

## **Sustainability wave reaches the property investment sector and starts to drive decisions**

### **A multi-speed Europe / Strong backing for standardised European certification system**

The notion of a multi-speed Europe is not just confined to EU affairs. A similar situation is now emerging among European property investors, who are tackling the key issue of sustainability with varying degrees of priority and differing expectations. While the UK and Germany appear to have seen the creation of a market for sustainable buildings in response to climate change, there is little evidence yet that France is embracing the trend. According to a representative survey by Union Investment, only 15% of French real estate investors think that a genuine market has emerged in their country for “green” buildings. In contrast, 44% of respondents in the UK and 41% in Germany consider that an established market already exists in their respective countries. Investor expectations with regard to a European certification system likewise differ widely. Some 40% of investors in the UK and 50% in Germany would welcome a European certificate for sustainable buildings. In France, meanwhile, 60% of respondents believe a uniform European quality standard would deliver tangible benefits – a possible indication that French investors believe the existing HQE system in their country fails to take proper account of the commercial aspects of sustainability that matter to them. “The first step towards a European certificate is agreeing on a common definition of sustainability, one that recognises its social dimension as well as its ecological and economic aspects. Even among property investors, there are widely differing views as to what

constitutes a sustainable building,” says Dr. Reinhard Kutscher, chairman of the Management Board of Union Investment Real Estate AG. The differences between the opinions expressed by German and British real estate investors are particularly marked: The majority of UK respondents associate sustainability firmly with the environment, rating ecological construction well ahead of energy efficiency and economic aspects. This is in sharp contrast to the priorities of German real estate experts, who typically equate sustainability with long-term returns or long-term income. Regardless of these disparate views, it is evident that the second wave of sustainability has reached property investors in all three countries surveyed. Almost 60% of the real estate companies questioned in Germany, France and the UK intend to invest significantly larger amounts in sustainable properties in the future. “Investors will increasingly identify and leverage the long-term potential of sustainable buildings across the value chain – from acquisitions through portfolio development to property management,” says Kutscher. “In the next two years we are likely to see an even wider range of business models emerging among market players.”

**About the Union Investment survey**

For the follow-up study “Property Investment in Europe”, Union Investment commissioned market research institute Synovate to conduct 30-minute telephone interviews with some 100 property companies and institutional real estate investors in Germany, France and the UK. Further findings of the spring 2008 survey – such as the Investment Climate Index – are available from Union Investment:

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