

# TRANSPARENCY

## in BUSINESS SPACE

Madrid

### SUSTAINABILITY - TOP OF THE AGENDA

The global pandemic of 2020 has cut greenhouse gas emissions by 17% (source: [Nature](#)), encouraging us to reflect on sustainability.

The capacity of the sector to face up to climate change is illustrated by identifying all of the offices in Madrid with energy ratings.

This analysis compares certified and uncertified buildings of similar specification in order to identify the differences in rents and re-let times\*.

As detailed below, evidence of rent differences has been found in the Madrid market.

In the case of re-let times, it is possible to conclude that certifications contribute to the shortening of these.

### DIFFERENT LABELS, SAME GOAL

Worldwide, the most extensively employed environmental certifications in commercial real estate are LEED and BREEAM\*.

BREEAM originated in the United Kingdom in 1990 and now covers more than 50 countries. The procedure evaluates, among other aspects, water and energy consumption, emissions and materials, assigning five ratings which run from Pass to Outstanding.

LEED originated in the USA, where it was established by the USGBC\* in 2000. This rating system has been deployed in more than 160 countries and 79,000 projects. The assets are rated by means of the long-term analysis and monitoring of performance and continuous reporting. LEED provides for four levels of rating: *Certificate*, Silver, Gold, Platinum

\*This comparison of properties has been carried out without taking into account the location of each asset, the features of the buildings taking precedence.

Given that there are buildings lacking environmental certification on the market, the quality of office properties is not restricted to energy and environmental ratings.

### WHAT ARE THE BENEFITS? ENVIRONMENTAL CERTIFICATION CONTRIBUTES TO:

- ✓ **Clear differentiation of a project within the market.**
- ✓ **Attraction of firms, reducing vacancy levels.**
- ✓ **Reductions in operating costs, consumption and emissions.**
- ✓ **Positive impacts on the local community.**
- ✓ **The amortisation of investments in sustainability.**

### BREAKDOWN OF CERTIFIED FLOORSPACE

The amount of certified space is greater outside the central part of the city rather than within the M-30 ring road. This demonstrates the commitment of developers and investors to increasing the competitiveness of their properties.

It is important to bear in mind that in recent years the delivery of new build floorspace outside of the M-30 has been much greater than within the CBD.

Nevertheless, the geographical barriers of office sub-markets are coming down and competition is gradually widening with buildings in different areas.

Within this new setting and bearing in mind the international profile of multinational firms who wish to set up their head offices in the capital, office letting dynamics are entering a phase of "speaking a universal language" through the use of certification

By virtue of being a differentiator, energy and environmental certifications have become standard for newly constructed buildings.

The lack of this type of accreditation would nowadays represent an exception.

Office buildings with energy ratings are aligned with the corporate social responsibility policies of businesses. This translates into shorter re-let times in comparison with equivalent, uncertified buildings.

## BREAKDOWN OF CERTIFIED FLOORSPACE BY AREA

OFFICE STOCK	CBD	CITY CENTRE	DECENTRALISED	OUT OF TOWN	MADRID TOTAL
% OF BUILDINGS	17%	8%	22%	14%	15%
% FLOORSPACE	35%	17%	42%	21%	30%

Floorspace with environmental certification represents some 35% within the area of the CBD. This percentage appears relatively low bearing in mind that the buildings along the Paseo de la Castellana boulevard are predominantly high specification.

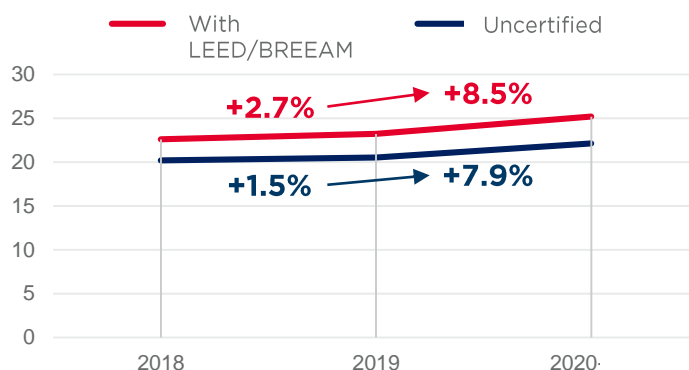
Within the Decentralised area, the office floor area covered by Breeam or Leed ratings amounts to almost half of the space. Highly consolidated sub-markets such as the Campo de las Naciones, Las Tablas, Avenida de América and Manoteras have witnessed significant growth in sustainability certification over this past cycle. Almost a fifth of the floorspace on the periphery is in compliance with high sustainability and energy efficiency standards.

## THE IMPACT OF CERTIFICATION ON RENTS

There is a difference of some +10% in favour of buildings that possess environmental certification **(Figure 2)**. In addition, it is noted that the difference in rents has remained consistent over time **(Figure 1)**:

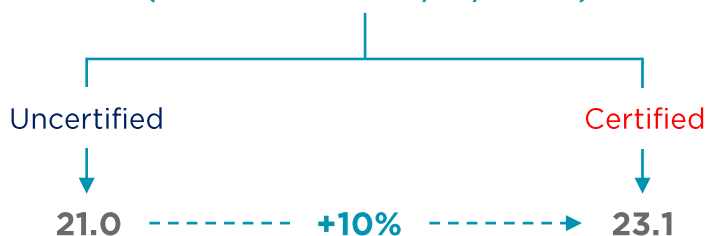
- In 2019, certified office properties achieved rents some 1.2 percentage points higher than those of similar characteristics, though lacking certification.
- The first half of the year saw an average figure some 0.6 percentage points greater for certified offices.

**Figure 1**  
**TREND IN AVERAGE RENT (€/sq m/month)\***



\*Deals registered by Cushman and Wakefield 2018-Q2 2020

**Figure 2: Conclusion**  
**GRADE A BUILDINGS – Average asking rent (2018 – 2020 Q2 - €/m²/month)**



For further information on C&W Research & Insight, contact:

**Daniel Caprarin**  
Senior Research Analyst  
daniel.caprarin@cushwake.com

**Marta Escalapes**  
Associate Director  
marta.escalapes@cushwake.com

**Ramiro J. Rodríguez, PhD**  
Associate Director  
Head of Research & Insight - Spain  
ramiro.rodriguez@cushwake.com

**Media contact**  
Jenny Pizarro  
Partner  
Head of Marketing & Communications  
jenny.pizarro@cushwake.com

©2020 Cushman & Wakefield LLP. All rights reserved.  
cushmanwakefield.es

@CushWakeSPAIN



### DISCLAIMER

This report contains publicly available information which has been prepared by Cushman & Wakefield on the basis that this is accurate and complete. Cushman & Wakefield accepts no liability whatsoever should this not be the case. No warranty nor representation, either express or implicit, is made with regard to the accuracy or completeness of the information herein, this being subject to errors, omissions, changes in price, rent or other conditions, retraction without prior notice and any other special condition imposed by our directors.