

# Agents of change

13 April 2017

**A partnership between property managers is helping to ensure clients' sustainability requirements are met, writes Sarah Ratcliffe**

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It is often said that 80% of the buildings that we will need in 2050 have already been built. If this is the case, then the management of these existing buildings will be absolutely critical in tackling many of the sustainability challenges we face.

To date, many property managers have been reactive when it comes to sustainability issues. More recently, however, a number of the major firms of managing agents have begun to see sustainability as a business opportunity. Why is this? What are the challenges? And does the sector have the capacity and skills to take up this opportunity?

## Regulation and expectation

While the government has recently taken a step back from some of its built environment sustainability policies, a number of requirements already enshrined in UK law affect property managers and will continue to do so. These range from the [Building Regulations](#) and [Heat Network Regulations](#) to [energy performance certificates](#), [Minimum Energy Efficiency Standards](#) and the [Energy Savings Opportunity Scheme](#). Property managers play a role in ensuring that their clients' portfolios comply with such regulations and are often involved in carrying out assessments, identifying risks and implementing mitigation programmes.

*Sustainability is not just about regulation ? for many large property owners it is becoming the norm*

But sustainability is not just about regulation ? for many of the large property owners, it is now becoming the norm rather than the exception. They acknowledge the importance of sustainability across their investment portfolios and are asking property managers to help them deal with the associated risks and opportunities and ensure market-leading performance. Sustainability is therefore becoming a critical aspect of attracting and retaining clients and the ongoing management of their portfolios.

This push from property investors is paralleled by occupier demand. While many argue that energy costs are not yet significant enough to influence occupiers, the emergence of the health and wellbeing agenda is certainly getting their attention. The role of sustainable buildings in employee retention is becoming increasingly important, and the managing agent is often in the front line when it comes to keeping occupiers happy.

If these factors were not compelling enough, many managing agents are, as listed entities,

under increasing pressure to disclose their performance on a range of sustainability issues. Once they get their own houses in order, they are quickly transferring their attention to the portfolios they manage for clients. Being accountable for the impact of their services is becoming integral to their reputation and market performance.

## Management challenges

It is for these reasons that many large managing agents are beginning to engage with sustainability across the vast portfolios of assets they manage. There are, however, significant challenges to overcome, such as the following.

- **Differing client expectations:** managing agents often have a range of clients, from large property owners with diverse portfolios to individual clients with single buildings. What one client expects in relation to sustainability may be very different from another. The standards they require are often unclear, whittled down to a single line in the management contract.
- **No common approach:** managing agents are responsible for a diverse range of assets, and the approach to sustainability for a single-let industrial building on a full repairing and insuring lease will look very different from a multi-let shopping centre. There are no consistent standards that can be applied across these differing asset types.
- **Data, data everywhere:** the property sector has often been described as a data dinosaur, and nowhere is this more apparent than in property management. Data gathering and analysis remains complex and inefficient, and is often inaccurate. This is a real challenge when the drive for transparency from clients requires more data to be gathered across significant asset portfolios.
- **The sustainability skills silo:** many of the larger firms of managing agents have a sustainability team to determine overall strategy. There is, however, a massive skills gap across the sector. Property management teams quite often lack the knowledge or the skills to implement their clients' sustainability requirements. This requires investment in resources and training.
- **It is all in the price ? or is it?** Eager to get the client to sign a contract, property managers take part in little detailed discussion about the resources required to fulfil it and, indeed, the cost of doing so. While many sustainability services can be provided as part of good property management, some client requirements go beyond this and are simply not priced into the contract. This means that the managing agent cannot invest in the resources and skills to fulfil the contract, the clients' expectations are not met and they then tender to another equally willing but poorly resourced agent.
- **Running to stand still:** keeping pace with evolving policy, technological innovation and best practice is challenging at the best of times. For property managers who are deeply involved in the day-to-day management of properties, finding reliable information and guidance and having the time to use it represent a big ask.

## Managing Agents Partnership

It is these challenges that led to the creation of the [Managing Agents Partnership](#), representing a collaboration between 11 of the UK's largest firms that together oversee more than 29,000 assets and in excess of 100m square metres of space. Launched in May 2015, its 10 founding members (as seen in Figure 1) represent a significant proportion of the market. The secretariat for the initiative is provided by the [Better Buildings Partnership](#), a similar collaboration between the UK's largest property owners.



**Figure 1: Managing Agents Partnership members**

The Managing Agents Partnership enables agents to make collective progress, enhancing their ability to compete for property management mandates and fulfil their clients' sustainability aspirations. The partners meet on a regular basis to share knowledge and best practice, discuss common challenges in a confidential environment, and develop guidance, tools and skills that can help them implement sustainability measures across their clients' portfolios.

Acknowledging the lack of consistent standards across the profession, one of the first steps taken by the partnership was to establish a set of core sustainability provisions. These provisions are designed to set out the sustainability services that managing agents should provide on all contracts, clarifying service provision for property owners and putting managing agents on a level playing field.

The core provisions outline the steps managing agents should be taking to ensure that sustainability becomes part of good property management. These include:

- managing compliance of sustainability requirements;
- providing data on utilities consumption and waste, and procuring energy, water and waste reviews
- incorporating sustainability requirements into the selection of, agreements with, and ongoing monitoring of suppliers and contractors;
- ensuring that employees are competent enough to meet the core provisions;
- communicating sustainability performance and initiatives to building occupiers;
- promoting the inclusion of sustainability considerations in maintenance, alterations or improvement works;
- taking responsibility for providing and retrieving sustainability documentation and data when properties are handed over.

The [full core provisions](#) have been adopted by all 11 members of the partnership and will be implemented across their portfolios regardless of the nature of their clients, asset classes or locations. This gives an important signal of the first step towards ensuring that responsibility for sustainability is integrated throughout property management teams.

It is hoped that providing these services consistently across large client bases will enable managing agents to invest in processes, procedures and skills that are essential to meet clients' sustainability requirements.

The partnership's longer-term programme of work is to set out more challenging best practice standards that will encourage proactive engagement with sustainability issues. The partnership will be working in collaboration with the Better Buildings Partnership to review and expand the previously published [Managing Agents Sustainability Toolkit](#) .

The Managing Agents Partnership will also be publishing insights that reflect on key challenges for the profession, highlighting examples of best practice and providing practical recommendations that can be adopted by property managers. The first 2 of these insights were published in February, covering the topics of monitoring and reporting energy and waste data. All the outputs from the partnership's programme of work are publicly available in order to encourage uptake across the profession.

The partnership is a clear indication that managing agents not only acknowledge the role they have to play in improving the sustainability of existing buildings for their clients but also the business opportunities that it creates for their firms. There is no doubt that the scope and quality of managing agents' sustainability services can provide a competitive advantage. However, for the moment the focus is on working together as a profession to set consistent standards and develop the skills that are desperately needed to ensure that buildings perform to their full potential.

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## **Further information**

- Related competencies include [Property management](#) , [Sustainability](#)
- This feature is taken from the RICS *Property journal* (March/April 2017)