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Trees Are Green

The benefits of trees in the urban environment are well known. Aside from the environmental benefits recognized in wildlife habitat, carbon sequestration, water retention, and noise attenuation, trees also benefit social and economic objectives too. Trees can help to lower heating and cooling expenditures, as well as provide aesthetic improvements to homes or offices that often lead to increased property values. Studies show that our most desirable neighbourhoods are typically those that are home to a mature urban forest. Sustainable, long-term, practical, and safe management of our urban forests helps to maintain these ecological, social, and economic benefits. Many jurisdictions that have adopted and are based on these benefits, and continue to increase efforts to promote the sustainable management of our urban resource reserves.

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Tenants, investors push for responsible real estate

Investors see responsible real estate investing as risk-management

By Jenny Wagler

As corporate social responsibility (CSR) efforts continue to gain momentum across the country, Vancouver's real estate sector is facing increasing pressure from tenants and investors alike to build and manage buildings in a sustainable and socially responsible manner.

In the past five years or so, Canada has seen the emergence of a philosophy called responsible property investing (RPI) – a CSR-like approach to real estate investment which targets environmental, social and governance goals.

Now, as market demand for green and socially responsible buildings mounts, the approach is going mainstream.

“Our tenants are looking at us increasingly to help them achieve their corporate sustainability objectives and goals; they're looking for a partner,” said **Christine Lundvall**, senior vice-president of investment management with Toronto-based real estate investment adviser and services company **Bentall Kennedy**. The company takes an RPI approach to managing more than \$23 billion in commercial real estate across North America, including Vancouver's Bentall Centre.

“And we're seeing on the other side, from the investment community, our investors, our clients, again having a greater desire and a need and a demand for the real estate managed [with an RPI approach],” Lundvall said. “So it's coming from all fronts.”

The change in tenants' and investors' needs, Lundvall



Bentall Centre demonstrates responsible property investing standards in its green construction and Go Green Tenant Action Committee



Christine Lundvall, senior vice-president of investment management, Bentall Kennedy

said, has been dramatic.

“A decade ago, green or healthy buildings perhaps meant few hot and cold complaints and a comfortable temperature and good indoor air quality, as in people weren't finding themselves sleepy in the afternoon,” she said.

“Now, I would say now we're looking at daylight harvesting, which means bringing in as much natural daylight as you can, green cleaning products; lower [volatile organic compounds] in terms of carpet; water and energy conservation; the three Rs in terms of recycle, reduce,



Sustainability strategy consultant Coro Strandberg

reuse; showers and bike racks; and barrier-free residential units.”

Vancouver-based sustainability strategy consultant **Coro Strandberg** said the components that may make up an RPI approach include: green buildings, affordable housing, smart growth and transportation-oriented development, urban revitalization, fair labour practices, responsible contractor practices, historic preservation, stakeholder engagement and the health and well-being of building occupants.

The current mainstream-

ing of the RPI philosophy in Canadian real estate, Strandberg said, is being driven by everything from climate change, to the emerging business case on the long-term operational savings generated by green buildings, to a fear of regulatory changes on the environmental front, to CSR trends, which are motivating more companies to seek out green and socially conscious commercial rental spaces in order to meet their own ethical goals.

“Basically business has become fearful that [by ignoring RPI] they might alienate certain occupier groups – that their building is obsolete,” Strandberg said.

While much of RPI still focuses on green buildings, there's increasing evidence that the social aspect of building management is also important for investors to consider, according to **Peter Chapman**, executive director of the Vancouver-based **Shareholder Association for Research and Education (Share)**, which advises investors on CSR-related risk management.

Chapman noted that a 2009 study, which Share carried out with **Boston College** and **Carleton University**, indicated that responsible contractor policies and fair labour practices with building-services workers can improve tenant retention and have a positive effect on a real estate asset.

But Chapman added that while the gains of responsible social policies can be hard to quantify for investors, the risks of not having them are real – particularly to a firm's

reputation, should unfair labour practices be discovered and made public.

“What happens if [unfair labour practices] are noticed?” he asked. “Well now you've got a big mess and it's very expensive because you have to spend management time to put the fire out.”

In Vancouver's downtown core, RPI approaches are already interwoven into a number of key buildings, and being contemplated in buildings to come.

The four towers of the Bentall Centre on Burrard and Dunsmuir were Canada's first office buildings certified **BOMA BEST** (building environmental standards) in 2003 and have included a Go Green Tenant Action Committee since 2008. At Seymour and Smythe, the 30-storey Metropolitan Towers, owned by **BC Investment Management Corp.**, was the first multi-residential building in Canada to be awarded a BOMA BEST Level 1 certification.

And as **Telus Corp.** (TSX:T) contemplates putting up a new building on Seymour and Robson, spokesperson **Shawn Hall** said that the company's vision for the as-yet-unconfirmed building incorporates many of the ideas of RPI, commenting that a true commitment to being green bolsters a company's ability to recruit and retain the best employees. He detailed some of the approaches the company has recently used in building new buildings in Toronto and Ottawa and renovating one in Quebec City.

“They're welcoming places to work, they use things like lake water for cooling, they collect rainwater for use in washrooms – some really innovative stuff,” he said. “And what we do in Vancouver would take everything we've learned from those projects and build on it.” ■
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