

Sustainability now part of the business model for many real estate investors

Union Investment survey reveals growing interest in sustainable building in Europe

Property investors in Europe are increasingly recognising that sustainability makes financial sense. Sustainable buildings are therefore likely to account for a much higher proportion of professional European investment portfolios in the medium term. As well as developing new green buildings, refurbishing existing buildings with a strong focus on sustainability is an emerging trend. Those are among the findings of Union Investment in its “Property Investment in Europe” study, which was conducted by market research institute Ipsos and involved a representative sample of 185 decision makers at property companies and institutional investment companies in Germany, France and the UK.

The study shows that 64% of surveyed companies have embedded sustainability criteria into their real estate investment strategy. Despite turbulence in the property investment markets caused by the financial and economic crisis, investor interest in sustainable building remains high: 62% of investors plan to invest significantly more in green buildings in future. French investors in particular are extremely committed in this area. 55% of all respondents intend to invest in developing new green buildings over the next twelve months, while 52% expect to update or refurbish existing holdings soon along sustainable lines. It is telling that some 50% of investors surveyed consider sustainable real estate investment to be part of corporate

social responsibility. This view is especially pronounced among UK investors, at nearly 60%.

“Compared to the last survey, there is evidence that investors are now more aware of the economic opportunities associated with sustainable building,” says Dr. Reinhard Kutscher, chairman of the management board of Union Investment Real Estate GmbH. 54% of participating property investors agree that users and investors benefit equally from sustainable buildings. In autumn 2009, just 46% of investors saw sustainability as a win-win situation.

The survey findings also suggest that things are gradually improving on the supply side, at least as far as investor perception is concerned. Just under 40% of investors are of the opinion that a market for green buildings has emerged in their country. The reference figure from the last survey was 26%. On the user side, only 33% of European investors see broad-based demand for space in sustainable properties, with the figure being boosted by widespread agreement on the part of French investors (45%). In France, the study noted a particularly strong focus on business aspects of sustainability; the potential of sustainable buildings to form a separate asset class in future was also rated more highly than elsewhere.

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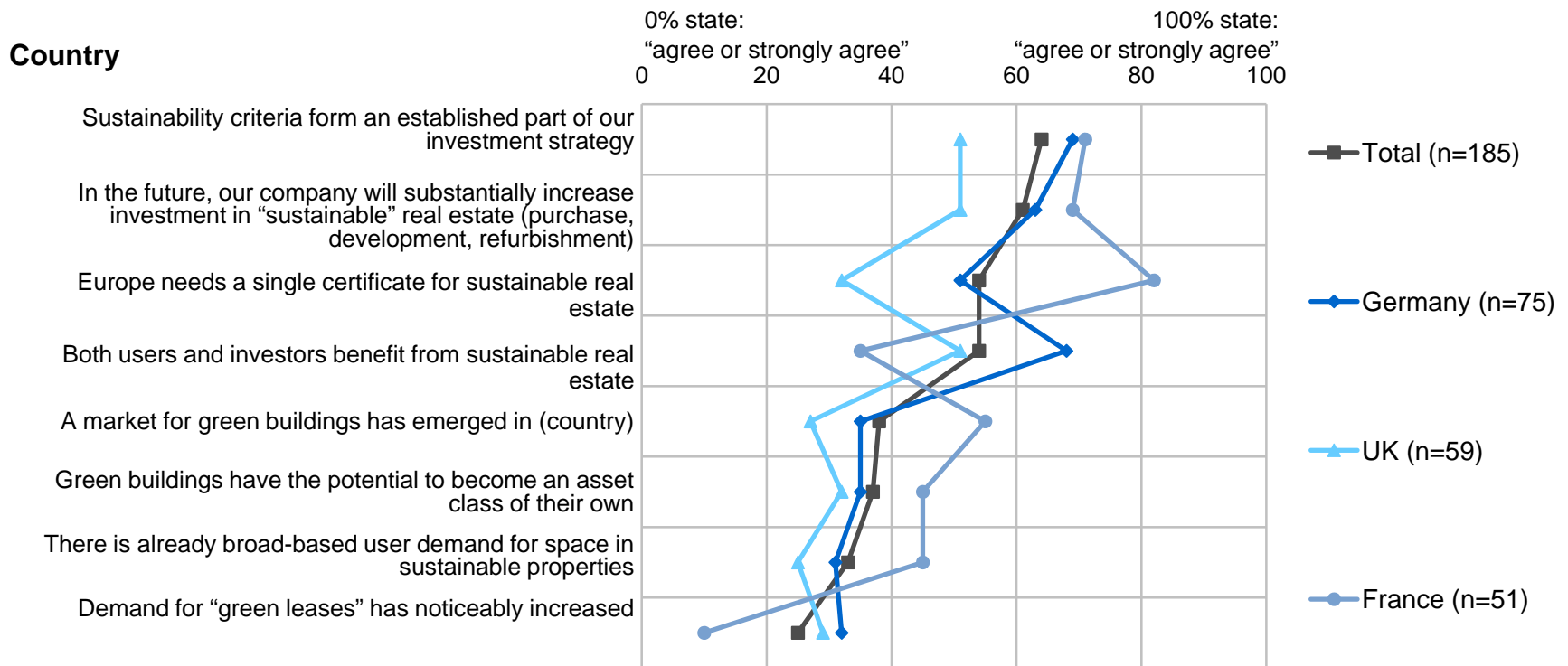
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Growing investment in sustainable buildings

Agreement with statements (top 2 box (1-2) on 6-point scale)

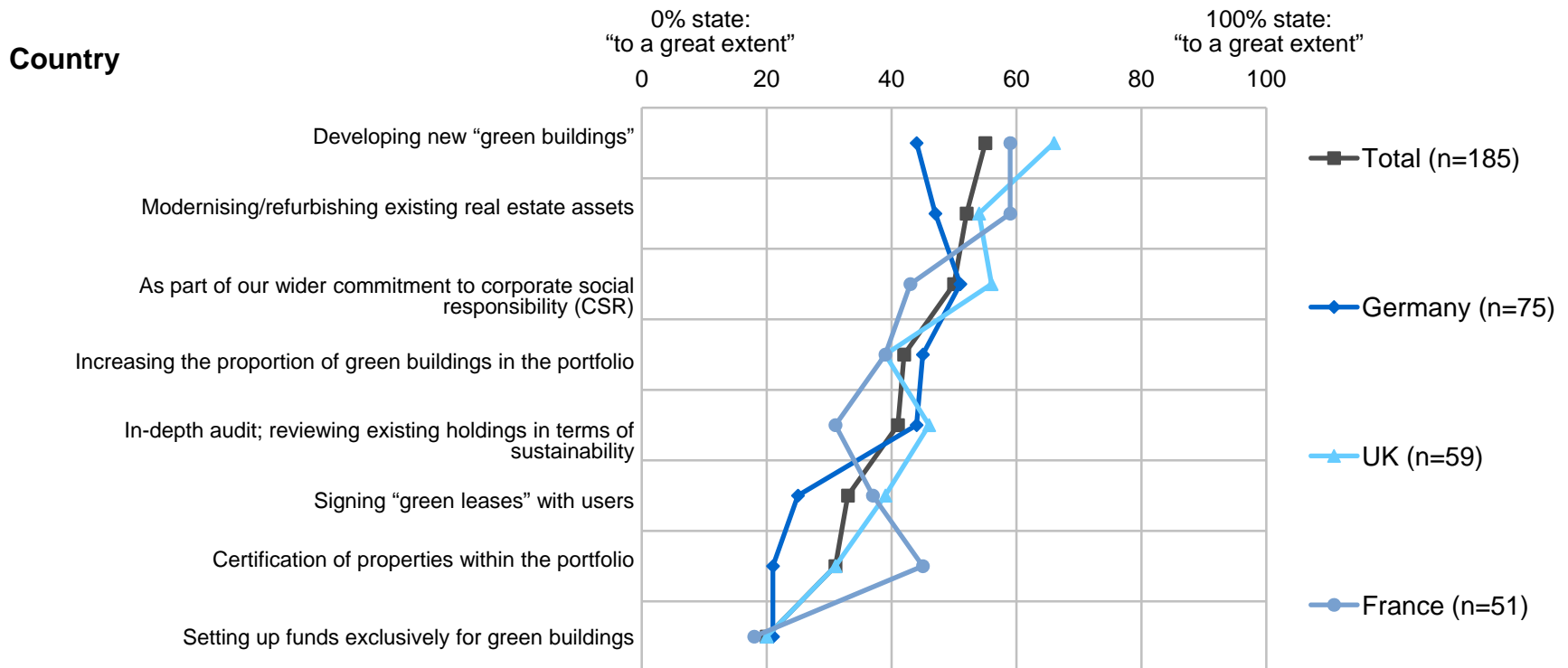


Base: All respondents (n=185); values in %

Question: I will now read out some statements on the subject of sustainability in the real estate investment sector. Please tell me to what extent you personally agree or disagree with these statements. Scale 1 = "strongly agree", 6 = "strongly disagree".

Sustainability becoming embedded in business models

Agreement with statements (top 2 box (1-2) on 6-point scale)



Base: All respondents (n=185); values in %

Question: To what extent will you take sustainability criteria into account in the following areas over the next 12 months? Scale: 1 = "to a great extent", 6 = "not at all".