



Building the transition

A decade ago, sustainability was largely absent from property strategic planning, and now it's a key driver in almost all business decision-making. Total Property checks in with property sustainability leaders ahead of World Green Building Week (WGBW).

The theme for the 16th annual World Green Building Week from 9-13 September 2024 is Building the Transition, calling on the world's building and construction sector to accelerate the transition to "an energy efficient, regenerative and just future for all."

Here, some of New Zealand's key sustainability players discuss what Building the Transition means in their fields of expertise.

CHARLOTTE MAY
KNIGHT FRANK ASIA PACIFIC DIRECTOR
STRATEGIC PROJECTS AND ESG

Based in Bayleys' Auckland head office, May works with multinational corporations (MNCs) and occupier clients across south-east Asia to help implement their environmental, social and governance (ESG) strategies across their real estate portfolios.

To me "building the transition" is about how we assess our company and the companies we work with to achieve our net zero goals. For Knight Frank it is about helping MNCs make sure they are making the best of their real estate, as tenants or landlords, to support their company's ESG ambitions. Real estate can be an excellent identifier of your company's approach to ESG.

When I started this work six years ago, there was really no emphasis on things like green-lease clausings and no sustainability measures being built into building selection criteria.

Across the APAC region there is a huge variation in ESG approaches not just between countries, but between cities. Some have always been ahead of the curve, like Singapore which has recently become the first country in Asia to mandate climate reporting on Scope 1 emissions (direct emissions,



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owned and controlled by the company) and Scope 2 emissions (those a company produces indirectly that come from where energy bought and used is produced), with a phased approach for listed and non-listed companies starting in 2025.

Time will tell whether this has a flow-on effect for the wider region, but what is true across the APAC region is that ESG is now a key consideration in MNC decision-making around real estate. Without mandates the majority of sustainability changes are being led by institutional investors who have their own ESG ambitions to realise, or by tenants and landlords with emissions goals.

From an occupier perspective, we have seen a greater focus on how real estate can directly reduce a company's Scope 1 and 2 emissions. This includes factors like a commitment to agile working, improving energy efficiency within occupied buildings, green leasing and EV charging of a transitioned vehicle fleet. Elements like these are now embedded into Knight Frank's client renewal and relocation negotiations.

In its own operations, Knight Frank committed to a net zero goal of 2040. These targets have been validated against the Science Based Targets initiative (SBTi) Net-Zero Standard Criteria.

The focus of the SBTi and a lot of today's emissions verification is reduction rather than offsetting. Emissions offsetting programmes are now the port of last resort. MNCs committed to sustainability goals are reducing their emissions as much as they can, then ensuring they are using renewable energy where energy is still required. Only then, if nothing else can be done, does offsetting become an option.

A key ESG conversation for most companies in meeting their ambitions will at some point be in "stay versus go" studies. It can become a complex comparison equation on the sustainability benefits of moving to new premises, which comes with emissions costs, or improving the measures on a current location.

Ultimately a successful ESG strategy in today's environment, is about digging into the basics and asking questions like: Where can you be most impactful? What is the lifecycle of the building's critical infrastructure? How can you gain some quick wins? Our role at Knight Frank is to help our own company and our clients' companies try to make the sustainability transition faster.

LISA HINDE
PRECINCT PROPERTIES HEAD OF
SUSTAINABILITY

As part of Auckland's largest inner-city developer and owner of commercial real estate, Hinde's role is to collaborate with business units within Precinct and to engage with its broader network to guide and implement the company's environmental, social, and governance (ESG) strategy.



Deloitte Centre, Precinct Properties



Bowen Campus, Precinct Properties
Photo credit: Jason Mann



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LISA HINDE
HEAD OF SUSTAINABILITY,
PRECINCT PROPERTIES

At Precinct, we are proud of how we’ve integrated sustainable practices throughout our business. This includes proactive measures to adapt to climate change and our commitment to open and transparent communication with our clients regarding their ESG data. In addition, we work closely with our core portfolio and development projects to ensure they meet their sustainability goals and achieve their targeted Green Star and NABERSNZ rating outcomes.

As our climate changes, the property industry must adapt, and organisations like ours are in a period of transition. While this transition may look different for each organisation, our goal is

to align our activities with a low-carbon future because it’s the right thing to do, and it’s in line with our stakeholders’ expectations. We are also mindful of our responsibility to ensure we’re driving social value in the sector through our purchasing power as we transition.

Among many other areas, I’m currently focused on engaging with our suppliers to identify opportunities to support their sustainability efforts in a collaborative way. By making our strategy clear and accessible, we can facilitate alignment and collaboration, enabling practical and mutually beneficial progress that gives our partners longer lead times to adapt. This could be in the development of lower carbon products or encouraging diversity in organisations we choose to partner with. We’re using our commitments to the Science Based Targets Initiative (SBTi) and World Green Building Council Net Zero Buildings Commitment to drive this focus, particularly as it relates to encouraging low-carbon solutions from our suppliers.

A sustainable building and construction sector in this country is characterised by innovation and a strong emphasis on sustainability. These factors are increasingly attracting investment from financial institutions and international capital partners based on a growing global appetite for green finance

opportunities. As the industry grapples with growing carbon constraints, the focus on sustainability will become even more crucial, shaping the future of the sector.

The changing approach to sustainability brings with it opportunities for New Zealand, including mobilising the building and construction industry to invest in low-carbon local procurement. Encouraging local manufacturing is key, as it supports a number of areas including reducing carbon emissions and strengthening our local economy.

There is also potential for growth in green finance, which can further incentivise local suppliers embedding innovation and decarbonisation in their business operations.

Our challenge is that, as a smaller country far from global trading partners, it can be difficult to entice lower-cost building and construction materials, let alone low-carbon equivalents. In addition, the extent of ESG-related areas of focus can grossly exceed the capacity of the sector to solve. Leaning into local procurement and adopting proven techniques around solving for material risks in other markets are a couple of ways we can address these challenges.

PHOEBE MOSES
BECA CARBON NAVIGATOR

As both carbon navigator for Beca and people leader for the Tāmaki-Makaurau Sustainable Buildings team, Moses is tasked with helping all those involved in the design of a building to understand their potential climate change impact, to develop strategies to mitigate that impact, and implement those strategies from project inception to end-of-life.

Sustainability is the core kaupapa of my own and my teams’ work. We are a diverse group of people from different backgrounds – mechanical and structural engineers, building scientists, and project managers. We provide advice and analysis covering many facets of building sustainability such as climate change adaptation response, decarbonisation, and green building certifications, to name a few.

I think of “building the transition” as designing or modifying buildings to be fit for the future, both in terms of mitigating their impact, and building in resilience and adaptability to our rapidly changing environment. It also means making sure that during this time, we’re not designing buildings that won’t be acceptable to future occupants. That is becoming obsolete or “stranded” before the end of their usable life. This is a real risk for building asset owners and developers.



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PHOEBE MOSES
CARBON NAVIATOR, BECA

It’s not just the physical climate that is transitioning, it’s the mindsets of people and society. Within the building industry, we need to make sure we are considering all risks and opportunities associated with these changing landscapes.

New Zealand is going to need to build a lot over the next few decades to support the future of society, across all categories of building. My role is to try and make sure that’s not done at the expense of the climate. I encourage project teams to look for sustainable material sourcing options, driving up demand for lower-carbon solutions in the market, which is crucial for the transition to a decarbonised future.

Having recently worked with the New Zealand Green Building Council (NZGBC) to determine pathways and performance measures for “net-zero ready” buildings, it was really clear that the building sector in New Zealand must accelerate decarbonisation well beyond the current pace of change in order to keep to a Paris Agreement-aligned future where global warming is limited to 1.5 or two degrees above pre-industrial levels. I believe we also have a responsibility, as a developed country, to make sure we’re not using more than our fair share of resources or carbon budget.

A more sustainable construction sector in New Zealand means a more trusting and collaborative sector. Research has shown New Zealand’s construction sector has very-low levels of trust and innovation. This is likely holding us back from being able to collaborate effectively for industry-wide solutions. We are beginning to see cross-industry collaboration more often, particularly in the sustainability realm, but it would be great to reach a point where everyone involved in developing the built environment takes responsibility for their environmental impact, instead of pointing the finger at others to take the lead.

One of the advantages we have in New Zealand is a green electricity grid and new generation is all in the renewables space. If we increase demand for electricity through specifying fossil-fuel free buildings, or electrifying industrial processes in the supply chain, this will drive demand, but thankfully this demand will be met by more renewable electricity.

Our challenge lies in our isolated location, and the small size of our market. We don’t have the global purchasing power which lessens our ability to decarbonise construction, particularly for goods like structural steel, which is imported from overseas.

Many of the steps required to decarbonise the local construction supply chain are expensive so we need to come up with innovative ways to fund the transition.

ANGELA XYGALAS
GENERAL MANAGER GOVERNMENT PROPERTY – MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT (MBIE)

The Government Property Group, which sits within MBIE, oversees the Government’s office accommodation and public interface spaces across 77 agencies and specifies the quality

of the working environment and buildings’ sustainability.

From a sustainability perspective, when occupying new buildings or carrying out major refurbishments, Green Star and NABERS ratings are a consideration.

One example of what can be achieved when government agencies work with a landlord to produce a building that meets high standards of sustainability and an efficient working environment is the Argosy-owned property at 8 Willis Street in Wellington.

8 Willis Street is an award-winning building that has received national and international recognition for innovation in the use of technology and the reduction of embodied and operating carbon through the reuse of the building structures, energy-efficient building systems, ongoing commissioning and electricity generation through solar and capture of rainwater. The building achieved a NZGBC 6 Green Star rating, a 5.5/6 star NABERS rating for the building itself, and a 5 star rating for the tenant fitout.

The building is configured to be efficient and effective in its use, with three government agencies seamlessly sharing the property.



Argosy Property's 8 Willis Street with Stuart Dawson Corner (SDC) in the foreground