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# ENERGISING CITIES:

## Sustainable Energy in the Development Process

**Zöe Lucas – Savills**

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**27<sup>th</sup> September 2005**

Today

- Savills
- Savills and sustainability
- Selling / Buying Land for Sustainable Development
- Impact on Land Value
- Marketing Sustainable Units – Research
- Conclusion

Savills

- National coverage
- Commercial, residential, leisure, rural
- Corporate finance advice, property and venture capital funding, financial services
- Owner occupier market
- Investment / Leasing market
- Development market
- Research

## Development and Regeneration Department

- Master-planning and implementation of large scale mixed use development and regeneration projects
- Understanding of development constraints
  - lack of infrastructure
  - remediation
  - planning / s106 issues
  - land owner objectives
- Land assembly

Savills and sustainability

## Key / Current projects

- BedZED – The Peabody Trust
- Ladbroke Green – The Peabody Trust
- Brighton – BioRegional / Quintain
- Former School – Surrey County Council
- Manston Road – Thanet District Council

## Savills and sustainability

### Savills' role

- Public / Private Sector
- Encouraging sustainable schemes
- Assessing sustainable criteria and financial criteria
- Design / Target Market
- Valuation – Land and End Product
- Roll out

## Selling Land for Sustainable Development

- Current example – Former School with Surrey County Council
- Team – Savills, BRE, DL, Elmbridge, SCC
- Establishing Development Concept
- Minimum Sustainability Criteria
- Support in Planning Process
- Approach the Market

## Buying Land for Sustainable Development

- BedZED - Acted for the Peabody Trust
- Advised on the acquisition of the site
- Provided ongoing development consultancy advice
  - design
  - layout
- Facilitate scheme delivery through land tranches, easements etc
- Prepared a marketing report

## Impact on Land Values

- Residual Appraisal
- Design – Wacky v Conventional
- Density
- Public Open Space
- Build Cost Sensitivity
- Bottom Line Land Value
- National Trust experience  
Stamford Brook

## BedZED

- Former sewage works
- Concept preferable in planning terms (Ladbroke Green)
- UK's largest carbon neutral eco village
- Building materials from natural / renewable sources
- Energy efficient design
- Water strategy cuts mains consumption by 1/3

## BedZED: The whole scheme



## BedZED: The finished product



## Savills and BedZED

- Savills prepared a report for BioRegional summer 2003
- Is there a difference in value between ZED units and conventional market units?
- Can this be explained?

ZED units

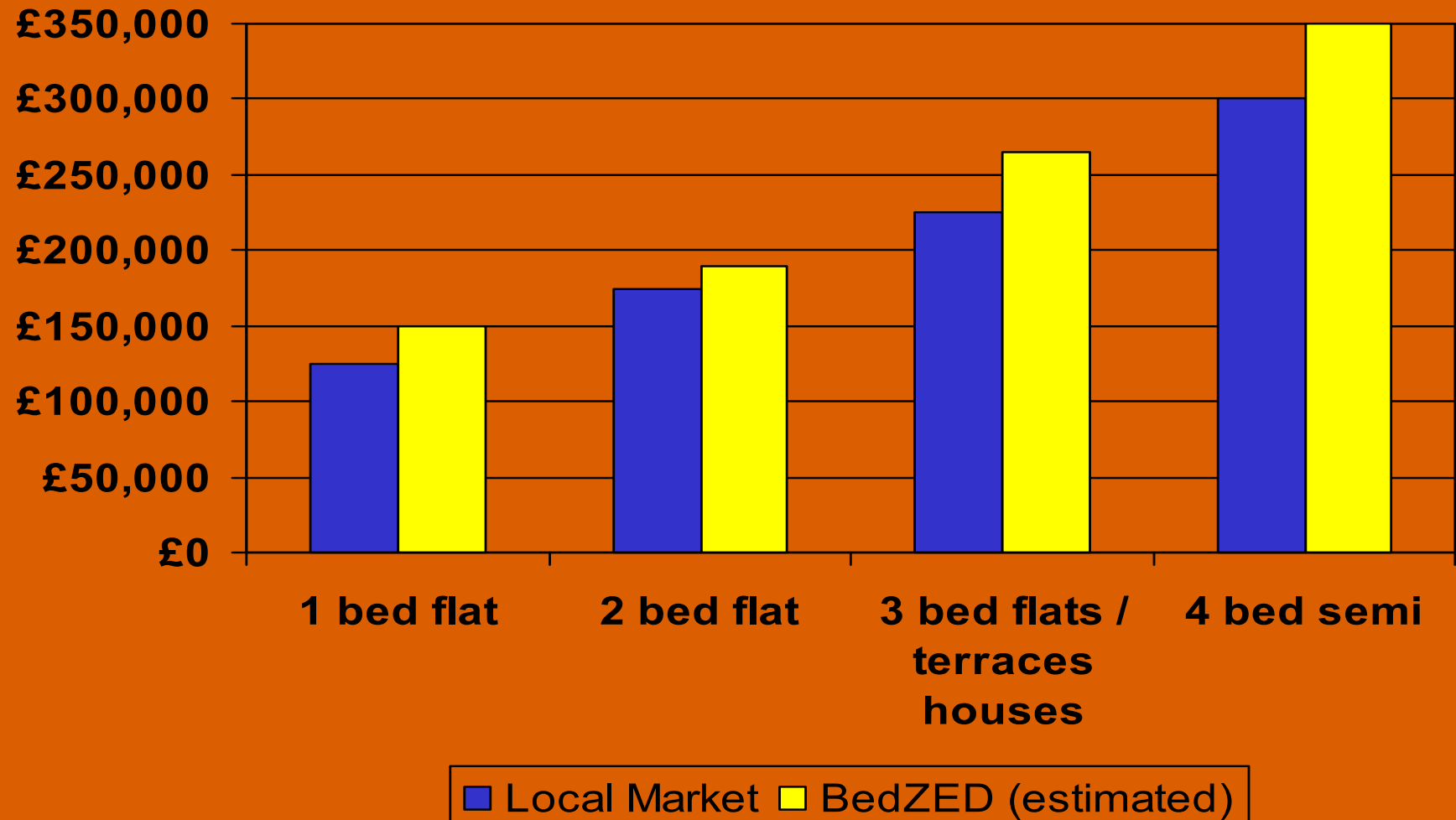
## Assumptions / Limitations

- Data source limited
- ZEDs not necessarily representative of all sustainable properties
- Unit sizes similar, excluding sun spaces
- Timing – sold 2001, few 2<sup>nd</sup> hand sales (old data now)

## ZEDs: Average sales figures 2003

	Average sales figures		
Unit type	Local market	BedZED (estimated)	% Difference
1 bed flat	£125,000	£150,000	20.00%
2 bed flat	£175,000	£190,000	8.57%
3 bed flat / terrace	£225,000	£265,000	17.78%
4 bed semi	£300,000	£350,000	16.67%
<b>Average</b>	<b>£206,250</b>	<b>£238,750</b>	<b>15.75%</b>

## ZEDs: Average sales figures 2003



## ZED Units

- Premiums vary according to size of units
- The premium is more defined for the larger units (3 and 4 bed)
- To understand the premium differential we examined:
  - target market
  - location
  - ZED features

## ZED Units

### Target Market

- Privately owned units are mainly occupied by professional couples (Similar - The Wintles)
- Most occupiers are couples with one or both in full time employment
- There are a number of families with young children in occupation
- Approx 1/3 of occupiers were attracted to the scheme for its environmentally friendly qualities

ZED Units

## Target Market

- Age, profession, couple status indicate scheme is predominated by people who can afford to pay above average prices
- Helps explain lower 2 bed premium – different market, young professionals who want town centres, night life etc

## ZED Units

### Location

- Beddington before BedZED
- Near employment centres
- Cycle / walk journey times
- Transport links
- Drawing in prosperous purchasers from other locations

## ZED Units

## ZED Features

- Unique architecture of BedZED
- Environmentally friendly living
- Community spirit
- Convenience
- Financial savings
- Outside space
- Sun spaces

## ZED Units

### Summary

- A premium did exist for ZED units over conventional units in Beddington in the summer of 2003
- The premium is more pronounced for larger units
- The main occupiers are professional couples and young families
- Sky gardens and sun spaces “add value”
- Other ZED features can be seen as selling points but are difficult to quantify

However

## BUT

- Do not underestimate the importance of – location
  - design
  - target market
- Schemes should be designed for the target market and location
- Increase the viability of developments by maximising the features that add value
- Increase density
- Attract buying power into lower value locations
- Take advice to optimise house types

## Conclusion

## The Future – How?

- Forge ahead in zero energy housing
- Partnership developments with ethical landowners, HAs / Private Developers
- Obtain planning permission of difficult sites

## Conclusion

## THE FUTURE – MAKE SURE....

- Design a product that meets a range of different target markets
- Consider all aspects of Sustainability as selling points (even those difficult to quantify)
  - ECO Homes / BREEAM ratings
  - Transport
  - Energy
  - Life style / Life choices
- Roll Out



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