



CREM – SUSTAINABLY FIT FOR 2030

To achieve climate neutrality, European corporations are planning climate protection measures worth billions. But is that enough? Principles such as "efficiency first" and "stop separating real estate from core business" are important fundamental elements. Climate neutrality can only be achieved by taking into account the entire real estate portfolio, including the building users. Corporate Real Estate Management (CREM) plays a decisive role in this process.

STATUS QUO: CLIMATE PROTECTION GOALS ARE SET

About 1/3 of the energy consumption in Germany is caused by the building sector, a large part of it by corporate properties. Due to numerous agreements and laws, the pressure on CREM to act is constantly increasing. The origins of all measures include the Paris Agreement and the German Climate Protection Plan 2030.

“Major threat of climate change is the confidence that someone else has the solution“

And time is running: The longer a company waits with specific climate protection measures, the more time-critical, cost-intensive and challenging these measures will be in the future.

Corporates must therefore fulfill their social responsibility now and implement measures to reduce their global greenhouse gas emissions to net zero as quickly as possible.

“Climate protection pays off“

Resource-saving value creation not only makes sense for environmental reasons, but also pays off economically for companies through lower resource consumption. Climate protection measures must be implemented and realized holistically across all corporate divisions. CREM is an important and unavoidable lever here.

AIM: THE CLIMATE-NEUTRAL LOCATION

At an operating site, the resources of humans, machines, materials and real estate come together. This complex system has to be optimized while maintaining the original operating and performance capability in order to finally achieve climate neutrality.

Three levers are available to reduce the CO₂ footprint:

- Increase of resource efficiency
- Sustainable supply of resources
- Compensation measures

These levers are to be used with descending priority, so that the following principle is always followed:

“Efficiency first“

Within these three levers, a large number of measures can be derived and numerous **challenges** arise when identifying them:

- **Global and fragmented portfolio**
Globally dispersed and in part very small real estate assets without access to local know-how (e.g. service, sales or logistics sites)
- **Rental sites**
Dependence on the willingness of the building owners to cooperate

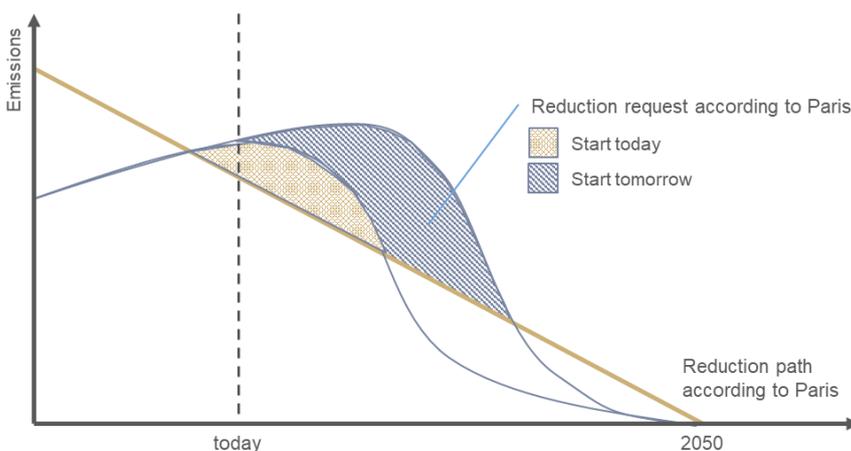


Figure 1: Reduction demands over time



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Complexity and interdependence

Complex dependencies of the services offered (space and services) on a highly sensitive operating and manufacturing process (core business)

Lack of data basis

Often insufficient data base on environmental impacts (energy consumption, emissions, large consumers, etc.) of the properties and facilities in the portfolio

Lack of acceptance

Lack of acceptance of measures due to central CREM instructions; lack of traceability for property users; no acceptance and consistent implementation on site

Heterogeneous services

Extensive repertoire of services, some of which are provided by external providers; highly individualized locations

Internal conflicts of interest

Corporate functions follow divergent interests and goals

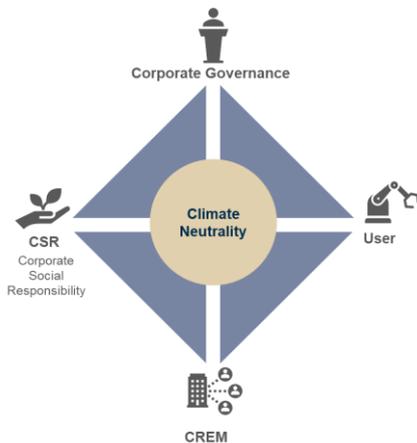


Figure 3: Climate neutrality in the area of tension

Fair allocation of emissions

Partly not possible or very resource-intensive identification of the actual in-house consumer; insufficient allocation of the corresponding emissions

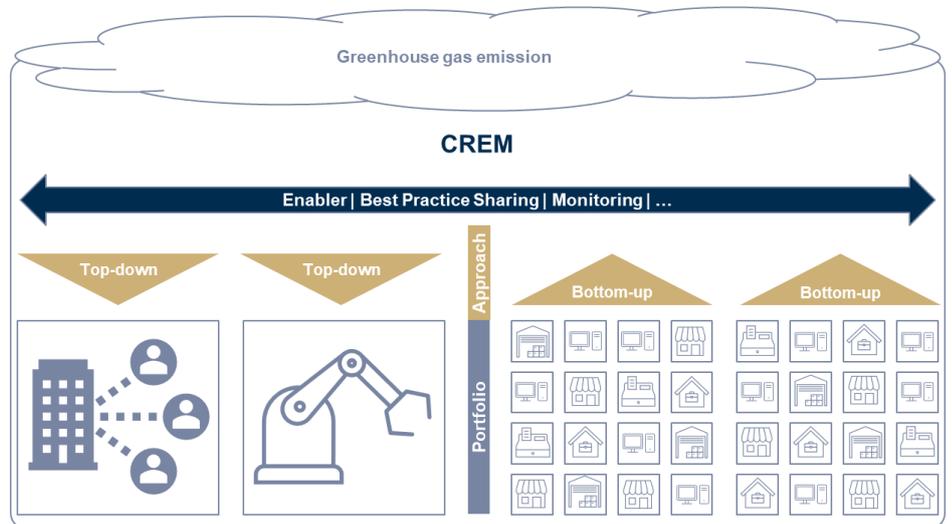


Figure 2: Hybrid TME project approach

CREAM: THE CLIMATE PROTECTION ENabler

CREM has a special responsibility in corporate climate protection, because...

“...around 50% of energy efficiency measures are building-specific“

However, CREM only acts in the role of an "enabler". TME project experience has shown that competing target agreements between different corporate functions can have a significant impact on the climate protection process. Therefore, only the building users should be controlled by specific climate protection targets. CREM provides significant support in achieving these goals.

“The only thing that leads to the desired result is the target of the building users“

Through appropriately ambitious target definitions, building users are forced to demand appropriate measures in the building sector, for which CREM provides the necessary methods, instruments and know-how.

Challenge „Conflicts of interest“



Especially at production sites, the emissions of the property cannot be clearly differentiated from those of the building user. But the one-sided target approach makes this unnecessary.

“A differentiation of emissions between property and user makes no sense“

Challenge „Emission Allocation“



HYBRID PROJECT APPROACH

A classic corporate portfolio consists of a few large locations (headquarters | production sites) and countless small sites.

“The entire real estate portfolio must be considered to achieve climate neutrality“

With such a heterogeneous structure of the real estate portfolio, TME's experience has shown that only a hybrid project approach consisting of a classic top-down approach and a bottom-up approach ("TME Swarm Approach") is effective.



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TOP-DOWN APPROACH

The classic top-down approach is applied when the site has a

- professional real estate management,
- technical know-how on site,
- high data transparency (area, emulsion data etc.) and
- if applicable, energy/environmental management system

In such a case, top-down and holistic consumption and emission reduction potentials can be identified and leveraged for the entire site.

TME supports corporates in this process with a market practice approach:

- As-is survey, portfolio analysis
- Emission- | consumption transparency
- Site visit | On-Site Interviews
- Efficiency workshops and benchmarking
- Identification of measures and description
- Roadmap and monitoring

A combination of classic top-down and TME swarm approach is recommended in order to maximize the potential of the entire portfolio.

TME SWARM APPROACH

The TME Swarm approach is applied at the remaining, decentralized and smaller sites, which enables potential to be identified and exploited even without professional property management structures.

The Swarm approach is based on the insight that the most important information for efficiency measures can be collected by local participants. Instead of costly and time-consuming collection and evaluation by third parties, the affected employees directly contribute their ideas for efficiency measures. Consistent project communication enables the cross-location comparison of all measures. In this way TME achieves:

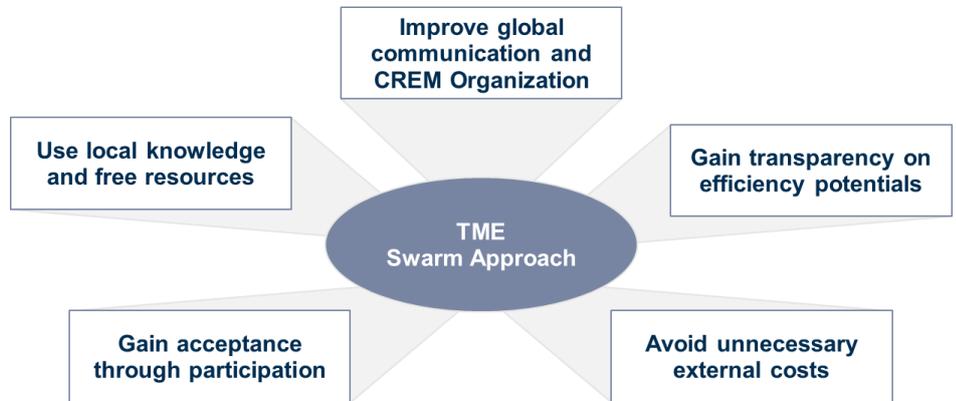


Figure 4: TME Swarm approach

- Consideration of all locations even without professional real estate management structures on site

Challenge

„**Fragmented portfolio**“



- Use of in-depth know-how on site to identify efficiency measures despite high complexity

Challenge

„**High complexity**“



- High speed, as complex and cost-intensive data collection is no longer necessary
- Identification of efficiency measures when data transparency is lacking

Challenge

„**Data basis**“



- High acceptance of the affected employees through project participation instead of top-down instructions

Challenge

„**Lack of acceptance**“



- Consideration of the individual local services of a site by using local know-how

Challenge

„**Services**“



- Best practice sharing as an exchange of experience between sites; implementation of suitable measures in the portfolio
- Increased popularity of the central CREM at the decentralized locations and acceptance of later central specifications and recommendations

The project approach developed by TME allows the development of an effective climate protection strategy in a portfolio with many decentralized locations. The following structured approach ensures a successful implementation:

- As-is survey, portfolio analysis, determination of the baseline
- Planning of communication, motivation and initialization of the swarm
- Activation of the swarm and collection of ideas
- Development of measures and evaluation of potential
- Implementation plan and monitoring

At rental locations, many climate protection measures can only be implemented in cooperation with the landlord. Therefore, TME offers a further effective instrument with the implementation of the sustainability strategy in the Proactive Lease Management.



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PROACTIVE LEASE MANAGEMENT

As part of prolongation negotiations with the landlord, climate protection measures such as energy efficiency improvements can be contractually agreed and implemented.

Challenge
„Rental sites“



This makes it possible that necessary climate protection measures can be implemented regardless of the ownership structure.

CONCLUSION

Through structured and holistic implementation, it is possible to move beyond the phase of flagship projects and develop and promptly implement a real, company-wide climate protection strategy.

“CREM is the key enabler in the company“

Companies must now fulfill their social responsibility and set the course for a successful and climate-compliant future.

With its hybrid project approach, TME provides the necessary tools, methods, resources and know-how.

Feel free to contact us!

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TME Associates

TME is an international management consultancy focusing on Real Estate Management and Brands & Retail. Founded in 2011, we advise corporates, investment & asset managers, investors, housing companies and service providers along the entire real estate value chain.

Our consulting approach is as sustainable as it is holistic: from strategy to organization to implementation.

Around 50 employees work at TME's German-speaking sites in Munich, Frankfurt and Zurich. TME Associates also has international offices in China, Korea, UK and USA.



Awarded

TME Associates is the winner of the immobilienmanager-Awards 2020 in the sustainability category.

Together with the "Deutschen Unternehmensinitiative Energieeffizienz e.V". (DENEFF) and agradblue GmbH, TME Associates was awarded the **immobilienmanager-Award 2020**. The **data concept for more climate protection in commercial properties** convinced the jury in the category "sustainability". The jury praised the cross-industry, open approach: "The data model is not tied to any one provider and offers all real estate stakeholders valuable control indicators. An important step on the way to climate-neutral building stock".

