

# Climate change – what is the property sector doing?

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The widely held view is that the effects of climate change are already impacting on us, are unavoidable and will be dramatic. The world has warmed up by 0.7°C in the last 100 years.

Addressing climate change needs two types of response: first, mitigation action to reduce our greenhouse emissions and, second, adaptation action to deal with the unavoidable impacts. What is the property sector's response to mitigation and adaptation?

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## Current initiatives

According to the Department of Communities and Local Government, almost half of UK energy consumption and CO<sub>2</sub> emissions are caused by buildings.

Significant energy and emission savings are being encouraged in the built environment through recent initiatives including Energy Performance Certificates, the Code for Sustainable Homes, zero carbon buildings, green home services and eco towns. Much of this is legislation-led and we have yet to see significant behavioural change in the sector.

If we fail to adapt our building location and design we have to accept a vulnerability to change, particularly in densely populated

areas. Weather is expected to be more extreme in the future. For example, the European Environment Agency suggests that the UK heat wave in Summer 2003 led to a 20% increase in building subsidence claims.

Long term spatial planning and design initiatives will be key to this. We will need to construct buildings that are less vulnerable to flood risks and that will suffer less from increasing temperatures, for example, by limiting south-facing windows and increasing insulation to keep heat out. This is far preferable to the alternative which is increased air conditioning and energy consumption.

With a combined targeted growth for the East of England and East Midlands of 951,000 new homes by 2030, sustainable building practices are essential. Climate change is, of course, of direct interest to us as an island with sea levels expected to rise by up to 83cm by the 2050s.

Policies that will directly affect buildings are also emerging such as the Carbon Reduction Commitment Energy Efficiencies Scheme which starts in April. Legislation covering planning, energy and housing is now making direct reference to climate change.

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**Legislation includes:**

- the Planning Act 2008 which introduces new procedures for large projects of national significance such as wind farms and nuclear power stations;
- Planning Policy Statement (supplemental to PPS1) on planning and climate change; and
- the Planning and Energy Act 2008 which requires local authorities to treat climate change as a material consideration when determining applications.

This legislation means that local authorities must seriously aim to meet government targets for zero carbon buildings, reduction of greenhouse gases and the development of low carbon technologies.

**A new market for green buildings?**

In this context the RICS has recently set up a UK Climate Change Action Plan. The property profession needs to engage actively on climate change and the RICS is a keen driver in the market working closely with policy makers. Policies such as the introduction of energy certificates and carbon property taxing are intended to create a new market for sustainable buildings which in turn will create value and opportunities.

Many companies are now choosing to invest in or occupy green buildings, their reasons for doing so being quite varied. Direct economic benefits such as medium to long term savings in energy costs are the drivers for some. Others are making the decision based on more indirect and less quantifiable reasons, such as reputation enhancement due to green policies, risk avoidance and ethical behaviour.

We have seen that the trend in legislation is to get ever tighter and so use of green technology in buildings can have the longer term benefit of conformity without further adaptation and cost. The oil and gas sectors have been particularly focused on green buildings, as are businesses which are characterised by a high reliance on skilled employees, such as legal services since the quality of working conditions is a key factor in their success.

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Initiatives such as the Carbon Disclosure Project are now allowing investors to assess the financial impact of climate change on their potential investments. If the property sector responds to the challenges well, new markets will emerge in green buildings as they become higher value assets to own, sell and let.

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