white goods. Each certificate will show an asset rating which reflects the fundamental energy performance of the building structure and services. The certificate lasts a maximum 10 years and can be assigned to the new owner when a building is sold. The certificate only needs to be reissued if there have been modifications to the building which will increase its energy requirement.

An accompanying report will show in detail how the asset rating is achieved, and the potential rating that could be attained if the recommendations included are implemented. An improvement in the efficiency rating not only has a positive impact on the environment, but may result in reduced energy costs and increase the attractiveness of the building in the event that it is to be sold.

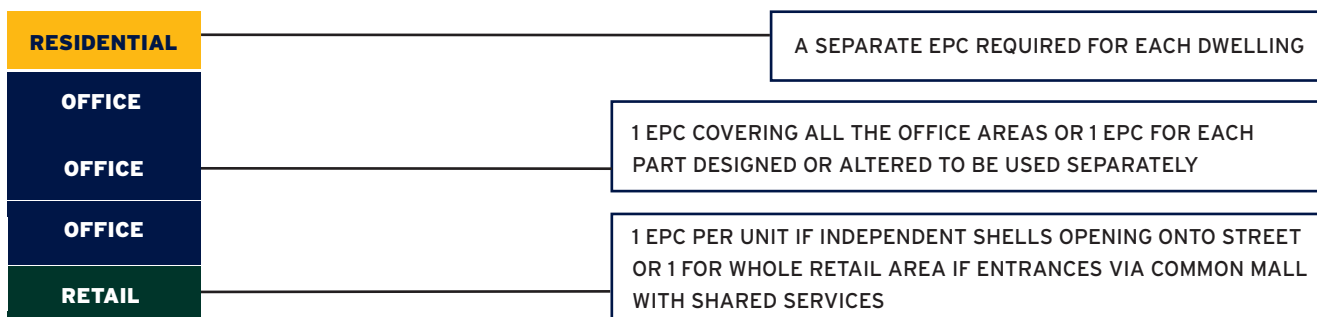
There are some situations in which an EPC is not required, such as:

- Buildings due to be demolished.
- Places of worship.
- Temporary buildings with a planned time of use less than two years .
- Stand alone buildings of less than 50m².
- Low energy demand buildings, for example agricultural buildings.

Where a property with a floor area over 10,000m² is on the market prior to April 6, 2008 and contracts are exchanged before October 1, 2008, the vendor is required to produce an EPC by October 1, 2008 at the latest. Similar deadlines will apply to buildings exceeding 2,500m² which are on the market prior to October 1, 2008.

Regardless, it is recommended that an EPC is applied for **at least** 14 days prior to a property being placed on the market, as once a building is offered for sale it is the seller's responsibility to make the current EPC available to any prospective buyer. It may well take longer than 14 days for the preparation of the certificate, depending upon the information that needs to be compiled in advance of the site visit. If building plans, details on usage of all areas of the building, construction information etc are collated in advance of the assessment this will ease the overall process.

There can be more than one EPC per building, as shown in the example below:



Energy Certificate

Certificate type: Certificate method: Building Sector: Building Sub-type: Whole or part of building:	Operational (Measured) energy rating EPLabel v1.2d Beta Shopping centres 1 Department stores Whole building
--	--

Building carbon dioxide emissions Very energy efficient Less than 54 54 to 107 107 to 161 161 to 215 215 to 268 268 to 322 322 to 376 Not energy efficient		Measured in use D
Energy performance of this building assessed as Carbon dioxide emissions (kg CO2i per m2 FA)		192
Building thermal energy efficiency grade		ABCDEFGH
Building electrical energy efficiency grade		ABCDEFGH
Overall building energy efficiency grade		ABCDEFGH
Indoor comfort conditions		No assessment

Data source: Not approved Certificate date: 12 April 2007 United Kingdom Directive 2002/91/EC	Gross internal floor area (m ²): 13,692 Number of storeys: 2 Year originally constructed: 1992 Year of last major refurbishment: - Period of energy assessment: 2005-06 Certificate expiry date: 25/6/2007 Licensee: A C Redd	ASSET RATING AVAILABLE: Yes Asset Rating method: ENEC Year of calculation: 2006 Asset Grade: C Asset Rating: 112%
---	---	---

Certifying organisation: ABC certifiers Street address: Up Street PO Box: Post code: WC2 2CW Contact: A Sesser Assessor identifier: 123 V 456 Tel: 020 777 7777 email: a.sesser@abc.co.uk	Building name: Dockside Outlet District: Victoria road Street address: Chatham, Kent Post code: EC1 1EC Building reference: Retail Contact: F Drake Tel: 020 888 8888 email: fdr@weemail.com Building owner: Mabo Managing agent: -	
--	--	--

EXAMPLE DISPLAY ENERGY CERTIFICATE

DISPLAY ENERGY CERTIFICATES (DEC'S)

At present, DEC's need only be displayed in public authority buildings and institutions over 1,000m².

These certificates require annual renewal.

Gradings are displayed in the same way as the EPC, but reflect the actual energy being used.

The accompanying advisory report is valid for seven years.

HOW CAN WILLIS HELP YOU?

The first step is to appoint an Energy Assessor who is a member of one of the 10 recognised accreditation schemes. It is they that have responsibility for the issue of all certificates and reports. The cost of certificates will vary dependant upon the age, location and size of each building.

Willis Property Investors has relationships with several accredited energy assessors and will be pleased to make an introduction. **Please contact your usual Account Director if you would like any further assistance on this subject.**

Additional information on the Regulations can be found at:
<http://www.communities.gov.uk/planningandbuilding/theenvironment/energyperformance>

Energy Performance Certificate Non-Domestic Building		
Jubilee House High Street Anytown A12CD	Certificate Reference Number: 1234-1234-1234-1234	

This certificate shows the energy rating of this building. It indicates the energy efficiency of the building fabric and the heating, ventilation, cooling and lighting systems. The rating is compared to two benchmarks for this type of building: one that is newly constructed and one that is indicative of the existing stock. There is more advice on how to interpret this information on the Government's website www.communities.gov.uk/epbd.

Energy Performance Asset Rating	
More energy efficient 	
A 0-25	
B 26-50	
C 51-75	
D 76-100	
192 This is how energy efficient the building is.	
E 101-125	
F 126-150	
G Over 150	Less energy efficient

Technical information Main heating fuel: Gas Type of servicing: Air Conditioned Total useful floor area (m ²): 2527 Building Level: 4	Benchmarks Buildings similar to this one could have ratings as follows: if newly built if average in the existing stock
--	---

EXAMPLE ENERGY PERFORMANCE CERTIFICATE



PROPERTY INVESTORS DIVISION CONTACTS

John Dilley – Managing Director

+44 (0)20 3124 6233 – dilleyj@willis.com

Paul Turnbull – Director of Sales

+44 (0)20 3124 6253 – turnbullp@willis.com

Kirsty Staff – New Business Director

+44 (0)20 3124 6247 – staffka@willis.com

Mike Carolan – Construction Director

+44 (0)20 3124 6229 – carolanm@willis.com

Michael Alderton – Account Director

+44 (0)20 3124 6218 – aldertonmw@willis.com

Stephen Andrews – Account Director

+44 (0)20 3124 6223 – andrewsst@willis.com

Christopher Dines – Account Director

+44 (0)20 3124 6219 – dinesc@willis.com

Dean Gallagher – Account Director

+44 (0)20 3124 6235 – gallagherdpj@willis.com

Adrian Hastie – Account Director

+44 (0)20 3124 6237 – hastiead@willis.com

Mark McGee – Account Director

+44 (0)20 3124 6202 – mcgeem@willis.com

Should you require further copies of this newsletter, wish to receive future editions by email or notify us of any changes to your address please contact

Kirstie Blyth on:

+44 (0)20 3124 6656 or by email: blythk@willis.com

Property Investors Division

Willis Limited
Level 12
The Willis Building
51 Lime Street
London
EC3M 7DQ

This Bulletin is published for the benefit of clients and prospective clients of Willis UK & Ireland. It is intended to highlight general issues relating to the subject matter which may be of interest and does not necessarily deal with every important subject nor cover every aspect of the subjects contained herein. If you intend to take any action or make any decision on the basis of the content of this bulletin, you should first seek specific professional advice and verify its content. Copyright Willis UK & Ireland 2008. All rights reserved.

Willis Limited, Registered number: 181116 England and Wales, Registered address: 51 Lime Street, London, EC3M 7DQ. A Lloyd's broker, authorised & regulated by the Financial Services Authority.

FP518/6233/05/08