



Chartered property,
land and construction
surveyors

Sustainability Journey

Valuation considerations for the valuation
of commercial real estate assets in the
context of sustainability

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Background

The role of the valuer is to consider all factors relevant to value. The aim of this document is to support valuation surveyors for the inspection, valuation and assessment of assets in the context of the environmental and sustainability considerations that need to be addressed in reaching a final opinion on the valuation of a real estate asset. This list of considerations is not an exhaustive list and may be used as reference document. This can be used in conjunction with existing valuation considerations such as: contamination and flood risk.

By way of context - the RICS has recommended the inclusion of sustainability considerations as part of the valuation process since 2009. The most recent **RICS Valuation- Global Standards ('Red Book Global Standards' 2020)** now references sustainability within the mandatory professional standards and an update of the RICS guidance note on sustainable property is currently underway. Please note the comparables being considered to support the valuation process may also be scrutinised with this list of considerations.

ITEMS TO BE CONSIDERED FOR THE VALUATION OF REAL ESTATE ASSETS IN THE CONTEXT OF SUSTAINABILITY

BUILDING STRUCTURE

- Age/ structure/ specification of building
- All certifications on the building (e.g. BER rating, nZEB; LEED, BREEAM, WELL, Wired Score, Smart-score or other)
- Are the above certifications related to external structure and/or internal tenant's fit out?
- Are there any energy efficient features/ renewables on site? (e.g. Air handling, energy sources, Photo Voltaic cells, solar thermal panels, heat recovery, battery storage, wind energy/LED lighting etc.)
- Are there any biodiversity features on the site/structure? (e.g. green roof/living walls, urban green infrastructure/ hives/ planting etc.)
- Are there any other energy/sustainable features noted as part of the design and specification of the building? (e.g. waste water handling/rainwater collection/ passive design etc.)

TENANT OCCUPATION OF THE ASSET

- Is there a lease contract with an environmental clause in place for the asset if leased? What are the components of this lease contract? Is data sharing on energy consumption part of the lease contract?
- Are there any environmental management policies with the asset and evident on site? (e.g. water recovery, electric car chargers, bicycle spaces)
- Is it WELL rated for the occupants and what are the components of this? (e.g. quality of natural light, air quality, temperature control, noise reduction, security, access to services, users with disabilities, tenant amenities such as – showers/gym/green areas/break out spaces/wellness studio)
- What are the transport options for the occupiers of the building? (e.g. Public – proximity to LUAS, rail, DART, QBC etc., Private –bike storage, electric car charger points, walkable city etc.)

OCCUPANCY/DATA CAPTURE /MANAGEMENT PLAN

- Is there data sharing between occupier and asset owner/management company on the energy consumption and key metrics for the building assets? (e.g. water consumption, air quality, energy use – electricity/gas etc.)
- If yes – can this data be made available to the valuer?
- Is there an asset or estate management plan for the improvement of the sustainable credentials of the asset? (e.g. Plan to monitor existing energy consumption/deliver improved energy consumption and water usage over a period of time.)
- Do the asset owner/management company/landlord have a sustainability policy in place for the building and/or estate?

VALUATION

- Do the sustainability credentials of the asset (or lack thereof) have an impact on the scale/volume of potential purchasers for this asset in the market?

COMPARABLES RESEARCH

Analysis of comparables should be considered with reference to the above list of questions.