

## Green is the new gold: Index shows green-certified office buildings offer better return on investment

Green certified, prime and A-grade offices produced an improved total return in 2022, outperforming non-certified office assets of a similar quality by 50 basis points during 2022, according to the [Morgan Stanley Capital International South Africa Green Annual Property Index for 2022](#).

Green-certified offices delivered a total return of 6.1%, at the end of last year, whilst non-certified offices returned 5.6%. Since inception of this Index in 2016, the difference in performance is a total of 20.9%. Green offices had a 2.1% lower vacancy rate, despite a 25% higher capital value per square metre.

This [Index](#), released yearly since 2016, in conjunction with the Green Building Council South Africa (GBCSA) and sponsored by JSE-listed Growthpoint Properties, provides an independent, globally consistent view on the investment performance of green-certified and noncertified offices.

Last year, the green-certified office sample's gross cost-to-income ratio was 39.7%, substantially lower than the 43% of the non-certified subset. As a result, green offices had a 20 basis point lower capitalisation rate and a higher forward income growth, implying that its future cashflows were deemed both lower risk and likely to grow at a faster rate.