



Ground-breaking research finds that green office buildings deliver higher income and value

Sustainable buildings experience higher rent, occupancy, renewals and tenant satisfaction, demonstrates new academic study based on 10 years of Bentall Kennedy portfolio data

TORONTO AND SEATTLE, October 6, 2015 – Improved property performance is strongly correlated to green building certification, according to a ground-breaking study of Bentall Kennedy’s North American office portfolio conducted by an internationally recognized academic research team.

The study, which was published in the September 2015 issue of the [*Journal of Portfolio Management*](#), was conducted by Dr. Nils Kok of Maastricht University in The Netherlands and Dr. Avis Devine of the University of Guelph in Canada. The research analyzes 10 years of financial performance data across a Bentall Kennedy-managed office portfolio totaling 58 million square feet, (34 million square feet in the U.S., 24 million square feet in Canada). Overall, the results provide compelling evidence that buildings with sustainable certification outperform similar non-green buildings in terms of rental rates, occupancy levels, tenant satisfaction scores, and the probability of lease renewals.

“This is the most in-depth and conclusive analysis conducted to date of the link between responsible property investment practice and financial returns,” said Gary Whitelaw, Chief Executive Officer for the Bentall Kennedy Group. “By examining a large North American portfolio with consistent data across multiple market cycles, the results validate Bentall Kennedy’s focus on energy and sustainability improvement in buildings not only as a socially responsible strategy, but also as a way to enhance property income for our clients.”

“Previous studies have suggested similar correlations but none of these looked at in-depth, diverse metrics across a large portfolio for as long as 10 years,” said Giselle Gagnon, Senior Vice President, Strategic Resources Group at Bentall Kennedy. “Investors want evidence to support the economic merits of investing in sustainable buildings, and this new academic research provides exactly that.”

Deeper data sets show positive results for sustainable buildings

The study (available [here](#)) of nearly 300 office properties across North America included lease-level data such as rents, rent concessions and lease renewal rates, as well as building-level information such as occupancy rates, tenant satisfaction scores, energy and water consumption, and green building certifications. Highlights of the findings include:

- **Net effective rents**, including the cost of tenant incentives, average 3.7 percent higher in LEED certified properties in the U.S. than in similar non-certified buildings.
- **Rent concessions**, for LEED and BOMA BEST buildings in Canada are on average 4% lower than in similar non-certified buildings.
- **Occupancy rates** during the period were 18.7 percent higher in Canadian buildings having both LEED and BOMA BEST certification, and 9.5 percent higher in U.S. buildings with ENERGY STAR certification, than in buildings without certifications.
- **Tenant renewal rates** were 5.6 percent higher in Canadian buildings with BOMA BEST Level 3 certification than in buildings with no BOMA BEST certification.



- **Tenant satisfaction scores** were 7 percent higher in Canadian buildings with BOMA BEST level 3 and 4 certification than in non-certified buildings.
- **Energy consumption** per square foot was 14 percent lower in U.S. LEED certified properties than in buildings without certification.

“This study is an important step toward mapping the business case for sustainable building attributes,” Dr. Devine said. “The study advances knowledge in this field significantly as a result of Bentall Kennedy’s commitment to share a deep pool of consistent, detailed data on a large group of buildings over a long period of time. The fact that many Bentall Kennedy-managed buildings have one or more green credentials provided us with a strong basis for comparing performance.”

Bentall Kennedy has a strong track record of fostering sustainability in commercial buildings. The firm is a member of UN PRI and is a recognized leader in Responsible Property Investing. In the recently-announced Global Real Estate Sustainability Benchmark ([GRESB rankings](#)), Bentall Kennedy was named the **top North American firm** and the **top firm globally** for the Private, Diversified peer group.

Additionally, MEPT, the U.S. core open end fund strategy advised by Bentall Kennedy, was ranked as the **top fund in the U.S. and globally** for the Private, Diversified – Residential/Office peer group.

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About Bentall Kennedy

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