



Energy Efficient Mortgages Initiative

Germany National Market Hub Report

EEMI Pilot Banks Meeting, 26-27 September, Venice, Italy



The following banks have participated in the Meetings:

Berlin Hyp (pilot bank)

Deutsche Hypothekenbank (pilot bank)

Münchener Hypothekenbank (pilot bank)

Commerzbank

Deutsche Kreditbank

LBBW

Unicredit/Hypovereinsbank

Several meetings were hold (both physical meetings and conference calls):

30 January 2019

1 April 2019

11 June 2019

- Focus on development of a more detailed German definition of an energy efficient mortgage based on general EEMI definition
 - Distinction between commercial and residential mortgages as well as between construction, renovation and acquisition of existing buildings
 - Regarding financing abroad, it was discussed whether German definition or definition developed by respective National Hub should be used; should be discussed on European level
- Connected to Minimum Standards for Green Pfandbriefe
- Yearly review planned

Residential mortgage loans:

- (i) New construction financing in Germany shall at least comply with the statutory energy standards for new buildings applicable at the time of financing.
- (ii) When financing existing residential properties, residential buildings that meet at least one of the following criteria qualify:
 - a. The residential building can be assigned at least energy efficiency class B based on EPC
 - b. The energy demand/consumption does not exceed 75 kWh/m² (for heating)
 - c. There is co-financing through KfW promotional programs for energy-efficient construction or renovation
 - d. In terms of energy demand/consumption, residential buildings are among the top 15% of the national housing stock
- (iii) The financing of renovations shall achieve a reduction in energy demand or consumption of at least 30 %. In addition, energy refurbishment shall result in a level of energy demand that is consistent with EU climate objectives.

Commercial mortgage loans:

- (i) New construction financing in Germany shall at least comply with the statutory energy standards for new buildings applicable at the time of financing (EnEV reference values, later NZEB).
- (ii) When financing existing commercial properties, properties that meet at least one of the following criteria qualify:
 - a. The comparative values published by the Federal Ministry of Economics and Energy and the Federal Ministry for the Environment, Nature Conservation, Construction and Nuclear Safety in their announcement of 7 April 2015 shall be complied with
 - b. A sustainability certificate has been issued by an established provider that classifies the commercial property in one of the top categories of the provider.
 - c. In terms of energy demand/consumption, commercial real estate is among the top 15% of the national commercial real estate stock
- (iii) The financing of renovations shall achieve a reduction in energy demand or consumption of at least 30 %. In addition, energy refurbishment shall result in a level of energy demand that is consistent with EU climate objectives.

Reasons for difficult implementation of EEM:

- Current market environment: high competition in mortgage lending and low interest rates
- Renovation costs higher than savings due to lower energy costs and increase of value of the property

Proposals:

- Granting state incentives and/or legal measures

Data availability:

- Poor availability of energy performance data for stock lead to different approaches by pilot banks
- Improvement of data availability is key, Unique Key Identifier would help
- At the same time EeDaPP should start with low requirements, otherwise risk that very few banks will follow

Next steps:

- Discussing data availability and potential solutions
- Promoting EEM among vdp member banks
- Starting dialogue with other market participants and initiatives involved in real estate finance



Energy Efficient Mortgages Initiative

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For additional information on the Energy Efficient Mortgages Initiative

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