GREEN BUILDINGS SET NEW TURNOVER RECORD

In 2015, transactions involving certified green buildings generated a total of just under 6.84 bn €. That represented a new record; it not only exceeded the already very good prior-year result by one third but was also twice the average of the past eight years.

So the volume of investment in green buildings has been developing just as dynamically as the commercial property market as a whole. Of the approximately 36.2 bn € which was deployed in single deals nationwide, certified buildings accounted for close to 19 %, a very similar proportion to that noted the year before and meaning that in 2015 nearly one euro in every five once again went into the acquisition of sustainable assets.

LARGE-UNIT PURCHASES EVEN MORE PREDOMINANT

The strong focus on large and frequently prominent buildings already apparent in 2014 actually strengthened in 2015, with sales in the triple-digit million range generating almost 70 % of aggregate turnover (as against 56 % in 2014). In fact, if transactions of between 50 and 100 m € are included, the proportion of large-unit products in 2015 came to nearly 90 % (2014: just under 80 %). This is also one reason why investment is concentrated mainly on the major German cities (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich, Stuttgart). Together, these were responsible for more than 89 % of the turnover with certified buildings (2014: 84 %). The ranking was headed by Frankfurt (2.35 bn €), Berlin (2.09 bn €) and Munich (864 m €). Among the outstanding deals were the Potsdamer Platz ensemble (DGNB) in Berlin and the Trianon (LEED-Gold) in Frankfurt.

EQUITY-STRONG INVESTORS ESPECIALLY ACTIVE

It is above all equity-strong core investors which deploy substantial sums of money in acquiring green buildings, with such transactions often also representing high proportions of their total outlay. This is the case, for instance, with sovereign wealth funds (43 %), investment managers (38 %), pension funds (36 %) and open-ended funds (34 %). In absolute terms, too, these groupings make the biggest contributions to the total. Five categories generated double-digit shares, together accounting for almost three-quarters of all turnover. The top slot has been taken by investment managers with 19 %, ahead of special-purpose funds and equity/real estate funds, each with 15 %. Sizeable shares were also gained by equity-strong investors like pension funds (13.5 %) and sovereign wealth funds (11 %). One reason for a distribution of this kind is that many certified buildings are in the high-price category, which limits the range of relevant investors.
TOTAL OF NEARLY 1,000 CERTIFIED OBJECTS
The actual number of green buildings has also been growing. At the end of 2015, the figure was almost 1,000, over one quarter above the prior-year level. There has also been a continuation of the trend to obtain certification – originally confined almost exclusively to offices – for buildings featuring other forms of occupancy. Although offices still dominate the field, accounting for around 51 % of all green buildings, the retail sector has been catching up appreciably and is now responsible for close to one quarter (23 %) of the total. Logistics complexes represent nearly 18 %, hotels just over 2 %, much the same as in 2014.

CERTIFICATION OF EXISTING STOCK GROWS IN IMPORTANCE
While the stock of buildings obtaining certification during the construction phase increased by 20 % compared with 2014, the number of existing buildings being certified rose by all of 40 %. So this trend has been continuing, and certified existing buildings now account for one third of the total stock. For many companies, whether they are tenants or owners, such issues as CSR, sustainability and energy efficiency are playing an increasingly important role. In connection with voluntary green leases or initiatives by policy-makers, the refurbishment and certification of existing buildings could be given an even greater boost in the near future.

DGNB MARKET SHARE SLIPS, BREEAM STILL AHEAD OF LEED
DGNB (the German Sustainable Building Council) remains the clear market leader in Germany but its share has slipped from 69 % in 2014 to 64 % in 2015. The LEED to BREEAM trend-shift has been re-asserted: BREEAM expanded its second-place share from about 16 % (2014) to 20 % (2015), while LEED stays in third place. BREEAM’s success continues to be fuelled by the growth in applications for existing buildings to be certified and it has again increased its relevant market share. In this field, DGNB and LEED have gratifyingly also registered higher absolute figures.

OUTLOOK
The way turnover has developed shows that certified buildings are definitely in favour and in fact represent almost a must for many investors. However, in this market segment – as in others – there are signs of a growing bottleneck: the shortage of relevant products means that investors eager to acquire certified green buildings are not always able to do so. In the major cities, the number of sizeable core assets being planned with a view to certification or being comprehensively refurbished for this purpose is not exactly vast. At the same time, though, alternative locations feature hardly any certified buildings – at least at present. So despite the growth in the certification of existing stock, the relative contribution of green buildings to aggregate investment could actually fall slightly in the course of the present year.