

# RICS Global Property Sustainability Survey

RICS Economics Q1 2010

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## Sustainable Real Estate Solutions Increasing Globally

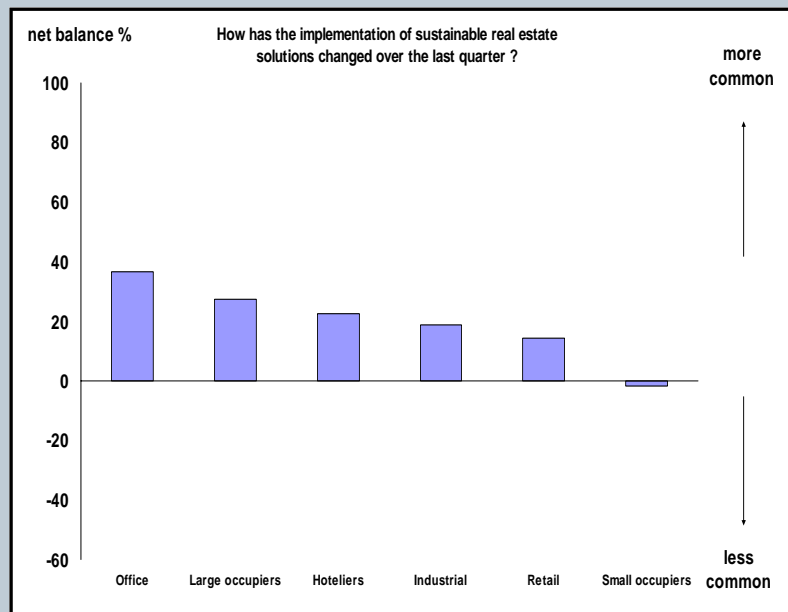
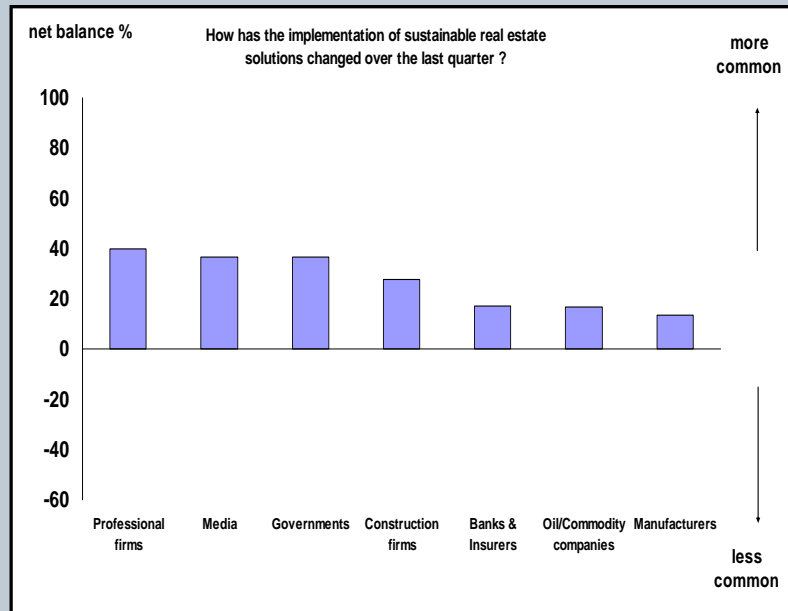
- Globally it is professional firms not governments who ranked highest in terms of implementing sustainable solutions over the last quarter
- Asia outperforms other regions in all but two categories during the first quarter
- Agents in Latin America and Africa / Middle & East see biggest challenges in meeting sustainable standards for real estate stock.

The RICS Global Property Sustainability Survey shows that the implementation of sustainable real estate solutions rose across all global regions during Q1 2010. However, some divergence in the pace of implementation has occurred among sectors, geography and type of occupier. From a global perspective, professional firms ranked highest narrowly above media and governments in implementing sustainable solutions to real estate in Q1. At the other end of the scale manufacturing firms saw the slowest growth in implementation compared to Q4.

From an organisational perspective, it is large firms that have seen the greatest implementation of sustainable solutions over the quarter. Interestingly, the category small occupiers was the only one where agents responding felt that implementation of sustainable real estate solutions had declined. From a sector perspective, office occupiers were running ahead of industrial and retail tenants in implementing greater sustainable solutions with regards to their real estate requirements in the first quarter.

Agents report that the biggest barrier to greater implementation of sustainable solutions among clients tends to be the perception that the benefits do not necessarily outweigh the costs. This was the leading barrier to implementation identified in most markets and ranked above lack of budgets across all global regions. At the other end of the scale, a lack of firms offering specialist advice was not seen as a major barrier to wider implementation and was seen as the mildest impediment across all regions.

50% of agents in Latin America and 30% in Africa and the Middle East thought that it would take more than a decade for 10% of the existing stock to meet good sustainable standards. At the other end of the scale, agents in Australasia and Developed Asia were most optimistic that good sustainable standards would be achieved within a 10 year time frame.



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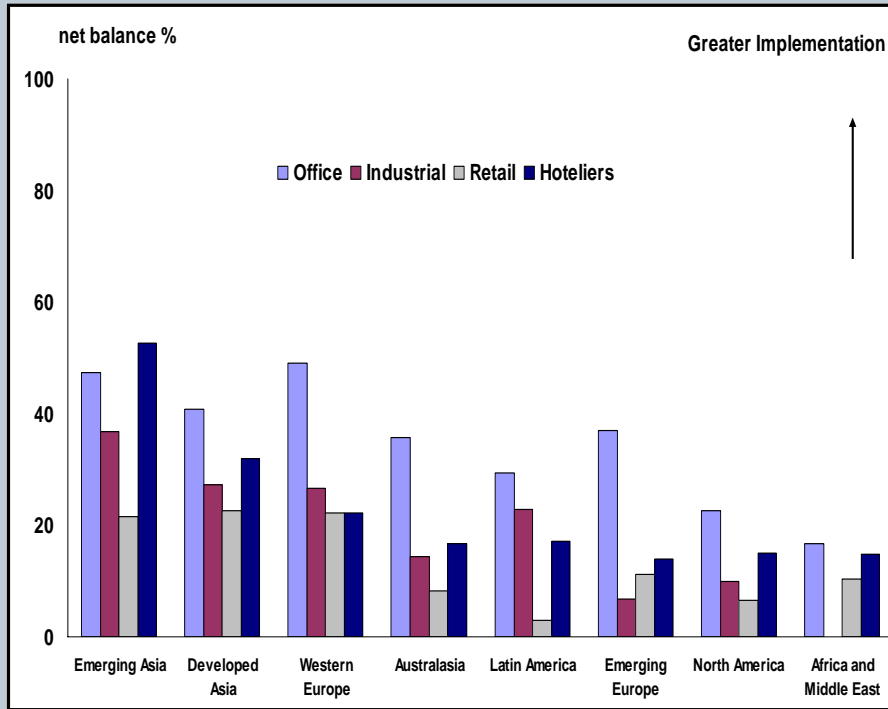


# RICS Global Property Sustainability Survey

## Sectoral Indicators

‘How have attitudes towards implementation of sustainable solutions in real estate changed over the last 3 months, when compared to the previous 3 months?’

### Office, Industrial and Retail occupiers

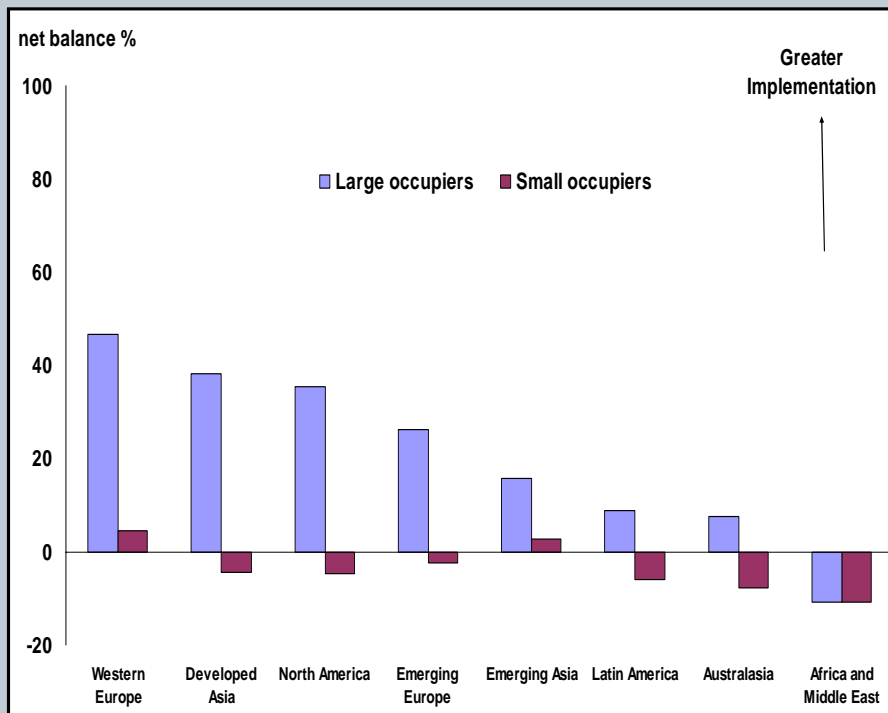


Of all global regions, Emerging Asia reported the greatest average level of sustainable improvements made over the period, with the mood among hoteliers in the region being particularly strong.

Office occupiers ranked highest in Europe, and across most other markets outside Emerging Asia. Implementation among industrial clients was highest in Emerging Asia

Of all the agents surveyed, agents reported that the improvements have been coming at a generally slower rate in the retail sector, with modest net balance results across all regions. It was particularly low in Latin America.

### Small and Large occupiers\*



Surveyors in Western Europe have seen the greatest increase among large occupiers implementing sustainable solutions, although little change for small occupiers. Respondents in Africa and Middle East were the only region to report less implementation from large occupiers.

Agents have reported that small occupiers across most world regions have implemented less sustainable real solutions in Q1 when compared to Q4 2009. Western Europe and Emerging Asia were the only regions where they thought there had been a marginal pick up among smaller occupiers.

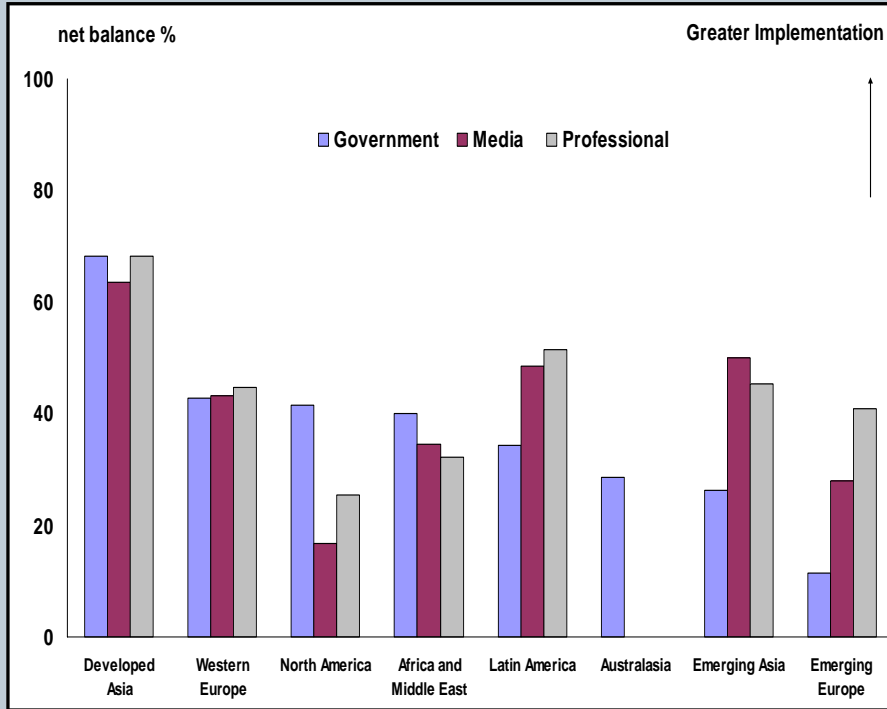
\*Small Occupier (1-49 employees)  
Large Occupier (>49 employees)

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## Sectoral Indicators

‘How have attitudes towards implementation of sustainable solutions in real estate changed over the last 3 months, when compared to the previous 3 months?’

### Govt, media and professional occupiers



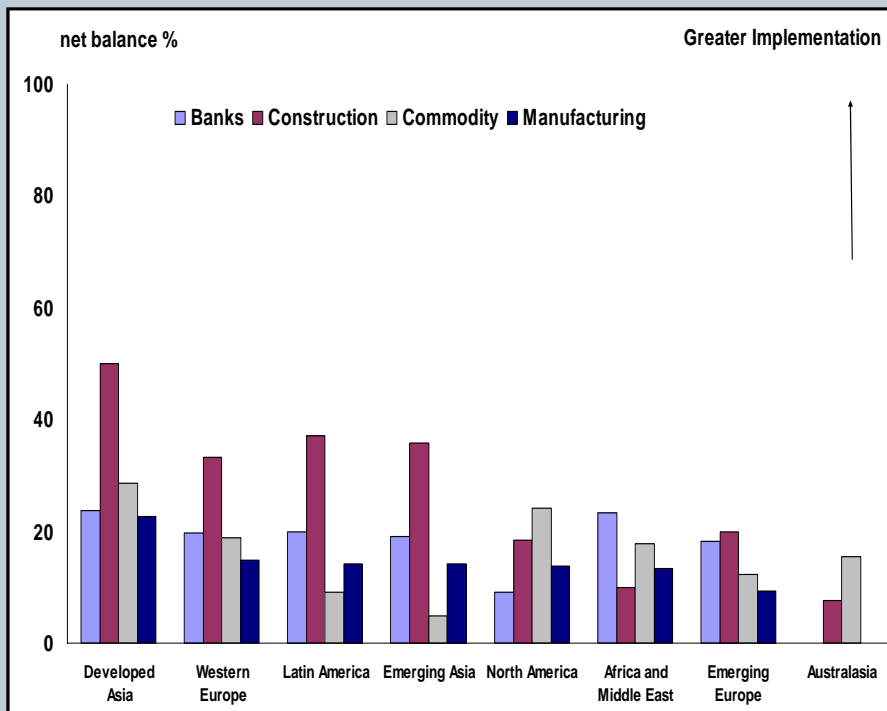
The top 3 implementers in Q1 2010

In Developed Asia governments were ranked ahead of media and professional occupiers reported that there has been the greatest implementation of sustainable solutions.

The region had the greatest net balance for each occupier sector across all regions. Respondents from Latin America reported a high net balance for media and professional occupiers.

Surveyors in Australasia reported little change in implementation outside of the government sector in Q4 when compared to the previous quarter.

### Const, Manu, Banks and Commodity



Other sectors of the economy

Across these sectors of the economy, it was construction firms that have generally seen the greatest improvements, especially in Asia and Latin America compared to Q4 2009. Respondents saw less change in Africa and Middle East and Australasia.

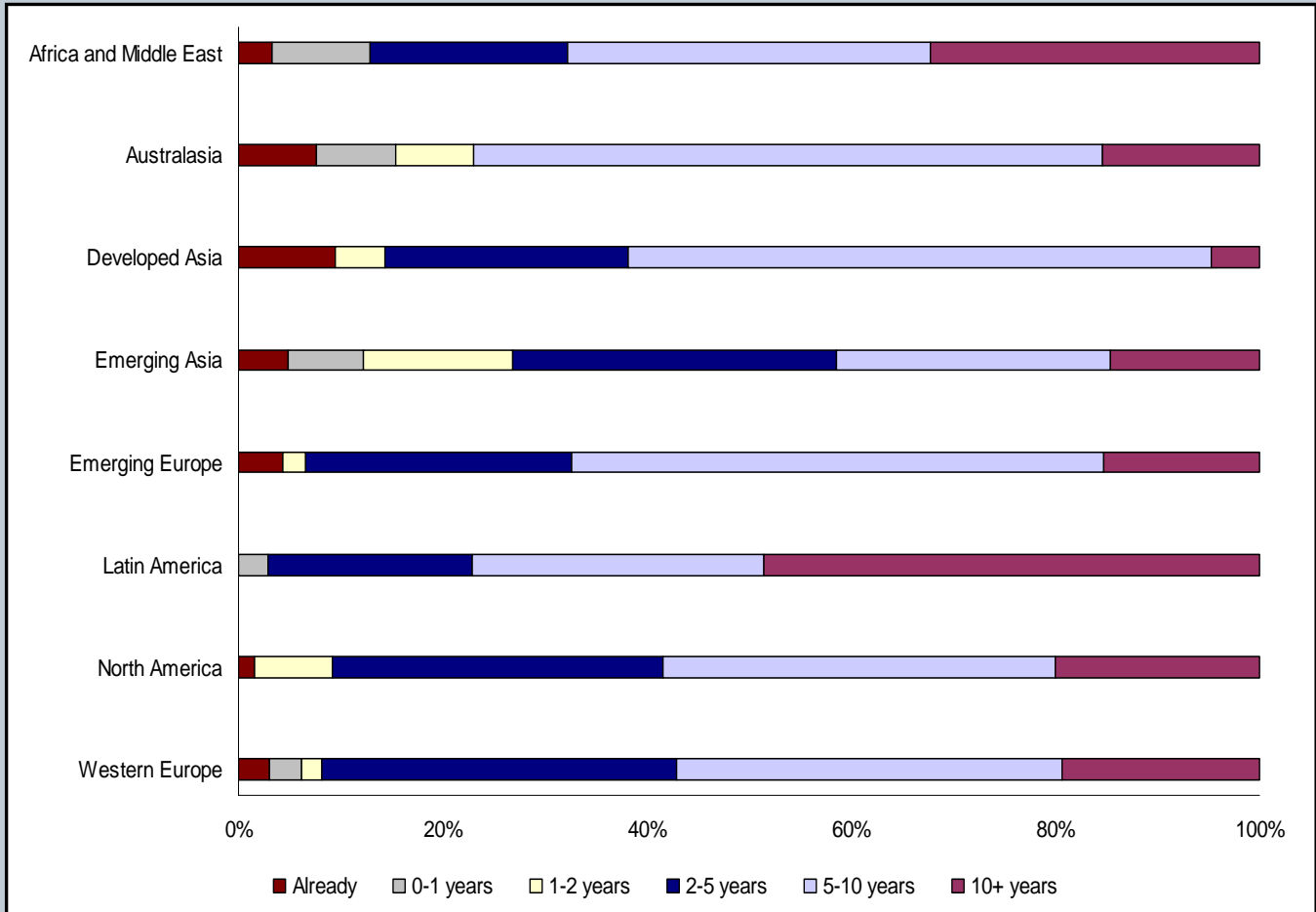
Agents reported that Commodity type firms such as oil and gas companies reported the best net balances in Developed Asia and North America, while the lowest was in Emerging Asia.

Agents reported that banking and manufacturing occupiers were implementing similar levels of solutions in Asia, although these sectors generally ranked behind others in Q1 outside of Latin America and Africa and the Middle East.

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## Global Snapshot

**How many years do you estimate before 10% of the current commercial property stock in your city would be described as meeting good sustainable standards?**

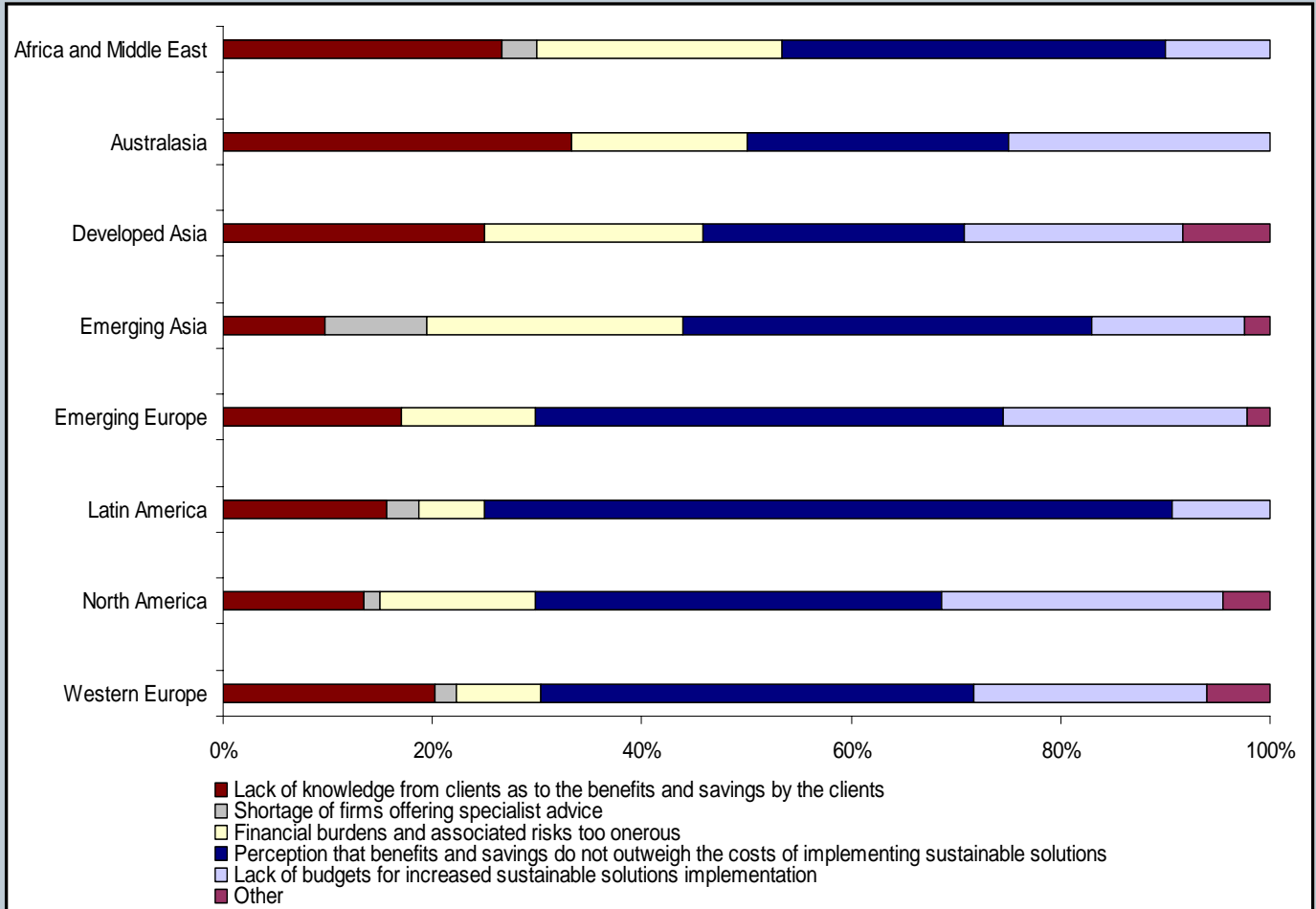


- Around 50% of respondents estimate that in Latin America it will take longer than 10 years for 10% of commercial property stock to meet good sustainable solutions.
- This figure was around 30% in Africa and Middle East
- By way of contrast over 90% of agents in Developed Asia suggest that this benchmark will be met within a 10 year timeframe.
- In Emerging Asia around 60% believe that this benchmark will be met within 5 years.
- In Western Europe and North America around 40% believe that this benchmark will be achieved within 5 years.

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## Global Snapshot

The top potential market barrier to implementation of sustainable real estate solutions among clients is...?



- Globally, the perception among clients that benefits and savings do not outweigh the costs is seen as the biggest barrier to implementing sustainable real estate solutions
- Shortage of firms offering specialist advice is seen as the smallest barrier
- Interestingly, lack of budgets was not deemed at the top barrier in any world region
- Lack of budgets was seen as the smallest impediment in Latin America and Africa and the Middle East.