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60 Percent of Asia Pacific Companies Willing to Pay a Premium Rent to Occupy Sustainable Space, Despite Tighter Economic Environment

Survey by CoreNet Global and Jones Lang LaSalle shows that sustainability is increasingly critical in Asia Pacific, but sustainable space remains hard to find

MACAU, March 26, 2009 — Corporate Real Estate (CRE) Executives in Asia Pacific are more willing than their global counterparts to continue investing in sustainability, according to Chris Wallbank, Asia Pacific Head of Energy and Sustainability Services at Jones Lang LaSalle. However, on a global basis, there is a decrease in the number of companies willing to pay more for green buildings today, as indicated by the results of the second global sustainability survey done jointly by Jones Lang LaSalle and CoreNet Global.

Mr Wallbank, who is speaking at the CoreNet Global Summit in Macau this week, notes that while more than 40% of respondents globally were still willing to pay some rental premium to occupy a sustainable building, this is a drop from the 70% recorded in the 2007 survey.

However, Asia Pacific respondents showed a greater willingness to invest in sustainable solutions than the global average. 60% of respondents in Asia Pacific would pay up to 10% more rent to occupy a sustainable building, an increase from 55% in 2007. While only 6% would consider paying more than a 10% premium, a drop from 12% in 2007, this is still double the global average of 3%.

Asia Pacific respondents were also more willing to pay more to retrofit existing space. Globally, 50% of respondents said that they would pay up to 10% more to retrofit existing space. However, in Asia Pacific the majority (30%) would pay a premium of between 5-10% while globally the majority (33%) would pay a premium of only 1-5%. An additional 13% of respondents in Asia Pacific would consider paying a premium of over 10% to retrofit existing space.

Sustainable solutions are hard to find

"The willingness to pay more in Asia Pacific may be partly attributed to the perception that sustainable solutions are hard to find in markets that are less 'mature'," says Mr Wallbank. "What is interesting from the survey results is that most of the respondents have the view that sustainable solutions are increasingly hard to find across the world."

The survey recorded a 20% increase of respondents in Asia Pacific (68%) and globally (64%) citing limited to no availability of sustainable solutions in the market in which they operate.

The availability of sustainable space for lease is not the only obstacle CRE Executives face. Over 30% of respondents gave a high rating of 4 or 5 when asked about 'difficulty in establishing the return on investment', 'lack of funds to implement strategy' and 'different priorities in different geographies'.

Sustainability is increasingly critical

Despite the challenges, sustainability is increasingly critical to CRE executives. In Asia Pacific, 65% said that sustainability is already critical, up from 46% the previous year. This trend is consistent with the global average where the percentage of respondents who agreed that sustainability is a critical business issue today rose to 67% from 47%.

Mr Wallbank says, "In tough economic times the ability of efficiency initiatives to deliver bottom-line returns is increasingly important. We have seen that savings of up to 15% are achievable in most existing buildings, using conventional technology that is available today."

Sustainability is a major influencer of CRE strategies and decisions in Asia Pacific

- Sustainability influences location strategy. For 78% of respondents, energy/sustainability is a major or tie-breaker factor in their location decisions and 81% of respondents consider green building ratings in building selection.
- Respondents are broadly implementing a range of sustainability initiatives including recycling (63%), energy efficiency programmes (53%) and energy/sustainability data collection (49%).
- Renewable energy is relatively low on the agenda with respondents citing 'no current interest' or 'not applicable' to investing in renewable power sources (39%) or purchasing green power (29%).
- The workforce provides a key measure of success with 67% rating employee health/productivity as a 'very important' sustainability metric, followed by employee satisfaction at 64%.
- Operational metrics also rated highly, with 59% rating water usage as 'very important', followed by Co2 emissions at 50% and waste stream reduction at 45%.
- Only 27% rated energy costs as a 'very important' metric, although 36% of respondents selected 'care but can't measure'.

More than 400 corporate real estate executives across the globe participated in this second global sustainability survey undertaken in September and October 2008 by Jones Lang LaSalle and CoreNet Global.

Copies of the report are available at www.joneslanglasalle.com/pages/sustainabilityresearch.aspx.

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