



# How occupiers are driving a new era of sustainable real estate

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We always felt that as building owners, doing something positive for the environment was not just a responsibility; it was also an opportunity. Back in 2003, when we bought our first building, we didn't quite know what that was. But then I came across an environmental charity that was looking for sites in central London to create green roofs. We'd just bought our second building on Gray's Inn Road, which had an accessible flat roof. So we said we would give them the space – if we could work with them on creating it.

In addition to the green roof, we also incorporated rainwater harvesting, and greywater recycling, and solar panels to heat the water in the building; we used flow restrictors on taps and recycled rubber tyres to make flooring.

And it had an immediate impact. When potential tenants would come to see the building, one of the first things we'd show them was the roof – and it was always so unexpected and so positive. People got a vicarious benefit from it: it was a way for them to make a statement about who they were. And of course we got the benefit of them coming to our building.

A lot of people were thinking about the environment back then, but they were doing it in a way that was quite superficial. What we realised was that doing something real and tangible could really benefit your business – you could see a commercial gain by doing your bit for the environment and the planet. That was quite a revelation.

#### Buildings that change mindsets

When the global financial crisis hit in 2008/9, the environment took a back seat. Lots of people stopped thinking about sustainability, and the financial pressures took priority.

By contrast, what's interesting about the post-pandemic period is that despite the financial impact, sustainability has remained front and centre. In fact, if anything, it has become even more important to occupiers.

When we started out, we were trying to influence people: they didn't know they were coming to see a green roof, but we'd show them and they would buy into the office building because of that. Now they're saying: "These are the things we want from our office building" – and one of the first things they want is a genuine sustainability agenda. It's a critical part of their decision-making process.

As The Office Group grew, we started leasing rather than buying, so we could scale more quickly. But then it's harder to do the things you want to do, because you don't own the building. After such a strong start, we went through a period of not doing enough. So as we began to ramp it up again, we started thinking about how we could really make a statement. Because this is not just about reducing carbon emissions; it's also about shifting mindsets. It's saying to people: we want you to think about the environment. And if you want to drive this kind of behavioural change, you need to do something meaningful.

At this point we acquired a small warehouse building in the middle of Shoreditch (Black & White), which had an existing consent to be re-developed into a standard glass and steel City building. Having been based in Shoreditch for a while, we just felt that was completely wrong for the local market. So we started to interrogate different construction methods, and we came across timber.

The use of timber is becoming more common in construction, but it tends to be in hybrid structures, where you have a concrete and steel frame, and clad it

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with timber. We decided to have a 'mass timber' building – so everything is made from cross-laminated timber and laminated veneer lumber, from the core, to the columns, to the beams, to the slabs. So you have this really warm, textural element to the building, and it looks beautiful.

Building this way does have its challenges. But we felt it was a really powerful statement. What we're saying is: you can build in this way, and in fact you should build in this way – because of the reduction in carbon emissions, and the impact on the environment. It's so exciting to be able to say that.

#### Time to listen to occupiers

For too long now, the real estate industry has not done enough on sustainability. I think too many people have been stuck in an old-fashioned landlord/tenant mindset. We need to be thinking more about the service we are providing for occupiers.

The pandemic was a really challenging time for the office sector. And if employers want staff to come back to the office now, they need to give them a compelling reason to do so. That means creating the most flexible, the most beautiful and the most sustainable buildings that we can.

Technology has an enormous role to play here: it's still early days, but as that becomes more affordable and accessible, it could have a big impact. Either way, as an industry, we need to be developing, constructing and operating buildings in the most sustainable way possible.

You can do that through refurbishment: not just by improving BREEAM ratings, but also by thinking about

areas that are identifiable by the people taking our space, like health and wellness for example.

Equally, it's exciting to create new buildings – like Black & White – using timber, or hybrid structures, or rammed earth. I think all these methods will become mainstream; they'll have to. They still feel a bit risky because they're new – but the risks aren't as great as some people in the industry think. So I hope that we continue to build in that way, and that others do the same.

At the moment, occupiers are leading this charge. But they shouldn't have to. It should be the real estate industry – the creators and providers of space – who are leading the way. Funders need to get comfortable with providing debt to fund new methods of construction. Investors need to get comfortable with the associated benefits and risks. Right now, there's still too much fear around all this. And we need to overcome this if we want to bring about wholesale change.

*Charlie is Co-CEO of The Office Group (TOG), which he founded in 2003 with Co-CEO Olly Olsen. Charlie is responsible for the growth and real estate side of the business, identifying and acquiring new buildings and leading the delivery of the schemes.*

*Charlie started his career in commercial agency, qualifying as a Chartered Surveyor at Colliers International, on the graduate rotation programme. He then left to join property company MWB Group Plc, working on office developments and their serviced office subsidiary.*



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