

REVALUE

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Background

A significant part of Europe's residential building stock is old and has poor energy efficiency.

Refurbishment to upgrade to current standards is estimated to cost €40.000 to €60.000 per dwelling, yet evidence suggests that the costs may not be economic over a normal investment period, resulting in many owners finding it hard to create a business case which would support borrowed funds. Further, current valuation methodologies used for secured lending are based on market value rather than investment worth making it difficult for lenders to justify mortgage advances based on refurbishment costs.

Aim

ReValue aims to facilitate potential changes to valuation guidance issued by the RICS, who are the leading professional body regulating real estate valuers world-wide. It will work with RICS to enable the development of more specific guidance to members to help them to strategically support market transformation towards greater recognition of energy efficiency through the value chain.

In order to achieve this it will develop a range of case study examples to stimulate knowledge and understanding of how and why investment in energy efficiency can support investors' returns.

Approach

ReValue brings together a range of stakeholders to collate energy and refurbishment cost data relating to social and private rented sector dwellings, in order to establish the ways in which these can be integrated into valuation methodologies.

The findings will be tested empirically by applying findings to portfolios of existing social and private sector investors in selected European countries.

Results

It is anticipated that the outcomes of the Revalue project will establish clearer evidence of a link between investing in energy efficiency and long-term investment value of residential let estate. Results will be disseminated to RICS valuers, their clients and other stakeholders and supported by accessible explanatory materials. It is anticipated that the investment case will be built on risk reduction, enhanced long-term value and easier access to capital, both project and long-term, which in turn may establish energy efficiency as a core valuation factor.