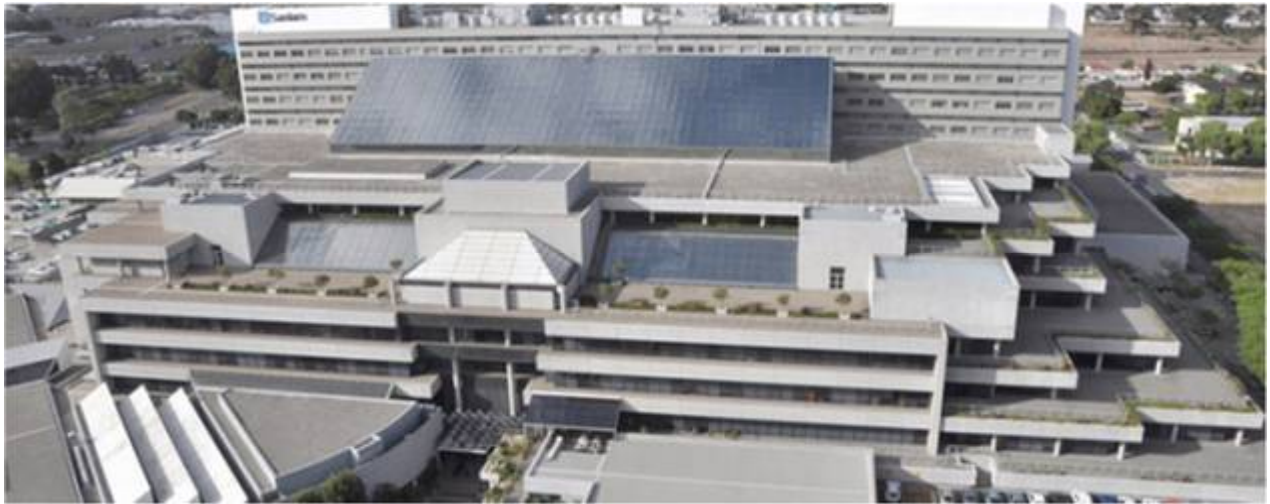


[Property industry has a key role to play in the green revolution](#)

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Sanlam's head office in Bellville is managed by JHI property services group, which is making recommendations on 'green' initiatives in various commercial properties.

Amid ever rising electricity tariffs, concerns about coal supplies and calls for an increased focus on sustainable energy and environmental responsibility, South Africa's electricity supply system is bound to remain under pressure as the economy grows.

Until recently, JHI property services group has focused on energy management in commercial buildings and property portfolios, specifically on the assessment of energy consumption in buildings and how to reduce the consumption of electricity. To do this, the company designed an energy saving schedule that prompts actions on items relating to specific areas, such as air conditioning and lighting installations. Generally, these actions require little or no capital expenditure, don't affect the comfortable state of the occupied environment and simply form part of proper and diligent property management activities.

Marna van der Walt, JHI chief executive says the firm has a moral responsibility to consider the future sustainability of the communities and environments with which it interacts.

"We already have a priority list of recommendations from zero to high capital outlays which we propose to clients – all geared to have a positive effect on the environment. These range from requiring the recycling of waste by cleaning contractors and waste removal companies of buildings, to exploring the use of 'green' leases between tenants and landlords. The purpose of the lease is to match the cost of changeovers to environmental friendly practices incurred by landlords to the savings on utilities by tenants.

"There is undoubtedly significant potential here in South Africa to promote incentives for significantly changed behaviour in the interests of a sustainable environment. Eskom has already moved into this arena and is now willing to negotiate with property owners on savings targets and incentives for portfolios of properties. It is also willing to discuss the acquisition of electricity from property owners if they run their generators in peak demand times, as well as discuss capital

contributions on a portfolio basis when property owners implement ‘green’ initiatives,” says van der Walt.

“However, the slogan ‘reduce your carbon footprint’ can no longer be confined to energy management. Increasingly landlords, asset managers and tenants are starting holistic ‘greening your property portfolio’ strategies to reap the full financial benefits relating to all aspects which impact on the environment. These include categories such as water management, recycling of materials, materials used when refurbishing a building, active awareness management, among others. More and more these role players are looking to their property managers to provide them with a one-stop solution involving energy management and action plans for other categories that affect the environment,” she says.

In response to the rapidly growing need JHI, in consultation with Energy Partners Consulting, has formulated a comprehensive but simple ‘green strategy’ involving 18 categories that affect the environment.

Rudolf Nieman, JHI projects director, says the practical aspect of this strategy culminates in an electronic and user-friendly initiatives chart, which enables users to find action steps linked to a specific category. Also, to assist with the applicable intervention, each action step can be evaluated in terms of expertise required, costs involved and benefits to the landlord, the occupier of the space, and the environment. In addition, the initiatives chart can either be used to assess an individual building or a portfolio of properties.

“In the retail sector, tenants – and more specifically national tenants – are vigorously pursuing energy saving and other initiatives, and we are in the process of exploring discussion forums where ideas can be shared and synergies can be capitalised on. This demonstrates a positive willingness to commit to environmentally friendly and sustainable practices. JHI is of the opinion that ‘green’ features will start to influence the desirability of commercial accommodation and the potential to secure long term leases, ultimately with the potential for increased capital values of such properties.”

Nieman says in view of the ‘green revolution’, property role players are seriously exploring all possible avenues to contribute to this sector’s role in reducing carbon emissions. One of the categories being hotly debated is the development of new lease clauses regulating the means by which commercial property landlords and their tenants will work together to address the issue of reducing the carbon footprint. These have been termed ‘green clauses’ and a lease containing such clauses is known as a ‘green lease’.

“Although ‘green leases’ have become the norm in Australia, this concept has not yet taken off properly in South Africa. However, informal discussions have indicated that the need definitely exists and is growing with increasing urgency. With some 14 000 existing buildings under management, we are now well positioned to contribute to sustainable economic objectives and environmental responsibility in the property industry, by assisting asset managers and landlords who want to incorporate ‘green clauses’ in their leases.

“It’s important to note that the philosophy of a green lease is that it should result in benefits for landlords and tenants. The concept is still in its infancy so landlords and asset managers should be cautious when it comes to developing green clauses that are overly prescriptive or target based. First, national tenants should be involved to obtain their input and to avoid the initiative being perceived as being forced upon them. Second, the pace of change and the absence of recognised industry-wide standards and targets could readily mean that such specific details in a lease could be

obsolete within the lease period and is particularly applicable when long leases are concluded. Landlords and asset managers also need to recognise that if green clauses are too onerous they are likely to have an adverse effect on rent review,” says Nieman.

He says the preferred approach to incorporate green clauses is to establish structured co-operation between landlord, asset manager and tenant concerning green issues.

“For instance, the landlord and the tenant may agree to co-operate with each other by sharing energy consumption, water consumption and waste management statistics. Obligations can be imposed on the tenant to provide full details to the landlord of the tenant’s waste data and energy and water use in regard to the designated premises, while the landlord can be under an obligation to provide similar data to the tenant regarding the common parts of the building or estate,” says Nieman.