

PROPERTY

Prime property owners warned to retrofit now to protect against energy price hikes

When the government's energy price guarantee comes into effect on the 1st of October 2022, a typical household will expect to pay around £2,500 per year in energy bills. However, many homes, particularly prime properties, are not 'typical' with factors such as age and property size impacting the amount of energy used.

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Because of this, owners of prime properties are advised to act now if they want to manage the drastic hike in their energy bills expected in two years' time, according to largemortgageloans.com.



Bespoke mortgage advice provider, LML, in partnership with TwentyCi, discovered that the majority of luxury prime properties with such features as swimming pools and helipads are in period homes that were built pre-1900, properties more traditionally associated with draughty windows and subsequently higher heating and energy bills. The true cost of running such luxury period homes will potentially hit eye-watering levels in two years' time, once government relief is lifted.

For example, LML and TwentyCi discovered that only 81 prime properties with swimming pools in the UK have been built since 2010, three years after the introduction of Energy Performance Certificates (EPCs), a legal requirement which highlights how energy efficient a property is. Property age is the single biggest factor when it comes to energy efficiency. Almost all homes built since 2012 have a high energy-efficiency rating, however, only 12% of English homes built before 1900 can match that performance.

To get their homes in order, period property owners could consider installing green technologies, such as an air-source heat pump or solar panels, in order to take the sting out of future energy bills. Such updates could significantly reduce energy bills and carbon emissions whilst increasing the value of the property.

Other luxury features that LML looked at were lakes and helipads, attributes that many wealthier individuals desire when searching for a prime property. The data told a similar story, suggesting that wealthy individuals who desire an energy-efficient property, complete with such attributes, will either have to compromise or be willing to buy a period home and commit financially to updating and retrofitting it.

Some of the attributes LML and TwentyCi looked at were:

Swimming pools - in total, there are 7,391 prime residential properties in the UK with swimming pools, over a quarter (27%) of which were built pre-1900. Only 1% were found in modern prime properties, built since 2010.

Helipads - there are only 219 prime properties with a helipad. Again, the majority (63 or 29%) are in homes which were built pre-1900. Only three are located in homes that have been built since 2010.

Lakes - 6,281 prime properties exist in the UK with a lake, nearly a third of which (32%) are in the grounds of homes built before the 1900s. Of those more modern homes built since 2010, there are 103 with a lake, accounting for only 2% of the total number of prime residences with such a feature.

Paul Welch, CEO and founder of largemortgageloans.com comments: "The recent rise in energy prices coupled with escalating inflation and mortgage rates means that every homeowner in the UK is affected by the cost of living crisis, one way or another. Wealthier individuals, who are likely to own prime properties, may be business owners or entrepreneurs, who have the added strain of covering energy costs associated with keeping their companies afloat. So bringing down overall energy costs, in their homes and their businesses, is a priority, particularly given that government help is only temporary.

"Unfortunately, many prime properties which are owned by wealthier individuals are period homes and retrofitting this type of building can come with added complications, particularly if it's a listed or historic building, all of which can add to the overall costs. However, suppose a prime property owner is living in their dream home and they are committed to carrying out the work that is needed. In that case, there are lending options available should they need to raise the finance to complete the necessary improvements.

"In addition, any significant improvements made that result in a better EPC rating will lower running costs and could increase the value of the property, so it's money well spent in the long term. Before undertaking such a project, I would recommend speaking to a specialist mortgage broker who will be able to source the right funding options with the most favourable terms to match."