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Why healthy buildings are good for the bottom line

New research shows buildings classified as “healthy” command higher rents

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Buildings with clean air, plenty of natural sunlight, and other tenets of good health have become increasingly important for companies bidding to pull people back into the office.

But new research from MIT shows that healthy buildings provide landlords with a greater return on investment, too.

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Estate Innovation Lab, which analyzed public databases and rents in 10 major American cities.

“We’ve always known there was a real value for owners who invest in tenant health,” says Dr. Andrea Chegut, Director, Real Estate Innovation Lab, MIT. “With our latest study, we are beginning to actually see it.”

Linking health with returns

The concept that there’s an inherent value in such structural and design efforts has been explored before.

A survey in Canada found that 74 percent of owners and architects believe that new green/healthy buildings are worth more in asset value than new non-green buildings. The median level for that additional value was reported at 7 percent.

The MIT study shows that rents increase, too, when a building is healthy for the environment and for tenants. The study used CompStak and Healthy Building public databases from Fitwel and WELL to “operationalize a real estate hedonic model in order to ascertain the value of healthy spaces on the effective rent” of offices spaces in ten cities within the United States: Atlanta, Boston, Chicago, Denver, Los Angeles, New York, Philadelphia, San Francisco, Seattle, and Washington DC, Dr. Chegut says.

“This premium for healthy spaces is independent of all other factors, such as LEED certification, building age, renovation, lease duration, and submarket,” she says.

What’s good for tenants

The coronavirus pandemic has placed renewed focus on healthy buildings for companies and employees, with corporate decisions about where to lease space leaning toward buildings that have such credentials.



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“Entering the workplace will be different, but for the better,” says Jennifer Hill, Global Product Owner, Sustainability Integration. “Imagine waving your phone in front of a sensor that recognizes that you passed your morning health screening and opens up the doors to your workplace. You walk into your workplace and navigate past a green wall to your ergonomic workstation where you’ll be comfortable tackling your busy day ahead. What you may not realize is that the air is freshly circulated and purified, and your workstation has been cleaned.”

The pandemic has put health front and center for people who may never have previously thought about ventilation when considering a new job or career opportunity,” says Peter Miscovich, Managing Director, Strategy + Innovation, Consulting, JLL.

“A healthy building means a competitive building for companies looking to attract talented employees,” he says.

To be sure, this can mean companies simply end up looking for the most modern buildings. Nearly every Class A building built from the ground up today is being developed with the importance of



of new buildings as well as owners of second-generation buildings who want and need to continue to be relevant.”

Employee health and investment returns

Healthy offices promote happiness and productivity, which in turn creates the kind of work environment and high-performance culture that companies are trying to build, Miscovich says.

“More and more studies are pointing to the idea that healthy buildings make workers more productive and happy, driving returns for the company through the efforts of those workers,” he says.

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In this climate, this is exactly what landlords are looking for to attract tenants.

“Employee satisfaction, employee experience and employee engagement are the best ways to improve ROI for companies, and that impacts the rents landlords get when their buildings impact that satisfaction and improve the employee experience in terms of enabling health, wellness and well-being,” Miscovich says.

Contact Jennifer Hill

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