

Sustainable Property

Novethic, with the support of the French Environment and Energy Management Agency, ADEME, releases the results of its annual barometer on eco-efficiency reporting in the property sector and its 2nd annual survey on "Property fund energy efficiency practices"

The 2012 barometer on the eco-efficiency reporting in the property sector measures the quality of communications of 12 property companies and 10 developers listed on the French stock market on the energy and CO₂ performances of their property assets. This 6th annual review of reporting practices shows clear improvements though widening disparities in performance.

Companies are making progress though use diverse methodologies.

The average rating for property companies improved 14 points, advancing above 50% in 2012. Virtually all provide transparent and precise information on energy consumption though differing methodologies from one property company to the next, render comparisons impossible. Developers also published quantitative data and improved their average rating by 5 points from the previous year.

Nevertheless, the quality of their reporting varies significantly. This in turn amplifies disparities in ratings for property companies as well as for developers (with differences of 66 and 62 points respectively between the highest and lowest scores).

Indicators on grey energy and urban planning issues remain scarce

Property companies and developers showed progress overall for the energy impact of construction material and building use-related transport, gaining respectively 10 and 17 points for these criteria.

Developers have gradually integrated the concept of grey energy, with seven out of ten providing information in their report and five specifically reporting on assessment tools for pilot programs.

For urban planning issues, developers have focused on neighbourhood environment-related innovations while property companies have focused on the access to public transport for their assets.

Anticipating new regulations

Highlighting the industry's proactive approach, already in 2011 developers complied with the RT 2012 French thermal regulation, even though this became mandatory only at the start of this year. To this purpose they have widely adopted the low-energy building BBC label for building permits to attain a threshold set for building energy consumption of 50 kWh/m²/yr.

Developers also got a head start for early compliance with the obligation of adding environmental riders to commercial leases for areas exceeding 2,000 m² by developing the signature of green leases.

[View the Barometer](#)

Property fund energy efficiency practices

The second annual survey conducted in partnership with the ASPIM (French Association of Property Investment Funds), evaluates the energy efficiency practices of 28 property fund managers with total assets under management of €47.8 billion. While environmental considerations are better integrated, insufficient financial value remains an obstacle for adopting more ambitious strategies.

Energy performance: improved knowledge and growth in the number of certified buildings

Considerable progress has been made in integrating environmental issues by management companies surveyed with 47% indicating that they know the average energy performance of their portfolios, up from 32% in 2011. Given its mandatory nature, the Energy Performance Assessment (EPA) remains the primary measurement tool used. However, the practice of monitoring actual consumption using invoices is rapidly developing, rising for survey respondents to 45% from 36% in 2011. Property fund managers increased their use of certifications and labels with more than one half declaring to have certified at least one asset in 2012 or 68% more than in 2011. This represents 7.2% of the total area managed by all property funds.

Strong market demand for eco-efficiency

The potential is considerable for property funds integrating eco-efficiency features in a property management market bolstered by strong inflows. This is all the more the case, as according to companies surveyed, growth in demand between 2011 and 2012 rose for institutional investors (up 12 points) and retail investors (up 8 points) alike. Property fund managers are thus starting to develop awareness-raising campaigns for tenants for assets under management and ad hoc marketing. In contrast, financial reporting includes limited environmental data with more than two thirds of the companies surveyed declaring that they do not provide information on the energy performance of funds.

Obstacles and motivations: confirmation of trends in 2012

Risk prevention (obsolescence, depreciation, regulatory non-compliance) as in 2011, remains the primary incentive for adopting environmental approaches according to persons interviewed. However, the number of green funds remains very limited as the potential for generating financial value from environmental performance is considered insufficient by more than half of the respondents.

[View the survey](#)

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Novethic, part of Caisse des Dépôts, is the leading research centre in France focusing on Corporate Social Responsibility (CSR) and Socially Responsible Investment (SRI), with specific expertise developed on sustainability in the property sector. www.novethic.com

The French Environment and Energy Management Agency (ADEME) is active in the implementation of public policy in the areas of the environment, energy and sustainable development. The Agency provides expertise and advisory services to businesses, local authorities and communities, government bodies and the public at large, to enable them to establish and consolidate their environmental action. As part of this work ADEME helps finance projects, from research to implementation, in the areas of waste management, soil conservation, energy efficiency and renewable energy, air quality and noise abatement.

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