



Prime Property Owners Facing "Outrageous" Energy Price Hikes

Largemortgageloans.com (LML) has warned that major homeowners must act now if they are to manage the dramatic increase in their energy bills expected two years from now.

When the government's energy price guarantee comes into force on October 1, 2022, a typical household will expect to pay around £2,500 per year in energy bills. But many homes, particularly prime properties, are not "typical" and factors such as the age and size of a property have an impact on the amount of energy used.

LML, the provider of bespoke mortgage advice to high net worth (HNW) individuals, in partnership with TwentyCi, found that the majority of high-end luxury properties with features such as swimming pools and helipads are in period homes built before 1900, properties more traditionally associated with drafty windows and, later, higher heating and energy bills. It says the real cost of operating such luxury period homes will potentially reach "tearing" levels within two years, once government relief is lifted.

For example, LML and TwentyCi found that only 81 prime properties with swimming pools have been built in the UK since 2010, three years after the introduction of Energy Performance Certificates (EPCs), a legal requirement that highlights energy efficiency of a property. The age of the property is the most important factor when it comes to energy efficiency. Almost all houses built since 2012 have a high energy efficiency rating, yet only 12% of English houses built before 1900 can match that performance.

LML explains that to get their homes in order, vintage homeowners could consider installing green technologies, such as an air-source heat pump or solar panels, to ease future energy bills. Such upgrades could significantly reduce energy bills and carbon emissions while increasing property value.

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Other luxury features LML looked at included lakes and helipads, attributes that many wealthy individuals desire when looking for prime property. The data tells a similar story, suggesting that wealthy individuals who want an energy-efficient property, complete with such attributes, will either have to give up or be willing to buy a period home and commit financially to updating and modernizing it, LML says. .

Some of the attributes that LML and TwentyCi analyzed were:

Swimming pools – in total, there are 7,391 prime residential properties in the UK with swimming pools, more than a quarter (27%) of which were built before 1900. Only 1% were found in modern prime properties, built from 2010.

helipads – There are only 219 prime properties with a heliport. Again, the majority (63 or 29%) are located in homes built before 1900. Only three are located in homes built since 2010.

lakes – There are 6,281 prime properties in the UK with a lake, almost a third of which (32%) are on land owned by homes built before 1900. Of those newer homes built since 2010, there are 103 with a lake, which represents only 2% of the total number of main residences with such a characteristic.

Paul Welch, CEO and founder of largemortgageloans.com, said: “The recent rise in energy prices coupled with rising inflation and mortgage rates means that all UK homeowners are affected by the crisis. of the cost of living, one way or another. The wealthiest people, who are likely to own prime property, may be business owners or entrepreneurs, who have the added pressure of meeting the energy costs associated with keeping their businesses afloat. Therefore, reducing overall energy costs, in your homes and businesses, is a priority, particularly since government help is only temporary.

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“Unfortunately, many prime properties owned by wealthier individuals are period homes and retrofitting this type of building can have additional complications, especially if it is a listed or historic building, all of which can increase overall costs. However, if a primary homeowner lives in his dream home and is committed to getting the work needed done, then there are loan options available should he need to raise funds to complete needed improvements.

“Also, any significant improvements that result in a better EPC rating will reduce running costs and could increase property value, so it’s money well spent in the long run. Before undertaking such a project, I would recommend speaking with a specialist mortgage broker who will be able to source the appropriate financing options with the most favorable terms to match.”

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