



# Limitation of sustainability in the realisation process - a developer's view

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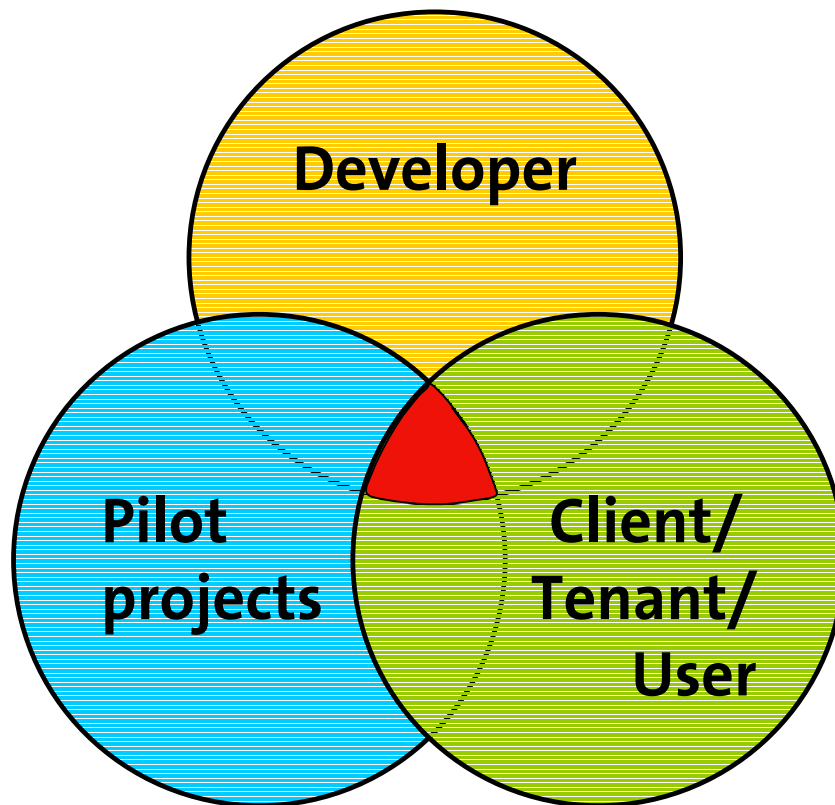
# The key to private speculative projects is the balance between construction costs and return on investment

**Sustainability comes into account when:**

- ... it helps selling the development or building
- ... it does reduce the operating costs significantly
- ... it does improve the image of the investor

# The “amount“ of sustainability realised in an urban development is the intersection of different interests

## Parties involved



## Interests of parties

### Pilot projects

- Give samples for technical possibilities
- Set benchmarking standards
- Lobbying work / “Education”

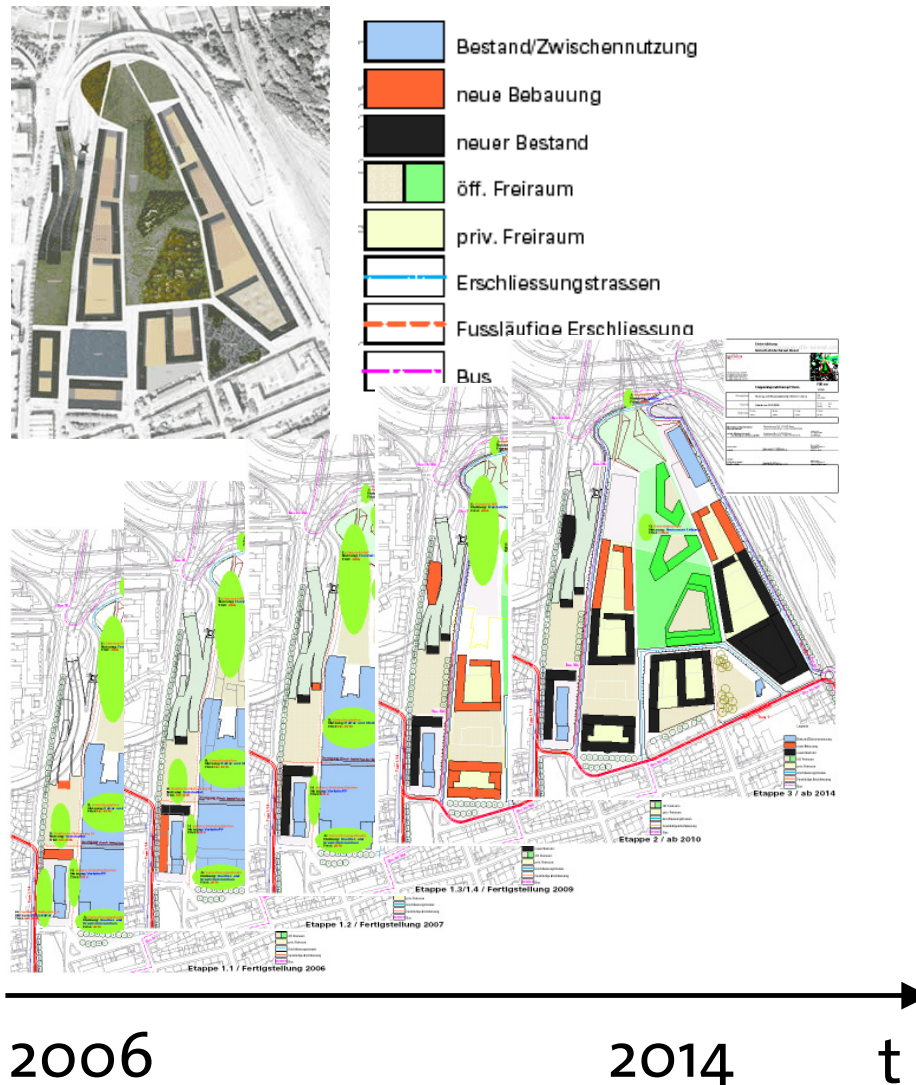
### Developer/Investor

- Definition of market-oriented products

### Client/Tenant/User

- Property for his individual requirements
- Efficiency in terms of rent & running costs

# Large infrastructural developments cannot be realised without the (local) utility companies

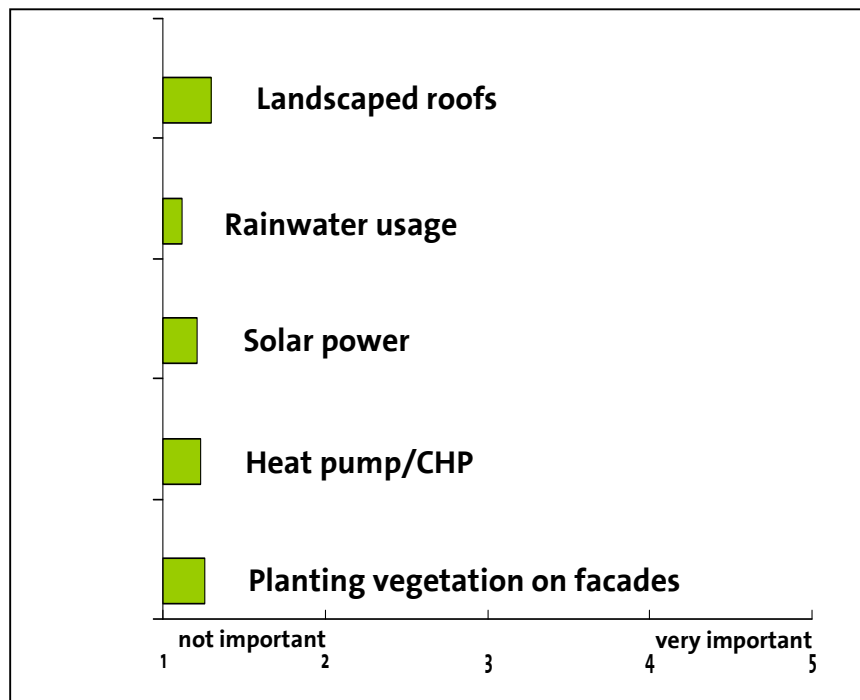


## Hurdles for privately funded infrastructure

- Given timescale often means poor return on investment for early technical/infrastructural installations
- Unknown client profiles requires provisions for all possible (maximum) standards
- Difficulty to agree obligatory connection to infrastructural systems with future clients

# Our “typical” client has no particular interest in ecological issues

## Required ecological aspects for an office building\*



- Within the group of general office users ecological aspects do not have a high importance
- New “European directive on energy performance of buildings” will focus developers view on energy consumption of properties

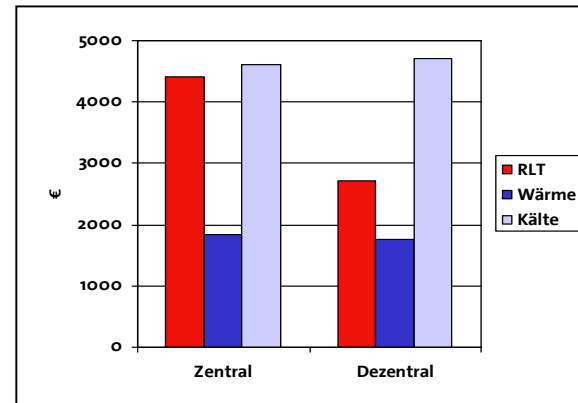
\*Source: DTZ Consulting & Research GmbH

# The decisions of investors and clients on systems and installations are based on clear parameters

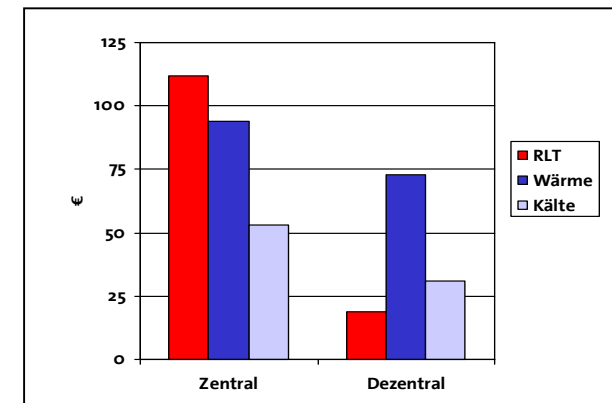
Decisions on technical systems are being made with regards of :

- Minimum investment cost
- High efficiency of let-able area
- Low energy cost and running costs
- Optimisation of maintenance costs

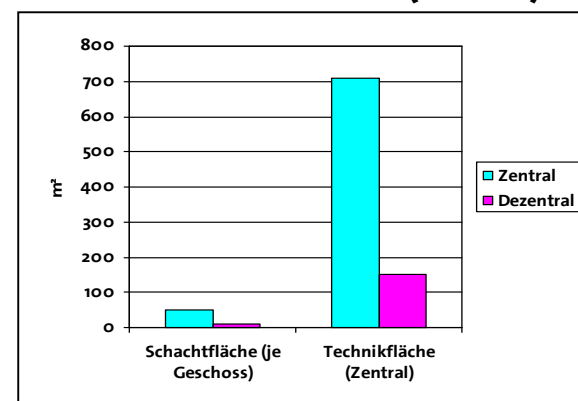
**INVESTMENT COSTS\***



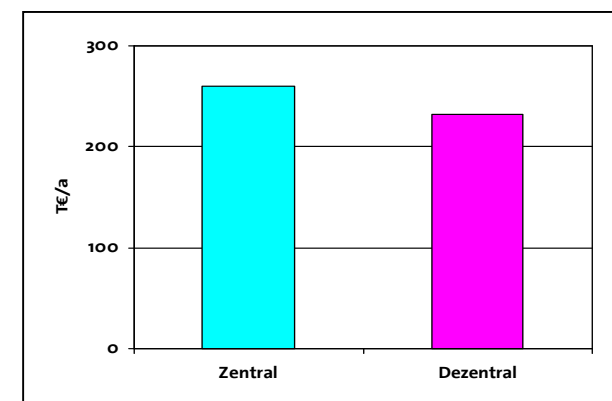
**ENERGY COSTS\***



**SPACE EFFICIENCY (to let)\***



**MAINTENANCE COST\***



\*Sample shows basis of decision between two ventilation system of Tower 1, Frankfurt

# Legal requirements and contractual agreements hinder investors to commit themselves to sustainable systems

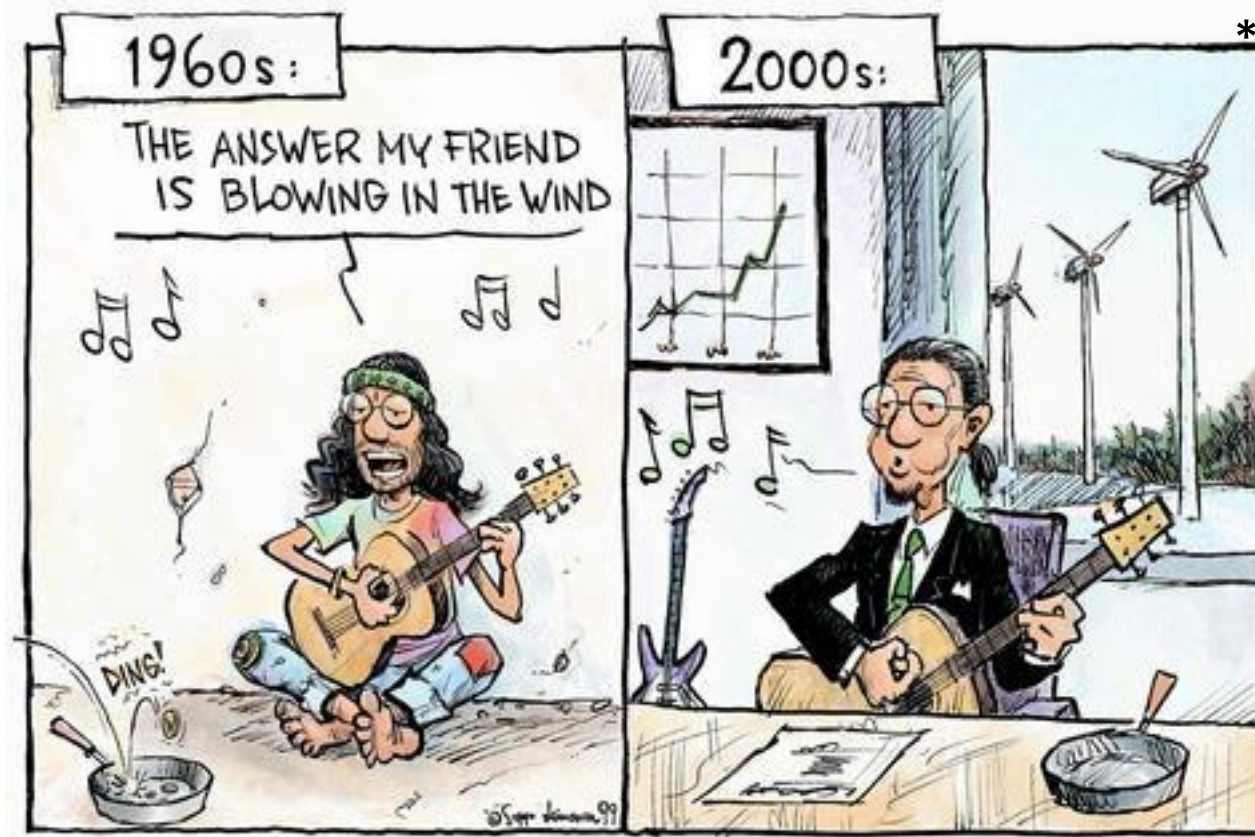
## Contractual and legal requirements are:

- **German building regulations and DIN standards provide a statement of temperature requirements (i.e. max. 26°C in offices in summer)**
  - Non compliance can lead to rent reduction or cancellation of lease
  
- **Tenancy agreements often fix room conditions**
  - Provision of overcapacity required
  
- **To attract new tenants investors are often forced to commit themselves to maximum running costs as part of an agreement**
  - Inexperience with innovative systems make prediction difficult

# To introduce sustainability on a wider scale to non funded developments, pilot projects have to focus on:

- Large infrastructural installations cannot be realised by private property investors alone – the (local) utility companies have to get involved
- Lobbying in terms of the ecological understanding of clients/tenants
- Benchmarking tools have to bring transparency in view of investment costs and energy/running costs
- Lobbying required in terms of legal and contractual constraints

... with the right support from POLYCITY more sustainability could find the way into our developments



**Thank you very much for your attention!**

\*Source: my-expressions.com