The surge of energy efficiency in buildings holds the potential to tackle the energy and climate challenges of the 21st century. Minimising the energy consumption of the building stock is a key policy goal of the European Union. One can measure the success of these policies by evaluating the profit that market actors make as a direct implementation of energy efficiency measures. Thus, a regular assessment of price surpluses due to energy efficiency measures should be incorporated as a fundamental component of EU policy evaluations.

The ZEBRA2020 project assessed whether energy efficiency is capitalised upon in the housing market of selected European countries. This would entail a price surplus due to energy efficiency levels in the case of sale and rental transactions. The energy efficiency rating given through Energy Performance Certificates (EPCs) is used as a proxy for the energy efficiency of a dwelling. EPCs thus become a good indicator of the willingness-to-pay for energy efficiency.

Despite lingering data limitations, this report outlines a method to assess price surpluses due to energy efficiency – analysis which was carried out on 12 countries (AT, CZ, DK, FR, DE, LU, NL, NO, SK, ES, SE, UK). This lays down the foundation for future evaluations that can be performed periodically to assess changes in the level of capitalisation on energy efficiency, and implicitly the success of policies in the field. The study has demonstrated the existence of a price surplus due to energy efficiency in all but one of the countries analysed. In addition, in cases where sufficient data on the rental sector was available, an increased surplus for the sales sector was noticeable. However, the accuracy of the surplus values is limited by incomplete datasets that cause variable bias. Moreover, issues have been identified with the current EPC regulations, such as the fact that the scheme does not fully break down the imperfect information market barrier or account for the split incentive dilemma.
In addition to the market analysis, a survey among real estate agents was carried out in 8 countries (AT, FR, DE, IT, NO, PL, RO, ES). The survey aimed to gather their professional opinion on what are the main factors that households consider when selecting properties to buy or rent - in short, whether EPCs have an impact on property values. Some questions also addressed issues relates to wider uses of EPCs in daily practices. While across the board there is surely a dominant negative perception of EPCs, a few answers showed positive opinions so the results vary among the selected countries.

Based on the survey results, a set of recommendations were developed with the aim of increasing the impact of EPCs on property values and overcoming obstacles in the wider use of EPCs across the EU.

For instance, in some countries EPCs are not yet mandatory at all stages of real estate use (e.g. design, primary market release, secondary market transactions, and renovations). In those countries, where EPCs are already mandatory, this requirement might be better fulfilled if EPCs would be also requested by lawyers/notaries as proof of real estate transactions. Bureaucratic hurdles in issuing EPCs should be reduced while at the same time the evaluation of Energy Performance Certificates in terms of reliability should be improved. On top, improved training and qualifying of the certifiers as well as proper quality control would increase reliability and credibility of EPCs.

These suggestions for the improvement of the EPC scheme could either be enacted voluntarily via national models or through the expected recast of the EPBD on the European Union level in 2017/2018.

Find the full report at zebra2020.eu.