The problems with property metrics: the investor perspective

*UNEP FI AGM, Geneva, October 2010*
Certainty and Clear Signals – What we said at COP 15

- Set aggressive standards in buildings and land use codes
- Harmonise and extend building labelling schemes
- Harmonise carbon metrics
- Plan and promote compact cities
- Put a clear price on carbon in the building sector (and link the sector into the carbon trading markets)
- Governments to show a lead in the IMPROVEMENT of their own estates
A 2010 survey by INREV

• Perceived high implementation costs
• Lack of investor interest; lack of evidence for outperformance
• Lack of ‘green stock’
• Limited scope to improve ‘existing funds’
• Too many standards and definitions; lack of common standards and benchmarks
• Inconsistency of Government policies and regulations
Proliferation in Property Metrics

- The proliferation of property ‘green metrics’ must cease.
  - in 2008, there were 180 building labelling systems in existence around the globe

Swimming in ‘Alphabet Soup’
Onerous Property Metrics

- Codes have been built by technicians – to get the right answer...
- ...but codes that require ‘50 questions per property’ will struggle to gain traction
A 2010/11 project – Metrics to engage financial institutions

• What do responsible property investors want to use metrics for?
• What aspects of their operations do responsible property investors need metrics on?
• How should environmental metrics for real estate be constructed to increase their adoption and impact on the activities of property investors

A statement of investors’ needs with regard to metrics
A one-sided bridge doesn’t do the job..
...a bridge built from both banks does
Appendix : UNEP FI
Property Working Group
Mission:

*To encourage property investment and management practices that achieve the best possible environmental, social and financial goals, as consistent with fiduciary responsibilities.*
UNEP FI Property Working Group - Members

Aviva plc
AXA –
British Columbia Investment Management Corporation
BNP Paribas SA
Caisse des Dépôts
CalPERS
La Compagnie Benjamin de Rothschild S.A.
Commonwealth Bank of Australia
F&C Asset Management plc
Hermes Fund Management Limited

Infrastructure Leasing & Financial Services
Investa Property Group
Kennedy Associates RE Counsel, LP
Lendlease
Mitsubishi UFJ Trust and Banking Corporation
Mn Services N.V., B.V.
Prudential plc
Sustainable Development Capital LLP
The Sumitomo Trust & Banking Co., Ltd.
UBS AG
WestLB AG

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