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“Go Green or Your Bottom Line is Red”

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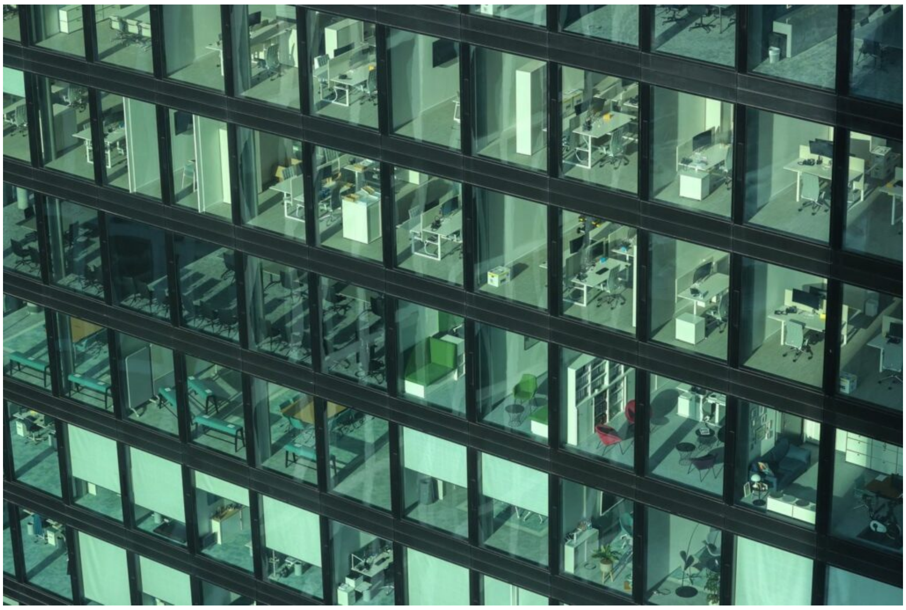

Thoughts from Paul Sheedy at Unifi’id

It’s a fact: retrofitting buildings to make them more sustainable is far more cost efficient and environmentally friendly than building new ones.

Focusing the industry’s efforts on making existing buildings smarter and greener is a vital step to reduce the 40% of global emissions that the real estate industry is already responsible for.

Savills UK announced that it will take an estimated £30 billion to get London offices up to required standards by 2030. From then on, buildings that operate under an energy performance certificate (EPC) Grade B will no longer be eligible to receive rent or be re-let. Currently only 4% of office buildings in London operate at these standards, meaning that the wide majority of commercial buildings could find themselves suffering if green upgrades are continued to be ignored.

These issues aren’t just a worry for the future, buildings that have been slow to up their sustainability efforts are already facing obstacles. A guide published by WSP estimated that unsustainable properties could face a ‘brown discount’, and could receive up to 30% less investment than their greener counterparts.

An estimated £14 trillion is needed for CRE retrofitting globally, with a further £74 trillion required to protect buildings from the effects of climate change. £88 trillion is a huge bill for the CRE industry to front. As the time to keep global temperatures under 1.5°C quickly approaches, the FM sector has its finger on the pulse of what’s happening in buildings. They need to be leading the change in making buildings more efficient and greener by working closely with building managers on this joint approach.

With buildings you cannot manage what you cannot measure. There is currently a severe lack of insights into the actual usage of buildings in the commercial real estate (CRE) sector. Buildings are still managed in a pre-pandemic fashion for a hybrid workforce of whom nearly two thirds aren't there.

Building occupancy within the CRE sector is still shockingly low considering energy usage has remained consistent with pre-pandemic levels. The Tuesday, Wednesday, Thursday workforce has led to a disconnect with floor management. Some offices have greater numbers of FM staff than office workers and we've seen as low as 2% occupancy rates on Fridays. Using actionable data and common sense, these inefficiencies can be removed. We're working on predictive analysis to provide FM companies with the insights they need to make the necessary changes for optimised efficiency of their workforce.

The City saw close to 1 million entries and exits from tube stations in January 2020, but, since the pandemic, these numbers have not risen past 550,000 on the busiest days post-lockdown. Latest figures show that average office capacity is currently at around 25%. This is appalling considering that building management systems have been operating at 100% since workers returned. There is currently a serious disparity between a building's occupancy vs. the number of staff operating, the amount of energy used, and the money wasted. Businesses are needlessly burning money and releasing unnecessary carbon emissions.

In the UK's bid to target inefficiency in buildings, the City of London Corporation is set to launch their Skills for a Sustainable Skyline Taskforce. Led by Deputy Chair of Policy Chris Hayward, the taskforce is a three-year long project to undertake evidence-based research into the building sector. Interventions can then be taken across all areas – from employees, to planning, to retrofitting – to aid the industry in achieving net-zero across all of the City of London Corporation's operations by 2027.

With a 400% increase in energy costs, the time for financial directors and heads of sustainability to make the obvious choice and collaborate. Carbon wastage in buildings can be avoided by understanding buildings better and making the most sustainable decisions. The ROI of making a building smarter is rapid, so why is there a hesitancy from building managers to implement new systems to keep up with sustainability standards? After all, money, and the bottom line, is often the greatest motivator.

The CRE sector is clearly facing significant bumps on the road to recovery from the Covid-19 pandemic and culture change. But it has been too slow for too long to embrace change. From a dramatic drop in office occupancy, to the globe barreling towards a dangerous thermal threshold, it's time to take action to slash the environmental and economic impacts of the building sector. Data insights for change won't break the bank. Governments, building managers, and the FM sector alike need to understand just how important it is to look after the buildings we have now, not just the ones of the future.