

JWA

The Importance of Sustainability and Risk Management in Commercial Real Estate

JWA helps organisations to achieve ESG goals in real estate. We show how to reduce the impact of buildings on the planet and teach how to invest wisely in green buildings to increase their market value. We chart the optimised path for new and existing buildings to achieve the highest possible sustainability rating. We provide green building certification and sustainability strategies, decarbonisation, energy and building performance across all asset classes.

01

The growing significance of sustainability and risk management in the commercial real estate sector

Sustainability parameters have become a significant factor in building resilience of assets. There are a number of regulations such as SFDR, CSRD and the new energy performance of building directive, along with voluntary risk assessment such as CRREM and 3rd party assurance such as BREEAM. Such complex landscape requires expertise to understand, calculate and mitigate environmental impact of buildings and align it with non-financial reporting goals and strategies of tenants, funds as well as the risk assessment schemes for banks and finance institutions.

It has become a must-have for all commercial building owners.

02

JWA Consulting's Approach to Sustainability and ESG Strategies

Using in-depth expertise is critical to navigate the regulations and different needs of stakeholders and ensure that the building truly addresses material issues of owners, banks and tenants becoming resilient and achieving positive environmental and social impact.

2.1

Assessing clients' sustainability needs and goals

In our assessment of client sustainability needs and goals, we adopt a unique methodology whereby in the first area, we look at asset performance and select a relevant and material group of environmental and social KPIs to improve their performance. We also look at the compliance area to appropriately benchmark and set ambition levels and regulatory guidelines for the material KPIs. Such an approach allows us to select and implement impactful strategies to achieve sustainability outcomes and make portfolios more resilient.

2.2

Developing tailored ESG strategies to improve efficiency, reduce environmental impact, and increase market value

Tailored ESG strategies should be based on understanding of regulations and market factors specifically coming from the green financing requirements combined with in-depth technical expertise for the strategies to be actionable and provide the desired outcomes. We believe that a comprehensive understanding of actual building performance and pain points is critical to reconcile building performance indicators with global benchmarks.

03

Innovative Solutions for Energy Efficiency and Climate Neutrality

3.1

JWA Consulting's methods for identifying and implementing energy-efficient technologies and practices

Since 2014, we have provided sustainability and energy consultancy for close to 1,000 commercial assets, which means we have developed a comprehensive understanding of property management and are able to reconcile building performance indicators with global benchmarks.

We have developed a unique methodology for preparing and calibrating digital twins and creating decarbonisation pathways based on data-driven and iterative processes, which is tailor-made for specific asset classes, in particular large-scale retail as well as prime office with complex systems that require a tailored and in-depth approach. The input can be later used to derive an optimal decarbonisation pathway and subsequently train the building management model to maintain optimum efficiencies over the building lifespan.

3.2

Strategies for achieving climate neutrality

For the majority of the buildings audited, that is more than 50%, we have found that the stranding year is 2024 or earlier. Leveraging operational efficiencies, we found that the stranding year can be moved 4 years ahead on average, that is until 2028. To further improve the assets standing against the climate goals, we found that in retail and office asset classes, improvements requiring capital expenditure but not related to renewable energy have the potential to further move the stranding year until 2035, while warehousing has the potential to become fully aligned with the decarbonisation pathway.

We also found that warehousing and logistics have the biggest potential for operational improvements while depending on the benchmark, there is an opportunity to save between 18% and 29% on operational improvements with very limited upgrades related to controls.

Out of the improved benchmark, a further 55% of energy and emissions can be reduced through investment improvements requiring capital expenditure.

The recommended first step to take on the decarbonisation and energy reduction journey is to find out the current asset standing against relevant benchmarks. Initially, the asset can be assessed against National Energy Performance Certificate standard requirements, CRREM benchmark relevant to the asset class, as well as other industry benchmarks that are either asset class or country specific, such as GRESB asset class median for a given year, or National EPC database median that can be either asset class or geographical location specific.

04

Risk Management and Resilience in Commercial Real Estate

4.2

Building resilience in commercial real estate projects through innovative risk management solutions

At JWA, we believe that creating resilience in commercial real estate is strongly connected to management principles of looking at people, processes and systems. We address this critical factor by tailoring the process to our clients' needs as well as educating the stakeholders, using best practice tools and processes developed by JWA over the course of our practice and systematic solutions to track, gather and analyze data, leads to a manageable and actionable outcome, thus building resilience towards climate and regulatory impact.

4.1

Analysing and managing risks associated with sustainability, climate change and other environmental factors

While there is a multitude of sustainability and ESG regulations and market standards that are currently either in place or will be adopted, we believe that there are some universal points amongst all of these standards and regulations that need to be addressed. Starting from key building performance indicators and tailoring the goals and adaptation strategies to specific current and future market factors enables our clients to map and address risks specific to their portfolios and profiles. Regardless of the regulations that will be adopted, the future will bring more energy efficient and less carbon intensive real estate, which is a universal starting point for all endeavours.



Case Studies: JWA Consulting's Success Stories in Sustainable Commercial Real Estate

Real-life examples of JWA Consulting's work in enhancing sustainability and managing risks in commercial real estate projects

In 2021 to 2024, we have advised PineBridge Benson Elliot and Syrena Real Estate on the refurbishment of Diuna, formerly known as Marynarska Business Park in Warsaw, which is a complex of four office towers of 46,000 square meters of GLA opened in 2008 and now fully repositioned. Through the application of innovative technical and management solutions, as well as sustainability advisory of JWA and efforts of the design and construction team, the client has been able to achieve close to 80% of operational savings on the HVAC system, reduce the primary energy demand by over 30% and create a unique setting by replacing hardscape with biodiverse open landscape. The complex has been awarded the ESG Champion Building of the Year Award at a prestigious CEEQA competition this May, as well as BREEAM Excellent certification.

Lessons learned and best practices for incorporating sustainability and risk management in commercial real estate development

At a practical level, the top three energy and carbon improvements in terms of ROI that we have seen consistently repeated across portfolios are adjustments of schedules at set points and building upgrades related to the ability to actively manage those settings. Further recommendations can be highly specific to a given asset class. However, consistently good ROIs are observed when daylight dimming and scheduling is applied to lighting fixtures specifically in office refurbishments with bigger floor plates. Additionally, HVAC controls and zoning was also observed to consistently provide improved ROI in relation to other recommendations.

Collaboration with Industry Stakeholders


JWA Consulting's partnerships with clients, investors, developers, and other industry stakeholders to promote sustainable practices and manage risks in commercial real estate projects

We are very excited to enter into partnership with BuildingMinds that will further enhance the services we provide and capabilities to better serve our clients in Europe and Latin America.

This complements our strategy of maintaining a network of partnerships, including also CSRD reporting capabilities, independent assurance and verification of environmental product declarations and CO₂ calculations by manufacturers, as well as a strong network of local partners and memberships, including the Polish Green Building Council, the U.S. Green Building Council and the International Well Building Institute (IWBI).

The role of collaboration in driving sustainable change and innovation in the industry

At JWA we understand that coordinated and aligned efforts of finance, design, construction and wide scope of professional services is critical to drive sustainable change and innovation in the industry and we are committed to driving innovation for commercial real estate.



Emerging trends, challenges, and opportunities in sustainable commercial real estate development and risk management


According to various sources, between 80 to 90% of the buildings that will need to meet the climate goals until 2050 are already built. In addition to that, the raw materials and resources required for ground-up construction are finite and circularity for building materials as well as entire buildings will be a strong component driving change and opportunities in commercial real estate. New patterns of work and consumption create changes in the way that buildings are designed and operated, which the assets have to adjust to. This means more flexibility and manageability and smarter approach to building systems design to enable a healthy yet energy-efficient operation. Another key trend and challenge is understanding and reconciling different regulations, material to different stakeholders and how they influence assets and portfolios.

The Future of Sustainability and Risk Management in Commercial Real Estate



JWA Consulting's vision and strategies for fostering a more sustainable and resilient commercial real estate sector

JWA brings everyone to the table. It is a crossroads for different stakeholders. Its aim is to make sustainability easy and understandable for everyone, putting people and the planet in focus.



Conclusion

Summary of the key insights and outcomes of JWA Consulting's commitment to pioneering sustainable and innovative risk management solutions in commercial real estate

Performance and compliance need to be looked at to identify and adjust material aspects of the practical building operations as well as factors influencing finance, regulatory compliance and market trends.

Operational solutions have to be combined with strategic understanding to provide meaningful and actionable input. This approach has to be integrated through people, processes and systems to fully deliver sustainability at scale with excellent operational results.

The importance of sustainability and risk management in shaping the future of the commercial real estate sector

This is a unique opportunity for the real estate sector to learn and adapt sustainability strategies for commercial real estate

If captured properly, this opportunity can ensure longevity for buildings, portfolios and businesses.

If missed, it creates a risk of stranding as well as hugely negative impacts of changing regulations as well as climate.

These perspectives are equally important and the time to act is now.