

2015 GRESB Report Canada Snapshot

Introduction

In its 2015 [market preview](#), CB Richard Ellis research described the Canadian property market as poised for rapid expansion and potential transformation driven by demographic, economic and technological shifts; changes in business practices; and evolving employee preferences. Overall, recent Canadian market activity has been dominated by increasingly deep pools of capital seeking high quality investment property. These large-scale market dynamics intersect with critical environmental, social, and governance (ESG) considerations including energy, resilience, and health.

Energy use in Canadian residential and commercial real estate represents a significant cost and is a substantial source of environmental impact. Despite a 25% improvement in economy-wide energy efficiency over the last two decades, total energy consumption continues to grow in absolute terms with the building sector contributing 12% of Canada’s overall GHG emissions ([Environment Canada](#)).

Canada also faces climate-related risks and demonstrates an increased focus on climate resilience. Recent events have increased awareness about the [rising economic costs of extreme weather events](#) across Canada. For example, the 2013 “super flood” in southern Alberta was the costliest natural disaster in Canadian history with damage in excess of CAD 6 billion, including insured losses of CAD 2 billion. Research by TD Bank estimates that natural catastrophes will cost Canadians CAD 5 billion per year by 2020 and potentially CAD 21 to 43 billion per year by 2050.

There is growing awareness and interest in connections between built environments and public health and well-being. The Public Health Agency of Canada has recently issued statements raising awareness about implications of building design, construction, and operation for critical determinants of public health including physical activity, healthy eating, mental health, injury prevention, and health equity. The landmark study, [“Investing in the Health](#)

[of Canadians”](#), concluded that factors related to housing, indoor air quality, and the design of communities and transportation systems can significantly influence physical and psychological well-being. These statements and studies contribute to growing awareness of the role of buildings and communities in health and well-being.

In each of these examples, we find that buildings represent both a source of challenges and solutions to critical issues facing Canada. GRESB’s 2015 results provide insights into the on-going efforts of Canadian property companies and fund managers to navigate these complex environmental, social, and governance issues, while finding new opportunities to create value and manage short and long-term risks.

It’s prudent for businesses and policymakers to start thinking of the long-term implications of inaction, and place a larger emphasis on natural catastrophes when making investment decisions.
 TD Bank, April 14, 2014

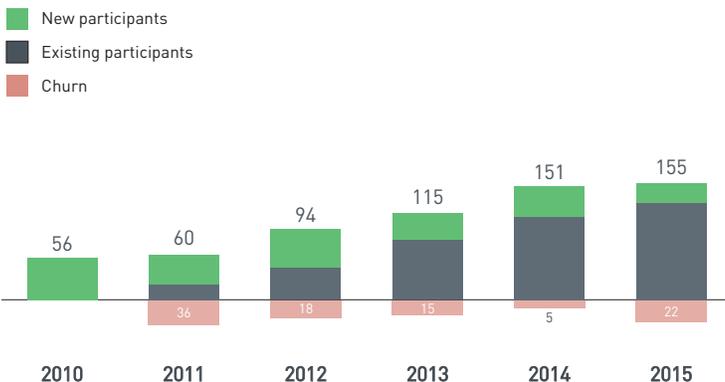
Response Rate

The 2015 GRESB assessment included 11 Canadian entities with a combined gross asset value of USD 96 billion. Canadian entities report holding 2,059 assets representing 39 million square meters of property. The five most common property types held by Canadian participants are office, retail shopping centers, residential, industrial (distribution warehouses), and hotels. Canadian private fund participants are distributed across multiple investment strategies including 91% Core and 9% Value-added.

The majority of Canadian participants report having a mixture of standing investments and new development.

- Standing investments only: 4 entities
- Standing investments and development: 7 entities
- Development-only: 0 entities

Response rate development - North America



“REALpac, as a leadership organization, has been actively engaging with our members and the broader Canadian commercial real estate industry to promote awareness of and best practices in sustainability. The GRESB Results serve as an important management tool for our members and their investors, and GRESB as a whole is a key partnership for REALpac in our mission to support and promote the growth of sustainability at the asset and corporate levels. We have been proud to see Canadian organizations leading in North America and globally in the GRESB rankings in the past few years. REALpac continues to encourage data collection and comparative benchmarking and applauds the Canadian leaders on their

Michael Brooks, CEO, REALpac

Regional Results

GRESB Scores

Overall, Canadian GRESB participants significantly outperformed global averages in 2015:

- Average GRESB score for all Canadian entities: 67 (global average 56)

On average, Canadian participants reflected global patterns with scores for Management & Policy exceeding those for Implementation & Measurement. Again, Canadian entities out-performed global averages in both categories:

- Management & Policy: 71 (global: 63)
- Implementation & Measurement: 65 (global: 52)



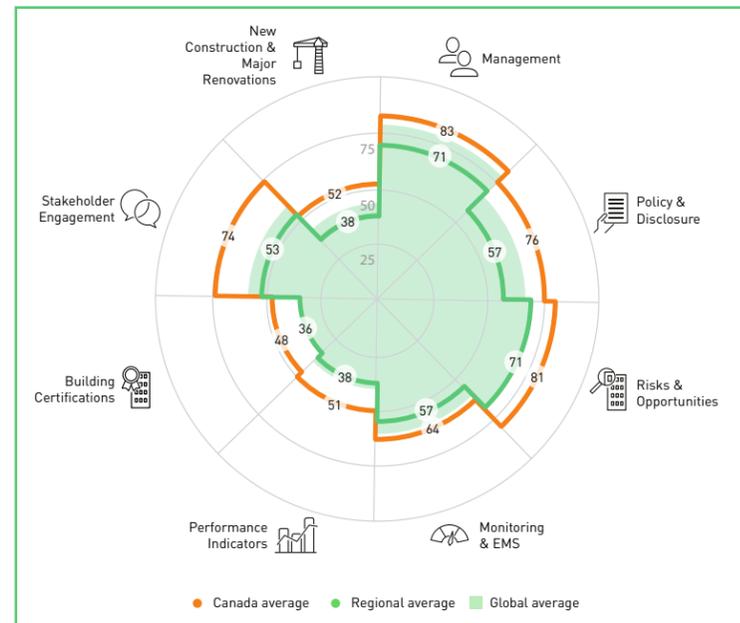
Quadrant Model

In 2015, Canadian GRESB participants aligned with global trends with a strong increase in entities recognized as Green Stars:

- Green Stars: 73% (8 entities)
- Green Walk: 9% (1 entity)
- Green Talk: 9% (1 entity)
- Green Starters: 9% (1 entity)

Certification Trends

Green building certification continues to be an important part of the Canadian commercial real estate industry. According to GBIG.org, Canada has a total of **6,207 third-party green building certifications**. The 2015 GRESB results indicate that LEED is the most common certification for design and construction. LEED and BOMA certification are both widely used for standing assets.



ESG Scores

The GRESB Score is broken down into separate scores for Environmental, Social and Governance (ESG) by mapping these issues to specific questions. As with overall GRESB scores, Canadian entities significantly outperform global averages.



Aspects Scores

The GRESB Survey is structured into seven unique sustainability Aspects, plus a separate Aspect

for New Construction & Major Renovations. The maximum score for each Aspect is the sum of maximum scores for each question in that particular Aspect. Canadian participants score very well in every Aspect, beating the global and U.S. average in all categories. Building Certifications had the highest level of out-performance, exceeding the global average by 37% and the U.S. average by 33%. Stakeholder Engagement and Performance Indicators were also strong, exceeding the global average by 28%.

Sustainability Trends

Energy

The 2015 GRESB data indicate that Canadian property companies and funds are taking broad-based action to understand and reduce energy-related costs and environmental impacts. Specific policies, actions, and monitoring reported for standing assets include:

- Energy policies as part of overall sustainability policies: 100%
- Provisions to monitor energy use in data management systems: 100%
- Data management systems aligned with third-party standards: 64%

Canadian entities conduct assessments to understand the condition of assets and identify opportunities to improve energy efficiency, such as:

- Third-party technical assessments: 100%
- Technical building assessments: 91%

In 2015, 91% of Canadian entities report implementing specific measures to improve energy efficiency, most commonly including:

- High efficiency equipment: 64%
- Building energy management: 44%
- Systems commissioning: 30%

In 2015, all Canadian entities set minimum energy efficiency performance requirements for new construction and major renovation. Specific energy efficiency measures include:

- High efficiency equipment and appliances: 84%
- Above code energy efficiency requirements: 71%
- Building commissioning: 61%

The 2015 GRESB data indicate these efforts have had tangible results, including:

- Average energy data coverage: 70% across all property types
- Like-for-like reduction in greenhouse gas emissions: -3.74% from 2014
- On-site renewable energy use: 2,311 MWh, a 10.6x increase from 2014

Canadian GRESB participants generated **2,311 MWh of on-site renewable energy**

Health & Well-Being

The 2015 GRESB results indicate that Canadian companies and funds are taking action to promote health, safety, and well-being. Measures reported for standing assets include:

- Evaluate employee satisfaction: 91%
- Specific programs to address results of employee satisfaction survey: 91%

In 2015, 100% of Canadian entities performed health and safety checks, including data collection with:

- Written surveys: 60%
- Physical health checks: 40%
- Work station checks: 90%

In 2015, 73% of Canadian entities reported monitoring specific health and safety indicators, including measuring lost day rate (75%) and absentee rate (13%). Efforts to promote health and well-being extend beyond employees.

- Monitoring community impacts: 55%
- Programs promoting community health and well-being: 30%

55% of Canadian GRESB participants address resilience as part of their sustainability policies

Climate Risk and Resilience

Recent events focused attention on the social and economic consequences of climate-related catastrophes. Research suggests these impacts and damages are likely to continue to increase, driven by increasing risk exposure and changing climatic conditions.

The 2015 GRESB results indicate participants take a variety of actions to understand risks and promote climate resilience. Specific policies, actions, and monitoring reported for standing assets by Canadian entities include:

- Environmental policies: 100%
- Climate change as a specific aspect of overall environmental policies: 45%
- Resilience as a specific aspect of overall sustainability policies: 55%

In 2015, 83% of Canadian participants reported risk assessments for new acquisitions, including:

- Natural hazard risks: 100%
- Climate change risks: 44%
- Socio-economic risks: 33%

Risk assessments for standing assets include:

- Natural hazard risks: 64%
- Climate change risk: 55%
- Socio-economic risks: 55%

73% of Canadian GRESB participants monitor specific health and safety indicators

Explore the 2015
GRESB Report



2013-2014 Consumption Change



North American Sector Leaders

Property type	Listed	Listed/Private combined	Private
Diversified		Bentall Kennedy Group (Private)*	
Retail		The Macerich Company (Listed)	
Office	Kilroy Realty Corporation		Government Building Fund - USAA Real Estate Company
Industrial		Lion Industrial Trust - Clarion Partners (Private)	
Residential		Equity Residential (Listed)*	
Hotel		Host Hotels & Resorts, Inc. (Listed)*	
Healthcare		Ventas, Inc. (Listed)*	
Diversified - Retail/Office		Oxford Properties Group (OMERS) (Private)	
Diversified - Residential/ Office		Multi-Employer Property Trust/MEPT Edgemoor - Bentall Kennedy Group* (Private)	

* Global Sector Leader

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