

Avoiding obsolescence comes from planning



Expert comment by **Ben Colling**

Developers need to think ahead, says development finance provider Maslow Capital's director for portfolio management and ESG

ESG obsolescence is a prominent discussion point I have with our astute developers and supply chains. Where developers are not adopting a holistic mindset and embedding systemic changes at the inception of a development, the underlying asset may suffer and become 'stranded' in the future.

All key stakeholders within the built environment need a radical mindset change to the way in which we think about the utilization of materials, their efficiency, their whole-life carbon trajectory and meeting future investor appetite and occupier sentiment.

In the 'living sector' asset class, we have seen this already take hold in the refinance market, operational markets, build-to-sell and build-to-rent, where construction adequacies have not met an investor's future expectations. This radical change, essential to the industry's survival, means starting with identifying performance gaps both during construction and operationally.

Starting early

Engaging with the design team is imperative to establishing a framework for whole-lifecycle carbon assessment and reporting. This enables them to

diverge from the traditional linear building model and embed circularity principles: extract maximum value, recover and regenerate.

A paradigm shift towards digitalization also needs to be embraced. Underutilized technologies are in abundance, such as energy management systems, materials and building passports, the internet of things, multi sensors and digital twins.

Our industry has only 2 percent of new builds achieving the top energy efficiency standards – an EPC A rating – with 80 percent falling into band B. We should be aiming for the highest possible band to avoid deep retrofit requirements down the line to meet future building standards.

A growing divide between green premium and brown discounts is forming. Contractors and developers can manage this risk is by:

- Adopting whole-lifecycle analysis/circularity principles;
- Understanding the relationship and reporting requirements between operational and embodied carbon;
- Thinking holistically about the end-user's needs in this energy and cost of living crisis – such as lower bills and warmer homes;

- Understanding the systemic needs and requirements of the local community with alignment to adaptable living and affordable housing;
- Training staff and up-skilling the next generation of labor by embracing digitalization;
- Shifting mentality to be more pioneering in building more efficiently, productively and by embracing modern methods of construction;
- Attaining environmental product disclosure for low-carbon products at early design stage. This will allow an informed decision-making process on the selection of materials and quantities and its impact on the environment.

A good lender will want to work with you and support you on your journey to ensure the longevity of the asset, adaptability to building regulations surrounding the decarbonization of embodied/operational production and the efficient use of energy and materials.

Where all key stakeholders mentioned above are engaged from inception to completion and post-occupancy, collaboration with a common goal is vital to preventing assets from becoming obsolete. ■