



There is empirical evidence that infrastructure projects can affect the value of properties, especially residential properties. This can be negative (for example windfarm developments) but may also be positive, for example properties near to new Crossrail stations. It is therefore important to carry out a search to see if there is such a project that could affect the property.

Infrastructure:

High Speed 2

Since the government announced its intention to proceed with the HS 2 line in 2012, the project has been highly controversial. Cost estimates have rocketed up and many landowners along the route have protested strongly. There are to be two phases. Phase 1 is the line between London and Birmingham and this is due to open at the end of 2026. Phase 2 is the line between Leeds and Manchester which is due to complete by 2033. In August 2019 Prime Minister Boris Johnson ordered an independent review of HS2. The subsequent Oakervee Review was published by the Department for Transport in February 2020, with a statement from the Prime Minister confirming that HS2 would go ahead in full.

Crossrail

Construction on Crossrail started in 2009 and was due to complete at the end of 2018. However changes to the design have meant that the opening date is now likely to be Summer 2021.

Properties that are near the new Crossrail stations (eg. Reading in the western end and Shenfield at the eastern end) have already seen price increases due to Crossrail. It is possible that they will increase further once Crossrail is fully operational.

Energy:

Fracking (Hydraulic fracturing)

This has been another highly controversial issue. The government had seen fracking as a valuable part of the UK's energy mix. Whilst there have been many exploratory fracking wells drilled, there has only been one site so far where exploratory fracking has taken place- at Little Plumpton near Blackpool. In 2016 the LSE published a paper, Fear of Fracking: The Impact of the Shale Gas Exploration on House Prices in Britain. This found that licencing and exploration in themselves had little or no impact on house prices. However for properties near the UK's one actual fracking site, where there had been two well publicised cases of 'mini earthquakes' the report found that house prices fell by 5% once the fracking commenced. However in November 2019 the government announced "an indefinite suspension" to fracking, after a report by the Oil and Gas Authority (OGA) said it was not possible to predict the probability or size of tremors caused by fracking activities.

Solar Farms

Over the last decade there has been a big increase in the number of solar farms in the UK.

In 2008 the UK's solar power capacity was just 22 megawatts but by 2018 was over 13,000 megawatts. (Approximately 3.5% share of the UK's total electricity generation).



As with other renewable energy sources, this trend is set to continue and is evidenced by the number of planning applications for more solar farms.

Solar farms have the advantage of being quick to install, are completely silent and low to the ground. There are no published studies on solar farms affecting property prices. Not everyone is happy about the increase in solar farms, for instance CPRE are concerned about the loss of farmland (though it is still possible to graze sheep on most solar farms) and the industrialisation of the countryside.

Wind Farms and Wind Turbines

There has also been a massive expansion of onshore wind farms in the last 10 years. By July 2019 the UK had 13,062 megawatts of onshore wind capacity – so similar to that of solar. (The UK's offshore wind capacity provides an additional 8,483 megawatts.) As the UK moves towards the target of being carbon neutral by 2050, this figure will increase substantially.

Whilst the growth of renewable energy is crucial the siting of onshore wind farms can be highly controversial and can have an adverse effect on property prices. In 2014 the LSE published a report 'Gone with the wind: valuing the visual impacts of wind turbines through house prices'. This found that house values could be substantially affected by proximity to wind farm the main factors being the size of the wind farm and distance from them. Therefore a large wind farm (ie over 20 turbines) reduced prices on average by 12% within 2km down to a 1.5% reduction if the wind farm was 14km away. The average effect of a wind farm (averaging for all sizes) was 5-6% price fall within 2km. So it is very clear that sellers need to know whether there planning permission for a wind farm which would be visible from the property.

Planning applications for renewable projects

For wind and solar power the report identifies operational projects but also those where planning applications have been made up where the development has the capacity to produce over 1MW of power. The average onshore wind turbine has a capacity of 2.5–3 MW and therefore even if there is planning permission for just one wind turbine it should be identified in the report.

Advice about Energy & Infrastructure risks in client care letters

It is necessary to raise the issue of potential impact of key energy and infrastructure projects to your clients in order to protect their investment and the reputation of your practice.

We therefore recommend that you provide clear advice in your client care letter. To assist you in this, Landmark Information Group has developed the following paragraphs. Option 1 is for use if your practice always undertakes an energy and infrastructure report as a matter of policy in all conveyancing transactions. Option 2 can be used if your practice recommends an energy and infrastructure report in every transaction and requests that the client provides confirmation that they do not require a report to be undertaken

Option 1 – Policy of the practice

For your protection, and the protection of your lender, it is our policy to undertake an Energy & Infrastructure Report. The purpose of this is to identify from available data whether there are key energy and infrastructure projects situated on or near the property, such as HS2, CrossRail, Energy Exploration (inc. Fracking and Carbon Capture) or Renewable Energy (inc. Power Stations, Wind Turbines & Solar Farms), that may affect the future value or spoil the use or enjoyment of your new property?

Option 2 – Recommendation

For your protection and the protection of your mortgage lender, we recommend the purchase of an Argyll Energy & Infrastructure report if we are alerted that your property is in close proximity to such a project. The report details major energy and infrastructure projects (including energy exploration (e.g. fracking), current and proposed wind and solar panel farms, HS2 and Crossrail) in the vicinity of your property that may impact on your quality of life or the future value of the property.

The report will inform you of how close these major projects are to your property and provide details of any compensation schemes that are available and contact details should further information be required.