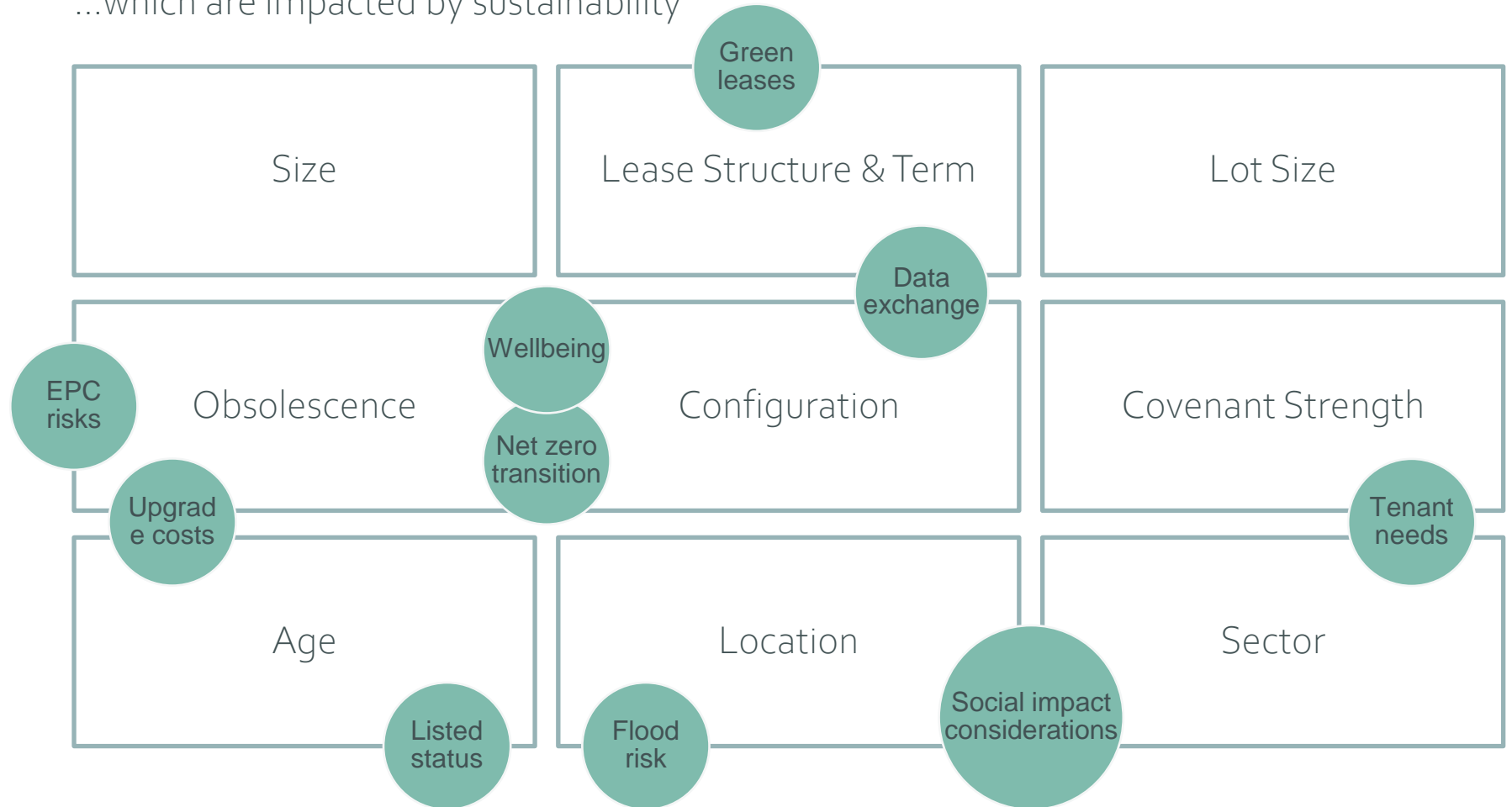


Sustainability & Valuations in Real Estate

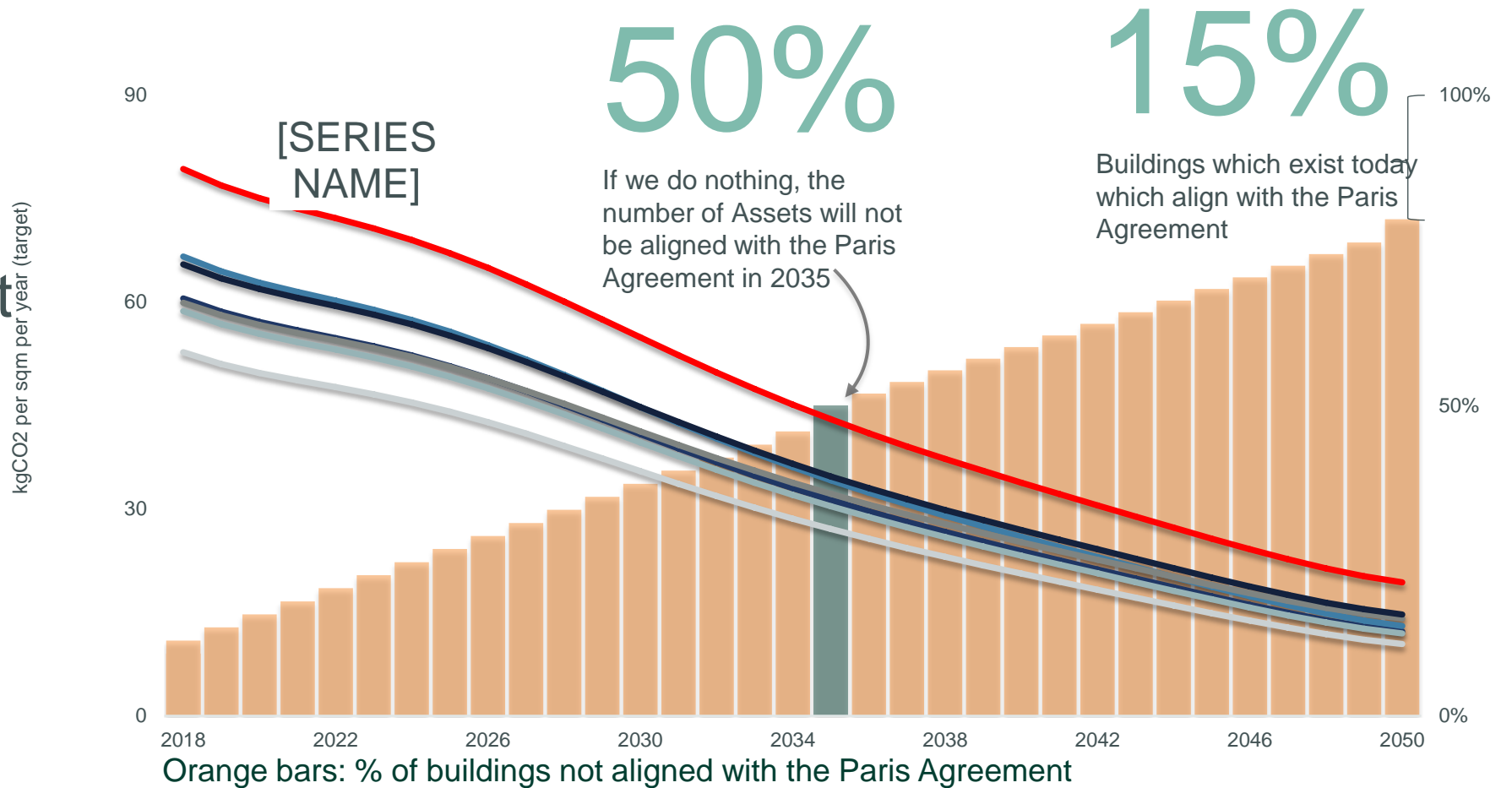


Rent and yield are proxies for many factors

...which are impacted by sustainability



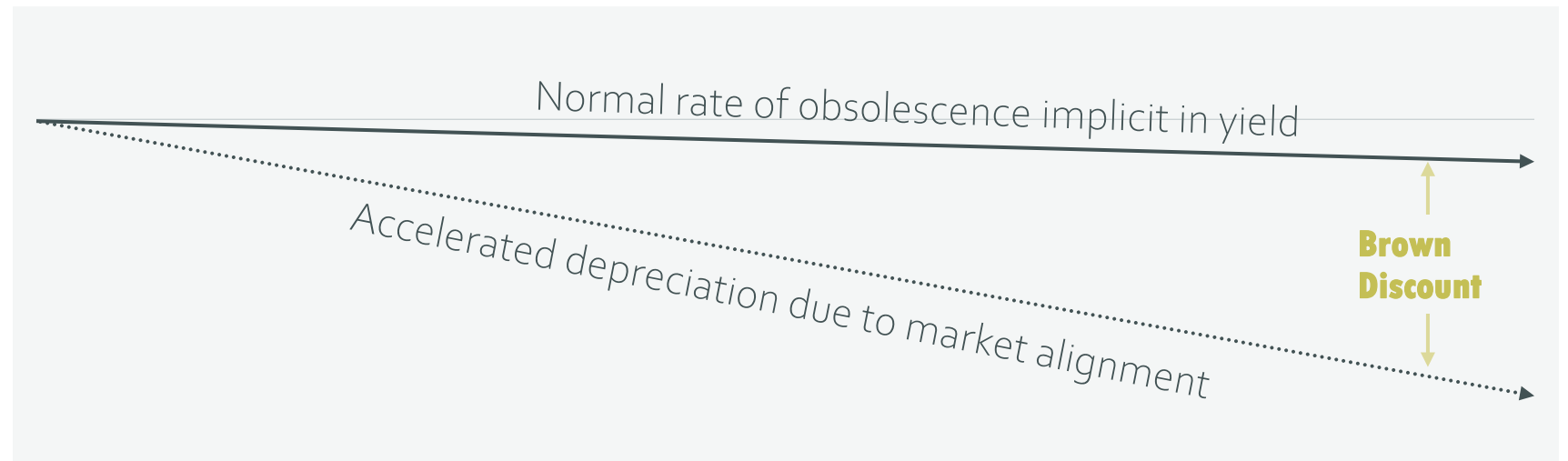
How the built environment aligns with the Paris agreement



Accelerated depreciation

Assets which are not aligned with market expectations will depreciate faster. This includes regulatory pressures, but also where features (such as Green Certificates) are expected

Example: asset with an EPC of D



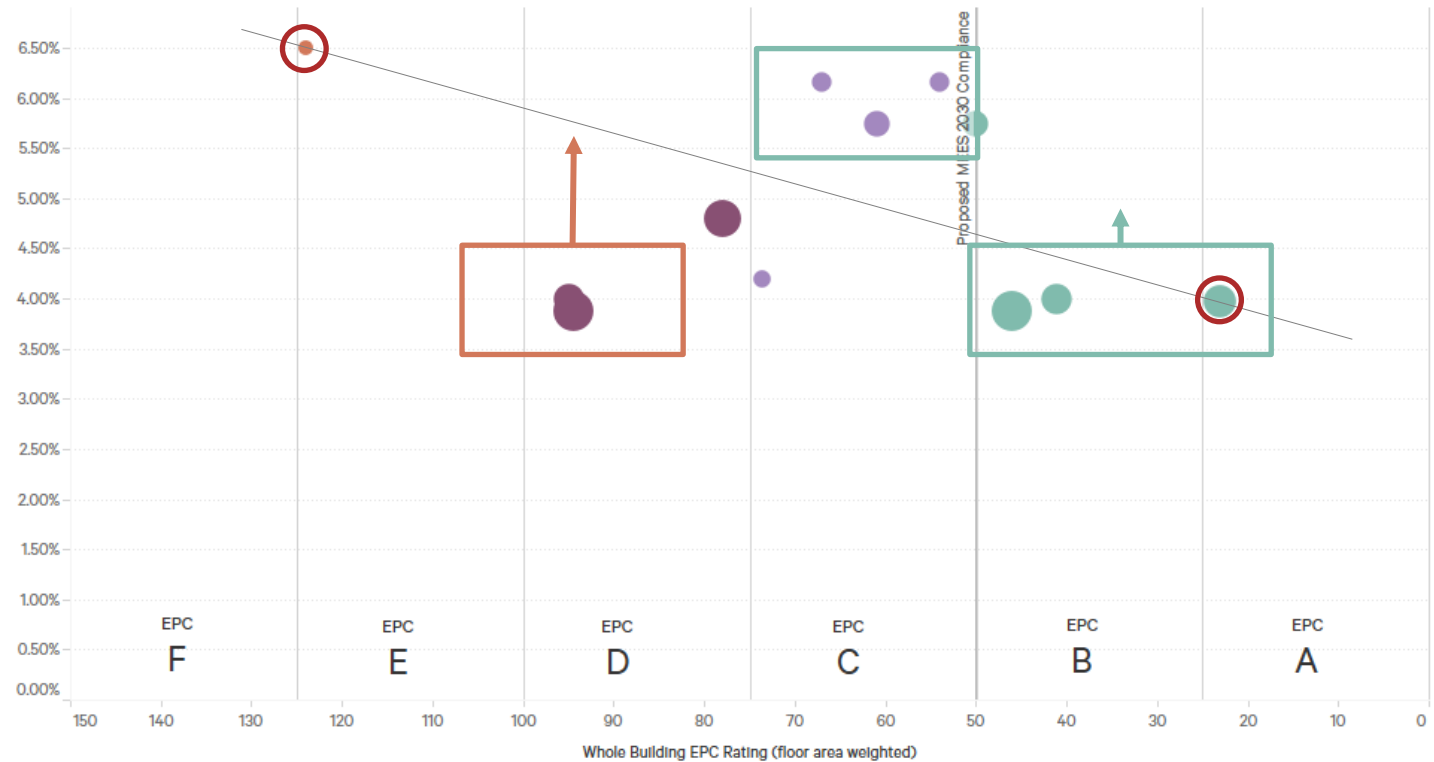
Investment & Depreciation



Sustainability: One of many factors affecting value

EPCs and Yields in a group of urban offices.

- **Positive trend between worst performer and best, as expected**
- **But outliers!**
- Orange Box: well positioned high spec assets with good transport links but older plant
- Green box: further out of town, naturally ventilated, lower spec
- **More to the value story than ESG, but relationship will change over time**



“While valuers should reflect markets, not lead them, they should be aware of sustainability features and the implications these could have on property values in the short, medium and longer term.”

RICS Guidance Note: “Sustainability and ESG in commercial property valuations and strategic advice”, 3rd Edition, December 2021

Data We're Recovering

Information will be required from all clients. We'll then use this data and CBRE's scale to properly assess relationships between value and sustainability across the market – as we value.

EPCs

With certificate number for reference and lookups.
Relates to SFDR and other compliance structures

Green Certificates

Marketing of green credentials to occupiers and investors

Flood Risk

Most material localised physical risks

Heating Fuel

Risks against Net Zero and decarbonisation pressures

Thank you



Gracias ধন্যবাদ Salamat धन्यवाद Obrigado 謝謝 Спасибо 감사합니다 Merci תודה شكریه Danke あかとう Terima Kasih

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