# Building our Future:
BPF 2024 Autumn Budget Representations

BRITISH PROPERTY FEDERATION

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# Foreword

**Melanie Leech CBE**
Chief Executive
British Property Federation

The British Property Federation (BPF) represents the UK property sector. We are long term investors in communities across the country, investing in all types of commercial property – including retail, offices, logistics hubs, data centres and lab space – as well as professionally managed residential property, notably 'Build-to-Rent' (BtR) and Purpose-Built Student Accommodation (PBSA), and more recently in homes specifically designed for senior living. Our industry contributes £110bn a year to UK GVA and supports 2.5m jobs – one in 13 of all jobs in the UK.

## A new opportunity

As a country, we need to stimulate economic growth and become more productive. We need to invest billions of pounds in our infrastructure, our housing is of insufficient quantity and quality, and town centres across the UK need reinvention. Looming over these issues is the existential challenge facing all of us – the need to decarbonise our society.

While the Government has made it its mission to tackle these challenges, none of them can be addressed by Government alone. We need a radical reset of the partnership between Government and business. The property sector can contribute significantly to Government's ambitions to unlock growth and deliver the homes, employment space and logistics infrastructure that we need.

**The property sector can unlock growth and help the Government accomplish its missions by:**

**1.** Building new homes, employment space and critical infrastructure;

**2.** Revitalising our town centres and retail destinations;

**3.** Decarbonising our buildings: reducing costs for occupiers and reducing pressure on our national grid;

**4.** Embracing technology to help address national challenges and unlock long term growth opportunities.

## Planning for the future

We are pleased with the Government's early commitments to improve the planning system – it is the gateway to investment and development in the UK and pivotal to unlocking growth. Our planning system has become sclerotic. Recent research shows that the proportion of residential developments in planning for over a year has increased from 7% in 2014 to 40% in 2023.

There is no way that our economy can effectively respond to challenges and opportunities when it takes this long to approve much-needed development.

To that end, sufficient resource for planning departments and statutory consultees, like the Building Safety Regulator, must be a priority for Government.

We also welcome Government's commitment to bring down grid connection times and invest heavily in building up new green energy capacity. Electricity generation and connectivity to the grid is a fundamental pre-requisite to new development. We simply can't build new homes and buildings without the power supply to support them. This should remain a top priority for Government.

Collective long-term capital, from large scale professional investors - like funds and pension schemes - should be a key source of investment into UK commercial property and large-scale residential property.

We therefore welcome Government's commitment to protect the UK's position as a world-leading asset management hub, recognising that the sector channels vital investment across the UK, and will play an important role in boosting economic growth. In that vein, we support the addition of new UK based fund vehicles to suit different investors' needs, such as the Reserved Investor Fund.

Similarly, we are pleased by Government's acknowledgement that pension funds have the potential to contribute more to our national challenges and provide better returns to savers.

As well as encouraging greater consolidation, providing an appropriate regulatory environment for pensions, and addressing the barriers to investment into illiquid assets such as unlisted companies, infrastructure and property will be a critical foundation to support private sector investment in our towns and cities and should be a key priority.

Our members tell us that UK real estate remains highly attractive to global investors and there are billions of pounds potentially available. To unlock it, investors need a clear vision.

While Government should not downplay the fiscal and economic challenges we face; there is a huge opportunity to capitalise on this positive investor sentiment. By setting out a strong vision and plan for growth for the UK, investors will be given the confidence to invest for the long term.

Accordingly, we would welcome a Budget that celebrates and builds on the UK's existing strengths and takes steps to encourage the UK as an investment destination – including setting out a plan for a competitive and stable tax environment.

Our Budget representations propose several other measures that, taken together, could have a transformative effect on the property sector's ability to invest in our towns and cities.

**With the right fiscal and regulatory framework, the property sector has the potential to:**

**Housing**

Double current annual Build-to-Rent (BtR) output from 15,000 homes a year to 30,000.

Stimulate the delivery of 145,000 new affordable homes a year through increasing subsidy levels by £9bn-£14bn, unlocking private sector match funding of c. £10bn.

Over time, deliver 50,000 new senior housing units per year.

**Critical infrastructure – greening the grid**

Generate up to 15GW of new solar energy through rooftop solar: around 25% of the UK's power requirements.

Reduce energy demand on the grid by a further 25% by retrofitting property to improve energy efficiency.

# Executive summary:
## Key policy recommendations

Our representation is structured around four key themes, which are summarised below. These four themes are: **building new homes, employment space and critical infrastructure**; **revitalising our town centres and retail destinations**; **decarbonising our buildings**; and **embracing technology and utilising data**.

### Building new homes, employment space and critical infrastructure

**Tax rules designed to support institutional investment in housing** – reinstating SDLT multiple dwelling relief (MDR) will be critical to kick starting the Build-to-Rent (BtR) market - and zero-rating VAT on repairs and maintenance will remove barriers to improving the quality, energy efficiency, and safety of our existing housing stock.

**Affordable housing -** increase subsidy levels by £9bn-£14bn per annum to support the delivery of 145,000 new affordable homes each year, unlocking private sector match funding of c. £10bn.

**Additional resource** - for planning departments, statutory consultees, the Planning Inspectorate, and the Building Safety Regulator - to reduce time and costs incurred in the planning process.

**Planning reform -** plan more effectively for employment uses such as the critical logistics space and infrastructure that keeps the UK running.

**Energy** - accelerate grid connectivity to large logistics sites to enable green energy to be exported back to the grid.

### Decarbonising our buildings

**Zero rate VAT on repairs and maintenance of homes** – as well as supporting greater investment in Build-to-Rent homes, this measure is critical for our net zero goals. It will reduce costs associated with repairing, recycling and maintaining our properties.

**Introduce a green 'super deduction'** – to improve viability of retrofit works and boost investment.

**Better utilise our buildings for renewable energy generation** – provide clarifications to the regime for Real Estate Investment Trusts (REITs) to encourage property owners to invest in more renewable energy generation.

## Revitalising our town centres and retail destinations

**Business rates reform** – We need a business rates system that responds more swiftly to changes in the economy, along with reforms to empty property relief that encourage, rather than hinder, investment in town centres, which are already struggling with high vacancy rates.

**Support town centre partnerships** – private sector investment is needed to address problems facing town centres. Strong, local public-private partnerships attract investment. Therefore, Government should provide additional powers to local partnerships where they are established and make places more attractive for private sector investors.

## Embracing technology and utilising data

**Support MHCLG's UK PropTech Steering Board's review of the PropTech landscape** - to identify opportunities where PropTech can support with our national challenges.

**Maintain support and funding to the PropTech Engagement Fund** - to ensure that opportunities to deploy technology and enhance its between the public and private sectors is supported.

**Mandate the sharing of energy consumption data between property owners and occupiers** - access to reliable data is fundamental to unlocking technology solutions. This will be paramount in our efforts to improve the energy efficiency of our buildings.

**Explore new ways in which smart meter data might be shared** directly with certain authorised property owners.

# Building new homes, employment space and critical infrastructure

## Building more homes

The Build-to-Rent (BtR) sector is becoming an established contributor to UK housing supply, with over £40bn of investment since 2011 (£3.5b of this in 2023 alone), and over 260,000 BtR homes either in planning, under construction, or completed.

Long-term property investors are turning to BtR because of the shortage of rental properties and the growing demand for better managed homes. The asset class includes rental homes at all stages of life, including Purpose Built Student Accommodation (PBSA), and rental homes designed specifically for senior living.

BtR is more focused on affordability than other sectors like the for-sale market, as investors are motivated to ensure schemes are fully occupied over a period of many years. This can only be achieved with competitive and attainable rents.

Affordable homes are also provided (on a tenure-blind basis) via section 106 agreements and discounted market rents. Institutional investors are also increasingly interested in the social rental sector, and several are regulated as Registered Providers (RPs).

BPF members want to build more of these high quality, professionally managed homes, across a variety of price points.

**With the right policy support, we are confident that we can:**

1. **Double current BtR output from 15,000 homes a year to 30,000.**
2. **Stimulate the delivery of 145,000 new affordable homes a year through increasing subsidy levels by £9bn-£14bn.**
3. **Deliver 50,000 new senior housing units per year.**

Our pre-election manifesto, "Building for Generations", brings together the policies needed to better support and encourage institutional investment into the development of new, professionally managed rental homes – including fiscal and planning policy, and recommendations on Government subsidy. For the upcoming Budget and spending review, we have set out the priority policies to stimulate private sector investment into homes.

Policy recommendations to unleash institutional investment into homes for rent:

### 1. Design the tax rules to support institutional investment into housing

a. **SDLT - re-instate Multiple Dwellings Relief (MDR) for BtR developments.** MDR was first introduced in 2011 to stimulate investment in the private rented sector. It broadly aligns the

SDLT treatment for BtR with homes for sale by ensuring that a transaction of a large number of dwellings is subject to the appropriate rate of SDLT for the average unit being sold.

The availability of MDR has been instrumental in the success of this sector – with the sector growing from almost nothing to 260,000 homes in the pipeline – representing £40bn of investment. Its abolition in March had an instantly chilling effect on the market, with a number of BtR transactions cancelled or postponed – as such we recommend that MDR is reinstated without delay.

We would also note the following:

i. If Government are worried about abuse of MDR by those purchasing family homes with annexes or out houses, the rules could be crafted to make clear that MDR is not available where it includes a private residence. Alternatively, the threshold of units in a transaction that would qualify for MDR could be set much higher – e.g. BtR would rarely be transacted in less than 25-50 units, which would clearly be distinct from a private residence.
ii. BtR should also be excluded from the SDLT surcharges for additional dwellings and overseas buyers, as this can render MDR unviable in some cases. BtR was never the intended target of these surcharges, which were primarily aimed at giving first-time buyers a competitive edge over second home owners or overseas buyers when buying for properties on the open market. BtR is a totally different part of the residential market to homes for sale, and they are built and designed for long term rental, and are not intended to be sold separately. The surcharges risk reducing investment in BtR homes unless appropriate and targeted exemptions are introduced.

b. **Zero rate VAT on repairs and maintenance of residential buildings.** The tax system should not create barriers to people improving the safety, quality, or energy efficiency of their homes. Furthermore, by improving the investment proposition for long term investors in BtR; purpose-built student accommodation; and social housing, more housing can be developed. If the cost of this measure is challenging in the short term, Government could consider starting with a reduction, to say, 5% in the first instance, or alternatively, consider prioritising the measure to address the most acute housing needs. For example, the following could be targeted in the first instance:

i. Improvements to social/affordable housing.
ii. Cladding remediation and other health and safety improvements – we are now 7 years post the Grenfell disaster - tax barriers to remediating cladding should be removed. At the very least HMRC should address any remaining uncertainty over the VAT treatment of cladding remediation works.
iii. Energy efficiency improvement work – e.g. cap VAT relief up to £50k per property where improvements have been made to energy efficiency. Furthermore, Government should address the shortfalls with the current VAT relief for energy saving materials to ensure that VAT relief is available where energy efficiency works are included within a larger refurbishment project (to better reflect commercial reality).

c. **'Golden brick': bring forward the point at which VAT can be recovered on the construction of a new home.** This would allow house builders to sell off partially constructed housing schemes to registered providers of social housing and other homes for rent much earlier in a schemes development. We expect that this policy would have minimal, if any, cost to the Exchequer – and would provide much needed certainty to allow land with development potential to be sold off to investors and developed.

This would allow housing schemes, including social housing, to be delivered more quickly. We would support a legislative change to allow zero rating of land sales where there is a residential development contract in place with a registered provider. At the very least though, even without a legislative change, it would be helpful if HMRC acknowledged and confirmed that 'golden brick' can be met at an earlier stage of building works than their policy currently suggests.

## 2. Increase affordable housing subsidy

Increase subsidy levels by £9bn - £14bn per annum to support the delivery of 145,000 new affordable homes each year. The Government's commitment to set out longer term rent settlements is helpful to provide certainty and reassurance to investors, and will in turn, lower the subsidiary requirement per unit. In conjunction with this, if Government were to commit £9-£14bn per annum increase in subsidy level, this would support the private sector to deliver 145,000 new affordable homes each year. This could be done in conjunction with a review of how to target the subsidy better.

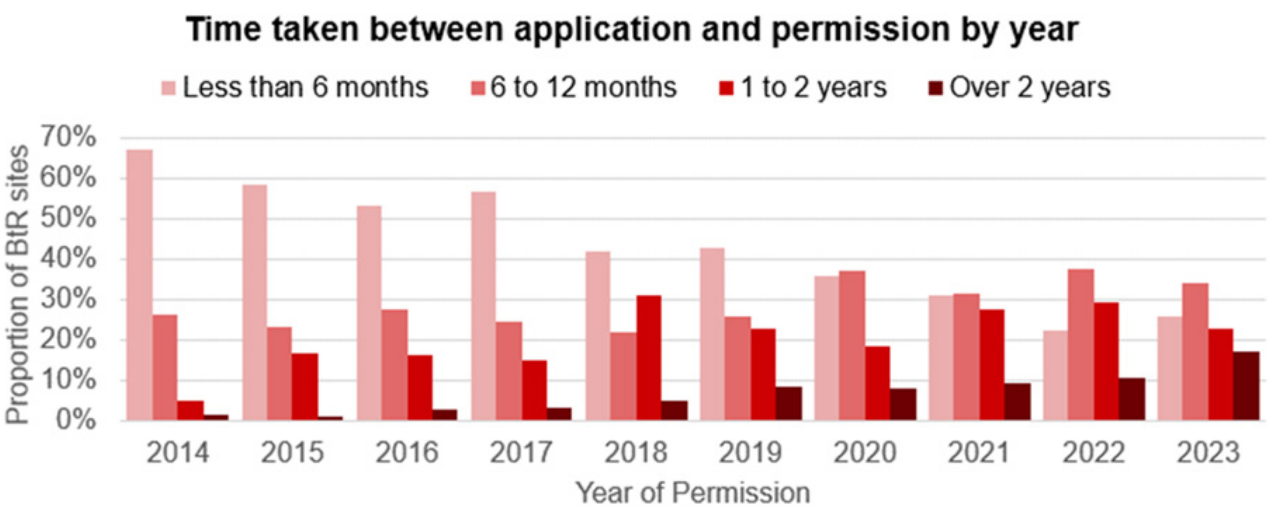
## 3. Additional resource for planning departments, statutory consultees, the Planning Inspectorate, and the Building Safety Regulator

It is welcome that the Government is seeking to provide more planning resources for local planning depts and considering greater cost recovery through increased fees for planning applications.

The need for additional resource and simplified planning procedures is well illustrated by recent research we have conducted which shows that the proportion of Build-to-Rent developments in planning for over a year has increased from 7% in 2014 to 40% in 2023 – see graph below. This is a worrying trend which will add further cost and risk to potential new developments.

Planning, however, is a system that is only as efficient as its weakest link. It is important that statutory consultees and the Planning Inspectorate are also more resourced if the system as a whole is to deliver on the Government's growth and housing objectives.

In addition, of significant concern are delays since the Building Safety Regulator's Gateway 2 was introduced in April. What is supposed to be a maximum 12-week period, set in statute, is being quoted by the Regulator to some of our members as a process of more than 30 weeks. This adds significant delay, risk, and cost to projects. Whilst some teething problems may be being encountered, BPF members are concerned that the new Regulator has insufficient skilled people to fulfil its duties.



# Building the UK's Critical Infrastructure – Industrial and Logistics

The BPF represents the country's leading developers of, and investors in, industrial real estate. These businesses build, own and manage much of the critical logistics space and infrastructure that keeps the UK running.

Our modern, sustainable warehouses are vital elements of the resilient and efficient supply chains that manufacture, process, store and distribute essential products and services to millions of households and thousands of businesses and public services up and down the country. The logistics property sector is highly productive and is, in many ways, a hidden jewel in the UK's crown. It is essential to the economic growth, productivity and resilience of the country.

**With the right Government support, this sector has the potential to:**

1. **Increase investment by 50% over the next 5 years to meet demand, attracting both domestic and overseas capital.**
2. **Contribute £5bn in business rates over the next 3 years, assisting local authority resources.**
3. **Offer over half a million apprenticeships over the next 10 years.**
4. **Grow solar generation: warehousing roof space also has the capacity to support up to 15GW of new solar - the equivalent of around 25% of the UK's power requirements.**

Policy recommendations to support investment in our employment space and critical infrastructure

We set out in our pre-election 'logistics manifesto' how Government policy can best support this sector and unleash investment and growth more quickly – and ensuring that we have the logistics infrastructure to support our homes and businesses around the country.

We have drawn out two areas that we would urge the Government to prioritise for the upcoming Budget, relating to planning and grid connectivity.

### 4. Planning reform

The planning system plays a critical role in ensuring that our country has the right number and types of homes, employment spaces and critical infrastructure to serve our society and economy in the future. To that end, we welcome the consultation on the NPPF and the Government's clear determination to build more homes. We will engage in more detail on that consultation separately but would note that there is an opportunity to go further to ensure that we are planning more effectively for the future employment space and critical infrastructure needed to serve our communities and businesses in the future. In particular, we would urge Government to:

a. **Re-introduce strategic planning.** The current planning system has failed to adequately deal with 'larger than local' employment sites – which has resulted in an employment land crisis. By re-introducing effective strategic planning, it would ensure that industrial and logistics development is more aligned with strategic infrastructure provision and housing growth.

   For any new or revised devolution structures (requiring primary legislation) it will be imperative that there is alignment between the strategic planning structures and the relevant functional economic area. In this way, key growth sectors such as industrial and logistics can be effectively planned for at the appropriate spatial and regional scale.

b. **Introduce a consistent method across authorities to plan for employment uses.** A standard method for allocating housing growth across the country has been a feature of our planning system for over a decade however there is no similar national requirement for calculating employment need. This has resulted in inconsistent approaches across the country and (in the absence of effective strategic planning) has too often meant that planning for employment has 'fallen through the cracks' of the relevant local plan processes. Ensuring that a consistent method across all authorities is adopted in combination with effective strategic planning would ensure that the right amount of employment land is planned for in the right locations, satisfying both local and regional employment need.

### 5. Accelerate grid connectivity to enable green energy to be exported back to the grid

The logistics property sector is already leading the way on sustainability. With greater Government support for innovation in battery and other local energy storage solutions (for example by providing grants), we could have the ability to create energy self-sufficient logistics hubs, reducing the need to draw energy from the grid.

Furthermore, our logistics buildings have the roof space for up to 15GW of new solar - the equivalent of around 25% of the UK's power requirements. We urge the Government to capitalise on this untapped resource and to accelerate and enhance grid connectivity to large logistics sites by:

a. **opening up the market for physical connection to the grid to competition;**

b. **setting a higher feed in tariff to further incentivise export to the grid;**

c. **and encouraging OFGEM to expedite proposed reforms to the grid connection queue.**

These measures would enable the export of green energy generated by solar panels on warehouse roofs back into the network to power our homes and businesses.

# Revitalising our town centres and retail destinations

We are already heavily invested in town centres across the country, with almost 50% of property on the UK's top 22 high streets owned by institutional investors such as pension funds, insurance companies and collective investment schemes.

With national high street vacancy rates stuck at around 14% and an oversupply of retail space of between 25% to 40%, our town centres need rethinking and repurposing for the 21st Century. The right policy framework is needed to address this – one that supports strong local partnerships and facilitates investment.

Our pre-election manifesto '<u>Building Destinations, Supporting Communities</u>' sets out more detail on how the Government can better support retail destinations to thrive. We draw out our recommendations on two key policies in respect of business rates reform, and measures to incentivise investment by supporting local partnerships, which we would urge Government to prioritise for the upcoming Budget.

### 6. Business rates reform

We have long advocated for reforms to business rates – to ensure they are responsive to changes in the economy, and they impose a fair level of tax on business. A fair and stable tax environment which responds to changes in the economy is the foundation to supporting private sector capital into our towns and cities.

This can be achieved through:

a. **Lower tax rate which is fixed – consistent with all other taxes.** This would allow the tax burden on business to respond only to changes in property values. In the short term, until the next revaluation, Government should reverse the previous uplift in tax rate, reverting to the already high rate of 50%.

b. **More frequent revaluations** (ideally annual) and a reduction in the antecedent valuation date from two years to one – to ensure the tax system responds to changes in the economy more quickly (by uplifting the tax burden on those properties which are increasing in value and reducing the tax burden on properties which are falling in value more quickly). In the short term, Government will need to commit funding to the Valuation Office Agency to invest in automation and digitalisation to prepare for more frequent revaluations.

c. **Reforming Empty Property Relief (EPR)** – the treatment of empty properties should be reviewed, with a view to providing a fairer relief, more consistent with typical reoccupation periods and more conducive to incentivising investment. We suggest a EPR period of at least 6 months, followed by a 50% discount in rates bills for properties vacant for longer than this.

   Not only will this make the tax system fairer, but it will also ensure that a draconian tax on empty properties does not increase the risk associated with investment and refurbishment – particularly in our hardest hit town centres struggling with high levels of vacancy.

In the short term, if the Government isn't able to increase the initial rates free period from 3 months to 6 months, we would suggest that the relief is targeted more closely at property owners. At present, occupiers can access the relief if they leave the premises before the lease ends, meaning there is uncertainty over whether a property owner will get access the any Empty Property Relief. It wouldn't cost the Government anything to amend the legislation to ensure that the relief is at least better targeted at the business it was intended for – to support re-marketing and re-fitting out properties.

We welcome Government's acknowledgement that further reform to business rates is needed. We would welcome early engagement from Government to better understand how Government plans to address their priorities for reform. In order to ensure we can have meaningful engagement of potential reform, we encourage Government to consider possible reforms which are not revenue neutral within the business rates system. Business rates does not act in isolation to the rest of our economy, and will have implications on business and investment decisions. To that end, we would like to see consultation of reforms to business rates which consider reducing the tax rate and fixing the tax rate – making it consistent with all other taxes.

## 7. Supporting town centre partnerships

More investment into town centres is vital for their success, even more so to turn struggling town centres and high streets into healthy and vibrant locations. Both public sector and private sector investment have important roles to play.

Strong local partnerships comprised of stakeholders across the public and private sectors give private sector property owners the confidence to invest. Therefore, we advocate for additional support and powers for such partnerships. Our recommended approach is through Town Centre Investment Zones (TCIZs).

To support private sector investment into town centres:

a. **Incentivise and fund partnerships:** TCIZs incentivise local partnerships by providing additional policy and planning powers and fiscal benefits where public and private stakeholders work together. This in turn helps enable them to overcome viability challenges that prevent private sector investment. Provide modest start-up funding to establish partnerships in return for wider economic benefits, including greater investment, local growth and regeneration in communities.

b. **Commit to targeted national support for place leaders.** The High Street Taskforce successfully supported local authorities, BIDs, property owners and others to tackle challenges facing town centres. Further similar ongoing support is needed.

c. **Targeted Stamp Duty Land Tax (SDLT) relief:** SDLT is a damaging tax. It reduces liquidity in the market, which increases the risk of investment. It also increases the cost of assets changing hands, preventing properties being owned by the right investors – those that have the vision or expertise to redevelop or repurpose them. Providing SDLT reliefs or rebates for investment into properties and reducing SDLT in TCIZs, would help to kick start projects and benefit local economies.

# Decarbonising our buildings

There are around 30 million buildings in the UK, many of which are poorly insulated and inefficient. Over 90% of homes are still heated by fossil fuels and our latest research shows that 84% of commercial spaces with EPC ratings are rated EPC C or below. In order to reduce energy bills, ease fuel poverty, and reduce reliance on the grid, we must invest in improving the energy efficiency of our buildings.

BPF members have hundreds of billions of pounds of assets under management. This includes over one hundred thousand homes and hundreds of millions of square feet of commercial real estate space. We can make a significant contribution to tackling climate change, reducing energy bills, and decarbonising our economy.

**With the right fiscal and regulatory framework we can:**

1. **Create tens of thousands of new high-skilled jobs in construction and related trades.**
2. **Cut energy bills for households and businesses.**
3. **Support economic growth across the UK. The roll out of energy efficiency measures and low-carbon forms of heating could drive up to £6bn gross value added (GVA) per year by 2030.**
4. **Help deliver energy security and decarbonisation of the electricity grid through the generation of on and off-site renewable energy.**

Our carbon manifesto sets out the policy and fiscal framework which can support our sector to unleash this potential. It goes without saying that preparing for electrification of buildings, and therefore ensuring that the grid has capacity to serve these buildings will be fundamental. In addition, having a clear roadmap of the policy and regulatory framework will provide investors with certainty on the key regulatory milestones, allowing them to invest with confidence.

We draw out the following fiscal asks which will further support our sector to make our buildings more efficient and to capitalise on the property sector's potential to generate renewable energy. All of these policies also have the twofold benefit of increasing investment and contributing to economic growth.

### 8. Zero rate VAT on repairs and maintenance of residential buildings

As touched on earlier, in relation to housing, this measure would support the viability of Build-to -Rent (BtR) homes and therefore boost supply of new homes. But it is also an important policy in the context of our sustainability aims as it would ensure that the tax system encourages us to repair, maintain and re-use what we have, rather than knock down and start again. If this measure is too expensive to roll out in full in the first instance, Government should address the shortfalls with the current VAT relief for energy saving materials to ensure that VAT relief is available where energy efficiency works are included within a larger refurbishment project (to better reflect commercial reality).

### 9. Introduce a green 'super deduction' - to boost investment into retrofitting our homes and buildings

We know that finance and viability are one of the biggest barriers to retrofitting our property stock. A green 'super deduction' would allow a tax credit at the beginning of a green retrofit project – which is the best way to impact on viability and get more retrofit projects started more quickly.

### 10. Renewable energy generation – clarify treatment of renewable energy plant within the REIT regime.

The logistics sector alone has the roof space to generate 25% of our grid capacity. As well as ensuring that the right infrastructure and incentive structure is in place to capitalise on the potential of property to generate renewable energy and export it back to the grid, we need to address any unintended tax barriers within the tax rules. To that end, we recommend that greater clarity is provided within the REIT (Real Estate Investment Trust) regime, that renewable energy generation assets would be deemed to be 'good' assets within the REIT regime - where they are either incorporated within the building or generating renewable energy for tenants. This measure would provide much needed certainty to many property investors on the tax treatment of renewable energy generation, with very little cost to the Exchequer.

# PropTech and data

Technology and data have significant potential to help us address national challenges more quickly, more efficiently, and more cheaply – as well as provide longer term growth opportunities. We need to be front runners is identifying and deploying new technologies in the property sector to ensure that we can find solutions to national challenges more quickly and to maintain and enhance the UK's leadership position in PropTech.

Even before radical technological transformations, there are so many aspects of the property life cycle that are slow and inefficient and ripe for technological improvements – whether that be buying and selling a property; taking on a new lease; engaging with the planning system or business rates system; or addressing one of the biggest challenges we face as a sector – decarbonisation.

## PropTech

We welcome and support the work of the Government's UK PropTech Steering Board, led by MHCLG, which is currently conducting research to better understand the PropTech sector in the UK. PropTech, or property technology, involves the application of established and emerging digital tools that help streamline processes related to real estate, property, or planning and to connect different areas of the market.

In addition, the PropTech Engagement Fund, which was set up in 2021, has demonstrated the value of technology in the public sector and is expected to accelerate the adoption of technology that will enhance community engagement, deliver a modern planning system and identify new development opportunities through site identification/appraisal tools.

The insights generated through the Fund will inform Government's work to modernise the planning system and wider policy reform.

We fully support both of these initiatives to ensure we remain a hub for PropTech innovation and front runners in embracing technology to enhance productivity and unlock long term growth opportunities. We recommend that Government work with the sector to protect and enhance our world-leading PropTech sector, including:

### 11. Regular reviews

Given how fast technology evolves, commit to a regular review of the sector, at least biannually, to ensure we capture new opportunities as technology evolves. (This could be through MHCLG's UK PropTech Steering Board which we would welcome Treasury and DBT support for).

### 12. PropTech Engagement Fund

Maintain funding to the PropTech Engagement Fund and broaden the remit to include digitisation of planning processes.

## Data

Accessing high quality data is a basic pre-requisite to harness potential technological solutions. Accessing energy consumption data, and understanding how a building performs in use, is fundamental to calculating baseline emissions, setting targets and developing and delivering net zero plans. However, for many building owners and occupiers, accessing data is a real challenge. For some, it is the biggest barrier they face in the transition to net zero.

In order to close the data deficit, Government should:

### 13. Mandatory data sharing

Mandate the sharing of energy consumption data between property owners and occupiers. This data sharing could be along the lines of France's Décret Tertiaire.

### 14. Expanded use of smart meter data

Explore new ways in which smart meter data might be shared directly with certain authorised property owners.

Research by the UKGBC suggests that optimisation – ensuring a building runs as efficiently as possible – can deliver a 26% reduction in operational energy use. Taken together with our recommendations to improve the energy efficiency of buildings, fostering better collaboration with data sharing of energy consumption data will be fundamental to delivering the sector's and the Government's net zero ambitions, and importantly, reducing energy consumption will significantly reduce pressure on the national grid.

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