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Property industry says Government's zero carbon building targets are unattainable

London, 14 June: The biggest ever survey of the UK development industry, released today, shows that approximately three-quarters of the industry – which accounts for nearly half of all UK carbon emissions – do not believe the Government's current zero carbon targets for the sector are realistic. Meeting these targets will be essential if the UK is to meet its national carbon reduction targets by 2020. The findings of the survey demonstrate the strength of feeling among respondents that regulation is most likely to drive progress in future, highlighting the need for closer industry-Government collaboration.

Called *Hitting the Green Wall...and Beyond*, the report is a collaboration between the British Property Federation, international law firm Taylor Wessing, and specialist research and communications consultancy Spada.

With over 7,000 individuals surveyed, the report is believed to be by far the most comprehensive survey to date of the development industry's sentiment towards – and preparedness for – sustainability and carbon reduction. Despite the difficult economic conditions, the survey also finds that the importance accorded to sustainability has held steady during the recession, and highlights the increasing prevalence of green agreements.

It builds upon the findings of Taylor Wessing's award-winning 2009 report *'Behind the Green Facade'*.¹

Key findings of *Hitting the Green Wall...and Beyond* include:

- **All sectors of the UK development industry are sceptical of Government's policy objectives.** 76% of respondents think that the Government's plans for making all new housing zero carbon by 2016 are unrealistic. 73% believe plans to make new commercial property zero carbon by 2019 are unrealistic. However, respondents are also convinced that the 'stick' of regulation is most likely to drive progress in future, highlighting the need for closer industry-government collaboration.
- **The industry acknowledges that it is not communicating well with regards to sustainability.** Only a minority of respondents say they are communicating sustainability performance 'quite well' or 'very well' to internal (47.4%) or external (33.7%) audiences. Traditional industry divides, the complexity and fragmentation of the industry and the lack of a common currency of frameworks and benchmarks combine to create a major communications challenge.
- **The importance accorded to sustainability remains high, despite the recession, with over 68% saying sustainability was either 'very' or 'highly' important.** When compared to the 2009 report, importance dipped only marginally by 3%, a sign of durable commitment in the face

¹ Research also conducted by Spada. Winner: Victor Ludorum and Research categories at Property Marketing Awards 2009. Runner-up: B2B Marketing Awards 2009.

of a severe recession. Contractors, however, reported a 10% dip in importance.

- **Sustainability strategies are now widespread, but success is frequently not measured.** Over 70% of those surveyed had a sustainability strategy in place, but only around half of respondents set internal targets, whilst only approximately a third set targets related to business dealings.
- **Top management take responsibility for sustainability.** Over 80% of respondents said that senior management are responsible for sustainability. It is unclear who supports the senior management team as only a minority say they employ dedicated staff (36.18%) or consultants (36.05%).
- **A majority of all sectors (60%) have direct experience of using green leases and other green agreements.** This is a dramatic increase from *Behind the Green Façade* which found that 46% of end users were not even aware of the existence of such green agreements or provisions. Of the approximately 40% of respondents who had not yet used a green agreement, almost half said they would consider it in future. Non-binding arrangements are by far the most common.
- **A plethora of benchmarking tools exist, but these all measure diverse factors and there is little common application.** EPCs, BREEAM and ISO 14001 are all popular. Sustainability is reported on by the majority of respondents (72.33%) but across varying timeframes and in a multitude of ways.
- **Improved operational efficiency and greater flexibility of use are most likely to motivate respondents to retro-fit existing stock in order to meet sustainability goals.** The industry seems unconcerned about future energy security.
- **The industry is taking tentative steps in trying to measure green value.** Data relating to environmental performance is requested or provided during financial transactions by approximately one third of respondents.

Liz Peace, Chief Executive of the British Property Federation comments:

“With an industry that is sceptical about carbon reduction targets, closer collaboration between Government and the industry is essential if these are to be met. Government will need to work with all sectors to understand fragmented views and identify why certain sectors feel the targets are more achievable than others.”

“Government faces a huge challenge in striking the right balance between 'carrot' and 'stick' in order to secure its sustainability objectives, whilst the industry must engage as much as possible and attempt to meet and exceed targets. An inconsistent approach to regulation and its implementation, or the setting of targets that are perceived as unachievable, is likely to impact negatively on the delivery of the sustainability agenda by the industry.”

Helen Garthwaite, UK Head of Construction and Engineering at law firm Taylor Wessing adds:

“The burden and complexity of regulation affecting sustainability at EU and national levels will continue to increase. The industry believes that the 'stick' of regulation is necessary to drive the pace of change, alongside fiscal incentives and other measures. Non-binding green agreements are growing in popularity and we expect this trend to continue. The preference for non-binding agreements could shift towards binding agreements as the regulatory agenda evolves.”

“Alongside regulation, better measures to define success and value will be essential. The rationalisation of benchmarking tools and agreement over their application is needed. It is possible that some voluntary benchmarks could in effect become mandatory through industry promotion and use.”

Gavin Ingham Brooke, Chief Executive of Spada, concludes:

“The report reveals a deep reservoir of goodwill and a durable commitment to the sustainability agenda, reflected by the fact that over 80% of respondents say that senior management take responsibility for sustainability and the recession has barely affected the industry’s commitment.

“Goodwill is not enough. Energies and resources across this complex industry need to be pointed at defined objectives which are commonly understood, with every stakeholder guided by consistent frameworks, measures and, frankly, language. Hitherto separate disciplines - technical consulting, organisational development, law and communications - need to be brought together to crack the challenge of change.”

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Spada is one of the UK’s premier communications and research advisers to professional, financial services, property and business-to-business clients. The consultancy’s ability to shape corporate reputation derives from a unique fusion of issues based media relations, branding, marketing, research and crisis communications advice.

Founded in 1994, Spada has twenty consultants in London, affiliate offices in New York and Washington, and a network of approximately 50 associates across the UK and Europe. The consultancy is led by managing director, Gavin Ingham Brooke, who has been active in the legal and wider professional services sector since 1988.

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