Corporate Real Estate and Sustainability Survey

Business properties and sustainability in Switzerland
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Foreword

Although business properties (referred to among specialists as Corporate Real Estate or CRE), as a production resource, represent an important requirement for entrepreneurial activity, little is known about this subject in Switzerland. There is a lack of statistical data and a lack of any insight into the decision criteria for building projects undertaken by companies, transactions, and management strategies.

One of the main areas of activity of CB Richard Ellis (CBRE), an internationally operating service company in the field of real estate, is Corporate Real Estate. Against this background, CBRE wanted to find out more about the market and the situation with regard to corporate real estate in Switzerland, and to make its findings accessible to a wider public. Of particular interest is the way businesses deal with the issue of sustainability in the context of real estate. During the current year CBRE has already made a contribution at international level to the increasingly broadly based debate on the role of buildings in the context of climate change, and the possibilities and limitations of “green buildings”, in its report “Who Pays for Green? The Economics of Sustainable Buildings”.

In the firm belief that a cooperation between universities and private industry is of benefit to both sides, CBRE has entered into a partnership with CCRS (the Center for Corporate Responsibility and Sustainability at the University of Zurich), and is participating in its research programme on the economic sustainability of real estate. As part of this programme, a survey has been carried out among companies in Switzerland. The evaluation of the first questionnaire has now been completed, and is being published with the aim of drawing wider groups into the discussion and increasing awareness among a greater number of companies concerning the subject of sustainability with regard to their business properties.

This first “CRESS – Corporate Real Estate and Sustainability Survey” is intended to at least partially close the gap that has existed up to now. It is intended that the survey should be repeated annually and expanded, so that further developments can be pursued and trends identified.

Geneva and Zurich, October 2009

Jean Golinelli, CEO
CB Richard Ellis-PI Performance

Dr. Hans-Peter Burkhard, Managing Director
CCRS, University of Zurich
The basis of this survey is a questionnaire presented to large and medium sized companies in German-speaking Switzerland and West Switzerland (a full survey was conducted among approximately 1,000 companies with 250 or more employees, and a random sample survey among the approximately 5,500 medium sized companies with 50–249 employees). The evaluation of the answers, which overall can be regarded as representative, provide the following picture of the CRE landscape in Switzerland:

Considerable property portfolios and increasing spatial requirements
Medium sized and large companies in Switzerland generally have a large portfolio of business properties, with an average of 68 properties covering an area of about 65,000 m². Two thirds of these are owned by the companies, with one third being rented on mostly long term leases. In spite of the currently rather unfavourable economic environment, more than half of all companies assume that their spatial requirements will grow in the next 24 months. Two thirds of companies are not able to cover their increasing spatial requirements with the space they have available.

Outsourcing is established – Sale and Lease Back is relatively widespread
Half of the companies have experience of outsourcing of services in the field of property management. External support is most frequently sought in Facility Management, followed by Project Management and Transaction Management, although one fifth of all companies hold properties under Sale and Lease Back agreements.

Sustainability as an important decision criterion
Sustainability considerations play an important part in the property decisions currently being taken, coming after price – and even ahead of storage features in the narrower sense – among the most important decision criteria. Businesses in German-speaking Switzerland pay attention to sustainability considerations significantly more frequently than businesses in West Switzerland.

Energy as the greatest challenge
Energy is by far the most important sustainability topic (followed by CO₂ emissions). As far as the criteria of flexibility and polyvalence, energy and water dependency, and accessibility and mobility are concerned, the businesses in our survey are also prepared to pay more.

Discrepancy in implementation of measures
Practically all businesses implement specific sustainability-related measures. There is a discrepancy in the implementation of individual sustainability issues as compared with the assessment of the relevance of those issues. While CO₂ emissions are among the three most important sustainability topics, measures that are clearly aimed at reducing CO₂ emissions (CO₂ offsetting, mobility) are the measures that are least often implemented. By contrast, measures relating to waste are the most frequently implemented, although just over one third of businesses consider waste to be among the three most important sustainability issues.
Corporate Real Estate in Switzerland

Although corporate real estate, as a production resource, represents an important requirement for entrepreneurial activity, little is known on this subject. Evidence for this is to be found in the official statistics, where – to the extent that properties are owned by the company – they figure as “other buildings” belonging to “another owner type”. In the whole of Switzerland there were 1,462,167 buildings in the year 2000. Of these, 1,377,522 were residential buildings and 84,615 “other buildings”. On the basis of ownership circumstances, 39,347 buildings have “another owner type”, i.e. do not belong to a private person or to a construction or real estate company, or a housing association, or an insurance company, a real estate fund, a pension scheme or other foundation, an association or local authority, canton or the Federal Government. Until now, therefore, it has not been possible to make any assured statement on the subject of corporate real estate in Switzerland. It is not only the ownership structures that are unclear, but also the extent to which businesses lease buildings and space. However, it is known that there were 298,722 businesses in Switzerland in 2005. Although in terms of numbers the large and medium sized enterprises make up only 2.2% of businesses, they represent around one third of Switzerland’s workforce.

In this study, the term “corporate real estate” is understood as referring to properties that are used by companies mainly for business purposes, irrespective of whether they are owned or rented by companies. They are production resources for the core business of the companies and are therefore normally optimised not in terms of return on investment, but in terms of costs. Not included in the following are properties of Swiss companies abroad and properties that are held as investments (e.g. by pension funds).

The basis for this survey is a questionnaire aimed at large and medium sized enterprises in German-speaking Switzerland and West Switzerland. The questionnaire was sent out to the approximately 1,000 companies with 250 or more employees (full survey). In addition a random sample survey was carried out among the approximately 5,500 medium sized enterprises (50 – 249 employees). In all 149 companies took part in the survey. The following evaluations provide an initial and highly reliable picture of the CRE landscape in Switzerland.

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1. Source: 2000 Census, Swiss Federal Statistical Office. The “other buildings” include, in addition to buildings for work, also buildings for education, culture and sport.
Corporate real estate – an overview

On average, companies use 68 properties with a total area of just under 65,000 m² as business properties. However, the variation is very wide. Just under one fifth (19%) of businesses use only one property. Around half use between 1 and 5 properties (51%), and 59% use an area of between 10,000 and 100,000 m². On the other hand, 4.2% of companies use 200 or more properties (the biggest portfolio contained about 3,500 properties) and 12% of companies use an area of more than 100,000 m². Internationally operating companies on average have fewer buildings in terms of numbers (24), but the area of the buildings tends to be greater (about 80,000 m²).

Predominantly used by the companies themselves, low levels of unoccupancy

It comes as little surprise that business properties are mainly used by the companies themselves (93%). This proportion is even higher with the rented properties (97%). 6% are leased out; in the case of properties owned by a company the percentage is slightly higher (8%) and in the case of rented properties somewhat lower (3%). At 1.2%, the level of unoccupancy is very low, although in 2006 10.5% of office space stood empty in Switzerland, and in the case of industrial and commercial buildings this proportion was even higher⁴. However, this comes as no surprise, since the properties by definition are held not for return on investment but for the companies’ own use, and for this reason it can be assumed that as far as possible unused space is disposed of.

Business properties are most often used as offices (33%) or for industrial purposes (30%). 17% are used for storage and a further 7% as sales space.

Table 1: Proportion of self-use, third party leasing and unoccupancy with business properties

<table>
<thead>
<tr>
<th>Business properties in %</th>
<th>Self-use</th>
<th>Third party leasing</th>
<th>Unoccupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>92.7%</td>
<td>6.1%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Owned</td>
<td>90.8%</td>
<td>7.7%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Rented</td>
<td>96.8%</td>
<td>2.5%</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

Source: CRESS 2009

⁴. Source: Association of Business Tenants 2006
5. As the focus of the survey was on companies with registered office in German-speaking Switzerland and West Switzerland, no representative statements can be made in respect of Ticino.

This distribution is independent of the number of business properties and the geographical location (German-speaking Switzerland or West Switzerland). On the other hand, the distribution does vary depending on the size of the company: medium sized enterprises (with 50 to 249 employees) have on average a lower proportion of office use (20%) and production use (22%) and a higher proportion of sales (11%) and storage (23%) use than large companies.

**Location (firstly): German-speaking Switzerland is over-represented**

Around two thirds of the business properties of the companies that completed the questionnaire are located in German-speaking Switzerland (67%), and around one third in West Switzerland (31%) \( ^5 \). Thus by comparison with the main registered office of the companies surveyed (German-speaking Switzerland 59%, West Switzerland 41%), the proportion of business space in German-speaking Switzerland is larger than average.
Location (secondly): Predominantly urban and in agglomerations

As is to be expected, the self-use properties of the companies are mainly situated in inner-city locations and in agglomerations (each 36%). Just over a quarter of business properties are situated in a rural environment (28%).

Figure 2:
How are business properties divided geographically?

Question: How are your self-use properties divided geographically?
Source: CRESS 2009

Figure 3:
In what type of location are the properties situated?

Question: In what location are your self-use properties mainly situated?
Source: CRESS 2009
The proportion of urban properties held by companies with a high proportion of rented properties is greater than average, while properties in rural locations are more often in the possession of companies that own a high proportion of the properties they use. It is hardly surprising that buildings of industrial and construction companies are more often to be found in agglomerations and in the country. In the case of service enterprises, the above average presence of buildings in towns and cities (and the below average presence of buildings in the country) is striking. It is also clear that buildings of medium sized companies are on average more frequently to be found in rural locations than are buildings of large companies. It is also evident that business properties in West Switzerland are more likely to be found in agglomerations by comparison with business properties in German-speaking Switzerland.

<table>
<thead>
<tr>
<th>Proportion of companies in %</th>
<th>Average value urban location 36%</th>
<th>Average value agglomeration 36%</th>
<th>Average value rural 28%</th>
</tr>
</thead>
<tbody>
<tr>
<td>90-100% ownership</td>
<td>25</td>
<td>40</td>
<td>35</td>
</tr>
<tr>
<td>0-10% ownership</td>
<td>44</td>
<td>26</td>
<td>30</td>
</tr>
<tr>
<td>More than 5 buildings</td>
<td>37</td>
<td>35</td>
<td>29</td>
</tr>
<tr>
<td>Up to 5 buildings</td>
<td>36</td>
<td>38</td>
<td>26</td>
</tr>
<tr>
<td>More than 250 employees</td>
<td>39</td>
<td>38</td>
<td>23</td>
</tr>
<tr>
<td>Less than 250 employees</td>
<td>28</td>
<td>32</td>
<td>40</td>
</tr>
<tr>
<td>Without branch abroad</td>
<td>36</td>
<td>39</td>
<td>26</td>
</tr>
<tr>
<td>With branch abroad</td>
<td>38</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>3rd sector</td>
<td>48</td>
<td>32</td>
<td>20</td>
</tr>
<tr>
<td>2nd sector</td>
<td>16</td>
<td>43</td>
<td>41</td>
</tr>
<tr>
<td>German-speaking Switzerland</td>
<td>37</td>
<td>30</td>
<td>33</td>
</tr>
<tr>
<td>French-speaking Switzerland</td>
<td>36</td>
<td>44</td>
<td>20</td>
</tr>
</tbody>
</table>

Figure 4: Degree of urbanisation according to company characteristics

Figure 4: In what kind of location are your self-use properties mainly situated?
Source: CRESS 2009
Development of spatial requirements

Increasing spatial requirements …

In spite of the subdued economic environment, more than half of all companies (56%) assume that their spatial requirements will grow in the next 24 months. Just over a quarter (28%) do not expect any change, and only 10% assume that the spatial requirements of their company will tend to decrease in the future.

Figure 5:
How will spatial requirements develop in the next 24 months?

Question: in your opinion, will the spatial requirements of your company in the next 24 months be...

Source: CRESS 2009

Adapting subcontracting to one’s needs

ICRC tends to subcontract on a “variable geometry” basis depending on the area concerned (construction, heavy maintenance, ongoing works). The aim is to keep a light structure, with good control of the financial commitment entered into.

At the present time there are several buildings under construction. As our internal resources are not sufficient, the steering of the projects has been subcontracted, i.e. all the work of preparing and following up calls to tender, allocation of works, site supervision, reports, coordination between representatives and with companies etc. is carried out by a manager (CBRE). The representatives of the project manager can then intervene at the point of decision making and/or can address more fundamental questions to their superiors.

As far as ongoing property maintenance works are concerned, we have put in place a judicious mix of external and internal staff, based on criteria of importance in relation to functioning, economic considerations, and the financial risk. A small internal team takes care of matters such as safety, electricity, emergency repairs, green spaces and the monitoring of almost fifty companies that operate on the sites. These companies have become reliable partners, with regular calls to tender, the representatives and the engineers have been associated with the institution for a long time.
Companies in West Switzerland, businesses in the second sector, internationally operating companies and companies that predominantly own their own properties expect their spatial requirements to decrease or remain the same. Companies in German-speaking Switzerland, service enterprises and companies that operate exclusively in Switzerland tend more to assume that their spatial requirements will increase.

Figure 6: Development of spatial requirements according to company characteristics

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Spatial requirements increasing</th>
<th>Spatial requirements decreasing/remaining the same</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 5 buildings</td>
<td>57</td>
<td>43</td>
</tr>
<tr>
<td>Up to 5 buildings</td>
<td>56</td>
<td>44</td>
</tr>
<tr>
<td>0-10% ownership</td>
<td>59</td>
<td>41</td>
</tr>
<tr>
<td>90-100% ownership</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>More than 250 employees</td>
<td>57</td>
<td>43</td>
</tr>
<tr>
<td>Less than 250 employees</td>
<td>55</td>
<td>45</td>
</tr>
<tr>
<td>Without branch abroad</td>
<td>66</td>
<td>34</td>
</tr>
<tr>
<td>With branch abroad</td>
<td>39</td>
<td>61</td>
</tr>
<tr>
<td>3rd sector</td>
<td>63</td>
<td>37</td>
</tr>
<tr>
<td>2nd sector</td>
<td>46</td>
<td>55</td>
</tr>
<tr>
<td>German-speaking Switzerland</td>
<td>63</td>
<td>37</td>
</tr>
<tr>
<td>French-speaking Switzerland</td>
<td>49</td>
<td>51</td>
</tr>
</tbody>
</table>

Question: In your opinion, will the spatial requirements of your company in the next 24 months be...

Source: CRESS 2009

... cannot be covered with existing space

Of the companies that assume that their spatial requirements will increase, just under two thirds (63%) assume that their spatial requirements will not be covered by existing space. In view of the low proportion of unoccupancy (1.2%), this result is not surprising. By comparison with German-speaking Switzerland, there is above average demand for additional space among companies from French-speaking Switzerland.
Two thirds owned, one third rented

On average two thirds of space is owned by the companies (69%) and just under one third is rented (31%). Just over half of companies (53%) own 90–100% of the space they use. One fifth of companies (21%) has a rental proportion of 90–100%.

The level of the rented/owned proportion seems to depend on various factors. The number of companies in the 2nd sector and in West Switzerland that own a large proportion (between 90 and 100%) is above average. By contrast, the proportion of rented property is above average (between 90 and 100%) in service enterprises, internationally operating companies, companies with fewer than 250 employees and companies with fewer than 5 business properties. Thus three quarters (74%) of companies have either a very high proportion of properties that they rent or a very high proportion of properties that they own. Only a quarter (26%) seem to diversify as far as renting and owning is concerned.

Focus on ownership circumstances

Figure 7: How is the proportion of owned properties distributed?

Question: What proportion of your business properties do you own?
Source: CRESS 2009

6. These proportions also do not change significantly if only companies with more than 1 building are being examined.
Majority of leases are long term

Long term lease agreements seem to be the norm with business properties. Just over half of companies have leases of between 5 and 10 years’ duration (56%). A further quarter (23%) have leases of over 10 years’ duration. Only 11% state that their leases run for 3 years or less. Not unexpectedly, companies with more than 5 business properties tend to have longer leases. Against the background of the increasingly fast pace of the economy, these results appear surprising at first glance. However, to some extent the lengthy leases can probably be explained by the fact that by law indexing is only permitted with leases with a fixed duration of 5 years and over, which creates an incentive for longer leases.

Figure 8: What is the average length of lease?

Question: Approximately how long is the average duration of your leases?
Source: CRESS 2009

Increase of outsourcing

“Corporate Real Estate outsourcing is not unusual, US corporates were early adopters in the 80’s with the UK picking up about a decade later. By early 2008 we started to see momentum increasing in mainland Europe, coupled with an extraordinary increase in demand worldwide. This period of growth is being driven by occupiers’ desires to reposition their businesses to deal with competition and cut costs across their portfolios. This in turn is driving increased desire for centralisation and transparency across operations, which increases an appetite for outsourcing. Our clients’ needs are definitely becoming more sophisticated and we are seeing a significant drive towards multiple service delivery across multiple geographies.”
Sale and Lease Back is surprisingly widespread

With Sale and Lease Back, a property is sold to a leasing company and is immediately leased back for further use. Just under a fifth of companies use Sale and Lease Back financing (19%). This can be seen as a surprisingly high proportion, as this is a relatively new concept in Switzerland. 15% of companies have a certain proportion of Sale and Lease Back. 4% of companies hold all their properties under Sale and Lease Back agreements. Companies with branches abroad have a higher proportion of business properties financed by Sale and Lease Back than companies that operate exclusively in Switzerland. As a forecast it emerges that 3% of companies assume that the proportion of Sale and Lease Back with their properties will increase.

Figure 9: How great is the proportion of Sale and Lease Back?

Question: What is the approximate proportion of Sale and Lease Back in your self-use properties?
Source: CRESS 2009

Focus on outsourcing

Half of companies have experience of outsourcing …

Just under half of all companies have already had experience of outsourcing (i.e. the procurement of property services from outside the company) on at least one occasion (47%). It is striking that companies owning more than 5 buildings have more than average experience with outsourcing. Detailed analysis also shows that the frequency of outsourcing is above average with companies in German-speaking Switzerland, businesses from the 2nd sector, companies that operate internationally and large companies (i.e. companies with more than 250 employees and more than 5 business properties). The frequency of experience with outsourcing is below average in companies from West Switzerland and smaller companies (i.e. companies with fewer employees and fewer business properties).
Figure 10: Companies with experience of outsourcing according to company characteristics

Question: Has your company had any experience of outsourcing in recent years?
Source: CRESS 2009

... most often in Facility Management

According to the survey, companies have outsourced property services most frequently (by a long way) in Facility Management (45%), followed by Project Management (28%) and Transaction Management (17%). In companies that use outsourcing, the need for outsourcing is mainly based on a desire to have professional services (34%) or to reduce their workload (30%) and the expectation of cost savings (29%).
Almost one fifth are planning to outsource

Of the companies surveyed, just under one fifth (19%) are planning to outsource property services in the next 24 months. According to these companies, services will be most frequently outsourced in the fields of Project Management, followed by Transaction Management and Facility Management.
Criteria for property decisions

Price, flexibility and connection to public transport are more important than location

The most important factors in property decisions are price (99%), flexibility / ground plan and public transport infrastructure (both 94%), sustainability (92%) and infrastructure for motorised transport (89%, mainly in the country). Surprisingly unimportant are the local tax rate (55%) and proximity to an airport (23%).

Figure 12: How important are the following property features?

When explicitly asked about the importance of sustainability, 92% of companies say that sustainability is an important or even very important feature for decisions on property (this corresponds to the fourth level of importance). If public transport infrastructure and ground plan and flexibility are also interpreted as sustainability considerations, then sustainability features occupy second, third, and fourth positions in the most important features of a property, after price. Overall, location factors in the narrower sense are astonishingly unimportant. This raises the question of how important the truism “location, location, location” really is as far as corporate real estate is concerned, and whether it ought not to be reformulated as “price, sustainability, sustainability”.
Sustainability

The subject of sustainability has increased hugely in importance in recent years in the context of the construction of properties and their evaluation, and in the context of property transactions and property management. However, the indeterminate nature of the concept of “sustainable properties” allows of huge variation in what is to be understood by sustainability in each specific case.

In practice the focus is on energy

In practice, the following approaches have become the most firmly established: the two labels most commonly used in the “Anglo-Saxon” area, Leadership in Energy and Environmental Design (LEED, USA) and Building Research Establishment Environmental Assessment Methodology (BREEAM, UK), in Germany the “energy pass”, the German seal of quality for sustainable construction (Deutsche Gütesiegel Nachhaltiges Bauen or DGNB), and in Switzerland the SIA recommendation 112/1 Nachhaltiges Bauen – Hochbau7 and the Minergie standards. These approaches are mostly concerned with the ecological dimension, and in particular the issue of energy.

This situation is also reflected in construction methods, where the focus is clearly on energy efficiency; in Switzerland, Minergie is becoming established as the standard. In spite of this the proportion of buildings actually constructed to the Minergie standard remains small: only 1 per cent of the total stock8. Although the realisation of Minergie buildings is gaining dynamic (the number of such buildings tripled between 2004 and 20089), the annual proportion of new builds is only about 1 per cent, so that even if the present dynamic is maintained it will be a long time before any significant proportion of the stock is renewed.

Sustainability is more than energy efficiency

Current sustainability concepts are concerned not only with energy and the environment, but also increasingly with society and the economy. This leads to the following definition: a property is sustainable if it establishes long-term ecological, social and economic benefit and avoids ecological, social and economic damage (this definition is based on the definition of sustainable development as contained in the Brundtland Report of 1987). The characteristics of sustainability, therefore, include not only energy efficiency and ecological construction materials, but also (for example) the long term economic viability of a property and user-related health and comfort considerations. The fact that the subject of sustainability in the context of corporate real estate is taken very seriously is confirmed by the results of the survey.

7. Swiss Association of Engineers and Architects (Schweizer Ingenieur- und Architektenverein or SIA); SIA-recommendation 112/1 Sustainable building – Structural Engineering, Zurich, 2004.
Overview of sustainability and corporate real estate

Sustainability considerations play a central role

Two thirds of companies (66%) state that sustainability always or mostly plays a part in their real estate decisions. For just under a quarter (23%), sustainability plays a part sometimes, and only 11% say that sustainability plays no part.

Figure 13: How important is sustainability in the context of real estate decisions?

Question: Is the issue of sustainability (as you understand the term) a factor in the property decisions you make?

Source: CRESS 2009
At this point what the Swiss call a “Röstigraben” [a difference in attitude between German-speaking Switzerland and French-speaking Switzerland] becomes apparent: companies in German-speaking Switzerland take account of sustainability in real estate decisions with above average frequency (80%), while companies in French-speaking Switzerland do so with below average frequency (49%). A further finding is that companies with branches abroad take account of sustainability considerations with below average frequency (57%) by comparison with companies that operate exclusively in Switzerland (71%).

Figure 14: Importance of sustainability according to company characteristics

Accordingly, sustainability considerations are also very important in decisions as to whether to buy or rent, as compared with other decision criteria. After price (99%), “public transport infrastructure” and “ground plan and flexibility” occupy second and third place (each 94%), closely followed by “sustainability” (92%), as the most important decision criteria (see Figure 12).
Expected benefit is a driver

In the context of evaluating the reasons why sustainability plays a part, it emerges that the conviction that sustainability will bring real benefit to the company is the most important driver: about half (51%) of companies for which sustainability at least occasionally plays a part believe that it makes a positive contribution to their image or will make financial sense in some other way. For about a third (33%), the desire to make a contribution to the environment and society is the main factor.

Figure 15:
What is the motivation for your commitment to sustainability?

Question: What is the motivation in your company for making a commitment to sustainability?
Note: More than one answer may be given
Source: CRESS 2009
Of the minority (11%) of companies for which sustainability considerations play no part at all, this is (according to the survey) most often attributable to the fact that it is not clear what sustainability involves.

**Anchoring within companies is progressing**

Almost four fifths of all companies (79%) have set themselves guidelines regarding sustainability, most frequently in the form of specific sustainability models or strategies (35%). 44% even systematically undertake sustainability “audits”, either by means of external certification (18%) or through sustainability reporting (14%) or sustainability management (13%), or by using external standards such as Global Compact\(^{10}\) (5%).

**Figure 16: How is the subject of sustainability anchored in the company?**

> Question: Is the issue of sustainability systematically anchored in the company?
> Note: More than one answer may be given
> Source: CRESS 2009

Most often a sustainability officer is appointed from the property division to deal with the topic of sustainability in a company’s business properties (54%). In 22% of companies a sustainability officer is appointed from elsewhere in the business, or an external consultant is engaged. Only 12% of companies state that they have no one in charge of sustainability.

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10. Global Compact is an initiative of the UNO whereby companies can voluntarily undertake to implement sustainability principles.
Hansueli Loosli, Chairman of the Coop Management

In 2008 Coop decided to be CO₂ neutral by 2023 in the areas that we can directly influence. That means that a reduction and offsetting of CO₂ production in the operational divisions is achieved until the CO₂ balance sheet is equalised. This vision includes all points of sale, the distribution centres, the company’s own transport division, the production operations, the Coop Administration and all business trips at home and abroad. In addition many divisions of the Coop Group, such as Interdiscount and Toptip, will be included.

A considerable proportion of our CO₂ emissions arise at the points of sale. We can therefore apply an important lever in the construction and running of the shops for the implementation of our CO₂ vision. We want to achieve a considerable reduction in the CO₂ emissions arising in the points of sale. The package of measures that has been approved by the management includes the mandatory execution of all new builds and conversions of Coop’s own points of sale to the Minergie standard. We also envisage a phased conversion to LED lighting, the use of the latest refrigerants, optimised use of waste heat and the examination of the use of innovative renewable energies for our energy supply.

In the context of the construction and operation of buildings, we are faced with two challenges. On the one hand, there is the ownership situation with regard to the points of sale. Many of these are not owned by Coop, and therefore we only have a certain amount of influence over the CO₂ emissions that arise. On the other hand, we are faced with the challenge of harmonising ecological and economic considerations in the context of the individual CO₂ reduction measures.

However, our vision is clear: CO₂ neutral by 2023.
Most important sustainability topics

It comes as no surprise that by far the most importance is accorded to the subject of energy: 93% of those asked think that energy is among the three most important aspects of sustainability. In second and third places are CO₂ emissions (51%) and long term economic acceptability (42%), followed by waste (38%) and health (37%).

Figure 18: What are the most important sustainability topics as far as corporate real estate is concerned?

Question: In your opinion, what are the three most important topics with regard to sustainability for self-use properties?

Note: maximum of three answers

Source: CRESS 2009
Discrepancy in implementation

Specific sustainability measures are actually implemented by the great majority of companies. Only 6% say that they are not implementing any measures or are only planning to do so. As far as the relevance of individual sustainability topics is concerned, however, a very different picture emerges in the context of specific implementation. It is waste-related measures that are most frequently implemented, and the least frequently implemented measures are those aimed at a reduction in CO₂ emissions: 74% of companies say that they implement waste separation measures and use recycled paper on a large scale. In spite of the high importance attached to CO₂ emissions, however, measures relating thereto are the least frequently undertaken of all sustainability measures: 48% say that they do not implement any measures in connection with CO₂ offsetting. Equally infrequent are mobility-related measures (which are often CO₂ relevant). Unsurprisingly, just over half of companies (55%) say that they have numerous measures in place to reduce energy consumption.

Table 2: What sustainability measures are implemented?

<table>
<thead>
<tr>
<th></th>
<th>Measures widely implemented</th>
<th>Measures not widely implemented</th>
<th>Measures planned</th>
<th>No measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste</td>
<td>74%</td>
<td>19%</td>
<td>1%</td>
<td>5%</td>
</tr>
<tr>
<td>Energy</td>
<td>55%</td>
<td>35%</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>46%</td>
<td>29%</td>
<td>9%</td>
<td>15%</td>
</tr>
<tr>
<td>Health and comfort</td>
<td>46%</td>
<td>35%</td>
<td>6%</td>
<td>13%</td>
</tr>
<tr>
<td>Water</td>
<td>24%</td>
<td>33%</td>
<td>5%</td>
<td>39%</td>
</tr>
<tr>
<td>CO₂ offsetting</td>
<td>19%</td>
<td>24%</td>
<td>9%</td>
<td>48%</td>
</tr>
<tr>
<td>Mobility</td>
<td>18%</td>
<td>26%</td>
<td>17%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Question: To what extent are one or more of the following sustainability measures implemented in your company?

More than one answer may be given

Source: CRESS 2009
Does sustainability pay off?

The question of whether or not sustainability is financially worthwhile is a central issue that gives rise to much controversy. As far as corporate real estate is concerned, 65% of companies think that the benefit is at least as great as any associated costs, if not greater. On the other hand 17% firmly believe that the costs outweigh the benefits. An indication of the fact that this question is not easy to clarify is the fact that 19% of participants answered “Don’t know”.

Figure 19: How do you assess the cost-benefit ratio of sustainability?

Question: Do you think that sustainability with industrial properties...

Source: CRESS 2009
Companies are willing to pay for individual sustainability features

In this connection the extent to which companies are willing to pay extra is of interest. Over half (56%) of companies consider sustainability in the context of a purchase, rent or development decision, but are not willing to pay more for it. On the other hand, 41% of companies are willing to pay a premium for a sustainable property. Among sustainability features generally, companies are most willing to pay for flexibility and polyvalence: when making a purchase, rent or development decision, on average 55% of companies are willing to pay a higher price or a higher rent for flexibility. 50% of companies are willing to pay a premium for lower dependence on energy or water. By contrast, although safety aspects receive the most attention this does not give rise to any additional willingness to pay. It would seem that it is presumed that these safety considerations will be taken care of.

Table 3: How willing are you to pay for sustainability features in business properties?

<table>
<thead>
<tr>
<th></th>
<th>We would take account of this and pay more</th>
<th>We would take account of this but we would not pay more</th>
<th>We would not take account of this</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flexibility and polyvalence</td>
<td>55%</td>
<td>39%</td>
<td>6%</td>
</tr>
<tr>
<td>Energy and water dependency</td>
<td>50%</td>
<td>44%</td>
<td>6%</td>
</tr>
<tr>
<td>Accessibility and mobility</td>
<td>43%</td>
<td>51%</td>
<td>6%</td>
</tr>
<tr>
<td>Safety</td>
<td>24%</td>
<td>65%</td>
<td>11%</td>
</tr>
<tr>
<td>Health and comfort</td>
<td>47%</td>
<td>50%</td>
<td>3%</td>
</tr>
<tr>
<td>Sustainability generally</td>
<td>41%</td>
<td>56%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Question: Assuming that you are about to make a decision as to renting, purchasing or developing a property, what importance do you attach to the following sustainability features?

Source: CRESS 2009

11. e.g. obstacle-free building / wheelchair accessibility, construction method allows of flexible use, interchangeability and separability of components

12. e.g. energy efficiency, renewable energy, heat, no need for cooling in summer, use of rain water etc.

13. e.g. good connection to public transport, cycle parking places

14. e.g. location with regard to future natural disasters, measures to ensure safety of persons

15. e.g. comfort ventilation, internal noise pollution, daylight, radiation exposure, ecological construction materials
Willingness to pay a premium for sustainability features also depends on whether the decision relates to renting, buying or developing a property. In principle, willingness to pay is greatest in the case of development decisions (45%), followed by buy and rent decisions (40% and 38% respectively). This difference is particularly pronounced in the case of willingness to pay for low energy and water dependency: 58% and 53% respectively in the case of development and purchase decisions, but only 38% in the case of rent decisions.

“Sustainability makes financial sense too …”

“In all areas of its activity, ZKB is intensively concerned with sustainability, and is constantly endeavouring to harmonise successful economic activity with responsibility for the environment and society. In the management of our business properties, sustainability is implemented with the use of a rating system based on the SIA recommendation on sustainable construction and the aim of basing new builds and conversions on the MINERGIE standard. Thus ZKB has already succeeded in realising some new builds and conversions of business properties and branches in accordance with the MINERGIE standard. This is not easy to achieve in the context of the highly specific use of a building, or its age. As the owner, operator and also the user of these properties, however, ZKB takes the longer view. Any additional costs for sustainability measures will also be financially worth while over the entire life cycle of the property: more comfort in use, less exposure in terms of energy supply, and better preparation for any change in the law (envisaging stricter requirements).”
Findings

The present report contains firmly based new findings concerning corporate real estate as one of the most important production resources available to companies. On the basis of a survey of companies carried out throughout Switzerland, the following picture emerges of the CRE landscape:

- Medium sized and large enterprises in Switzerland normally have a large portfolio of business properties. On average a company will have 68 properties with a surface area of about 65,000 m². Two thirds of this space is owned by the company, and one third is rented on mostly long term leases.
- In spite of the current somewhat unfavourable economic environment, more than half of companies expect their spatial requirements to grow in the next 24 months. Two thirds of these companies are not able to cover their spatial requirements with the space available.
- Just under one fifth (19%) of companies hold some of their business properties under Sale and Lease Back agreements. 3% of companies assume that the proportion of their Sale and Lease Back properties will increase.
- About half of companies (47%) have experience in the outsourcing of property services. External support is most frequently sought in Facility Management, followed by Project Management and Transaction Management. The reasons for this are primarily the professionalism of the services provided (34%) and the reduction in work load and cost savings (each around 30%). Of all the companies asked, around one fifth (19%) are planning to outsource property services in the next 24 months.
- Outsourcing is most frequently planned in Project Management, followed by Transaction Management and Facility Management.
- In the context of buy and rent decisions, price naturally plays the most important part (99%), followed by general sustainability considerations and specific property features with a connection to sustainability, such as adaptable and flexible ground plans and proximity to public transport (all over 90%). Only then follow central location and infrastructure for motorised private transport (between 80 and 90%). The local tax rate (54%) and proximity to an airport (23%) come much lower. Sustainability considerations play a more important role for companies in German-speaking Switzerland than for companies in French-speaking Switzerland.
- About one third of companies address the issue of sustainability in their corporate real estate because they want to make a contribution to the environment and to society. Half do so out of economic interest, either because such a commitment contributes positively to the company’s reputation (33%) or because it is financially worthwhile (17%).
- Energy (93%) and (in connection therewith) CO₂ emissions (51%) are regarded as the most important aspects of sustainability, others being long term economic acceptability (42%), waste and health (37%).
- Only just under 6% of companies are not yet implementing any sustainability measures. Measures are most widely implemented in respect of waste: 74% of companies have introduced measures on an extensive scale
The majority of companies are of the opinion that sustainability does not cause any additional costs (65%). 25% even believe that the benefits of sustainability outweigh the costs. Only just under 20% believe that the costs outweigh the benefits. Companies assess this question in the same way, irrespective of whether or not they take sustainability into consideration when making specific decisions concerning business properties.

- 40% of companies are willing to pay more for sustainability. Willingness to pay more is particularly pronounced in the context of “flexibility and polyvalence” and “energy and water dependency” (55% and 50% respectively). Over 40% are also willing to pay more in the context of health and comfort (comfort ventilation, noise, daylight, ecological building materials) and accessibility and mobility (connection to public transport, cycle parking spaces). The willingness to pay in principle tends to be greater in the context of development and purchase decisions than with rent decisions.

Even though a very clear picture of the CRE landscape in Switzerland is emerging, many questions remain open, and many answers are still not entirely consistent, with many aspects still remaining somewhat unclear. In order to successively refine the picture, the CRESS survey should be continued on an annual basis. It will be very interesting to pursue the question of whether, as a result of the economic crisis, any changes become apparent in the context of the space used for corporate real estate, or the sustainability measures implemented. It will be interesting to observe both companies that are committed to sustainability and companies that are not clear as to what sustainability involves, or which believe that the costs outweigh the benefits, or that they do not have the necessary resources.
Methodology of the survey

The basis for this survey is a questionnaire sent to large and medium sized enterprises in German-speaking Switzerland and West Switzerland. Questionnaires were sent to the approximately 1,000 companies with 250 or more employees (full survey). In addition, a random sample of the approximately 5,500 medium-sized companies (50–249 employees) were sent questionnaires. In the context of the random sample, care was taken to ensure a representative distribution with regard to region (German-speaking Switzerland / West Switzerland), sector and size of company (differentiation within companies with 50–249 employees). The combined telephone and online questionnaire was carried out by Demoscope in April and May 2009. The addresses were made available by the Swiss Federal Statistical Office.

149 companies took part in the questionnaire. 78 completed the questionnaire in full and 71 in part. Companies with 250 or more employees, companies from West Switzerland, and companies from trade and industry, banks and insurance companies, as well as businesses concerned with education and training and public administration, tend to be over-represented, while the property and consultancy sector, trade, construction industry and hospitality sector tend to be under-represented. Overall the answers can be regarded as representative. The companies that answered the questionnaire have a total of 9,414 properties with a total area of 7.9 million square metres.
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