

Insights into delivering a retrofit revolution



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Grosvenor's UK property business is a developer, manager and investor with a track record of over 340 years.

We asked Andy to share his insights and experience after overseeing the retrofit of a million square feet of residential and commercial real estate space.

How important is net zero and sustainability to Grosvenor?

"It's fundamental. In 2020 we launched our green goals. These include a commitment to be carbon neutral by 2025 and net zero carbon by 2040, to drive down waste across our London portfolio and to deliver a significant increase in biodiversity. We're also committed to taking our partners with us as we recognise it's not all about us, it's about our Scope 2 and 3 emissions as well.

And to support our commitment to be net zero carbon by 2040, we launched a £90m retrofit fund to enable us to retrofit our directly managed portfolio across London.

I would add that we have been investing in sustainability and net zero carbon initiatives for a long time. We delivered our first energy efficiency properties in 2008, launched our first retrofit programme in 2012 with a focus on the common parts of our properties and which aimed

to drive down energy consumption with those spaces, and in 2014 we launched our first sustainable objectives for our supply chain. So, there's a lot of work that's been done over the years to get us to where we are now."

In terms of where you are now, you've just hit a key milestone in your net zero carbon plans, retrofitting one million square feet of property. You must have learned a lot. What were the key challenges you faced?

"There were definite commercial and logistical challenges. There's always a balance between delivering a commercial return and achieving what we need from a sustainability perspective. This means we try and turn retrofit projects around quickly so that we can be efficient and deliver the energy improvements we need whilst minimising disruption to the tenant. A lot of our work is in tenanted properties, so we need to work closely with our customers to define exactly what and how we implement, and when we implement, so that the programme of work meets their needs as well as ours.

There is also a skills challenge. It can be difficult to find enough people who, for example, can install Air Source Heat Pumps (ASHPs) or who understand how to retrofit a building in a way that doesn't negatively impact the condition of the property.

And planning can be a major challenge. We have a good relationship with our local council and work very closely with their planning department. But even so there can still be challenges with inconsistent planning decisions and unclear planning policies. For example, one of our earliest retrofit projects involved a single building which contained 15 offices. For 14 offices we got planning permission for new glazing. But approval for the 15th office was rejected. It was just a different planning officer making the decision. So, this can be problematic even for Grosvenor. But if you are a small landlord trying to work your way through the system it could be a massive challenge."

You mentioned the importance of working with tenants. How do you engage your tenants on retrofitting?

“The first thing we always do before starting a retrofit is to carry out an assessment of the property, which means undertaking a quick review and looking for all the interventions you can make to make that building more energy efficient. We call this a Building Performance Evaluation. Some interventions can be quite intrusive, and if you’re a tenant – if you’re running a shop or a restaurant – that might be too disruptive so we work with the tenant to agree what we can do, or what we might do during a quieter time in the year. This often means that we have multiple trips back to a premises to be able to undertake a full retrofit, but it also means from the tenant’s perspectives that their business isn’t damaged and they end up with a much better, more efficient, more cost-effective premises to run in future.”

What response do you get from tenants? How important is sustainability to them?

“It will depend on the tenant but we find that the majority of our tenants are very open to working with us.

We carry out a customer survey every year and one of the things we ask is how sustainability ranks in terms of business priorities. Pre-pandemic, we used to get a response rate of around 60% - that is 60% ranked sustainability as ‘important’. But post-pandemic and post-COP26 the percentage has sky-rocketed and now around 90% of our tenants tell us that sustainability is important to them. So, the conversation is usually quite positive. When you get into the detail of course the conversation is a little more nuanced because you need to be able to work around their business and make sure that they can continue to be successful at the same time as improving the energy performance of the property.”

And what lessons have you learned as you start to tackle the next one million square feet?

“The first lesson is never under-estimate the importance of engaging with your customers. This is essential. You can undertake a lot of work but if tenants don’t know how to use the new technology or new equipment then the benefit of all the work will be lost.

Secondly, you should look to learn from others. At Grosvenor we have a large heritage portfolio, which creates a range of complexities, but there is a wealth of good information available on retrofitting heritage and listed properties. Some local authorities like Westminster publish [guidance](#) on retrofitting. [The British Property Federation](#), the [Better Buildings Partnership](#) and the [UK Green Building Council](#) also publish great information. If you do your research you will find lots of information to support you through the journey.

Finally, it’s very easy to get yourself stuck in overthinking the challenges, and until you start work I don’t think you ever really understand what’s involved. So, I would say the final lesson is just to get on with it! There are some very fundamental things that you can do, even if you’re on a limited budget: changing to LED lightbulbs, making sure that you switch away from gas, putting simple insulation measures in place. These are minor interventions but can have a major impact in terms of improving the energy performance of your building. So just get on with it. And if you don’t start, you’re not going to make a difference.”

And are there any lessons for policy makers?

“I think the key thing would be to invest in the planning system and make sure that planning policy is clearly defined and consistently applied.”

Lots must have changed since you started your retrofit programme. How has technology changed and how important do you think technology and innovation will be to achieve net zero carbon?

“It’s amazing how many different technologies come onto the market every week let alone every year, and how many suppliers want to talk to us about the use of technology in our portfolio.

Take ASHPs. Just four years ago they were still an oddity but they are becoming much more common and manufacturers are investing in improving the technology.

And alternatives to heating are changing on a frequent basis too. We’ve recently been talking to a company who are offering to provide alternative combi-boilers which use electricity instead of gas. Essentially, it’s a very large

storage heater which delivers instant hot water which has historically been very difficult to do with electrical boilers. So, there is loads of innovation coming through.

And of course, now you have AI. There are AI solutions on the market which use building data to optimise the performance of the property without you having to intervene.

There are so many different solutions that trying to figure out which ones are the right one is a challenge. But the innovations are there and we're not going to be able to deliver a net zero carbon property sector without them."

And is data a challenge?

"Data is a challenge, and access to accurate, timely, comprehensive data is something we need to get better at. Going into a property and changing the fabric of the building to make sure it has the potential to operate properly is the first step. The second step is measuring and monitoring and understanding how those improvements are working. And that requires data.

And that's where we are at Grosvenor. We're at the stage of putting remote monitoring systems into all our commercial premises so we can monitor performance, start doing predictive maintenance and understand how we can drive down energy consumption using all of the data that is available."

And finally, do you have any tips for BPF members who might just be starting out on their net zero journey?

"The first thing is to do some research. There is a lot of information out there. So do your homework.

And then, just get going. Don't feel that you need to have the perfect solution before you start, because there is no perfect solution and no perfect approach. The right approach will depend on the property and on what exactly it is you want to achieve."

What is the BPF Net Zero Pledge?

The BPF Net Zero Pledge commits BPF members to be net zero carbon by 2050 at the very latest. Becoming a signatory to the pledge requires three actions:

1

To sign up to net zero targets and plans

2

To commit to sharing research, knowledge and insights on an open-source basis

3

To support other signatories and the wider real estate sector to speed the transition to net zero

