

Explaining the DPE – *Diagnostic de Performance Énergetique* – or diagnostic energy report

From January 2011, Papillon Properties web site, along with all others sites advertising houses for sale or rent in France, must show the DPE in their publicity. Below is a description of what it actually means, why it was introduced and some thoughts on how it may impact upon property sales in France

The Background

The origin of the DPE report was the 3rd. United Nations conference into climate control at Kyoto in 1997. Agreement was reached by the majority of countries (I won't mention the obvious exception) to reduce greenhouse gas emissions by a quarter. In recognising that an average home in France consumes 250 kWh/m² per year, the aim is to reduce this to 150 kWh/m² per year by 2020 and even further to 50 kWh /m² per year by 2050.

Unlike government measures to get us to drive less polluting cars by having car scrap schemes and lower taxes for more fuel efficient new vehicles , the state has to look at other ways that will influence how, in the future, we choose to live in homes which consume less energy. One way they have approached this, since the first of November 2006, is to have a diagnostic report done at the time of a sale. This measures the energy consumed by a building and the quantity of greenhouse gas emitted. By July 2007 such a test was also necessary for all rentals. The latest obligations on home owners , further to the France's second Grenelle environmental conference in July 2010, states that in both house sales and rentals, the energy performance of any property with some form of heating, must be mentioned in the publicity. In other words, before an estate agent can advertise a house on behalf of a seller or landlord, the DPE report has to have been completed.

What is the DPE and how is it used?

The contents of the DPE report are strictly laid out. The first part describes the home and what equipment or heating system is used along with how hot water is produced, insulation and ventilation. The consumption of energy used by all heating equipment is then estimated with their associated costs.

Two diagrams or "*etiquettes*" are then produced; one shows the hourly kW of energy spent, the other the amount of greenhouse gases in kilograms of carbon dioxide per m² of the property. The diagrams, similar to those shown on electrical goods such as fridges and freezers, show 7 categories from the letter A for the most efficient homes and G for the ones that need lots of energy to warm them up.

The last part of the report carries advice on how to reduce you heating costs and what work on the property can be carried out to limit the consumption of energy.

In theory therefore, the consumer will have some idea of what his or her annual energy bills should be, as well as the work needed to reduce these costs, usually

involving better insulation and the classic, " turning your thermostat down by one degree" can save you X amount of euros.

Who does the report and how much does it cost?

The report is done by a certified individual, usually working for a company that specialises in producing the other diagnostic controls, such as lead, asbestos, termites, state of the electrics etc., which are now annexed to the *Compromis de Vente*. These companies are independent of estate agents. The cost can vary from between 100 to 250 euros, usually based upon the size of a property. However, with the introduction of this new requirement, many companies are offering special deals, including having all the controls done at the same time for a reduced rate.

Afterword

It has to be said that so far the DPE report, whilst offering prospective buyers and tenants additional information, has been taken with a pinch of salt by many in the property business. How one chooses to heat a home can depend upon personal preferences, age of occupants, health issues and lifestyles. Owners of larger properties rarely heat the whole house, if for most of the winter there are just two people living in it. Yet the energy consumption is based on full occupancy. More than 61 % of French houses were built before 1975, when the first building laws relating to making new homes in France more heat efficiency were introduced. These homes tend to consume 328 kWh/m² per year, equivalent to the letter E and F on today's DPE report.

Another criticism is the part of report that states how much energy can be saved by installing insulation and double glazing, not really taking into consideration the initial outlay of such investment and the often lengthy "payback " period.

How will the DPE report then influence the property market ? Time will tell if prospective buyers and tenants, now armed with this additional information at the point of viewing, as opposed to after an offer has been accepted, will be more likely to choose properties with a more positive DPE report than others. Rising energy prices are equally having a significant impact upon the style and size of houses that people are seeking.

As part of any valuation of a home, estate agents have, for some time, tended to take into account how modern the heating system is and how much insulation is evident. The DPE will re-enforce discussions with sellers on how marketable their house will be if the rating is only an F or G. Conversely, agents will be happy to talk up the benefits a house with an A - D rating

Another impact upon the pricing process will also be seen next year with the new calculation formula for buyers seeking a 0% interest on house loans. The French government, in assisting people in the housing market, has a "*pret à taux 0% plus* " (known as the "*PTZ +* ", thanks to France's love of acronyms). The amount of any mortgage that a French resident can claim at a rate of 0% has been based on factors such as income, geography, age of house and price. However, now the DPE will be a factor in this calculation. A house with an E-G

rating will only be eligible for half the amount of interest free loan in comparison to a house with a higher rating. Sellers of such properties may be forced to either modernise or lower their asking prices to attract buyers.

At the end of the day the goal of the DPE, seen in its origins back at Kyoto, is to reduce the amount of energy we all consume in a world of finite resources and thus reduce our negative impact upon the environment. House buyers and sellers may prefer to view it more in terms of how it will affect the money in their pocket. However, the house sellers of today are tomorrow's buyers, so it is in everyone's interest to improve the homes we live in. If the long term outcomes are the same with homes that are cheaper to run in a cleaner world then we are all winners.

© Papillon Properties

Kate Ryle December 2010