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Sustainability in Real Estate – „Do Green Buildings make Investors happy?”

“If you don't join in, you have lost already!” or “Green Building is just a trend.”- Quotes like these have dominated the real estate press over the past year. Who will prove right in the end? It will soon be decided when real estate assessors and chartered surveyors start accounting for energy efficiency, the health and comfort issues of occupants as well as other sustainability aspects. Occupants are already showing interest in the sustainability issues of their real estate. According to an opinion poll completed in June 2008 among tenants of Union Investment Real Estate AG, 68 percent of tenants would be willing to pay a premium for renewable energy sources enhancing the efficiency of energy consumption in their buildings. After all, service charges will be lower with new technology and after the implementation of a coherent sustainability strategy tenants will benefit from a higher quality work environment. An even higher percentage, 72 percent of tenants, state that the degree of sustainability of the building has an influence on future decisions to rent or not to rent in a given building.

Tenant preferences not only make the sustainability of real estate economically relevant but also make it key to a real estate portfolio, which is able to survive the next cycle with lower vacancy rates and higher yields as it accounts for the needs of the occupants as well as for the high standards of multi national corporations. The latter often have to show their ethical behaviour in annual reports. Members of the carbon disclosure project, for instance, need to declare their CO²-footprint regularly throughout the fiscal year. In the end the financial performance of real estate is determined by the preferences of the occupants. As such it becomes obvious why sustainable real estate is in the investor's best interest.

High ethical standards and entrepreneurial responsibility prompted Union Investment Real Estate AG to get involved and participate in the activities of the German sustainable building council (DGNB). Its goal is to develop a system for certification comparable to established international standards like LEED or BREEAM. A wide variety of interest groups within the construction and real estate industry work together with the DGNB to measure and map specific criteria and the requirements of sustainability in the German market.

Union Investment Real Estate AG is convinced that "Green Building" is an irreversible development, as it results in ecologically and socially reasonable investments and demonstrates the responsible attitude of the industry in times of ever increasing energy costs, which also makes it a plain economic necessity to act sustainably.