

GOING BEYOND GREEN: THE EVOLUTION OF SUSTAINABILITY POST COVID-19

Zain Jaffer - Jun 22, 2020, 12:07 pm



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Change is in the air. It's in the open roads, the sometimes-smogless sky, and the number of people across the globe seeing stars for the first time in years. It's there in repopulated areas of wildlife, bluer rivers and lakes, and the collective easy breath of clean air enjoyed, for now, by city-dwellers everywhere.

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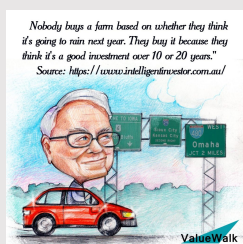


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These short-lived signs of environmental reprieve, resulting from the universal reduction in activity since COVID-19, are not to be mistaken as permanent. Experts everywhere are warning us that to resume our day-to-day 'normal' will be to resume the path we've been on toward irreversible damage to our planet.

Warren Buffett's Annual Letter: Mistakes, Buybacks and Apple



Warren Buffett published his annual letter to shareholders over the weekend. The annual update, which has become one of the largest events in the calendar for value investors, provided Buffett's views on one of the most turbulent and extraordinary years for the

financial markets in recent memory. Q4 2020 hedge fund letters, conferences and more [Read More](#)



Still, these changes are massively important. As by-products of the pandemic, arguably the defining event of this generation, the impact of these subtle silver-linings is hard to understate. Change and challenge go hand in hand, and something as simple as a first glance of the big dipper can forebode significant shifts in the market.

It surely wouldn't be the first time. The history of the real estate market is the history of adaptation. The long corridors and many rooms of Victorian housing, reflecting a need to demarcate servants' quarters, quickly evolved to the open floor plans of today which solidify our stance against such formality. Moreover, the history of well-known artists working out of old factories in major cities, the only spaces available to them before their fame, has popularized the

factory design as the default for co-working spaces and trendy office interiors.

Understandably, smart investors have their ears pressed firm against the market amid the watershed events of the last few months. They're listening for the changes these clear skies will beget, and adjusting their long term portfolios to reflect what they hear.

Sustainability Is The New Anthem

More than ever before, health is driving market competition and [investment](#) appeal. Consumers have reconsidered every inch of their routines, and their expectations for the spaces they frequent have reached new heights. People are especially interested in innovations addressing air quality, air filtration, water use and pathogen eradication. Temperature control systems, for example, should now be able to report on the quality of the air, clean it if necessary, and filter any air coming from outside.

Now the impact of the above silver linings: people aren't willing to sacrifice environmental neutrality for efficiency. A larger environmental footprint, even if it solves these problems, is a net loss for a tenant and for an investor. As we've witnessed the fragility of many of our systems, the changes we make in response need to feel sustainable.

Recent environmentally conscious innovations, such as LED lighting, solar power, high performance windows and wall insulation will continue their rise in popularity. New conversations around geothermal walls, and wells as efficient water sources, will increase in their urgency. Such features are quickly turning from assets to necessities, and it's important for investors to take note.

Seeing Will Be Believing

The pandemic has brought health to the center of public discourse. Safety and sustainability were once behind the scene considerations — matters of policy discussed between government, architects, and contractors. Now, it's all anyone can talk about.

More investors are asking for Global [Real Estate](#) Sustainability Benchmark (GRESB) reports, and considering GRESB standards as they sculpt their portfolio. And now tenants themselves are speaking that language, inquiring about WELL Building Standards and finding value in the ins and outs of sustainability solutions.

Employers choosing to bring their teams back into office spaces have new responsibilities, and tenants in multifamily buildings share the same concerns. Not only do solutions need to be in place, they need to be evident, easily conveyed and easily understood. People are looking for the reports and the receipts that serve as proof of innovation and adaptation. Investing in buildings that are rising to the occasion will make for a portfolio that's all the more relevant in the emerging market.

Beyond Green Building: Human Sustainability

The human side of sustainability is new to the conversation, and it's quickly become one of the most important forces as we watch the post-corona market take shape. As business activity has moved away from the high-stress, high-density office environment and toward the comfort of people's homes, the human experience behind building design is being rapidly reconsidered.

To justify a return to office space, tenants are seeking changes that prioritize the health of their teams. Small areas for meditation, more room around each desk, and more access to outdoor space; these are the dominant forces shaping post-corona building designs.

Additionally, investments in technological infrastructure that make it easier to work remote are all the more important, as employers seek to strike a balance between time at the office and time at home.

Tenant-driven adaptations are important ways of acknowledging the gravity of what we've all been through. The buildings that are designed to support and prioritize the human side of sustainable living will be the ultimate assets to any portfolio as the new market emerges.

Investors today are facing an inflection point. After a near global moratorium on non-essential construction, there will be a resurgence in new buildings and new designs. Employers and tenants, as they gain their footing, will be reconsidering the utility of the spaces they own, and making new purchase decisions within the next few quarters.

Efforts toward sustainability are being rewarded across all segments of the market. People are taking a stand for health and safety. The choice to invest in green building, real estate that is sustainable for both the planet and its people, has never been so easily made. Maybe one day, with sustainable portfolios and environmentally neutral spaces, investors and tenants around the world will sleep soundly under star-studded skies.

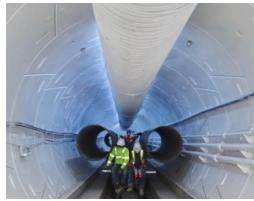
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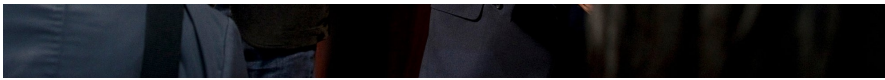


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