

From disclosure to benchmarking – context is everything

More detailed data disclosure and transparency or benchmarking and context, or both? This is the question we have been grappling with here at Derwent London over the past few years.

As the world of ESG reporting continues to mature and investors seek clarity on how businesses like ours approach managing these issues, the need for data, quantification and absolutes becomes increasingly sought after. This isn't surprising and is entirely expected – how, after all, can you make a judgement without some kind of data or narrative? At Derwent London we have spent a number of years embedding the right processes and tools which allow us to extract all kinds of building data so we can monitor performance, demonstrate how our portfolio performs and inform our stakeholders.

However, in doing all of this and becoming ever more sophisticated in our data acquisition and analysis we feel that context is vital – you need the bigger picture to help make judgement calls.

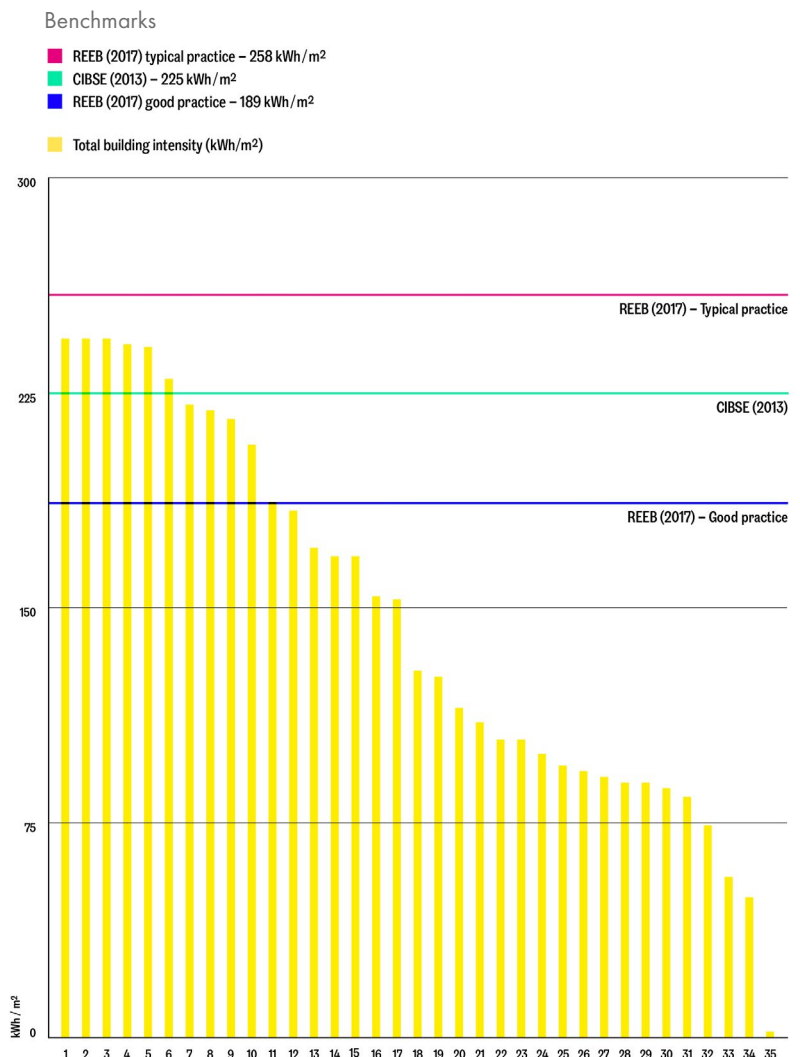
So, for 2018 we have started on a slightly different data journey, one that maintains all our usual high levels of transparency, breadth and depth, but also includes greater context, in particular, external context. We wanted to test how our managed portfolio performs from an energy perspective against industry benchmarks and so, this year, a new element of our reporting showcases our individual buildings and their relative energy intensity performance – rather than just looking at the whole portfolio intensity as one entity.

We decided to compare against both the 2013 CIBSE Guide F and the 2017 Better Buildings Partnerships Real Estate Energy Benchmark (REEB) to get an idea of how our buildings compare. We used total building (landlord and tenant combined) energy intensity as our comparison metric which is calculated by taking the individual buildings whole energy use (electricity and gas combined kWh of usage), and dividing this by the gross internal floor area (m²) to create a normalised or intensity ratio of energy consumption over floor area.

We chose gross internal floor area (GIA) as our denominator, as it provides a clearer representation of the area affected by energy consumption, despite some benchmarks such as the REEB benchmarks being calculated using net lettable area (NLA).

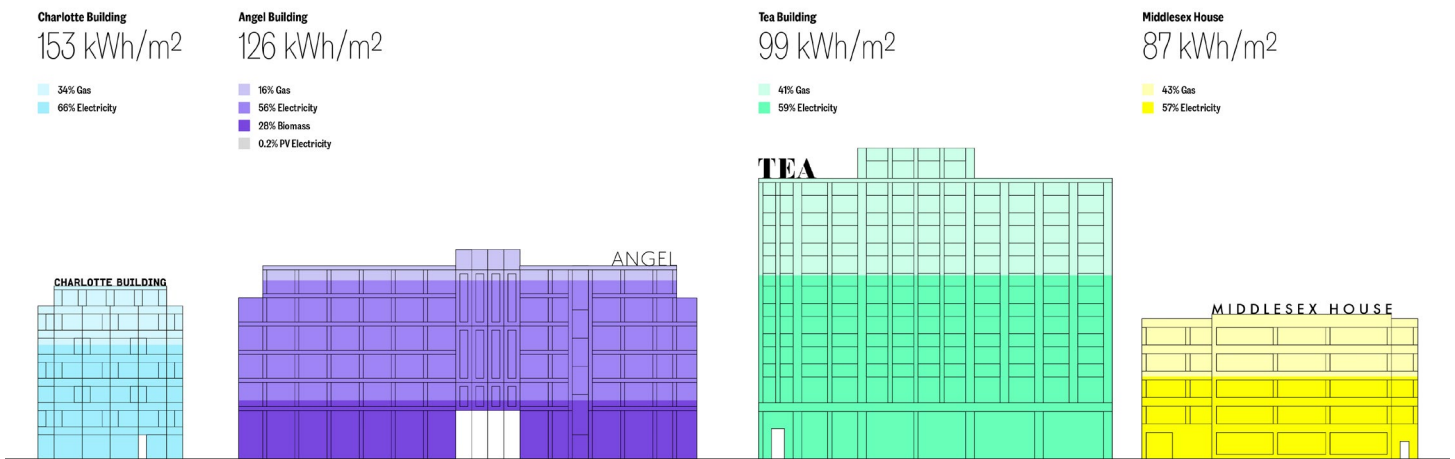
The intensities were then mapped against the industry benchmarks (see the graph to the right) which showed that all of our buildings fall below the REEB typical practice intensity (258 kWh/m²) and 25 of our buildings are lower than all three benchmarks – some quite significantly.

Managed portfolio - total building energy intensity (kWh/m²)



As with any portfolio there will be those properties that perform well and those not so well, but one must look closely at the circumstances of each – not simply the kWh consumed. For example if we dig deeper at the two buildings with the highest energy intensities, both have modest floor areas (circa 3,000 m²/32,291 ft²) but also have heating and cooling equipment which serve adjoining properties as well as themselves and therefore work quite hard, and not surprisingly have a high intensity ratio. However, should we include the floor area for the adjoining properties to account for this dual usage then building 1 would fall below the REEB Good practice benchmark (165 kWh/m²) and building 2 would fall below the CIBSE benchmark (218 kWh/m²). Conversely if we look at the other end of the scale and building 35 on the graph, you can see an extremely low intensity ratio. This is because it represents a small common parts area which only consumed 300 kWh of energy over the year.

Looking at some of our well known, larger, multi-tenanted buildings in this case Charlotte Building, Angel Building, Tea Building and Middlesex House, they all show impressively low energy intensities for their age and size, as can be seen below.



So, in taking this refocused approach what have we learned? Firstly, that it has been incredibly valuable for us. It has helped us demonstrate that we are applying effort in the right properties at the right time, and ensuring each property is performing as efficiently as possible and that opportunities for improvement can still be found. Secondly, it has demonstrated that we need to appreciate the nuances of individual properties, i.e. the parts of the sum – not just the sum of the parts. Thirdly, this is an extremely important component of our science-based carbon target work and coupling this with the move to 100% renewable electricity supplies helps us demonstrate how we are contributing to London and the UK's low carbon aspirations.

For more information on our energy and carbon work, please see our latest [Sustainability Report](#).