

Reducing energy costs: easy wins

Current economic conditions have meant that on the whole occupiers are unwilling to pay more to occupy more sustainable buildings. If anything they are thinking twice about taking any new space as occupational demand is forecasted to be muted over the short-term. This is not to say that sustainability is now on the back burner. If anything being more energy efficient has become more of an issue for occupiers as companies become more prudent about expenditure and look at ways to cut costs.

Recent research by the Carbon Trust found that energy efficiency is the number one cost cutting priority of UK businesses ranking it ahead of recruitment, salary freezes and redundancies as a potential cost saving measure. Future legislative changes are likely to heighten this issue as a draft law has been adopted by Parliament requiring the government to reduce Britain's carbon dioxide emissions by 26% by 2020 with an 80% cut set for 2050. In order to meet these targets there are likely to be further legislative requirements placed on businesses to improve energy efficiency.

While energy efficiency looks set to become a key priority for businesses the solution in the short-term is unlikely to be found in a move to new, more energy efficient stock. Rather the focus is likely to shift to improving efficiency of existing property. Ensuring that existing space is more energy efficient without the high rental price tag may help to reduce void periods. For example, in shared buildings where tenants pay for their energy usage via the service charge, a more efficient building could mean a lower charge. In terms of total occupational costs this will no doubt be attractive to tenants. For landlords, maintaining rental income has become increasingly important as yields continue to move out.

The question is then how can landlords and occupiers become more sustainable and ultimately reduce energy costs?

Energy efficiency will be affected by building fundamentals such as design and materials which are often impractical to alter in an existing building except when undertaking a major refurbishment. But, there are features that can be more easily improved. The first step to improving energy efficiency should be identifying whether current energy usage is excessive and what accounts for the bulk of this. Collecting this data allows

occupiers and landlords to benchmark their property. The Carbon Trust has provided some guidance on typical and good practice energy costs as a benchmark suggesting that implementing good practice has the potential to reduce energy costs by almost half. A survey to assess carbon footprint can identify where energy use and costs can be reduced. The Carbon Trust offers free surveys for organisations with energy bills of over £50,000 per annum.

What is important to note is that 'good practice' does not have to mean expensive retrofitting and replacing of plant.

Changing energy supplier may also prove beneficial. Examining actual peak demands to see whether these can be adjusted downwards to save on availability charges. Ensuring that buildings comply with air conditioning inspections and are working efficiently can also help to prevent energy wastage.

It is surprising how many buildings have maintenance contracts that are not monitored or checked. Requiring feedback from maintenance contractors may identify areas where performance can be improved within investment parameters. One of the cheapest and most effective ways to prevent energy wastage and cut carbon emissions is to turn things off. Ensuring that office equipment such as computers, printers etc are switched off in the evening and weekends can cut costs significantly as can switching off heating, ventilation and air conditioning plant or starting it at optimum times to reduce operational costs without sacrificing operational effectiveness. But sustainability and cutting carbon emissions is not just about energy usage. Water efficiency, recycling and encouraging cycle to work schemes are also worth considering (see table on last page).

There are a wide range of initiatives tenants and landlords can employ to improve the sustainability of their building and some of the best results can be achieved when both parties work together. Tenants are already looking to energy efficiency as an effective way to cut costs. For landlords providing more energy efficient stock may become key to retaining and attracting tenants, all the more important as ensuring rental income has become a primary concern.

Sustainability Briefing

	Good practice to improving building sustainability and cutting costs
Building policies	Collect utility information: Collecting, collating and converting to annual costs and carbon emissions will allow for benchmarking, identifying where the greatest potential savings could be.
	Change energy supplier: If on larger medium voltage electrical supplies with Medium Voltage metering or maximum demand tariffs at low voltage, examining peak demands to see whether these can be adjusted downwards to save on availability charges and maximum demand.
	Air conditioning inspections: EPC's require regular inspections of air conditioning systems with a rated output of 12kW at intervals no greater than every 5 years as of January 2011. For systems of over 250kW inspections are required as of January 2009. These inspections are intended to help maintain efficiency and correct performance at lower overall cost.
	Maintenance contracts: Monitor, check and get feedback from contractors. This may identify areas where performance can be improved within reasonable investment parameters.
	Refurbishment or refresh: Consider passive and other design measures that could provide substantial energy and carbon reduction options if feasible. There are grants and tax effective solutions for procurement, although grants need to be applied for in advance and will pay for fees rather than work.
Company policies	Waste recycling: Assess current practices to identify potential areas for improvement. Appointing an office environment champion to encourage others to 'do the right thing' may be beneficial.
	Water use: Investigate current water usage, is there an opportunity to install more efficient taps and cisterns? Is there an opportunity to reduce bottled water usage?
	'Turn it off': Switching equipment off overnight/ at weekends can have significant energy and cost savings. Heating, ventilation and air conditioning plant can often be turned off or started at optimum times to reduce operating costs without sacrificing operational effectiveness.
	Transport: Encourage cycle to work schemes by promotion and provision of facilities. Reduce car usage by setting up car share schemes and reward users by offering allocated parking.

For further information please contact



Michael Pillow
Director - Building Consultancy
020 7409 8985
mpillow@savills.com



Marie Hickey
Associate Director - Research
020 3320 8288
mlhickey@savills.com



Mike Mann
Sector Director- WSP
0121 352 4808
mike.mann@wspgroup.com



Lee Hargreaves
Associate Director - WSP
0121 352 4919
lee.hargreaves@wspgroup.com

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