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## More office developers, business tenants catching on to 'green' building trend

'Green' architecture and design is the rapidly growing trend when it comes to the construction of new office buildings in Thailand, with such buildings capable of fetching rental rates that are between 10 and 20 per cent higher than those for normal office space, say property experts.

Aliwassa Pattanathabut, managing director of CB Richard Ellis (Thailand), said office tenants now increasingly prefer LEED (Leadership in Energy and Environmental Design)-certified buildings, especially if they have a policy to undertake LEED-certified interior fit-outs, which more companies are doing.

Multinational companies such as Citibank, Unilever and L'Oreal have all completed LEED fit-outs in their Bangkok offices, and all new Starbucks retail branches will have LEED-certified interiors.

Thai companies have also undertaken LEED-certified fit-outs, and Kasikornbank achieved LEED CI v2.0 Gold certification in 2011 for its Phaholyothin headquarters project.

People are most familiar with LEED for New Construction or Core and Shell certification applying to new building projects, the latter being intended for buildings that will be rented to multiple tenants that will conduct their own interior fit-outs.

A number of office buildings with LEED Core and Shell certification already exist in Bangkok. Park Ventures and Energy Complex have achieved LEED Platinum status, and Sathorn Square and the recently completed AIA Capital Centre have both secured LEED Gold certification, she said.

Golden Land Property Development president Thanapol Sirithanachai, who was formerly president of Univentures, which developed Park Ventures, said that when an office building is developed under the LEED concept, and is certified as such, multinationals and larger Thai-based tenants face a cost challenge to select such a project over a normal office building, as the building owners can charge rental fees that are 10-20 per cent above normal, depending on the location.

Meanwhile, the cost of constructing a green building under LEED is also higher than normal - some 10-20 per cent so, depending on whether Silver, Gold or Platinum certification is being sought, he said.

At present, most multinational firms expanding investment overseas, including in Thailand, have a policy to find a green office building from which to operate, rather than a building of traditional design and construction, despite the fact that they have to pay more for the privilege.

This is because a green building offers a work and surrounding environment that leads to greater efficiency and well-being among their employees than if they were housed in a normal building, he explained.

Following this trend, Golden Land's new office building, the Bt5-billion FYI Centre, has been designed under the green-building theme and is subject to an application for Gold certification from LEED, said Thanapol.

While it is costing about 10 per cent more than normal to construct, FYI Centre will be able to fetch rents that are some 10 per cent above the normal rate for the area around Rama IV Road.

This presents a cost challenge for both domestic and multinational firms wishing to rent space in a certified green building, he added.

FYI Centre, which is designed to have 90,000 square metres of usable space, targets a monthly rental price of about Bt700 per square metre when the project opens next year.

Meanwhile, TCT-owned Pearl Bangkok, which will house the 30,000-square-metre head office of Pruksa Real Estate, is another office building designed under the theme of green and intelligent building.

Thongma Vijiitphongpun, president and owner of TCT and also a major shareholder in Pruksa Real Estate, said the theme would enable the building to achieve LEED Gold certification because of its ability to provide the best work environment for its staff.

Up to 60 per cent of the office space of 30,000 square metres will be rented by Pruksa, and the remaining 12,000 square metres will be open for rental by other companies or organisations for between Bt750 and Bt800 per square metre.

With its green building design, Pearl Bangkok can charge higher rental fees than other office buildings in the same location, but tenants will benefit from a better environment over the long term, while their employees will have a healthier environment in which to work, he said.

Aliwassa added that it was not only new buildings that could be certified as green, as older buildings could be updated and renovated to achieve green-building status.

This would offer yet more opportunities for office tenants to rent space at a time when the country is targeting being a headquarters hub for the region when the Asean Economic Community comes into effect at the end of this year, she said.

"Most multinational firms that expand their investment in the region have a policy to rent green office space as the first priority. When office owners are interested in new green building or renovating their office space as a green building, that will open up business opportunities to get these tenants and also generate higher income over the long term," she added.

