

Commercial Real Estate: Reduce GHG Emissions to Maximize Value

Commercial real estate is a valuable asset and lucrative investment opportunity, but property owners and asset managers must optimize building performance to maximize value. With 98% of investors using ESG data in their investment process ([GRESB](#), 2022), it's clear that optimizing ESG metrics is an important and effective way of achieving better building performance and maximizing property values.

ESG vs Sustainability in Commercial Real Estate

While ESG is a relatively broad umbrella term that encompasses environmental, social and governance, it has a distinct set of criteria. In contrast, corporate sustainability is a more ambiguous term, although it's commonly used to refer to a company's environmental impact.

Of course, there is some crossover between 'sustainability' and the 'environmental' aspect of ESG, which is why companies often implement sustainability goals and strategies as a way of improving their ESG metrics.

One core component of both ESG and sustainability is greenhouse gases (GHGs). Whether you're generating ESG reports to attract new investors or enhancing your green profile with an ambitious sustainability strategy, you can be sure that your carbon footprint will play a key role.

In fact, greenhouse gases, or carbon emissions, are so important that real estate owners and asset managers must pay close attention to building emissions and reduce the carbon footprint of their portfolios wherever possible.



What are Real Estate GHG Emissions?

Carbon dioxide (CO₂) is the most well-known greenhouse gas but there are numerous GHGs that contribute to climate change. Many people are surprised to learn that real estate is responsible for 39% of global energy-related carbon emissions ([IEA, 2019](#)), which highlights the urgent need for improved sustainability throughout the sector.

Of the 39% of global energy-related carbon emissions that the real estate sector generates, 28% arise from operational emissions and 11% from materials and construction ([World Green Building Council, 2019](#)).

It's evident, therefore, the building owners and asset managers can reduce real estate GHG emissions by using sustainable commercial property design and materials throughout the development phase and by optimizing operational processes to reduce a property's carbon footprint.

To achieve this, however, building owners and asset managers need access to clear, accurate and reliable GHG data. To find out how Canary tracks, measures, converts and reports this information across buildings and entire portfolios, download our free White Paper now.

Here, we take a closer look at the role of greenhouse gas (GHG) emissions in maximizing real estate values and examine how building owners and asset managers can improve commercial real estate ESG ratings with streamlined sustainability data reporting, management and optimization.

Reducing Real Estate Carbon Emissions: **Benefits for Building Owners and Asset Managers**

Reducing the carbon footprint of your portfolio has clear environmental benefits, but there are financial, reputational and operational advantages too, including:

Reduced Energy & Operational Costs

As you cut your carbon footprint with Canary, you'll use less energy and generate fewer emissions. This leads to direct financial savings as your energy consumption decreases. As [energy tariffs reach an all-time high](#), companies can mitigate the impact of rising energy prices by lowering their usage without negatively impacting operational performance.

Canary's real-time alert and two-way flow features offer enhanced savings by optimizing in-house processes and automating facilities management too. If your energy consumption rises or anomalies become apparent, Canary pinpoints where the usage originates in real-time and allows you to take action. Alternatively, you can instruct Canary to respond automatically to optimize performance with two-way flow rules, such as automatically changing the set points in your HVAC system in response to operations and occupancy levels or optimizing heat networks based on the consumption profile.

Increase Occupancy Rates and Optimize Health, Safety and Well-being

Maintaining high occupancy rates maximizes revenue and increases building value, so meeting tenants' expectations is an important part of optimizing asset performance. As all companies become more sustainability-focused, tenants are actively seeking sustainable commercial properties to reduce their own emissions, enhance occupants' comfort and increase productivity.

Reducing the carbon footprint of a building and optimizing health, safety and well-being, via improved air quality, thermal efficiency and optimal lighting for example, can enable building owners to generate increased revenue via higher rental prices, thus improving building performance.

While [BREEAM](#) has long-championed indoor environmental quality, companies can achieve additional certifications, enhance ESG metrics and increase asset value and revenue when they monitor and reduce their GHG emissions.

Achieve Regulatory Compliance

Companies are facing increased environmental regulations, which places additional burdens on businesses in terms of reporting. The upcoming CSRD has left many firms worried about the time and effort it will take to prepare accurate Scope 1, 2 and 3 reports, for example.

Keeping your carbon footprint low will help to ensure your business remains on the right side of regulations, while automated GHG emissions reporting makes it easy to comply with incoming reporting requirements.

Sector-specific certifications, endorsements and accreditations, such as [BREEAM](#), [GRESB](#), [SKA](#), [LEED](#), [CRREM](#) and [WELL](#), also become easier to obtain and retain when you have

access to organization-wide GHG emissions data, which gives you the opportunity to increase the sustainability of buildings in your existing portfolio.

Attract Green Investments

Today's investors must consider the environmental impact of their financing decisions and statistics show that ESG is already playing a critical role in investment decisions. In fact, 80% of asset managers surveyed by PWC reported that ESG is an 'important factor in their investment decision-making', yet only one third considered the current quality of ESG reporting to be sufficient' ([PWC, 2021](#)).

With 50% of asset managers willing to divest from investments due to ESG concerns, reducing GHG emissions and improving sustainability can be an important way of retaining existing stakeholders, as well as attracting new investors.

Canary's GHG management software gives building owners the tools they need to reduce commercial real estate emissions, optimize building performance and streamline reporting, but we don't stop there. Additional modules provide end-to-end ESG data management, so you can deliver the 'relevant, reliable, timely, complete and comparable information' investors are looking for ([PWC, 2021](#)).

Accurate Multi-Tenant and Organizational Segmentation

Calculating GHG emissions isn't always as straightforward as it may seem, particularly in the real estate industry. When you have multiple tenants occupying a building, for example, accurate segmentation is required to determine each tenant's emissions. Similarly, if a building is owned by more than one company, group or subsidiary, proportionate calculations must be made based on each entities' ownership stake.

Failing to accurately calculate and report multi-tenant or multi-ownership emissions can lead to serious issues, such as breaching regulations, revocation of real estate certifications and poor ESG performance, which is why it's so important to get it right.

Fortunately, Canary makes it easy to segment GHG emissions in multi-tenant buildings and/or calculate emissions in accordance with complex organizational boundaries. In fact, Canary's advanced data management features do the hard work for you and ensure GHG emissions are assigned to the relevant tenant or building owner via detailed, granular reporting.



Measuring GHG emissions, collating information, converting data and defining organizational boundaries is often seen as burdensome, but it doesn't have to be. When you have access to user-friendly, customizable tools that are designed to streamline real estate asset management, reduce property GHG emissions and meet regulatory reporting requirements, you can increase in-house efficiency, reduce costs and access the data you need at the drop of a hat.

Enhanced Decision-Making

As ESG is such an important factor for investors and asset managers, it follows that sustainability and carbon emissions are critical too. It's essential, therefore, that building owners, investment firms, REITs and asset managers take a building's sustainable performance into account when making any decision regarding its development, potential and value.

Of course, you can only make ESG-informed decisions when you have accurate and up-to-date sustainability data. Canary's real-time functionality ensures you can access GHG and ESG data at any time. While annual GHG emissions reports may keep you compliant, it's real-time insights and alerts, combined with frequent reporting that will enable you to make informed decisions, optimize building performance and increase portfolio values.

Real Estate Benchmarking and Reporting

Benchmarking allows you to put your building performance into context and compare the environmental impact of your portfolio to other real estate. Crucially, investors rely on this type of data, such as the [GRESB Global Real Estate Sustainability Benchmark Report](#), to make ESG-related investment decisions.

However, your building ratings won't ring true unless you have access to accurate GHG and ESG data. Furthermore, your data will need to be presented in the appropriate framework(s) to facilitate comparisons, inform investors and outperform competitors on the global real estate sustainability benchmark.

With Canary, you can generate comprehensive GHG Protocol-compliant reports as frequently as you choose. Whether you're monitoring the impact of your latest sustainability initiative, preparing for an investment round or getting ready to update stakeholders at your Annual General Meeting, Canary's fully compliant, automated reporting and benchmarking makes it easy to gather, calculate, format and present data.

Improve the Performance of Your Portfolio with Canary

With so many benefits available, it's easy to see why real estate owners, asset managers and REITs are making environmental performance a top priority. If you're ready to become a lean, green sustainability machine, [talk to Canary now](#) or download our free White Paper to learn How to Get a Grip on Greenhouse Gases.