

MACKENZIE BYRNE

SUSTAINABILITY SURVEY 2021

Sustainability is high on the agenda of the residential development industry. Trade magazines like **Housebuilder** and **Bridging & Commercial** have recently dedicated issues to the subject and COP26 hosted discussions about the environmental impact of finance and the built environment. In the medium term, the Future Homes Standard requires developers to build houses that emit 75% less carbon than the average house currently does, by 2025.

Despite this focus by the media and government, progress has been slow. For the most part, sustainable homes remain luxury products, enjoyed by those who can afford house prices inflated by the high build costs associated with low-carbon heating systems and energy-efficient building materials.

At Mackenzie Byrne, we've been talking to lenders over the past six weeks, to get an idea of what the development finance industry is thinking and doing about sustainability, and how we might collectively contribute to efforts to reduce carbon emissions. Here are some headline figures from our research.



Most respondents to our survey – **75%** – work for organisations that **have put in place internal or external policies to reduce their carbon footprint**. However, this focus on reducing emissions is largely yet to affect lending practices.

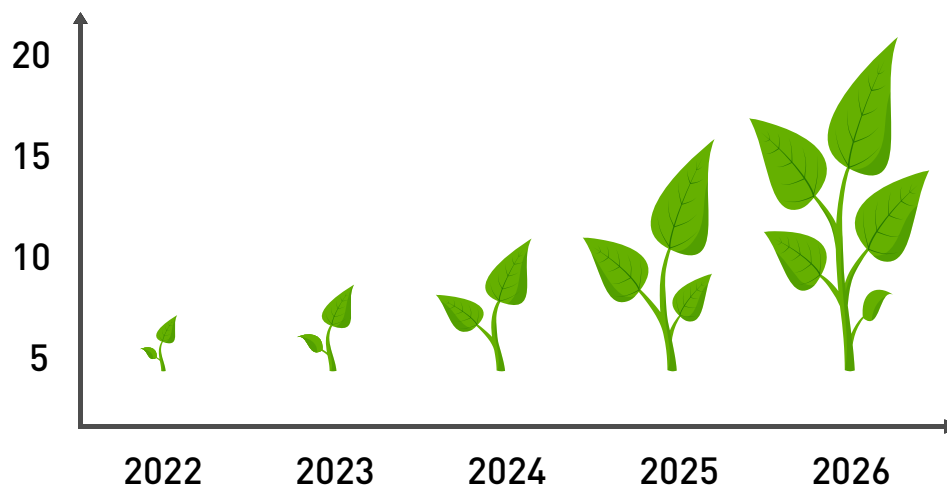
While **50% foresee a time when unsustainable developments will no longer be funded**, only **25% of respondents currently impose sustainability criteria on borrowers**.



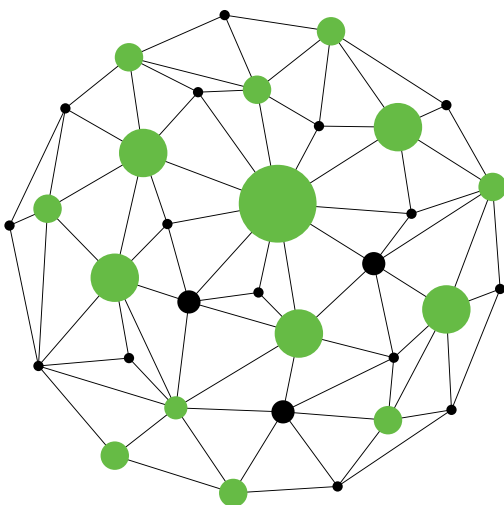
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That's not to say that respondents are not thinking about developing green finance products. **62% plan to fund more sustainable developments** in the next five years, while **50% either apply or are considering applying favourable rates for sustainable development projects.**



Regardless of the policies or plans of their own organisations, most respondents agreed that the **government has a role to play in facilitating more sustainable development**, through a range of policy tools including taxation, subsidies, and legislation.



Finally, several respondents cited a **lack of knowledge about sustainable building practices and standards amongst SME developers** as one reason for the slow pace of sustainable development in the UK and suggested that other industry actors (lenders, brokers, architects, etc.) could offer developers support in the form of educational programmes and networking events.