

BREEAM In-Use

2024

One way to make your building
more appealing to occupiers

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What is BREEAM?

The Building Research Establishment Environmental Assessment Methodology (BREEAM) is a certification used to assess and measure the sustainability credentials of a building.

There are five types of BREEAM certification depending on the lifecycle stage of the asset:

-  1 New construction
-  2 Refurbishment and fit-out (RFO)
-  3 In-use
-  4 Communities (master planning of new communities and regeneration projects)
-  5 Infrastructure

What are the benefits of BREEAM?

BREEAM is the most widely used and recognised green building certification currently in the UK market. It is globally highly regarded and recognised as the most widely implemented and long standing green building certification programme. Therefore, BREEAM certifications are the obvious recommendation to provide clients with a mechanism to improve the ESG credentials of their asset(s).

Knight Frank's Capital Markets Research team showed that green-rated buildings do indeed offer both rental and sales value uplift compared with non-rated buildings. That premium can reach 12.3% with a significant step-up in prime Central London office rents for the very highest green-rated buildings.

Regarding green financing, a number of lenders will not consider an asset unless it has a BREEAM certification.

For those reporting to the Global Real Estate Sustainability Benchmark (GRESB), a reporting entity can be awarded up to 8 points* based on the percentage of your portfolio covered by BREEAM certifications. For context, this sits with the Performance side of the GRESB Real Estate assessment in a section worth an overall 70 points.

Given the BREEAM family of certifications are recognised globally, your asset(s) will be understandable and attractive to a wider range of prospective parties.

* To pursue the available 8 marks, GRESB recognises 199 (global and local) green building certification scheme variants across design and/or construction, and operationally, which includes BREEAM certification types.

Premium can reach

12.3%

Focus on BREEAM In-Use

To remain competitive, real estate investors need to attract occupiers. Tenants are increasingly having far higher expectations around ESG and sustainability than they did, even two or three years ago. We would therefore recommend a BREEAM In-Use (BIU) assessment to ensure your asset(s) attracts and retains the best occupiers.

There are 2 options for the BIU assessment:



Asset
Performance



Management
Performance

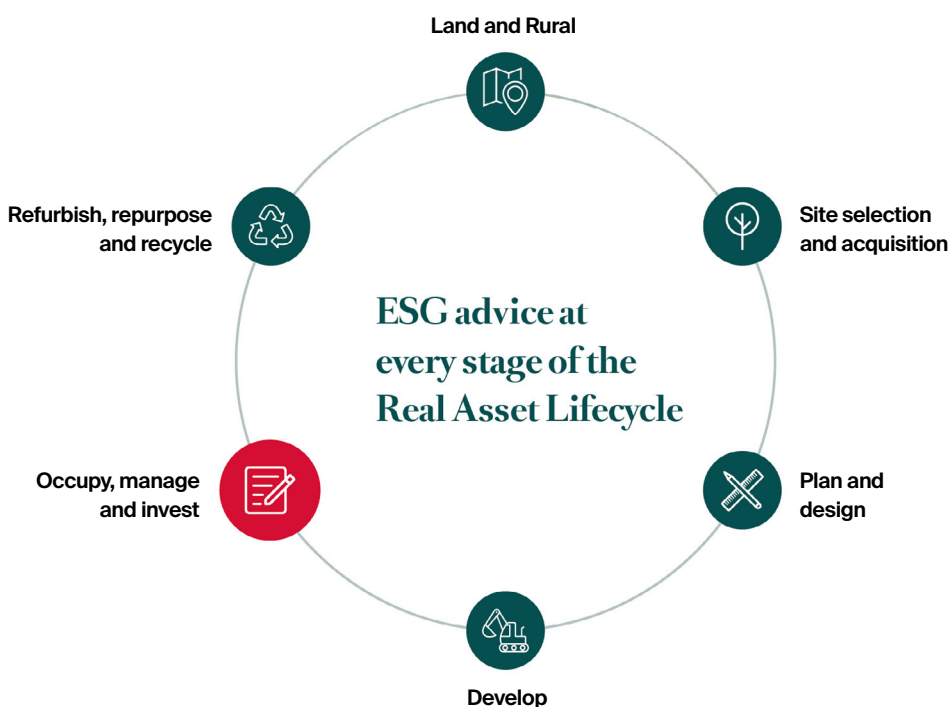
The BIU Management Performance assessment is a holistic assessment that places a large emphasis on health and wellbeing and management of the building rather than solely on energy and carbon performance. Energy usage forms part of the assessment but a BREEAM Excellent rated building is not necessarily the best energy performer.

BIU has categories focussed on both reducing waste and raw materials. For example, they prevent waste from being sent to landfill and limit the environmental impact of procured materials. The energy category looks to limit the use of fossil fuels as well as helps to foster occupant happiness by limiting the emission of pollutants to encourage clean air.

Overall, the framework helps to give your location an identity by attracting asset managers to your asset(s), whilst also being healthier for people and the planet, which can also contribute to your ESG strategy.

ESG at each stage of the Real Asset Lifecycle

We've purposely designed this cycle to help you identify the Knight Frank teams and services available to you. It illustrates how, no matter what your objective, our people can partner, advise and guide at every stage, helping to deliver your ESG strategies and goals.



So, what are the routes to BIU certification?

There are two fee structures specifically for BIU (see adjacent table). The first ('Essential' option) is a flat fee simply to submit to the BRE for assessment, to achieve an entry level building certification as acknowledged by certain ESG performance benchmarking assessments like GRESB, as well as facilitating green financing opportunities.

Options	
ESSENTIAL Base level Certificatoon	ACCELERATED Improvement pathway from "Good" to "Excellent"

A) Base Level Certification

Activity	<ul style="list-style-type: none">Advisory service to complete a basic BREEAM In-Use AssessmentBuilding Research Establishment (BRE) Fees
Detail	Collectively, fees include quality assurance, pre-submission feedback & submission processing

Timeline - Basic BREEAM In-Use Certification

Activity	Time (months)
Response to request for information and material collation	1 months
Submission to BRE, including pre-submission comments	2 months

* Note the flat fee applies across asset classes and asset sizes and includes in-house consultancy fees required to complete the submission.

'Accelerated' Certification

The adjacent timeline outlines an example breakdown to achieve a BREEAM In-Use (BIU) Management Performance rating of Excellent. The majority of buildings are likely to already have in place existing policies, processes and systems that can form a good basis on which to already fulfil a number of the required criteria.

The BIU process should be considered as a complement to an existing compliant EPC rating, rather than to act as a substitute or an enabler to achieving a better EPC rating. Basic energy performance factors such as LED lighting and renewable energy, amongst others, should be considered in conjunction with the BREEAM assessment. BIU certification can therefore be interpreted as an addition to an asset's ESG credentials, and not the sole certification/activity through which to try to improve its overall ESG status.

This scenario is based on a multi-let office building of 240,000 sq ft. Note, this scenario can of course be applied across asset sizes and sectors.

These costs cover management improvements to the asset, such as policy improvements and third-party environmental assessments. The assessment and associated costs do not cover whole asset upgrades that should already be part of an existing asset management plan, such as air source heat pump installation and PV installation.

Timeline - BREEAM In-Use; pathway to Excellent

Activity	Time (months)
Initial assessment of existing material and actions and its alignment with BIU issue criteria	2
Gap analysis & identification of additional issues to achieve desired rating	1
Completion of activities to fulfill issue criteria, including instruction of any third parties required	6
Review of submission and QA by third party	0.5
Submission to BRE, including pre-submission comments	2

'Accelerated' Certification Summary

Improvement Actions

- Actions to fulfil more credits to increase points score.
- Examples include:
 - Biodiversity & ecology assessments
 - Water recycling strategy
 - Climate-related physical and transitional reporting
- Points achieved can vary depending on which credits are chosen

BRE Fees*

Included within the fee

Project Management

Fees include quality assurance, pre-submission feedback & submission processing

Recommended Contingency

5% of improvement and BRE fees





BREEAM In-Use Example

In order to remain competitive in the leasing market, our client requested advice on how to improve their existing BREEAM In-Use certification level from 'Very Good' to 'Excellent' at their office asset in the City of London.

Knight Frank carried out an initial assessment, including a site inspection to assess the current status and obtain information from the on-site management team. Information related to the initial certification was shared and analysed, highlighting the areas for improvement and new issues to be fulfilled to achieve the desired rating.

Under the guidance of our in-house BREEAM assessor and input from the wider ESG Consulting team, Knight Frank supported the landlord and building management team on the completion of a number of surveys, advised on policies and ensured the BMS was optimised - just a sample of a wide range of actions provided on the basis of expert advice and extensive certification experience. The process was continually quality assured, ensuring the required activities were executed as per the planned strategy and required assessment timeline. In the case of this example, the project delivery was completed in under 12 months, with BIU certification achieved well ahead of the initial schedule. A great result for all parties, with the new BIU building certification assessment level a key enabler in leasing efficacy.

Following submission, the assessment achieved the desired outcome of being awarded BREEAM In-Use Excellent certification for part 2: Management Performance.

Get in touch to arrange your BREEAM In-Use Assessment today



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