

The climate transition challenge across the sectors

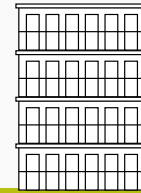
Retail

- Fragmented ownership challenge.
- Impact of MEES – 185m sqft of retail outlets may be unlettable by 2023 (Source: “Real Estate and the Carbon Challenge” Savills 2021).
- Economic viability of conversion cost.
- Shops outside key ownerships and core trading locations likely to require government intervention.



Office

- Undersupply of green office supply and high tenant demand driving rents and a “green premium”.
- Mostly owned by professional investors who are keen to mitigate obsolescence and preserve value.
- Challenge of influencing tenant behaviour but may be mitigated by energy usage initiatives like NABERS and DEC.



Residential

- Must differentiate between BTR type investments smaller scale PRS/owner occupation.
- Currently little evidence of a green premium and higher level of policy intervention likely to be necessary.
- Mortgage lending could be used as a lever for improvement works.
- Government target of meeting EPC C by 2035 will require energy efficient renovation rate to increase 7x according to Dept for Business, Energy and Industrial Strategy.

Logistics

- Greatest potential for energy neutrality due to opportunity for installation of rooftop solar panels.
- Also opportunities for EV charging and rainwater harvesting.
- Potential challenges retrofitting due to weight bearing capacity of older stock.

Net-zero