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1. Sustainable Construction

Member associations will remember that CEPI was invited by DG Enterprise and Industry to participate in the Lead Market Initiative with action plan in sustainable construction. We are pleased to say that CEPI was able to accept the invitation with the participation of two representatives. These two representatives are Hendrik Leurs (nominated by CIB) and Carlo Hein (nominated by CIGDL). Both these representatives have a strong interest in sustainable construction and their names have been put forward to the Commission. The first meeting of the Steering Group relating to the Lead Market Initiative is due to take place in Brussels on 30 September. We look forward to further developments and will keep member associations informed as to progress.

2. European Commission Survey of Equity Release Schemes

Member associations will also be aware that a research study relating to equity release schemes is being conducted on behalf of the European Commission by the institut für finanzdienstleistungen Hamburg. The Commission intends to promote such schemes for pension opportunities in the European market. A questionnaire was circulated amongst member associations in order to enable CEPI to participate in this study. Questionnaires were completed by member associations and submitted on behalf of CEPI to the institute before the deadline of 5 September. We have requested that we be informed about the result of this study. Any further information received concerning this will be reported on in a future edition of CEPI.eu.

3. Economic News

Figures reported over the summer continue to reflect a general worsening of the economic news. Business and consumer surveys published by the European Commission on 29 August show that in August the economic sentiment indicator dropped by 1.9 points in the EU (to its lowest level since December 1993) and by 0.7 points in the euro area. Both industrial confidence and construction confidence fell below their long-term averages. Consumer confidence rose in both the EU and the euro area after a continuous decline throughout the year.

In the United Kingdom, Spain and Germany sentiment dropped by -5.2, -3.2 and -2.6 respectively. However, the indicator remained stable in Poland and rose in Italy and the Netherlands, +4.1 and +1.7 respectively. Unemployment remained stable at 6.8% in the EU in July.

Inflation remains the main concern of the European Central Bank, with Jean-Claude Trichet saying earlier this month (at a conference organised by the Centre for Financial Studies in Frankfurt) that "We are committed to ensuring price stability and will do whatever is necessary" to meet that objective. Annual inflation was at 3.8% in August, down slightly from 4% the previous two months. Some economists are predicting that there will be an easing of interest rates in the first half of 2009 as hopefully the economy improves.

4. The Housing Market

The effects of the credit crunch continue to be felt on the housing market in certain countries, particularly Ireland, the United Kingdom and Spain. In the United Kingdom on 2 September the government announced a series of measures intended to support the market. These measures include raising the stamp duty threshold for a period of one year from £125,000 (€157,000) to £175,000 (€220,000) (estimated to result in half of all property transactions being exempt from stamp duty), "free" five year loans of up to 30% of a property's value for first time buyers of new homes and extending powers for local authorities and housing associations to be able to pay off debt for homeowners who can no longer afford mortgage payments and then charge rent.

Also on the 2 September estate agents Knight Frank issued a press release confirming that for the second quarter of 2008 its Global House Price Index (recording price changes over the past year) shows that more countries registered falls as global house price inflation continues to slow. However, the position varies greatly between countries. In Bulgaria prices grew at +32.3% over the past year, and Slovakia (+25.4%) and the Czech Republic (+25.4%) continue to see strong growth. There have been large falls in the Baltic States, particularly Latvia where prices fell by -24.1% over the past year. Other markets experiencing falls include Denmark (-9.6%), the UK (-3.9%) and Ireland (-8.1%). For Spain, in spite of well-publicised problems, the index shows an increase of +2.4%, price falls being concentrated in coastal resorts and new developments in the larger cities.

The index for Q2 2008 should be available soon (under news) on the website www.knightfrank.com.

5. Progress Concerning the Implementation of the Services Directive

The implementation of the Services Directive continues to present problems for the EU Member States. A survey by the European Association of Commerce and Industry, Eurochambres, was published in July (available at www.eurochambres.be) half way through the implementation period. The deadline for putting the new rules in place is December 2009. The survey provides a mixed report, with disparities across the Union. The secretary-general of Eurochambres, Arnaldo Abruzzini, said that "we are worried by the varying pace of the implementation and by the fact that some countries, already lagging behind six or 12 months ago, are now even further behind schedule".

The report shows that most EU Member States have put in place mechanisms to implement the directive and some countries (including Finland and Luxembourg) have already completed the legislative screening. However, Italy and Greece have barely started the procedure. The most difficult issue continues to be the establishment of points of single contact (PSCs) to facilitate the provision of services in other Member States. Sixteen states have decided how and where to establish PSCs, but others (including Germany, Italy, Latvia or Malta) have not. There also remain problems with the setting up of electronic systems supposed to connect the PSCs.

6. Energy Efficiency

On 16 July the European Commission published proposals to extend the Ecodesign Directive to all energy-related products. This directive sets compulsory minimum ecodesign requirements for all energy-using products such as boilers, water heaters, computers, televisions and industrial fans. Extending its scope to energy-related products would include products such as water taps, showers and windows, which do not consume energy but do impact on energy consumption.

It is anticipated that there should be a first-reading agreement on the proposal before spring of next year.

7. Housing Funding

The French Presidency of the EU has made it a priority to broaden the scope of funding possibilities within the EU's Cohesion Policy. Currently, EU Structural Funds specify that housing expenditure is only possible in the new Member States. The intention is to make all EU regions eligible for co-funding of certain energy investments linked to the housing sector, particularly social housing. Poorly insulated houses mean that energy consumption per square metre in the sector is high and there is a need for these houses to be updated.

One continuing possibility is the amendment of Regulation 1828/2006 applying to Structural Funds to redefine expenditure on energy efficiency and renewable energy sources in the housing sector as energy investments, All EU Member States would be eligible to apply for Structural Funds to finance energy efficiency measures as the expenditure would no longer be classified as housing expenditure.