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## **LEADING PROPERTY INVESTORS EMBRACE SUSTAINABLE DECISION MAKING**

New Report Outlines How Leading Real Estate Investors are Integrating Responsible Property Investment Principles into their Investment Decisions

**Geneva, 5 December 2012** – A recent report by the United Nations Environment Programme Finance Initiative (UNEP FI) outlines how leading global real estate investors are integrating environmental, social, and governance (ESG) criteria into the different stages of their investment processes.

With the real estate sector being a key part of an inclusive Green Economy, the report is a timely wake-up call for real estate investors to improve the ESG profile of their real estate portfolios. Laurie Weir, senior portfolio manager at **CalPERS** echoes this sentiment, “sustainability has not been included in traditional real estate investment models, but the world is changing rapidly, and this report illustrates how industry leaders are adapting to meet these challenges by incorporating sustainability into their business operations and planning in a variety of innovative ways. “

### **At the Intersection of Global Trends: Regulation, Urbanisation and Climate Change**

The increasing adoption of Responsible Property Investment (RPI) practices is being driven by several global issues that are influencing real estate investment trends. The tightening regulatory environments being encountered by real estate investors are incentivising RPI as a mean to stay ahead of legislation. The associated costs with lagging behind regulation are now seen as too big to risk.

Urbanisation is also identified as a driver of RPI adoption. With United Nation’s predictions indicating that two thirds of the world’s population, around 6 billion people, will live in cities by 2050, buildings are set to exert larger amounts of socio-economic influence on the lives of a growing proportion of the global population. Far-sighted real estate investors are recognising this and are beginning to use RPI practices as a vehicle to mitigate the risks and take advantage of the opportunities presented by this trend.

With one of the highest predicted rates of urbanisation, Sub-Saharan Africa in particular is presenting RPI practitioners with numerous opportunities. A good example of the type of opportunity this trend is presenting, and will present in the future, is commercial real estate. Due to influxes of labour into urban centres, commercial real estate such will prove to be increasingly integral to the welfare of urban residents.

“We cannot leave out the role of climate change in the growing adoption of RPI principles among investors. There is a growing need to both mitigate and adapt to climate change, and yet the need for buildings will be unwavering. The ability of the real estate investment industry to both mitigate and adapt to climate change will create a new pattern of winners and losers, and those that are already taking the opportunity to manage these risks through an RPI strategy are more likely to be assured of future success” said Nina Reid, Director: Responsible Property Investment at PRUPIM and Project Lead and Author.

### **Innovative and Encouraging Developments**

A survey of best practice within several leading property investors highlights how RPI can be applied to all stages of the investment process, from initial asset allocation to responding to tenant demands and even to fostering innovation through collaboration.

Focusing on case studies of RPI best practice from around the world “has shone a light on several innovative and encouraging developments” says Andrew Szyman, Head of Sustainability at **F&C REIT Asset Management** and Co-chair of the Property Working Group at UNEP FI.

These examples range from the development of portfolio performance measurement systems based on RPI principles to RPI being used as a core business proposition, as has occurred in several real estate investment funds.

“The integration of RPI principles does not need to be ground breaking, in fact a Carbon Trust report shows that simple energy efficiency measures can achieve cost savings of 5 to 25% with payback periods of two years or less”, says Hoong Wey Woon at **Aviva Investors**.

Andrew Szyman and Laurie Weir both agree that “It is clear from this report that real estate managers around the world have much to be proud of, but the landscape is changing rapidly and there is more work to be done” regarding the growing momentum for RPI. “We hope that real estate managers use this report as a resource in determining their own sustainability models, and further evolution and discussion of RPI”.

UNEP FI aims to raise awareness and galvanise the widespread adoption of RPI practices.

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## **Notes to Editors**

*Responsible Property Investment: What the leaders are doing*, is available at: <http://www.unepfi.org/fileadmin/publications/investment/Responsible%20Property%20Investment%202.pdf>

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**For more information on UNEP FI and its Property Working Group, please visit [www.unepfi.org/property](http://www.unepfi.org/property)**

## **United Nations Environment Programme Finance Initiative (UNEP FI)**

UNEP FI is a global partnership between the United Nations Environment Programme and the private financial sector. UNEP FI works closely with over 200 financial institutions that are signatories to the UNEP FI Statements, and a range of partner organisations, to develop and promote linkages between the environment, sustainability and financial performance. Through regional activities, a comprehensive work programme, training activities and research, UNEP FI carries out its mission to identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations.



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Innovative financing for sustainability

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