

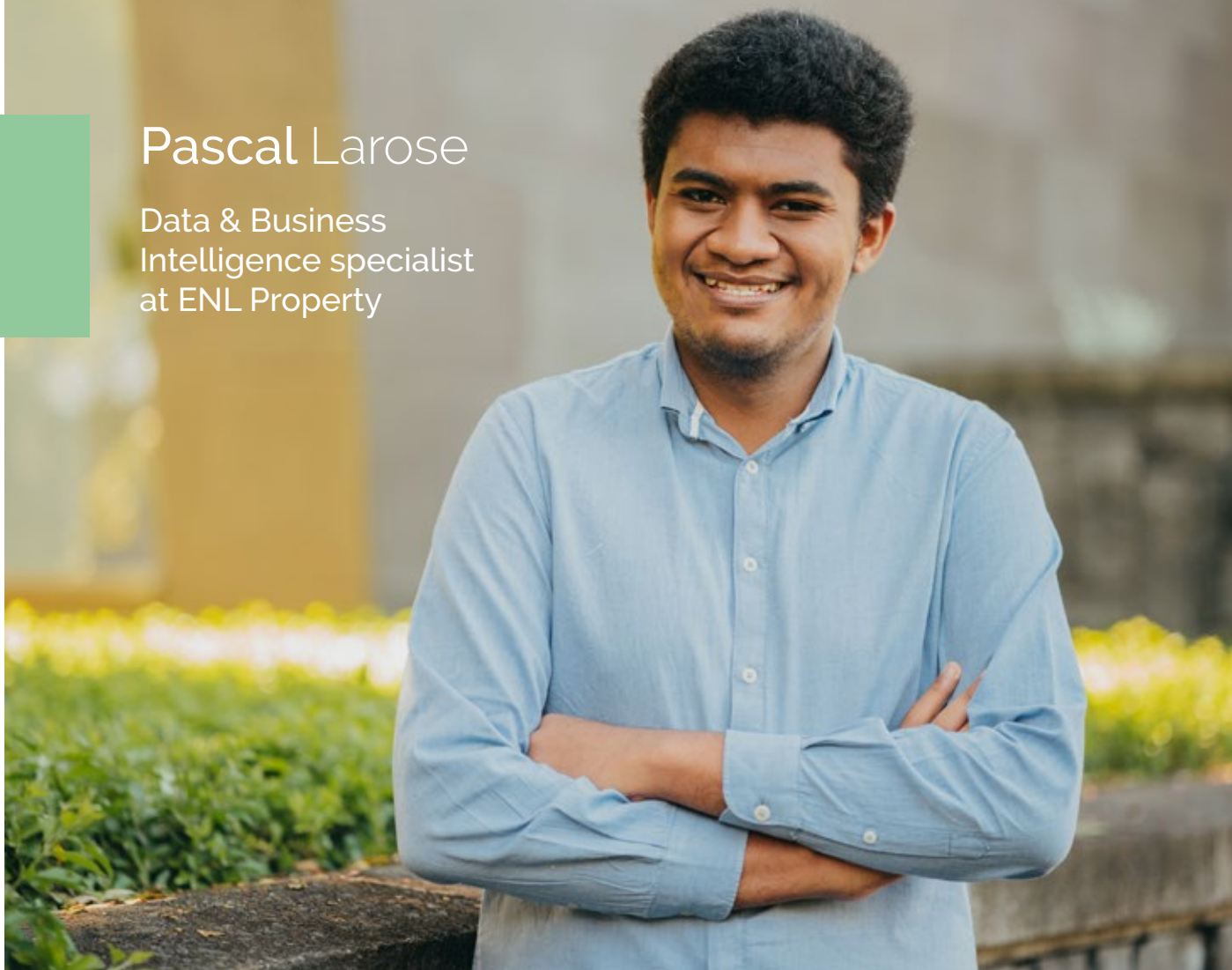
Green labels for buildings: Where does Mauritius stand?



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Pascal Larose is the Data & Business Intelligence specialist at ENL Property. Originally from Rodrigues, passionate about the application of Mathematics and its application to real life problems, he went to the UK and the Netherlands in the fields of Economics and Econometrics, the application of Mathematics and Statistics to economic theory and finance. Returning to Mauritius in 2018, he has first been involved in data analytics for a logistics consultancy since August 2018, has been the inhouse real estate data specialist at ENL Property and Officea. His daily job involves turning data coming from customers' feedback, sales, economic indicators, and the competition, into meaningful insights using tech (Power BI, SQL, R, etc...) and industry knowledge to help property developers green light, refine or discontinue projects.

A key area of his focus lies in data visualization and communication which he believes is key to smart decision-making as he advocates that numbers & sophisticated algorithms, alone cannot change minds and hearts if they are not embedded into a well-crafted datastory – easy to understand with clear payoffs and action plan.

Green labels for office buildings in Mauritius

Today, there is rising public concern over the ecological, economic, and societal impact of our lifestyle triggering companies to review their sustainability credentials and governments worldwide pledging to cut emissions by half by 2030 to alleviate climate change. **With real estate and construction accounting for 30-40% of global emissions**, a series of green labels have emerged worldwide to drive a more considerate, inclusive and energy efficient form of property development.

To-date, the most recognised labels on the global stage are the Leadership in Energy and Environmental Design (LEED) and the Building Research Establishment Environmental Assessment Method (BREEAM). At the regional level, the Green Star South Africa, and the National Australian Built Environment Rating Scheme (NABERS) represent emerging alternatives.

Different Green Labels



| Certification |  |  |  |  |
|---------------|---|---|--|---|
| Country | US | UK | South Africa | Australia |
| Issuer | U.S. Green Buildings Council | BRE | Green Building Council South Africa | Australian government |
| Launch | 1998 | 1990 | 2009 | 1998 |
| Coverage | 160+ countries | UK & 50+countries | Southern Africa | Australia, New Zealand and UK |

Two most popular rating systems – LEED vs BREEAM

What is LEED?

LEED is a rating system run by the U.S. Green Buildings Council (USGBC). It was launched in 1998 with the aim of setting the standards for energy efficient and eco-conscious property development. Today, it has a coverage of 160+ countries representing approximative 15 billion square feet of buildings certified. It is by far the most universally used label and thus quasi the norm globally for sustainable property development. LEED certification for any property development covers:



For offices and mixed-use buildings, the key areas assessed are:

- Sustainable sites
- Energy and atmosphere
- Indoor environmental quality
- Innovation and design
- Water efficiency
- Materials and resources
- Location, ease of access and transit

Each area has various components which are assessed and graded on a points-based system then aggregated into a weighted final grade to determine LEED certification. The certification levels are as follows:

| | | | |
|---------------------|---------------------|---------------------|--------------------|
| LEED Certified | Silver Certified | Gold Certified | Platinum Certified |
| 40-49 points | 50-59 points | 60-70 points | 80+ points |

What is BREEAM

BREEAM is a third-party assessed certification of energy efficiency and environmental impact in property development. It is the oldest green label in use worldwide, launched in the 1990 by the Building Research Establishment (BRE) in the UK. Today, its coverage spans the UK primarily and extends to 50+ other countries. Like LEED, BREEAM focuses on assessing new property development projects, neighbourhoods, and refurbishment on their energy efficiency and ecological footprint. For office developments, it looks at aspects related to:



Each of the above category consists of subcategories which are rated on a scorecard by independent assessors appointed by BREEAM. Unlike LEED, it operates on a percentage basis with the following thresholds:

| | | | | | |
|-------------|-------------|-------------|-------------|-------------|----------------|
| Outstanding | Excellent | Very Good | Good | Pass | Unclassified |
| ≥85% | ≥70% | ≥55% | ≥45% | ≥30% | >30% |

Comparison – LEED vs BREEAM

LEED has a broader appeal with a coverage 160+ countries and a relative easier framework to follow and implement with a lower cost of adoption. BREEAM whilst also covering a sizeable number of countries, 50+, is far behind LEED and remains a very UK-centric standard. LEED makes use of percentage thresholds whilst BREEAM employs quantitative standards. A very key difference between the two ratings though lies in terms of assessment, the USGBC collects relevant data pre and post construction from the building's design and development teams, performs analysis then issues the LEED certification if requirements are met. BREEAM alternatively have external licensed appraisers who inspect and rate the buildings, forward their findings to the BRE which performs a review then awards a preliminary certification during design phase, then upon completion/launch of operations. This tends to make BREEAM's methodology appear more complex or opaque relative to LEED and adds on its costs given the need for external assessors.

As a result, the process of LEED certification is viewed as more straightforward and cost intensive than BREEAM's. This makes LEED the most identifiable Green Building Label with fast-paced adoption in many corners of the world at a relatively lower pricepoint and ease of deployment as compared to BREEAM which though expanding remains very niche to the UK and a select few.

What's the return on investment?



Being green certified pays off for property developers, investors, and asset managers in multiple ways. It helps them in achieving their ESG targets by curtailing their carbon footprint whilst improving their profitability and overall public perception. It does so by favouring energy optimization, waste reduction/diversion, operational costs minimization whilst bolstering the attractiveness of the buildings as it sets healthier and more comfortable standards for its occupiers. To illustrate these benefits in figures, UC Berkley (2014) estimated that LEED certified buildings had the following effects on emissions and costs:

Reduced energy use and carbon emissions

34%

lower CO₂ emissions*

25%

less energy consumed*

11%

less water consumed*

80million

tons of waste diverted from landfills*

In another estimate by the USBC, translating LEED savings on costs are of the following magnitude:

Cost Effective

\$1.2billion

in energy savings*

\$149.5million

in water savings*

\$715.3million

in maintenance savings*

\$54.2million

in waste savings*

Furthermore, in a research paper titled "IT PAYS TO BE GREEN" by the Massachusetts Institute of Technology in 2020, LEED certified buildings in Manhattan (NYC) had an average rental premium of 4% relative to unrated buildings. Likewise, Knight Frank, one of the world's premier real estate consultancies, from studies conducted in 2021, found a 3-13% rental premium for green certified buildings relative to non-rated ones. On the sales side, the premium was even higher, varying between 8% to 18% in London, Sydney, and Melbourne. This suggests that tenants are willing to pay higher prices for healthier and environmentally sound office locations. Hence, beyond just doing good for the planet, being LEED/Green certified, has clear cut financial benefits on the revenue side as well on the cost side.

Green building footprint in Mauritius

Green building certification is still at a fledgling level in Mauritius with only 9 buildings certified or seeking certification before year end – 7 already built and 2 under construction, principally in Moka Smart City (Pwc, The Dot, Les Fascines) Ebene-Trianon (Afrasia Tower, MCB, Iconebene), The North (The Precinct) and the South (Mon Tresor, Airports of Mauritius). LEED is the most common certification with 6 out of 8 having this certification. The pwc headquarters at Telfair was the first LEED certified building of the country. Overall, Moka Smart City through Oficea's portfolio boasts the largest set of already-built LEED certified buildings (3 out of 6).

Though modest today, the green labelling practice is gaining traction within upcoming smart city developments seeking green labels for their building developments and neighbourhoods. **Again, Oficea is leading the pack through its 4 office buildings currently under construction and expected to be LEED certified, with delivery planned for early 2024 at Telfair, Moka Smart City.**



Benefits of green building labelling in Mauritius



With islands being the primary targets of climate change in the short term, it is essential for Mauritius to take a responsible path when it comes to property development. The high population density due to limited space coupled with the high dependency on imported fuel and other raw materials mean that all must be done to use resources efficiently. The principles underlying the LEED/Green labels for buildings and neighbourhoods will ensure that space is used in an optimal manner through rigorous planning, energy usage capped whilst shifting reliance away from fossil fuel and further towards renewable energy sources such as solar energy. This will also drive a need for new skills and talent in the construction, planning, engineering, energy, and renewables sectors creating new opportunities for the existing workforce to divert away from otherwise saturated fields and future generations to get trained and work in. Moreover, LEED/Green labels also set stricter standards that guarantee a professionally managed, safe, and healthier environment for tenants and their workforce. In Mauritius, where such standards are lax in most historic commercial-residential hubs, this will be a much-needed add-on. A more comfortable place to work will also help for talent retention as well as attracting new employees.

LEED/green certified buildings are generally synonymous with the best-in-class offices offering primarily in central business districts. Therefore, more LEED/green labelled buildings will boost the attractiveness of Mauritius as a hub for Blue Chip companies such as investment banks, major tech companies and consultancies where ESG rank very high on their agenda. Hence, more job creation and income flows through new clients leasing at a higher rental premium relative to unrated buildings as highlighted by MIT and Knight Frank.

New cities developed under the smart city scheme* are and will be the key drivers of green labelled development in Mauritius. Moka Smart City amongst all is the pioneer here with the largest supply of existing and upcoming LEED certified offices by Oficea at Telfair and Vivea. Being the prime developer and landlord of office spaces in Moka and potentially in Mauritius in the coming years, Oficea sets to become the benchmark when it comes to sustainable office and commercial spaces with its close adherence to the LEED framework.

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