

The value of BREEAM

August 2012 / Report overview

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Key findings

Property investors and developers are constantly seeking new strategies to deliver sustainable buildings that attract tenants and buyers while maximising “green value.” It is claimed that investments in green buildings can produce measureable financial value, such as increased rental rates and asset value, reduced risk of depreciation, and higher tenant attraction and retention rates.

“Recruitment and retention were two of the main drivers for the BREEAM rating - it was appropriate for the tenant’s staff”

Meanwhile, occupants want buildings that help them attract and retain the best talent, foster collaboration and innovation, and increase employee productivity and well-being. At the same time, they need to reduce operating costs, energy use, and environmental impact. All of these factors help organisations meet corporate social responsibility goals.

So, as we look to improve the performance of our building stock, both new and existing, it is necessary to understand the effect green certification tools such as BREEAM are having on the outcome of a project. The report – The Value of BREEAM – looks into the benefits felt by all parties involved in the construction process, from the end user through to the BREEAM assessor. Below is a snapshot of the key findings to provide a flavour of the report’s main themes:

Green certification pays

At a time when every business is undoubtedly concerned about its financial performance and future stability, the report highlighted that almost half of respondents did not consider operational costs versus capital build costs. Whilst this could imply that other benefits are more important, it does suggest that operational costs may not be considered early enough in the build design process.

If operational costs are considered at the design stage and by the whole supply chain, the opportunity for a high performing, efficient building and potential life cycle savings could be significant.

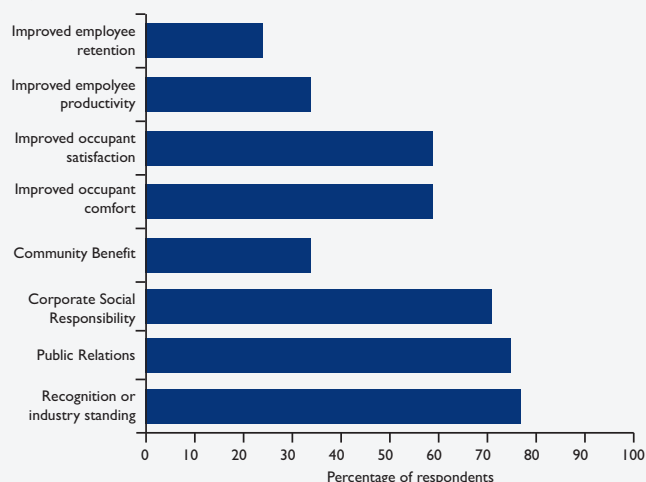
Many respondents highlighted the social benefits achieved through the BREEAM process:

Figure 17 : Importance of different types of benefit.



For the building occupier, there were many benefits especially perception of the organisation and the comfort of people using the building.

Figure 19 : Social Benefits.



Environmental benefits were also rated highly in terms of priority.

Achieving a high performance building requires going beyond BREEAM

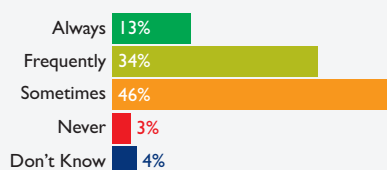
A green building will not be green on its own; it needs to be operated correctly to reach its full potential. BREEAM needs to be used in the spirit it was intended for. This means clients need to ensure their building performance requirements are clearly spelt out at the design stage and pushed through the entire supply chain. This will encourage great design and a detailed handover process.

In addition, for users to capitalise on efficiencies, the building must be designed with long term performance in mind and with good measurement systems. However this must be followed up with a comprehensive maintenance and servicing program that not only maintains, but also strives to continually improve, the building's performance.

"Prepare during construction to follow it up with BREEAM In Use – stopping after BREEAM is almost a waste of money"

To reach the targets set by BREEAM, new technologies and processes must be implemented. BREEAM can encourage the use of intelligent controls, smart metering and renewable technologies as well as drive innovation.

Figure 33 : How often BREEAM encourages the installation of building technologies and active energy management.



BREEAM also encourages the installation of building technologies and active energy management, according to 93% of respondents.

Green buildings do not have to cost the earth

To gain a high performing building through green certification schemes, such as BREEAM, extra costs may be incurred. The report seems to indicate that not enough questions are being asked about whether these extra costs are recovered, although this may be due to lack of involvement by the supply chain throughout the BREEAM process

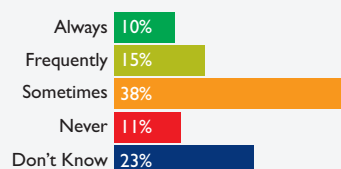
Less than half of respondents incurred significant costs to achieve their target BREEAM rating. There was also no relationship between increasing costs and higher ratings

The key to keeping costs under control is to ensure BREEAM is considered early on in the planning process as well as to partner with companies that have significant knowledge and experience of green certification.

"BREEAM encourages us to invest more as we want to invest in low running costs."

Innovation credits are important for outstanding building ratings. However, the application cost of £1,000 appears to be a barrier to new innovations being included unless credits are needed to reach a targeted rating. If the supply chain is involved in the process and understands the objective, they may consider supporting the innovation to achieve improved performance.

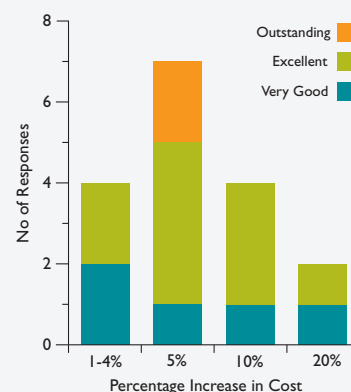
Figure 15 : Client's recovery of the extra costs of BREEAM.



Source : BSRIA field research^[9] (supply chain respondents only)

Figure 11, although the perception may be different

Figure 11 : Increase in costs for BREEAM projects.



BREEAM helps raise construction standards

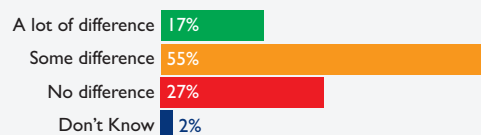
Respondents saw BREEAM as having a positive effect on the quality of construction, especially in areas that you cannot see such as controls.

Most of the client group interviewed (74%) said BREEAM did not cause delays on the project, although this was generally because it was planned for from the beginning.

“Look at it early and the cost will be negligible; the later it’s left the harder and costlier it becomes.”

When asked about the level of innovation in the project, many respondents said BREEAM had set a new standard for all future projects. It’s also reassuring that installing building technologies and active energy management is becoming common-place in projects, although less than 30% did this solely for gaining credits.

Figure 37 : BREEAM’s effect on quality of construction.



SOURCE: BSRIA field research⁽³⁾ (supply chain respondents only)

“It gives the construction team an aim for improved quality”

Conclusion

The report has demonstrated that attaining BREEAM certification drives the green agenda. It has highlighted that the desired performance of the building should be thought about as early as possible in order to achieve the highest performing build at the lowest cost. Moreover, the lifecycle savings outweigh the initial capital outlay as long as a full maintenance and servicing regime is implemented.

Surprisingly, operational savings were only ranked 4th by clients as the main benefit for green certification, with only 47% of clients stating that BREEAM drove them to consider the building’s operating costs versus the capital build costs. It is therefore not unexpected that the majority of the supply chain could not say if the client recovered the certification costs. In today’s tough economic climate it is difficult to understand why operational efficiencies are not considered more highly, especially as, to achieve them, there should be a positive knock-on effect on occupant comfort and reputation, two of the main drivers.

Using companies like Schneider Electric, with significant knowledge and experience of green certification, will minimise the costs of achieving certification. The client and the supply chain will also gain from the considerable experience and expertise these companies have gained over time to maximise OPEX savings.

Increased market demand and clear financial rewards, coupled with mounting government regulations and shareholder pressures, provide multiple incentives to own and occupy high-performance green buildings that leverage innovation and deliver triple bottom line value (people, profit, and planet) throughout the building life cycle. Green certification tools can help to contribute to this process by providing a strong methodology, but it is the relationships between all stakeholders and the consideration of the full lifecycle of the building that will achieve the best result for all.

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