

42% of tenants consider green credentials of a building before renting

Martin Greenland, Wednesday 25th April 2018

One development finance lender has claimed that while some developers are starting to take eco build seriously, “many just pay lip service to it”.

A recent survey revealed that more than four in 10 tenants (42%) considered how eco-friendly a property was when making a rental decision.

Research from Your Move’s sister company LSL’s PRSim found that the figure rose to 50% among tenants looking to rent in London.

Development Finance Today spoke to a number of industry professionals and asked how important it was for developers to be eco-friendly.

Susan Harris, technical director and built environment specialist at Anthesis, said: “For some developers, being eco-friendly is important to their company values and ethos – being green is part of their corporate identity.

“For others, building green is seen as a wave to catch – a fortunate confluence of reputational and commercial benefits.

“For some, green building is an unknown world, fraught with opaque cost implications and potential challenges.

“It really depends on the developer, how informed they are, and the quality of their supply chain to help them deliver sustainable solutions.”

Alexander Moss, operations manager at Zorin Finance, believed that eco-friendly developments represented a “nascent yet growing market for developers and lenders alike”.

“There is a zeitgeist shift occurring with regards to eco-friendly methods of living, with the public, especially the young, expressing greater interest in more sustainable food, cars, consumables and clothes.

“The housing market is famously slow to adapt to social trends, but in a climate of rising energy costs and great social concern for the environment, it is only a matter of time before buyers display a greater preference for eco-friendly homes.”

Andy Scott, an entrepreneur and property developer, felt that most developers would like to be eco-friendly and embrace the fast-evolving construction technology that is happening all around us.

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“With the availability of roof solar panels saving on electricity usage, LED lights which last five times longer, improvements in insulation and triple glazing, we are starting to get the tools to assist us in moving in the right direction.

“The main issue for developers is that costs are substantially higher.

“Development is a risky business and has to make minimum returns for the project to be viable and get funding to put a spade in the ground.

“If an eco-friendly construction beyond standard requirement costs 10-20% more, developers would have to get at least 10-20% more back on the purchase price.

“The development would be a big gamble, with no evidence a higher purchase price would be achieved.”

However, [Michael Dean, Principal at Avamore Capital](#), believed that, broadly speaking, most developers were focused on profit and profit alone.

“Some are starting to take eco build seriously, but even then, many just pay lip service to it.

“Changes to regulations both through planning and building [regulations], plus minimum energy efficiency standards, will force developers to build in a more eco-friendly way.

“But if developers were left to their own devices, the majority would look to build as cheaply as possible for the most money.”

Could we see a rise in eco-friendly developments?

Sam Hurst, spokesperson for letting agency OpenRent, said: “On 1st April, new rules came into force making it a civil penalty to rent new properties that have an energy performance certificate (EPC) rating below E.

“Very few new builds would have ratings as low as F or G, but it should still weigh on developers’ minds, since we can expect the minimum energy efficiency standard to rise in future years.”

Chris Oatway, owner and director at LDNFinance, concluded: “There is definitely more awareness and a shift towards eco-friendly from a planning perspective, but very few developers are in the market specifically sourcing projects which are eco-friendly.

“It is unlikely there will be a significant increase in sales values on eco-friendly [homes] and with upward pressure on build costs and a slowing sales market, most developers will be focused on sourcing projects that provide a return rather than [ones] which will be eco-friendly.”

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