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EDITORIAL

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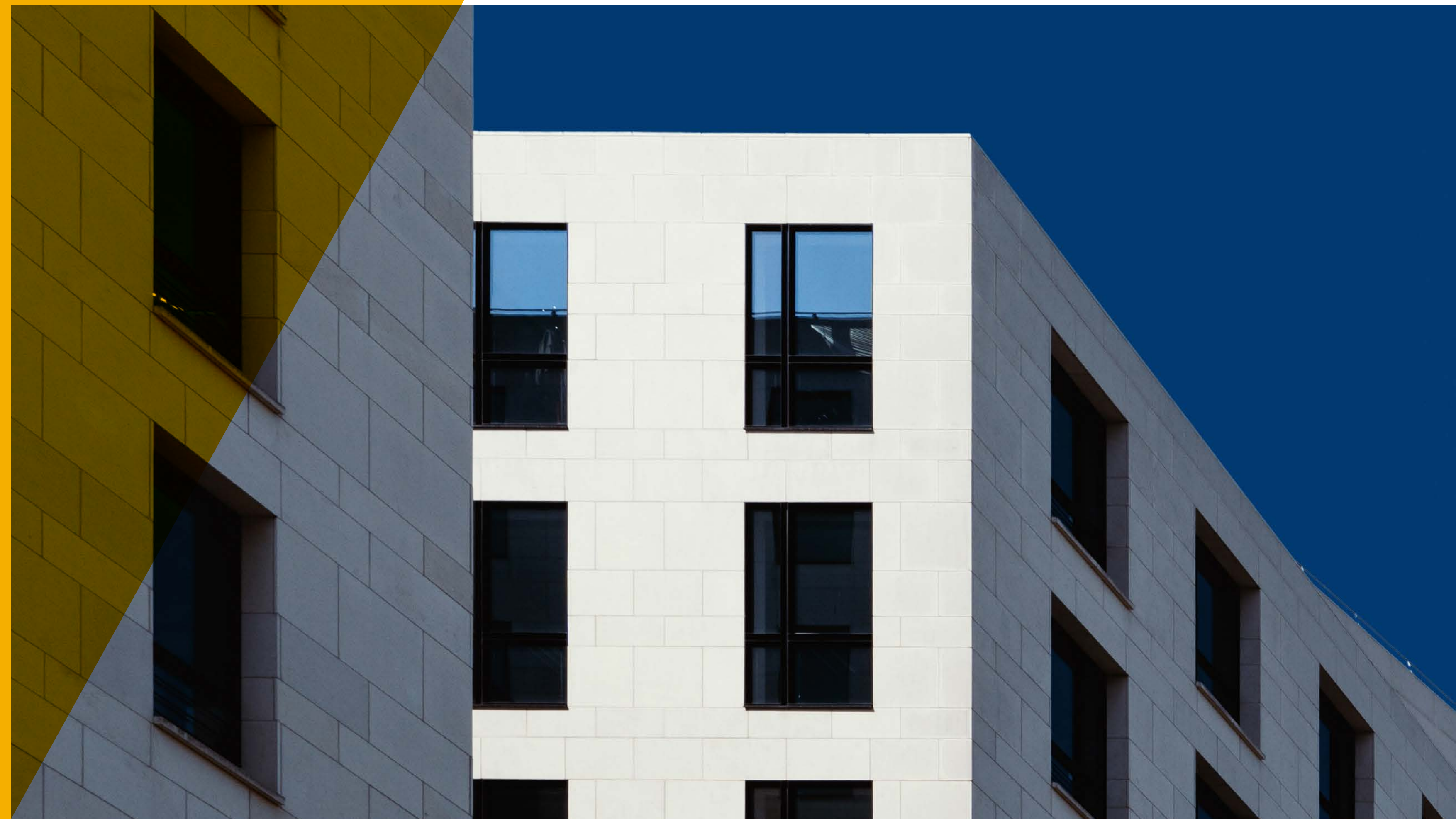
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#05

IMMUNE

European Valuer interviews Liviu Tudor, Chairman of Genesis Property, on the IMMUNE building standard and valuation of buildings' immunity to pandemic threat.



Liviu Tudor

European Valuer:

Genesis Property has produced the first-ever standard for buildings' resistance to pandemic threat. How did that develop?

Liviu Tudor:

The project was born of our realising early-on that Covid-19 is not a freak event. The emerging expert consensus is that major epidemiological events are increasingly likely in future. It is not yet clear whether this phenomenon will cause a permanent shift toward home working, nor how significant the shift may be, but much work remains dependent on physical human interaction.

It is also emerging that currently it is easier to protect people in public transport than in their work environment, making the healthiness of buildings the key challenge for the basic functioning of the market economy and for the confidence factor that underpins it. Once we were clear on that, a building standard became self-evident and urgent.

“[...] making the healthiness of buildings the key challenge for the basic functioning of the market economy.”

EV:

What exactly is IMMUNE?

LT:

It is the first open source standard for certifying the built environment's capacity to withstand present and future health challenges and minimise the impact of pandemics. It's inspired by technologies and procedures successfully applied in hospitals and "clean rooms" and adapted for use in commercial real estate.

EV:

How does it work?

LT:

There are 100+ measures combining technical solutions and facility management practices, for example:

- ▶ Quarantine rooms;
- ▶ Logistics for pandemic response including PPE;
- ▶ Built-in sanitisation technologies to prevent the spread of bacteria, viruses, and toxins;
- ▶ Bathrooms equipped with Bio Sanitisers – Urinal & WC Hygiene Flushing System;
- ▶ Ozone space and water treatment;
- ▶ Walls covered with antimicrobial paint;
- ▶ Rounded corners to minimise bacterial deposits in toilet cubicles;
- ▶ Crowded areas such as meeting rooms and cafeterias fitted with high-class air filters.

A key factor – hardwired in the IMMUNE standard – is that all measures must be implemented, monitored and maintained by a trained steward managing a dedicated FM project team.

The measures are submitted to an assessment scoring index and points system for three IMMUNE labels: Strong ***, Powerful **** and Resilient *****. An Accreditor, an institute or specialised building standard issuer, can award a label after receiving the compliance report from an authorised building Assessor, an independent third-party company specialised in sustainable building design, development, and certification. The Assessor is trained by the Accreditor to verify how the architectural engineering and design measures were implemented.



“It is the first open source standard for certifying the built environment’s capacity to withstand [...] health challenges.”

“A company can create and instil [the ‘intangible capital’, the culture] only inside an office space, where people work, interact, create and have fun together consistently.”

EV:

Have you costed all these measures?

LT:

2% of the initial investment's value, with variations depending on the state of the building, of course.

EV:

That's not peanuts. Do you really think property companies will go for that?

LT:

Absolutely. Owners and landlords of Grade A commercial were prepared to invest just as heavily in the greening of their buildings, more for prestige than for bottom line, as businesses' energy costs are marginal compared to cost of personnel. In this case, we're talking about nothing less than a business's capacity to keep functioning in a pandemic.

EV:

One element of IMMUNE is spacing between desks. There's been a tendency on the part of offices, especially in high rent cities and areas, to cram office workers together like sardines. If you space them, more office space is needed. Is that increased overall space included in the IMMUNE cost estimate, or are you surmising that more spacing in the same total office area will be possible thanks to a permanent increase in home working?

LT:

Spacing between desks is a measure applicable during pandemic times, when many people work from home. Coming back to the office will be a gradual process, starting let's say from 25%, later 40% and then 50%. When the pandemic is declared over, some extra distancing will remain, meaning that the work place will be flexible with a number of people working from home in shifts. And by that time, each company will decide if they need the same space or less. The tendency today is that CEOs of a lot of companies are envisaging they will need less space; my opinion is they will need the same space, just because of the 'intangible capital', the culture. A company can create and instil this only inside an office space, where people work, interact, create and have fun together consistently.

EV:

How do you perceive the impact of this phenomenon on valuation practice?

LT:

In the exchanges that led to this interview, I got a look at EVS 2020 and was particularly struck by the new Standard on valuation and energy efficiency. I believe that the degree of immunity of a building to pandemic threat is likely to become as inherent to its Market Value as its energy efficiency, with cross fertilisation between the two given the cost-effectiveness of addressing health and energy efficiency holistically in building design or renovation.

I imagine it will take time for TEGOVA to integrate and translate health protection issues into a valuation standard, just as it took you time to reach a standard on energy efficiency valuation. My understanding is that the catalyst for the EVS 2020 energy efficiency valuation Standard was EU-inspired national regulation rendering energy inefficient buildings unfit for purpose by set dates. Regulation and standards will doubtless also be the catalyst for a valuation standard on buildings' pandemic immunity, but in the meantime, I think valuers should at least have some sense of the immediate added Market Value of those buildings which have benefited from a comprehensive and certified effort to ensure occupier safety. ▲

Liviu Tudor is Founder and Chairman of Genesis Property, the largest Romanian owner of office buildings, Founder and Chairman of the Romanian Building Owners' Association and President of the European Property Federation.

