

The Rt Hon Claire Coutinho MP
Secretary of State for Energy Security and Net Zero
55 Whitehall
London
SW1A 2HP

11 April 2024

Dear Secretary of State

MINIMUM ENERGY EFFICIENCY STANDARDS FOR THE NON-DOMESTIC PRIVATE RENTED SECTOR

We are writing to you as representatives of the commercial real estate sector to ask that you publish your plans on future minimum energy efficiency standards for the non-domestic private rented sector in England.

We represent investors, owners, developers and managers of, and lenders to, commercial real estate. Collectively, our members have hundreds of billions of pounds of assets under management across the UK in a variety of asset classes including offices, retail, industrial and logistics, as well as exposure in the form of loans secured on such assets.

Our members and the wider real estate sector have a critical role to play in tackling climate change. Buildings are responsible for around 25% of greenhouse gas emissions – with commercial¹ and industrial buildings accounting for around a third of these emissions. We know that we need to accelerate the decarbonisation of the commercial real estate sector - and the wider built environment - if we are to meet our net zero targets and ambitions.

There are a range of policy and regulatory interventions that will help speed the transition to a net zero property industry. However, we are writing specifically to ask that you publish a full response to the 2021 consultation on the implementation of new minimum energy efficiency standards (MEES) for the non-domestic private rented sector to provide investors and the sector with certainty over the future regulatory framework.

Our members are committed to delivering more energy efficient buildings, driven by investor and occupier requirements which ultimately dictate our sector's potential to attract and retain capital and occupiers in the UK in a competitive market. We, and our members, therefore, support higher minimum standards and investors and building owners have been building the expected EPC B target into their acquisition and refurbishment plans. However, the delay in publishing a response to the consultation paper and the ongoing uncertainty about the Government's intentions in this area is causing real concern amongst our members, impacting on investment plans and upgrades of their buildings. A full response, providing detail on EPC targets and timelines and clarity on the rules around exemptions and enforcement, would be warmly welcomed by our members and we would be an ally in working with you and officials to help communicate and deliver the new standards.

¹ It should be noted that build-to-rent residential developments form part of the commercial real estate sector as they are institutionally owned and managed and any mortgage finance is commercial lending and not retail mortgage lending.

We hope that this encourages you to publish a full response in the coming weeks. We would be happy to meet in person to discuss this more fully if that would be helpful.

Yours sincerely,

Sarah Ratcliffe, Chair, Green Property Alliance (GPA) and Chief Executive Officer, Better Buildings Partnership (BBP)

Paul Richards, Managing Director, The Association of Real Estate Funds (AREF)

Brendan Geraghty, Chief Executive Officer, Association for Rental Living (ARL) (formerly known as the UK Apartment Association or UKAA)

Melanie Leech CBE, Chief Executive Officer, British Property Federation (BPF)

Peter Cosmetatos, Chief Executive Officer, Commercial Real Estate Finance Council (CREFC) Europe

Tobias Steinmann, Director of Public Affairs, European Public Real Estate Association (EPRA)

Sue Forster, Chief Executive Officer, Investment Property Forum (IPF)

Scott McMunn, Chief Executive Officer, Loan Market Association (LMA)

Vivienne King, Operating Board Member, Revo

Justin Young, Chief Executive Officer, Royal Institution of Chartered Surveyors (RICS)

Yi Wu, Chair, Society of Property Researchers (SPR)

Simon McWhirter, Deputy Chief Executive, UK Green Building Council (UKGBC)

