

5th MSCI South Africa Green Annual Property Index out now

Released annually, in conjunction with the Green Building Council of South Africa (GBCSA) and sponsored by Growthpoint Properties, the MSCI South Africa Green Annual Property Index provides an independent, globally consistent view on the investment performance of green-certified and non-certified offices.



Growthpoint office development at 29 Richefond Circle, Ridgeside, Umhlanga, KZN

At the end of 2020, the index sample comprised 289 prime and A-grade office properties valued at R54.5bn, of which 139 were green-certified buildings. These were compared to 150 non-certified offices of a similar quality.

“Growthpoint is proud to sponsor the MSCI Green Property Index for Offices for the fifth year. Its insights have never been more relevant than in today’s market. The index’s findings continue to strongly support the case for investing in green-certified buildings. The MSCI Green Property Index for Offices demonstrates the real rewards of investing in green-certified buildings and provides proof that these buildings are better placed to retain and attract tenants and are cheaper to operate,” says Paul Kollenberg, Growthpoint’s head of asset management: office.



Energy performance certificates set to become mandatory for some buildings

30 Apr 2021



Green-certified offices outperformed in 2020

For the year ended December 2020, the green-certified office sample delivered a total return of -1.6%, 170bps above the non-certified sample’s return of -3.1%. Capital growth was the main driver of outperformance as the green-certified sample held its value better in a challenging operating environment for the office market.

Over the index's five-year history, the sample of green-certified offices delivered an annualised outperformance of 260bps as its compound annual total return of 7.3% exceeded the 4.7% of non-certified P- and A-grade offices.

On a cumulative basis, this equates to a total return of 42.1% as it outperformed the non-certified sample by 13.2%.



Senegal architects ditch concrete for earth in revival of old techniques

Nellie Peyton and Christophe van der Perre 17 May 2021



Green-certified office assets deemed lower risk through crisis

As the Covid-19 pandemic stressed property fundamentals, green-certified offices proved more defensive, both from an income and capital perspective as its superior capital growth was the result of a better net income growth and lower discount rate.

Amid the impact of Covid-19, the green-certified office sample saw a significantly smaller decline in net operating income when compared to non-certified offices (-5.8% vs. -10.1%) and had a 40bp lower discount rate when compared to the non-certified sample, implying that its future cashflows were deemed lower risk.

Also telling was a lower vacancy rate of 12.7% versus the non-green sample of 14.9%, highlighting the value occupiers are attaching to green certified premises.



Smart cities promote best practice in urban sustainability

18 Mar 2021



The meaning behind these results

Released by MSCI in April 2021, the index results reinforced the association between quality and green-certified buildings, as reflected by a 31% higher capital value per square metre, more resilient capital growth and a higher net operating income per square metre compared to the non-certified office buildings.

"It is wonderful to see that after five years of tracking green-certified buildings, we can see real evidence showing that they provide higher returns to the investor because they have been more defensive through the economic downturn and the Covid crisis. Primary metrics, like higher net income and lower vacancy, point directly to desirability of these buildings by tenants. This has translated into better capital growth over the last five years," says Eileen Andrew, vice president, MSCI.

Georgina Smit, GBCSA head of technical, echoes this sentiment, adding that the results also emphasise the positive role that certified buildings can play within the broader responsible investing context. "For investors, these results indicate that

certified green buildings are attractive investment options as well as ensuring future climate resilience and delivering on mitigation interventions associated with green building design and operation.”

GBCSA will host a webinar on Friday, 28 May, to give deeper insight into the latest MSCI South Africa Annual Green Property Index 2020 results. For more information, click [here](#).

For more, visit: <https://www.bizcommunity.com>