

Companies pay more to lease sustainable offices

3 years ago



New research has revealed that companies are willing to accept higher rents for more sustainable corporate office space following the rise of hybrid working.

The latest report from property analytics software firm, CIM, [*Tenant Preferences in the UK Office Market*](#), surveyed 200 UK directors and senior personnel involved in key real estate decisions from companies that were large tenants of office space. It found that while occupancy rates still lag behind pre-pandemic levels, a large majority (72%) of respondents expect their business to move to at least three in-office days a week over the next two years.

According to the report, only 39% of respondents were very satisfied with their office space inferring landlords must be more attuned to changing occupier expectations. Of those surveyed for CIM's research, only 6% were unwilling to pay higher rents for a green office space, with the majority, at 41%, stating they would pay between 10 - 14% more. 49% also said a property's environmental performance and overall sustainability would 'very much' influence their choice of office.

Regional vice president Cillian Casey said the idea companies would pay more for a greener building makes these findings particularly important in the current economic climate. "While our research demonstrates a clear urge from senior decision-makers for the workforce to spend more time in the office, the significant headwinds the market has experienced over the last three years have changed occupier expectations," she said.

"Factors such as the rise of hybrid working and soaring energy costs, for example, are now greatly influencing what decision-makers want from a building. With more emphasis being placed on how

companies can attract employees back to the workplace, environmentally friendly offices that improve productivity and well-being are now expected. As well as reducing office power consumption, sustainability is also becoming crucial to hiring and retaining talent in a competitive labour market with 89% of respondents saying Net Zero was part of the employee value proposition."

Almost all respondents (55%) 'expected' to see evidence from landlords demonstrating a building's efforts to reach net zero carbon emissions. This aligns with other overwhelming priorities highlighted by the report, such as 53% of decision-makers saying reducing day-to-day operational and energy costs would significantly impact their choice of office space. These concerns demonstrate how aligning existing properties with the low-carbon economy will require the corporate real estate sector to identify tools to optimise building performance and increase overall efficiency, while lowering both emissions and energy bills.

"Creating and maintaining more efficient buildings is critical to improving the overall standard of the built environment and meeting shifting market demands," said Mr Casey. "However, while businesses are enthusiastically embracing sustainability, they need technologies that actively improve building performance – especially given the continued volatility in energy pricing.

"Of these, intelligent monitoring of a building's equipment and critical utilities is a powerful way to extract and demonstrate greater value from new and existing buildings. I urge corporate real estate managers to download a copy of [*Tenant preferences in the UK Office Market*](#) and explore the issue further."