# Responsible Investing and Green Premiums in Commercial Property

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Responsible and sustainable investing is increasingly shaping investment decisions and asset performance across Australia's commercial property market. As tenants, investors, and regulators prioritise lower emissions and energy efficiency, the link between environmental performance and financial outcomes – often referred to as the "green premium" – has become more pronounced.

Recent research indicates that office buildings with a 5-star NABERS Energy rating or higher can achieve rental premiums of 4–10% and experience vacancy rates up to 50% lower than non-rated assets. Similarly, industrial and logistics assets incorporating solar generation, water recycling, and sustainable design are attracting strong tenant demand and valuation support.

The shift is also being reinforced by capital markets. Lenders are increasingly favouring assets with strong ESG credentials, often offering green finance incentives such as margin reductions or improved borrowing terms. At the same time, investors are conscious of the "brown discount" – the risk of accelerated obsolescence and higher capital expenditure for assets that fail to meet evolving sustainability standards.

At Corval, sustainability is both a responsibility and an opportunity. We continue to integrate ESG principles into our investment decisions as well as our asset management and development strategies, targeting initiatives that enhance operational performance, reduce emissions, and drive long-term value creation for investors. In addition to being a signatory to United NTIONS Principles of Responsible Investment, Corval are committed to achieving carbon neutral certification on our managed property portfolio as well as a net zero target that aligns with the national framework in Australia.