Book Review


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This compendium of works on various sustainability-related aspects of real estate from authors of diverse backgrounds and expertise provides an excellent resource for both academics and real estate practitioners. The content is dense with data, case studies, and real world, practical examples of the role that sustainability has, does, and should play in the real estate sector. The scope and applications of the content are broad, with contributors providing input about various locations and markets globally.

The book, which has 26 chapters, is divided into four main parts: Part 1: Governance and policy; Part 2: Valuation, investment, and finance; Part 3: Management; and Part 4: Redevelopment and adaptation. This division of content is well-thought out relative to the issues that impact investors, developers, owners, analysts, and others involved in real estate markets across the globe.

Part 1: Governance and Policy

This section is comprised of six separate chapters that include: benchmarking the current state of affairs in real estate (Chapter 1: Sustainable Real Estate: A snapshot of where we are); additional factors impacting real estate decisions and investment parameters (Chapter 2: Sustainable real estate and corporate responsibility); addressing requisite standards, compliance issues, and voluntary programs in the United States, United Kingdom, and internationally (Chapters 3, 4, and 6), and the presentation of a well-documented, detailed case study of a sustainable office retrofit in Melbourne, Australia (Chapter 5).

Each chapter offers well-documented academic information, along with data and analyses that can be incorporated into practical, real-world decision making. For the governance and policy discussion: “How can we best create and develop regulations and standards to encourage sustainable real estate?” (page 8). Any/all real estate practitioners (owners, developers, investors, property managers; the list goes on) understand that this goal is fundamental to ensuring the advancement of sustainable real estate practices and policies going forward.

Additional content includes discussion of energy upgrades in commercial properties via a discussion of “minimum energy efficient standards, compliance pathways and leases in the UK” (page vii); details of various voluntary programs related to developing low-carbon buildings, as well as information on innovative...
forms of financing for such projects (Chapter 4). Wrapping up the section is a discussion on international standards, “International standards: Key to unlocking the value of green buildings?” (Chapter 6), which offers insights on a topic that real estate professionals from all disciplines recognize as a major factor in establishing the value/worth of high performing buildings on a global basis.

Part 2: Valuation, Investment, and Finance

As a long-time valuation consultant, this section was of particular interest. What so many real estate professionals who support the goal of a more sustainable built environment do not realize is that the “value proposition” to validate this goal must be supported by actual/factual data that documents an investment’s ability to monetize the benefits of various sustainable attributes.

Part 2 successfully addresses the challenges surrounding greater adoption of sustainability and its principles relative to real estate evaluation and investment from both academic and practical perspectives. There are numerous excellent points made relative to appropriate approaches to value sustainable attributes, as well as assessment of risk-related issues and investment parameters for sustainable properties and investments. A passage on page 96, in particular, attracted my attention: “Valuation Praxis is based on the practical implementation of heuristics, where the experience and knowledge of the market shapes the final result prior to the actual evidence being examined (Tidwell and Gallimore, 2014). Valuers are essentially problem solvers who are required to make decisions and judgments efficiently in a challenging environment where no exact answers can be attained due to the unique characteristics of property (Hogarth, 1981).”

One of the great fallacies about valuers’ (appraisers’) ability to incorporate not only the costs, but also the benefits, of sustainable attributes in their evaluations and valuations is the excuse that insufficient empirical data exists to validate that inclusion. The fact is that if valuers (appraisers) actually track the performance of market participants, the data are readily available.

Other topics addressed in this section include: (1) the Australian perspective on value via an in-depth analysis of market factors in Melbourne, Australia; (2) a very well-documented presentation on the economic benefits of retrofitting existing buildings; (3) a thoughtful analysis of the concepts of value and worth (worth being a concept that basically does not exist in U.S. valuation methodology but is sorely missing from this reviewer’s perspective); (4) two excellent discussions on green REITs, both well-supported by both empirical data and well-thought out premises by the authors; (5) a well-researched and analytically documented discussion of the “green value” proposition in real estate; and (6) a thorough investigation and analysis of sustainability and housing value in Victoria, Australia.

From the perspective of anyone who must validate the economic benefits of sustainable attributes in order to justify adoption, this section is filled with information to facilitate support for sustainable principles and practices.
This section provides an interesting collection of varied applications of the concept of “management” and how this tool can be used to facilitate and manage greater adoption of sustainable principles overall and more particularly in the corporate sector. The first chapter recognizes the breadth of impact sustainable practices and corporate policies can, and should, have on not only the physical facilities, but the corporate cultural structure as well. It investigates the implications of sustainability and its related practices in retail markets in the U.K.; and also from a UK perspective, presents a well thought-out and insightful discussion of the various aspects and concerns within “facilities management,” citing specific drivers, constraints, challenges, and potential solutions associated with some of the basic tenets of facilities management.

A chapter on energy certificates in Australia offers insight into the history of its Building Energy Efficiency Certificates (BEECs), and how implementation of this concept has impacted property owners, managers, and the real estate market overall. The findings indicate that a combination of government mandates such as BEECs, accompanied by other voluntary sustainability programs such as Green Star that also seek to best “manage” a building’s energy performance via sustainability goals and objectives, have resulted in energy savings across multiple sectors and international recognition for its efforts.

The discussion in this section on workplace ecology provides well-documented insights into the importance of work environment and productivity. The definition of workplace ecology on page 277 is one that anyone responsible for the space in which they themselves, or others, work should be cognizant of: “Workplace ecology, therefore, is when organization, space and technology are in harmony to support human endeavor.”

Additional empirical data, as well as results from a post occupancy evaluation (POE) and findings from a case study on Bond University’s Sustainable Development Building, round out the discussions on worker satisfaction, comfort and productivity.

The final chapter in this section is based on research that investigated creation of a green index based on tenant demand factors for sustainable office buildings and features. Significant amounts of data were collected and analyzed to ascertain which green/sustainable features held the greatest appeal for tenants. It is a particularly interesting read for anyone trying to predict tenant behavior (absorption analyses) or leasing a building, offering both tangible and intangible preferences.

As noted previously, this section presents varied topics representing a rather broad interpretation of management as a tool to facilitate greater adoption of sustainable principles in mainstream real estate and also address the role of the workplace when making real estate decisions. Each discussion/chapter is well-written, well-documented, and certainly worth reading.
Part 4: Redevelopment and Adaptation

The final section wraps up the handbook nicely, with discussions ranging from how to facilitate greater appreciation and adoption of more sustainable strategies in the residential markets to “Scaling up commercial property energy retrofitting.” Contributors represent a broad spectrum of geography, ranging from the U.K., to the Netherlands, Saudi Arabia, and Sweden. The section ends with an excellent chapter, “Sustainable real estate—Where to next?” by the principle authors: Wilkinson, Dixon, Sayce, and Miller.

The initial discussion on the residential markets in Australia points out a number of the challenges facing those wishing to facilitate greater adoption of sustainable strategies. It should be noted that these issues are indeed universal. As is the case globally, the examples and findings indicate a general dearth of understanding and availability of information requisite to make informed decisions. A lack of effective marketing and education are shown as two of the primary challenges facing not only the Australian residential market, but the residential sector overall.

The chapter dedicated to issues surrounding commercial retrofits provides both empirical and conceptual deliberations on the most effective way to promote and facilitate retrofits in commercial properties. Based on examples from the U.K., this chapter provides some insightful technical as well as sociological factors, along with practical issues such as the drivers and barriers to greater uptake of more sustainable features, funding, and consistency in a number of factors, not the least being assessment standards. For those facing challenges in their commercial markets, this chapter addresses some of the core issues experienced on a universal basis.

This discussion is followed by two chapters addressing issues related to sustainability and durability and sustainable redevelopment in the Netherlands. Both of these chapters facilitate greater awareness of the history and benefits of a more sustainable built environment, enhanced by the provision of two case studies: one from Rotterdam and the other from Amsterdam. The discussions in both chapters will be particularly useful to real estate practitioners [from brokers to valuers (appraisers) and other stakeholders in between], providing discerning insights on life cycle costs, regulations, and astute discussions on private sector development approaches and strategies.

The following two chapters offer insights from contributors in Saudi Arabia and Sweden. Though geographically disparate, the discussions are complementary. The offering based on land use in Saudi Arabia offers ten smart growth principles which, like other discussions in the book, are universally applicable. The Swedish offering does a good job of identifying (as have a number of the contributions in the book) the basic issues related to a greater adoption of sustainable practices and policies: from a basic understanding of what “sustainability” means, to the various dimensions of sustainability: economic, environmental and social; culminating in a frank discussion about success and failure in generating greater adoption.
The final chapter, written by the primary authors, provides an excellent summary/interpretation of the information provided in all the preceding chapters of the book. Their collective, informed insights on the “concept” of sustainability and the challenges its adoption faces worldwide clearly indicate the depth and breadth of their own knowledge and experience, and at the same time, offer-specific suggestions for overcoming the challenges identified in the preceding chapters. And in the final portions of their chapter, “Where to next?” and “Conclusions,” the authors present some very straightforward and specific directions to readers on how to successfully achieve a more sustainable built environment.

Overall, I have to give high kudos to the book. It is a composite of varying disciplines, perspectives, professional opinions, and insights that any real estate practitioner wanting to know more about sustainable real estate should own. It addresses a broad and international spectrum of challenges, as well as solutions, suggestions, findings, and real-world issues that practitioners who want or need to delve into the inter-workings of sustainability will find invaluable.

The book ends with a quote from Mark Twain which, though as they note was “written in a different context,” I find particularly relevant and impactful. And I will do the same: “Don’t go around saying the world owes you a living. The world owes you nothing. It was here first.”