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HOW TO DECARBONISE REAL ESTATE

Leading industry figures joined *BE News* and Avison Young for a lively and important debate on what the built environment industry should and could be doing to decarbonise real estate assets

INDUSTRY GUESTS:

Ryan Jakes, development manager, HB Reavis

Ceire Kenny, sustainable futures manager, Bovis (formerly Lendlease)

Maria-Louise McMaster, associate, sustainable, Fiera Real Estate

Jamie Quinn, sustainability director, Related Argent

Helen Sears, development associate, Simten Developments

Chris Wright, director, head of sustainability and decarbonisation, Avison Young

Mike Youngson, director of real estate – Europe, TPG Angelo Gordon

Joe Jack Williams, head of sustainability, Bywater Properties

Liz Hamson, editor-in-chief, *BE News* (chair)

Decarbonising real estate has become a hot topic for the entire property industry, but until now the debate has concentrated on the 'what' and the 'why,' while sidestepping the tricky question of 'how'.

Senior industry figures representing landlord, agency and investment companies gathered at the FOOTPRINT+ built environment conference earlier this year to discuss tangible solutions to the decarbonisation challenge, in a roundtable debate sponsored by Avison Young.

QUESTION: On a scale of one to 10, how successful do you think the industry has been to date in decarbonising real estate?

WILLIAMS: I think five. What's interesting is that we've been focusing on personal energy and, even then, I'm not sure we really got to grips with it. We've put faith into certifications that don't necessarily deliver stable buildings. BREEAM is fantastic, but it's very difficult to measure in practice, so I wear another hat with LETI carbon building standards.

One of the things we're really keen on is measurable differences, and I think that's really important. It's not just about saying something is right and is sustainable – it's going back, measuring it and comparing it. As an industry, we are probably not good enough at going back to our buildings to see what works and what doesn't.

KENNY: I had a similar number in my head, of five. It's because the attitude that we've taken to date results in marginal improvements to what is inherently a broken system. So for concrete decarbonisation, it's just been about cement replacement. True sustainability, and decarbonising at the rate and scale that we need, requires systemic change.

A lot of the current rating tools are written with that mentality of marginal improvements. We need to get out of the 'faster horses' mentality and actually have disruption, in what is historically a risk-averse and slow-to-change industry.

It's hard to clearly identify what alternative system would be better. Could we imagine a future where all the developers look at all their buildings as material banks, and we have radical transparency, like a database where you could see all the buildings that are going up and down, and you can have stars aligned?

SEARS: That's a super-interesting point about a material bank among all developers and owners, because I think the point around the materials available in the market is that it's so opaque. We've got projects where we'd actually like to explore the reuse of steel, but it is quite difficult to get to grips with, and so I personally would really like to see some investment in that.


Ceire Kenny


Chris Wright

I think there's a couple of platforms on the market, but they're not very well resourced, so I would really like to see some investment in them. I'm not sure who should fund that, but I think it's an excellent idea.

WRIGHT: I sometimes think we're overly negative towards ourselves when, in essence, there should be a lot more positivity. We're marking ourselves at five, but I just think that's in our nature. Bear in mind that what we're talking about here is an evolution. It's the ultimate piece of change management that is going to take place over a 30-year period.

> ***Bear in mind that what we're talking about here is an evolution***
>
> *Chris Wright*

So the first bit needed is to make the case for change, because then you show true leadership. You show what those small-scale interventions and changes can be and that whole 'first follower' mentality, to let people see what the art of the possible is. Then more and more people do it.

QUESTION: Can you share some real-life examples of what you have been doing to date? What have the key learnings been?

QUINN: For me, there's a couple of things around how we incentivise the whole of the supply chain. We do that through our principal contractors and beyond, through very clear contractual employer requirements.

This is how we drive our architects and structural engineers to say: "This is the strategy; what's the landing place?" It's not perfect, but we've done some OK stuff.

And, you know, we've got very clear commitments around net zero, on King's Cross and on Brent Cross Town as well, backed up by investment.

YOUNGSON: We started working with a business that acts like a sustainability steward. So instead of relying on the design team or the due diligence guys, it's having someone who actually knows what they're talking about – a structural engineer on a new build.

They really kick the tyres on that business plan, to say "this is the potential" and "these are the things that you can – or can't – do". "This is the site." "This is what you could do with rainwater." We've done it on six projects so far, and we're going to take that through, and I'm really looking forward to seeing where it is headed.


Jamie Quinn


Mike Youngson

SEARS: The projects we work on are bespoke, individual office projects where you've got generally quite knowledgeable clients who have really bought into the agenda.

We can be quite reactive to the exact requirements of those buildings and we can push the boundaries of what might be achievable for that building, but it's on a very case-by-case, bespoke basis.

When you look at the real estate industry as a wider piece, the challenge is how to take that innovation and that desire to push boundaries and turn it into housebuilding, or to more mass-market construction, which is actually probably where your carbon is really sitting.

Twenty Giltspur Street is a building in the City of London where we jammed in two floors because there was the ceiling height to be able to do it. Now, that's not going to work in every situation.

That was a unique opportunity, but it meant that we were able to retain all of the

The challenge is how to take innovation and apply it to housebuilding

Helen Sears

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Joe Jack Williams

existing concrete instead of stripping it out and putting in new material.

WILLIAMS: One of the things we spend a long time doing, and it comes back to the circular economy, is finding ways to make sure that timber stays in circulation.

One of the exciting things about bio-based products is that there can be 1,800 tonnes of atmospheric carbon dioxide involved in a building, and we become the guardians and shepherds of it. We've got a responsibility not to release it. So, we spend a long time thinking about how you deconstruct it as well as how you build it.

QUESTION: With the 2030 EPC deadlines looming, the clock is ticking. What are your current priorities when it comes to existing buildings versus new builds?

JAKES: It's half the price to do a co-living development in a refurbished office than it is to knock it down and build a brand-new office, which goes to value.

WILLIAMS: The thing that's really exciting for me about this is not necessarily that we're making the best decision for carbon; it's that we're making an informed decision that is balanced with the other aspects.

Before, we were making implicit decisions and we were talking about knocking the building down and rethinking, whereas now we are so much better at making an informed decision. I think that's excellent.

SEARS: It's about the scale of the opportunity as well. There are going to be some sites where clearly there's an opportunity to put in lots of additional mass. So you're going to take that more seriously and probably do a lot more new build. There are some sites, particularly in London, which are really constrained, and so you're not going to get a lot of additional mass, so naturally you're going to lean more towards refurbishing and trying to utilise that. It's back to that point about the context of the building.

QUESTION: To what extent can we realistically decarbonise real estate? Is net zero achievable or will there always be a trade-off?

MCMASTER: We've modelled decarbonisation for buildings for a long time, and we understand what decarbonisation we need and what that looks like. The complication is just about paying for it and getting the right people involved in the networks.

JAKES: There's a lot of market pressure in the office sector to reduce carbon – it's a value driver. But if you go down to a small scale, to residential, there's no driver. Planning would be the only way I would see of driving


Maria Louise McMaster

change, perhaps using Section 106 for major applications.

If you look at payments on the project we just completed – the Worship Square office scheme near Liverpool Street – the social payments were 20 times what the carbon offsetting payments were.

I'm not advocating the loading of costs on the developer, but if there was a fine or something, with ongoing tracking and auditing for not meeting targets, that would definitely incentivise developers working on those larger projects. And you could apply that all the way down.

Sustainability can no longer afford to sit in its own silo. It is now an integrated part of your decision-making

Ceire Kenny

KENNY: It's difficult to do benchmarks for sustainability in the built environment because it's not like other industries where you have the same product coming off a production line, one after the other. The automotive industry can replicate an improvement in lots of cars.

Buildings are so context-specific that even when we have better benchmarks than we had before it's still really difficult to compare two vastly different commercial office buildings and say that you know that one is better than the other, when really it was so much harder for one building because of the constraints of the site.

QUESTION: What one piece of advice would you give organisations starting out on the decarbonisation journey?

MCMASTER: Just be bold is my recommendation. Take the risk, or share the risk through partnerships and collaboration across industry, but we just need to do it.

KENNY: Sustainability can no longer afford to sit in its own silo, its own department. Sustainability is now an integrated part of your decision-making, so we're putting cost, carbon programme, aesthetics, buildability and all of the different options into the decision-making matrix.

WILLIAMS: Don't get stuck in the weeds of carbon. Focus on material efficiency and


Ryan Jakes


Liz Hamson

reducing material use, because it saves money and it saves carbon.

You don't have to worry about if it's low-carbon concrete or it's timber from a nice supply chain or whatever. Just reduce that material and improve retrofit efficiencies.

QUINN: Set the upfront vision or strategy, be very clear and stick to it. You get buy-in from investors and everybody else on that journey if you incentivise all of the players in that chain.

SEARS: There's a lot of really excellent professionals in our industry. Tap into them and give them the opportunity to go back to being bold; the opportunity to try something slightly different. It's not always going to come off.

It's not always going to be the strategy that you go with, but I think if you set that as the standard by which you want everyone in your design team to work to, you will be surprised by what comes out of it.

JAKES: I would say, very simply, rethink Section 106 for developers, and then see how that can affect all types of planning applications.

YOUNGSON: Simplify what you're doing. I think you can get really wrapped up in it. We've got £230bn in assets under management – £40bn in real estate – and our whole approach now is just to simplify it.

WRIGHT: Understand what is good enough and be confident in delivering that. Sometimes we can doubt ourselves and sometimes we shoot for the stars and things cost more than they need to.

If you're starting out, go and ask the people that know more than you what they have learned. What would they do differently?

Be inquisitive and find out who is doing it better, or who has done it wrong, so you can avoid their mistakes. It comes back to collaboration. We are all moving in the same direction, but we are all moving at different paces.

You just need to find yourself in line with someone who is going at a similar pace to you, or someone who is slightly in front of you to help you speed up. □

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