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Health is rising like environment as a key CRE investment factor

Investing in buildings that are not aligned with wellbeing is an increasingly poor decision



By Steve Randall

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Even before the pandemic, the wellbeing of people was increasingly important for businesses.

But with the virus sharpening the focus on health, it's now more important than ever that [commercial real estate investors](#) choose buildings that are built with health in mind.

A new report backed by BentallGreenOak (BGO), the global real estate investment management advisor unit of Sun Life's SLC Management, reveals that 90% of the world's leading real estate investors expect demand for healthy buildings to grow in the next three years.

Current demand from tenants is particularly strong from those leasing offices (87%), residential units (61%), and retail (48%).

While environment and governance have played an increasingly important role in investment decisions based on [ESG factors](#) in recent years, the social element has lagged. That appears to be changing.

"Responsible real estate investors have awakened to the notion that the buildings we manage for our clients are part of the critical infrastructure that cities will rely on for the resilience, health and well-being of their citizens," said Amy Price, president of BGO.

Currently, only 53% of the survey's respondents report that they incorporate health and wellness into their ESG strategies to a great extent and 42% note that they have begun to do so, leaving significant room for growth.

"Our collective experience with the first modern pandemic in our lifetimes is teaching us how closely tied investment performance is to operational excellence, tenant engagement and community relationships," added Price.

Part of value creation

Along with BGO, the report was coordinated by the United Nations Environment Programme Finance Initiative (UNEP FI) and the Center for Active Design (CfAD).

"We know from our members that there is broad consensus for finance actors to think holistically about the impacts they are creating through their capital allocation decisions, and that attention to societal goods is part of the value creation process for enterprises and real assets," said Eric Usher, Head of UNEP FI. "This study confirms that health and wellness is now firmly part of that social agenda and must affect how real estate is designed and managed."

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