

# Green future begins with definition of terms

Hong Kong needs to establish clearly what constitutes an environmentally friendly building before it can offer a green reit

Property fever is back with a vengeance but this time with an addition to the lexicon. The humble reit (real estate investment trust) is the talk of the town and has been hogging newspaper headlines.

But what of the future? In a market packed with an assortment of reits, differentiation will become its own added value, and before long the concept of a value-added "green reit" will emerge.

And here's where the problem starts. Long before reits arrived on the property landscape, green buildings, or perhaps better still, sustainable buildings were taking tentative steps to reconcile consumer acceptance with the commercial world. But to a large extent, they are still crawling.

So, before we unleash the

## Concrete ANALYSIS

John Herbert



marketing gurus in the rush to the green reits, we need to step in and establish a clear green building labelling strategy. The industry and its stakeholders need to agree on a governing framework for both a green building and the potentially lucrative green reit offerings that may be in the offing.

All of which begs the question of how to define a green building.

Wikipedia defines a green building as one that increases the

efficiency with which buildings and their sites use and harvest energy, water and materials, and one which reduces the building's impact on human health and the environment, through better siting, design, construction, operation, maintenance, and removal – the complete building life cycle.

That establishes one fact at least: we can explain a reit in four words, but it takes 45 words and a small plank of wood to define a green building. And even then, what tangible difference exists between a green building and one that is environmentally or eco-friendly? Or are they the same? What features should be compulsory and which ones are merely desirable?

Perhaps the government's Joint Practice Note 1 covering sky

gardens and balconies qualifies. And is that more or less green than an energy-efficient light fitting in a home?

We must create a level playing field where environmentally responsible buildings that are both profitable and healthy can be

## "We need to step in and establish a clear green building labelling strategy"

developed. And most importantly, we must work out who will pay the increased cost – for going green costs more, doesn't it?

Actually, it does not – contrary to the common perception, studies suggest that sustainable, environmentally responsible buildings have cost no more than

traditional buildings. This quirk is due to smarter thinking that brings down the costs first, and in the longer term lowers operating cost because of a healthier design.

If we can just ensure that customers, developers, analysts and investors were reading the

same script – that would be a step in the right direction.

I propose a simple solution, based on this definition: a green building is one that has been independently certified through a qualified environmental assessment method.

In Hong Kong, the most widely

accepted certification is HK-BEAM (Hong Kong Building Environmental Assessment Method) – a qualified scheme widely accepted in the construction industry having more than 100 buildings assessed, covering a staggering 62 million sq ft of accommodation comprising institutional, commercial and residential properties.

Now, at least, defining the portfolio of a green reit is simpler: an investment vehicle with a property bank comprised of certified green buildings. Establishing a definition today is a big step towards creating greener buildings and a greener reit.

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