INVESTMENT IN GREEN BUILDINGS CLIMBS EVEN HIGHER

In 2016, transactions involving certified green buildings generated around 7.4 bn €. That not only exceeded the prior-year figure by about 8%, it also represented a new record. So the upward trend apparent for several years now has continued undiminished. Since the aggregate volume of commercial property investment in the single-deal segment actually declined marginally by 3% to 35.1 bn € (which was, though, still the second-best result of all time), it is evident that green buildings have been making a steadily growing contribution to total turnover. In the long run, the 2016 share of slightly more than 21% looks set to rise even further.

OFFICES STILL THE “GREENEST” ASSETS

Office properties continue to account for the lion’s share of “green investment”, generating 80% of the total, with just over 5.9 bn €. This means that one euro in every three invested in office properties went into certified buildings. In the other forms of occupancy, the proportion is still appreciably lower – but all the same definitely reflects an upward tendency. In second place in this ranking came hotels; here, sustainable properties accounted for a respectable share of around 17% of turnover. One thing this mirrors is the higher proportion of newly built products in this asset class. In comparison, the green-building shares of aggregate investment produced by retail properties (just over 6%) and logistics complexes (just under 5%) are still relatively small. But in these markets, too, the trend among new-build projects is upwards.

EQUITY-STRONG INVESTORS PARTICULARLY ACTIVE

One advantage green buildings offer is that they attract the interest of tenants with a strong financial standing. In fact, certified buildings are frequently the only ones that large companies and international corporations, in line with their CSR principles, are prepared to consider moving into. So investing in such assets improves subsequent scope for onward letting. In view of this it is hardly surprising that it is above all core investors which are active in this segment. In terms of the proportion of their total outlay that goes into certified buildings, pension funds lead the field with close to 65%. But other groupings also deploy substantial slices of their total investment in this field. They include open-ended funds (54%), insurances (43%) and closed-end funds (45%). In terms of the absolute volume of capital which goes into certified buildings, three groupings together account for two-thirds of the total: pension funds (33%), special-purpose funds (18%) and investment managers (16%).
ALTOGETHER AROUND 1,250 CERTIFIED OBJECTS

The number of certified green buildings has continued to grow. At the end of 2016, the total was around 1,250, corresponding to year-on-year expansion of over one quarter. For the first time, the proportion of this total which comprised office buildings fell to below 50% – something that highlights the increasing importance of certification in the other asset classes, too. The biggest relative rise was posted by retail properties, which accounted for nearly one quarter (approx. 24%) of all certifications. Logistics complexes contributed a further 17%, putting them ahead of hotels, which registered 3%.

LARGE CITIES ACCOUNT FOR MOST CERTIFICATES

As expected, most certified green buildings are located in the big cities. Over 48% of them are to be found in the seven so-called A-locations (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich, Stuttgart), while other cities with populations upwards of 250,000 account for a further 16%. Municipalities with between 100,000 and 250,000 inhabitants generate just over 9% of the total. Then, rather surprising at first glance, is the high proportion of such buildings (almost 27% in fact) to be found in smaller towns. In many cases, these are owner-occupied properties or public buildings. Most green buildings are rental objects (79%), but the proportion of owner-occupied properties, at 21%, shows that in this market segment, too, sustainable construction is on the advance.

DGNB MARKET LEADER, BREEAM AHEAD OF LEED

Among certification bodies, DGNB (the German Sustainable Building Council) remains well out in front, but its share of the overall market has shrunk slightly, confirming the trend seen in recent years. This is due to the successes registered by BREEAM in the field of certifying existing properties; here, it is out in front with over 56%, giving it second place overall. This compares with the market share of 80% posted by DGNB in the new-build segment. Overall (new-build and existing stock) BREEAM again finishes in front of rival LEED. One notable fact is that DGNB, which originally focused just on Germany, has in the meantime issued certificates in more than 20 countries around the world.

OUTLOOK

In 2016, more than 200 new certificates were awarded, which is on a par with the figures noted in recent years. From today’s angle, this trend looks set to continue; in the core segment, sustainable construction is basically a must. Where the certification of existing stock is concerned, however, the investor-user dilemma still forms a barrier, so that virtually the only buildings being certified have not undergone energy performance refurbishment, because it is more or less impossible to pass on to tenants the additional costs of extensive energy upgrading measures.