NEW RESEARCH REVEALS SCALE OF UK COMMERCIAL REAL ESTATE GREEN PREMIA

Majority of UK real estate managers have seen "green" commercial property values increase by between 16% and 25%

Over half have seen void periods reduce by between 16% and 25%

UK industrial property attracts greatest green premia

London, 2nd March 2023 – New research with UK real estate management professionals conducted by Deepki, the ESG data intelligence firm, shows that 44% believe that 71-91% of their firm's commercial property assets under management carry green premia - the higher pricing power of more sustainable buildings. In contrast, almost a third (30%) said that green premia applied to less than 50% of assets in their portfolios.

Increasing asset and rental values, reducing void periods

The value of sustainable assets is reinforced by the research findings, with 82% of UK real estate professionals saying property with green premia have seen asset values increase by 16% and 25%.

The majority (88%) have also seen rental yields increase by between 16% and 25% as a result of green premia because tenants are willing to pay more for sustainable buildings that reduce their service costs thanks to improved efficiency.

Sustainable commercial buildings have also seen void periods fall by 16%-25% for almost two thirds (64%) of those questioned. A further 15% said vacancies have decreased by between 11% and 15%.

Best performing sectors in the UK

When asked to rank which sectors are most likely to attract green premia, almost three quarters of UK real estate professionals selected industrial; 64% said residential, while over half said retail. Office buildings appeared well down the rankings in 6th place.

Property	Percentage of respondents
Industrial	72%
Residential	64%
Retail	52%
Logistics	44%
Healthcare	40%
Offices	26%
Lodging & resorts	2%
Student housing	0%

When asked about changes being implemented across commercial property portfolios to improve the carbon footprint of assets and, therefore, green premia, ensuring better regulation of equipment such as lighting, heating, ventilation, and air conditioning so that they are in tune with use patterns and seasons, was the top priority. This was followed by improving maintenance – for example, regular cleaning of filters in an air handling unit can improve energy consumption by 7%.

Commenting on the research findings, Katie Whipp, Head of UK, Deepki, said:
"Our research demonstrates the real value of energy-efficient commercial property in terms of the overall asset and rental values they can command above those which are not. Where assets need to improve their carbon footprint, managers are focusing on the easy wins which can deliver improvements quickly and at lower cost."

Deepki is the only company in the world offering a fully populated ESG data intelligence platform to help commercial real estate investors, owners and managers improve the ESG performance of their real estate assets, and in the process enhance their value.

The SaaS platform enables clients to collect ESG data, get a comprehensive overview of their portfolio's ESG performance, establish investment plans to reach net zero, and assess results. It also allows users to report to key stakeholders. The platform is supported by carbon and ESG experts who partner with clients across data collection and analysis, through to ESG strategy definition and implementation.

Now with over 350 employees, five offices across Europe and operating in 52 countries, Deepki has become the global leader in ESG and data intelligence solutions for environmental transition in the commercial real estate sector, with more than 1.3 million assets under management in all asset classes (offices, logistics, healthcare, retail, multi-family, etc.).

For further information about Deepki's end-to-end ESG solutions, visit: www.deepki.com

Notes to editors

Research conducted by Pureprofile with 50 commercial real estate asset management professionals in the UK in October 2022. 88% of respondents work for an institution with over £0.5 billion AUM.

About Deepki

Founded in 2014, Deepki has developed a SaaS solution that uses data intelligence to guide real estate players in their net zero transition. The solution leverages customer data to improve assets' ESG (Environmental, Social and Governance) performance and maximize asset value. Deepki operates in 52 countries, with over 350 team members across offices in Paris, London, Berlin, Milan and Madrid. The company serves clients including Generali Real Estate, SwissLife Asset Managers and the French government, helping to make their real estate assets more sustainable at scale.

In March 2022 Deepki raised €150 million in a Series C round of funding which was jointly led by Highland Europe and One Peak Partners. Other investors include Bpifrance, through their Large Venture fund, and Revaia.

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