# City of London turns heritage into a retrofit investment play with new net‑zero rules



A quiet but consequential transformation is underway across central London’s built environment: conservation and carbon reduction are no longer opposing objectives but increasingly two sides of the same development strategy. By prioritising the reuse of existing structures and embedding low‑carbon systems into historic fabric, developers and local authorities are creating assets that aim to be both culturally valuable and economically resilient — a shift that, according to recent reporting, presents a distinct investment opportunity for those who move early.

That shift has been formalised in policy. The City of London’s Planning for Sustainability Supplementary Planning Document, adopted on 19 February 2025, sets out five core themes — retrofit and reuse; greenhouse gas emissions and energy use; circular economy; climate resilience; and urban greening and biodiversity — and explicitly encourages whole‑life carbon accounting, district energy and alignment with rating schemes such as NABERS UK. The SPD underlines the ambition for the Square Mile to reach net zero by 2040 and embeds requirements that steer applicants towards retaining and upgrading existing buildings rather than demolishing and rebuilding. Industry commentators note that retaining at least 50% of a structure’s superstructure by mass is being treated as the practical benchmark for meaningful embodied‑carbon savings, a recognition backed by parliamentary records that show embodied emissions can account for roughly half of a building’s lifetime carbon footprint.

City policy and market commentary have also created procedural incentives to make reuse commercially practical. Draft planning pathways now flag a “retrofit fast track” for schemes that demonstrate robust reuse and whole‑life carbon approaches, and guidance documents and carbon optioneering tools give developers clearer routes to compliance. Advisers argue that these measures can reduce planning uncertainty and deliver cost and timing benefits compared with full replacement, while also improving a project’s appeal to ESG‑focused occupiers.

Several high‑profile schemes illustrate how heritage and sustainability are being stitched together in practice. Bankside Yards — presented by its developer as a £1.5 billion mixed‑use regeneration across restored railway arches — is designed to be fossil‑fuel free in operation and to use a low‑temperature, fifth‑generation energy‑sharing network combining air‑source heat pumps, optimised façades and renewable electricity. The developer says the approach will cut operational energy by around 30–40%, while delivering roughly 600–700 homes, 1.4 million sq ft of commercial space and significant new public realm and cultural provision.

A different example is the retrofit of 90 Long Acre in Covent Garden, marketed as The Acre, where the owner has retained in excess of 80% of the original 1970s structure to halve embodied carbon relative to a new build. The project’s promoters aim for top sustainability and wellbeing credentials — naming BREEAM Outstanding, NABERS UK and WELL among the targets — and emphasise amenity improvements, terraces and active travel facilities to attract corporate occupiers while conserving the building’s architectural character.

Public‑sector regeneration projects are following suit. The City of London Corporation’s planning consent for the second phase of works to the Barbican podium is explicitly framed as climate‑proofing and place‑making: the approved package addresses waterproofing and drainage failures, and delivers an enlarged and more biodiverse public realm — measures the Corporation says will increase greening by an estimated 75% and improve accessibility and microclimate across more than 18,000 square metres of podium space.

Smaller‑scale social housing projects also show the approach can accommodate affordability goals. Recent schemes retain historic elements while delivering net‑zero social‑rent homes and applying circular‑economy practices to slash waste and material demand, demonstrating that retrofit principles can be reconciled with social policy objectives as well as commercial ones.

For investors, the attraction is twofold. Demand signals from the market — including sustained interest from occupiers prioritising ESG credentials — combine with a more predictable policy environment in central boroughs that rewards reuse and low‑carbon innovation. Industry analysis suggests retrofit‑first strategies can yield lower whole‑life carbon, reduced upfront material costs and planning advantages, while making assets more marketable to long‑term corporate tenants and institutional landlords seeking resilient cashflows.

That said, retrofit is not without risk. Projects can encounter unforeseen structural issues, complex heritage consents and technical integration challenges that extend programmes and escalate costs. Policymakers and advisers acknowledge these hurdles and point to mitigations: expedited planning routes for compliant schemes, clearer technical guidance and third‑party verification through established sustainability certification frameworks — all designed to reduce delivery risk and increase investor confidence.

The broader picture is one of alignment between national concerns about embodied carbon and local policy levers that favour reuse. Parliamentary debate and official statistics have long underlined the scale of emissions embodied in the construction lifecycle, and the City’s 2040 net‑zero target, coupled with borough-level environmental guidance, is turning that recognition into actionable planning rules. For investors, projects that can credibly combine heritage retention with demonstrable carbon savings and operational efficiency are likely to be advantaged as the retrofit‑first approach becomes standard practice.

Investors weighing central London opportunities should therefore balance the premium for well‑executed, sustainability‑led reuse schemes against the technical and consenting complexity they can bring. Those who can marry patient capital with disciplined delivery and independent sustainability assurance are best placed to benefit from a market where value increasingly accrues to buildings that honour the past while meeting future climate and occupier expectations.

### 📌 Reference Map:

## Reference Map:

* Paragraph 1 – [[1]](https://www.ainvest.com/news/investing-london-future-heritage-driven-sustainable-real-estate-high-asset-class-2508/), [[3]](https://www.savills.us/blog/article/373400-0/residential-property/central-london-s-growing-emphasis-on-sustainability--a-retrofit-first-approach.aspx)
* Paragraph 2 – [[2]](https://www.cityoflondon.gov.uk/services/planning/planning-application-requirements/sustainable-development-planning-requirements), [[7]](https://hansard.parliament.uk/Commons/2022-02-02/debates/867CCDAD-4F8F-43FC-B811-F9476B3962A7/CarbonEmissions%28Buildings%29), [[3]](https://www.savills.us/blog/article/373400-0/residential-property/central-london-s-growing-emphasis-on-sustainability--a-retrofit-first-approach.aspx)
* Paragraph 3 – [[2]](https://www.cityoflondon.gov.uk/services/planning/planning-application-requirements/sustainable-development-planning-requirements), [[3]](https://www.savills.us/blog/article/373400-0/residential-property/central-london-s-growing-emphasis-on-sustainability--a-retrofit-first-approach.aspx)
* Paragraph 4 – [[1]](https://www.ainvest.com/news/investing-london-future-heritage-driven-sustainable-real-estate-high-asset-class-2508/), [[4]](https://banksideyards.com/sustainability/)
* Paragraph 5 – [[1]](https://www.ainvest.com/news/investing-london-future-heritage-driven-sustainable-real-estate-high-asset-class-2508/), [[5]](https://northwoodinvestors.com/investment/the-acre/)
* Paragraph 6 – [[6]](https://news.cityoflondon.gov.uk/city-of-london-corporation-achieves-planning-consent-for-the-second-phase-of-works-to-the-barbican-podium/), [[1]](https://www.ainvest.com/news/investing-london-future-heritage-driven-sustainable-real-estate-high-asset-class-2508/)
* Paragraph 7 – [[1]](https://www.ainvest.com/news/investing-london-future-heritage-driven-sustainable-real-estate-high-asset-class-2508/)
* Paragraph 8 – [[1]](https://www.ainvest.com/news/investing-london-future-heritage-driven-sustainable-real-estate-high-asset-class-2508/), [[3]](https://www.savills.us/blog/article/373400-0/residential-property/central-london-s-growing-emphasis-on-sustainability--a-retrofit-first-approach.aspx), [[2]](https://www.cityoflondon.gov.uk/services/planning/planning-application-requirements/sustainable-development-planning-requirements)
* Paragraph 9 – [[3]](https://www.savills.us/blog/article/373400-0/residential-property/central-london-s-growing-emphasis-on-sustainability--a-retrofit-first-approach.aspx), [[2]](https://www.cityoflondon.gov.uk/services/planning/planning-application-requirements/sustainable-development-planning-requirements), [[5]](https://northwoodinvestors.com/investment/the-acre/)
* Paragraph 10 – [[7]](https://hansard.parliament.uk/Commons/2022-02-02/debates/867CCDAD-4F8F-43FC-B811-F9476B3962A7/CarbonEmissions%28Buildings%29), [[2]](https://www.cityoflondon.gov.uk/services/planning/planning-application-requirements/sustainable-development-planning-requirements), [[1]](https://www.ainvest.com/news/investing-london-future-heritage-driven-sustainable-real-estate-high-asset-class-2508/)

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## Bibliography

1. <https://www.ainvest.com/news/investing-london-future-heritage-driven-sustainable-real-estate-high-asset-class-2508/> - Please view link - unable to able to access data
2. <https://www.cityoflondon.gov.uk/services/planning/planning-application-requirements/sustainable-development-planning-requirements> - The City of London Corporation’s Sustainable Development planning page describes the Planning for Sustainability Supplementary Planning Document, adopted 19 February 2025. It sets five core themes—Retrofit and Reuse; Greenhouse Gas Emissions and Energy Use; Circular Economy; Climate Resilience; Urban Greening and Biodiversity—and provides guidance for applicants on whole-life carbon, energy strategies, resilience and sustainable construction. The page links to the SPD PDF, Carbon Options Guidance and tools for carbon optioneering, and explains requirements for sustainability statements and third‑party review. It underlines the City’s target of achieving net zero by 2040 and encourages reuse, district energy and NABERS UK alignment.
3. <https://www.savills.us/blog/article/373400-0/residential-property/central-london-s-growing-emphasis-on-sustainability--a-retrofit-first-approach.aspx> - Savills’ commentary outlines Central London’s shift towards a ‘retrofit‑first’ approach, driven by climate targets and the need for additional commercial floorspace. The note explains that retrofits can retain at least 50% by mass of existing superstructure, reducing embodied carbon and promoting circular economy practices. It highlights emerging policy alignment across boroughs including Westminster and Camden, and notes a ‘retrofit fast track’ in draft City policies to favour reuse where feasible. The article analyses implications for developers and investors, emphasising that refurbishment-led strategies can deliver lower carbon outcomes, cost savings, planning benefits and improved marketability to ESG‑focused occupiers and long‑term value.
4. <https://banksideyards.com/sustainability/> - Bankside Yards’ official site presents the 5.5‑acre mixed‑use regeneration designed to be fossil‑fuel free and net zero in operation. The developer describes reuse of fourteen restored railway arches, extensive public realm of around 3.3 acres, approximately 600–700 homes and 1.4 million sq ft of mixed floor space. Central to its strategy is a low‑temperature fifth‑generation energy‑sharing network combining air‑source heat pumps, optimised façades and renewable electricity to reduce operational energy consumption by around 30–40%. The project pledges biodiversity enhancements, affordable housing contributions and cultural space, positioning the scheme as a benchmark for sustainable central London development for investors and communities.
5. <https://northwoodinvestors.com/investment/the-acre/> - Northwood Investors’ project page for The Acre (90 Long Acre) details the extensive retrofit and repositioning of a 1970s Brutalist office building in Covent Garden. The scheme retains over 80% of the original structure to cut embodied carbon by approximately half compared with a new build, adds amenity and retail space, and targets net zero operational carbon through all‑electric systems and renewable energy. It aims for top sustainability and wellbeing credentials including BREEAM Outstanding, NABERS UK and WELL, and advertises improved occupier amenities, terraces and cycle facilities to attract corporate tenants while preserving architectural heritage and long‑term asset resilience strategies.
6. <https://news.cityoflondon.gov.uk/city-of-london-corporation-achieves-planning-consent-for-the-second-phase-of-works-to-the-barbican-podium/> - The City of London Corporation’s news release explains planning consent for Barbican Podium Phase Two, approving essential waterproofing, drainage and landscaping works above Beech Street. The scheme responds to failing membranes and water ingress, and seeks to enhance accessibility, biodiversity, microclimate and public realm amenity. It pledges replacement waterproofing, increased soft landscaping, improved drainage and climate‑resilient measures aligned with the City’s Climate Action Strategy and Biodiversity Plan, delivering over 18,000 square metres of public realm improvement and an increase in greening estimated at around 75% to future‑proof the Grade II\* registered park and garden including public art and inclusive design.
7. <https://hansard.parliament.uk/Commons/2022-02-02/debates/867CCDAD-4F8F-43FC-B811-F9476B3962A7/CarbonEmissions%28Buildings%29> - The Hansard transcript cites parliamentary discussion on carbon emissions from buildings and notes that construction, upkeep and demolition contribute 40–50 million tonnes of greenhouse gases annually. It states that embodied carbon—the emissions from building materials, construction and lifecycle activities—can account for around half of a typical new building’s lifetime emissions, often released before occupation. The entry highlights the absence of regulation on embodied carbon and the urgent need for policy to address these emissions across design, construction and demolition stages, stressing retrofit and reuse as key strategies to avoid unnecessary embodied‑carbon release and support national decarbonisation goals and long‑term resilience.