



# Cost, complexity remain barriers to green buildings in the Philippines

COST and complexity remain the biggest barriers to the uptake of green buildings in the Philippines, according to the lead of the International Finance Corp.'s (IFC) climate business in the country.

"There is an additional cost to building green. For a lot of developers that we work with at the World Bank Group, many are in the low-income segment... This level of the market is more price-sensitive," Angelo Tan, country lead for IFC's climate business, said during the BusinessWorld Insights and Project KaLiKHA forum on The Shift to Green Development at Seda Manila Bay on Jan. 26.

Developers also have to deal with the additional costs of securing green certifications for their projects.

"Why do you need to certify? We want to avoid greenwashing. We don't want a developer to just say a building is green without third-party validation... You may save a lot on green measures but there is an additional cost to verifying," Mr. Tan said.

EDGE (Excellence in Design for Greater Efficiencies) is a green building standard and certification developed by IFC, a member of the World Bank Group. There are currently 41 EDGE-certified projects in the Philippines, primarily in low-cost housing.

"The cost of certifying a project with EDGE is never more than \$9,000 for residential," Mr. Tan said, adding that this is the cheapest green building rating system in terms of cost.

Other green building rating systems include Leadership in Energy and Environmental Design and the

Philippine Green Building Council's Building for Ecologically Responsive Design Excellence.

In terms of complexity, Mr. Tan noted that green buildings require more technical expertise which may discourage smaller developers from pursuing such projects.

Gie L. Garcia, co-managing director and chief sustainability officer at NEO, noted that the limited supply of renewable energy is another barrier to the wider adoption of EDGE Zero Carbon buildings in the country.

NEO's real estate portfolio in the Philippines is the world's first to have secured EDGE Zero Carbon certification. An EDGE Zero Carbon certification means the project is carbon neutral, with 100% energy savings achieved through renewables or carbon offsets, 20% savings in water and 40% energy savings onsite.

"There is a scarcity of renewable power in the Philippines. You cannot jump into that [immediately]... You optimize whatever you have," Ms. Garcia said during a separate panel discussion on green buildings.

Mr. Tan said sustainable real estate is urgently needed in the Philippines given its growing greenhouse gas emissions and vulnerability to disasters.

The Philippines has the highest disaster risk among 193 countries, according to the WorldRiskIndex 2023 report by Bündnis Entwicklung Hilft.

However, the country jumped six spots to 6<sup>th</sup> out of 67 countries in the Climate

Change Performance Index 2024 report by the Germanwatch, the NewClimate Institute, and the Climate Action Network. The country outperformed its peers in the Asia-Pacific region with an overall score of 70.70, the highest in the region.

"This is something we need to cheer for and support," Mr. Tan said on continuing the integration of environmental advocacies in real estate.

As its outlook for the next five years, the IFC is keen on private partnerships for developing net zero buildings in the residential, industrial, and hospitality sectors.

## GREEN DEMAND

David Leechiu, chief executive officer of Leechiu Property Consultants, Inc., said the demand for green office buildings is mainly driven by multinational companies.

"It's really being driven by the multinational companies and the office sector because they have to cater to the demands of their tenants," he said during the panel discussion on the "Backbone of Green Buildings."

Mr. Leechiu noted that only 50% of the tenants would require that their office building is green certified.

"In my thirty years of doing leasing for tenants and landlords, they will never pay a [premium] price for a green building," he said.

Ms. Garcia noted the need for developers to comply with the National Building Code before going into green development. This is given the practice of retro-

fitting, or adding and restrengthening properties for efficiency, that is seen as a more viable option among developers.

"The problem with most of the developers right now is they don't have enough manpower that actually know how to go beyond just spending capital expense into retrofitting," she said.

"Not all retrofitting works for the property, and for all you know, you don't need to spend money to innovate," she added.

Mr. Leechiu noted that the government should just keep its regulations "simple and practical," enforce existing laws and implement better sewage treatment and waste management systems.

"You really have to believe in it, want to have it, and do it," Alexis L. Ortega, vice-president at SM Prime Commercial Properties Group, said.

"It's important that we have a strict framework that the industry uses to comply and ensure the public that we have green buildings," Mr. Ortega noted on the vital role of third-party certification to combat greenwashing.

Jolan Formalejo, vice-president for inventory generation at Aboitiz InfraCapital Economic Estates, also noted the economic benefits of green building adoption. "By producing these buildings, we elevate quality of life and also attract more investors because this is aligned with what the rest of the world is doing," he said.

Mr. Formalejo said developers should make a continuous effort to integrate green values in corporate goals and have a dedicated team to sustain this.

"We have one chance to construct these buildings, so let's do it right," he said. — **Miguel Hanz L. Antivola**

## Aboitiz InfraCapital eyes expansion of The Pods at LIMA

ABOITIZ InfraCapital Economic Estates recently launched The Pods at LIMA, 600-bed dormitory for employees of locator companies operating within LIMA Estate.

Several companies operating within the estate have already leased beds at the dormitory, allowing the employees to live near their workplace.

Epson Precision Philippines, Inc. has leased 414 beds, while Furukawa Automotive Systems LIMA Philippines has leased 198 beds.

The company in a statement said it is already planning for the second phase of The Pods, which will have 2,500 beds for locator employees.

"The Pods is more than just bricks and mortar; it embodies our commitment to empower our people by enhancing their living experience and freeing up their precious time and resources. It champions sustainability by significantly reducing daily commute traffic, extends support to our locators by addressing housing concerns for their employees, and, at its core, aspires to cultivate a thriving community where employees can connect, grow, and thrive," Rafael Fernandez de Mesa, president of LIMA Land, Inc. and head of Aboitiz InfraCapital Economic Estates.

Amenities include a canteen, mess hall, laundry facilities, and commercial areas. The dormitory also has Wi-Fi access, as well as 24/7 security and property management.

LIMA Estate is an 826-hectare Philippine Economic Zone Authority-registered economic zone in Batangas province with over 170 locators. The estate also has 167 retail stores and restaurants, a hotel, a transportation hub, schools, hospitals, churches, and other institutions.

## Mercedes-branded \$1-B tower is Dubai's latest bet on the super-rich

MERCEDES-BENZ GROUP AG insignia flashed on screens as thousands of guests thronged a hotel best known for hosting Dubai's biggest horse-race. The glitzy event marked the unveiling of the city's latest luxury tower, where some apartments will cost up to \$10 million apiece.

The \$1 billion development with unobstructed views of the world's tallest tower, Burj Khalifa, is being built by Binghatti Properties in a first of its kind tie-up with the German automaker. Featuring 150 apartments starting at \$2.7 million, the building is another high-stakes bet on Dubai's property market that's emerged as one of the world's hottest over the past few years.

The project is the latest in a series of branded developments, a pocket of the market that now makes up a big chunk of all apartment sales in the city. Last year, Binghatti broke ground on a tie-up with Bugatti Automobiles SAS on a project that will include elevators to transport cars to penthouses. The firm is also partnering with jeweler Jacob & Co. on a

500-meter (1,640-feet) tower that's set to become the world's tallest residential building.

Those high profile projects — and the return of the lavish parties to announce them — are reminiscent of the days leading up to the 2009 crash, which ended a speculative boom built on debt and brought Dubai to the brink of bankruptcy.

While no one has so far predicted a crash, some analysts have forecast less of a boom in 2024. Binghatti isn't worried about a possible slowdown, and its Chief Executive Officer Muhammad Binghatti expects prices to climb 12% to 18% this year.

To cash in, the builder is set to complete 20,000 homes in 18 months — twice the number of properties it built in the last five years. Binghatti owns a contracting business with 5,000 employees handling everything from engineering to construction, enabling it to build quickly. Most of its projects are completed within 18 months, with luxury developments like the Mercedes-Benz and Bugatti towers set to finish in three years. — **Bloomberg**

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## Ovialand, Japanese firm Takara Leben team up for real estate expansion

REAL ESTATE developer Ovialand, Inc. has teamed up with Japanese real estate firm Takara Leben to expand its portfolio and offer more premium affordable homes to Filipino families, its president announced on Monday.

The first project under the partnership will be the 6.5-hectare Savana South development in Laguna, Pammy Olivares-Vital, Ovialand president and chief executive officer, said during a briefing.

The project will have 657 homes that are expected to generate P1.97 billion worth of sales over four years.

Ovialand and Takara Leben will establish a joint venture company to serve as project developer.

In a separate interview, Ms. Vital said that Ovialand and Takara Leben are aiming to develop at least five projects within three years.

"Our joint venture with Takara Leben marks our commitment to

continue expanding beyond the core markets we serve and build on the successes we have achieved throughout the years," Ms. Vital said.

"Takara Leben is an experienced developer with a proven track record across various segments of the real estate industry, and we are pleased to be their partner in the Philippines as they continue expanding their presence in Southeast Asia," she added.

Under a memorandum of understanding, Ovialand and Takara Leben will open projects across locations determined in accordance with the property developer's plan to have a nationwide presence by 2030.

Takara Leben Director Hiroshi Iwamoto said the partnership with Ovialand is part of the company's growth strategy in Southeast Asia. — **Revin Mikhael D. Ochave**

### FULL STORY



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## Westwoods Storeys secures preliminary EDGE certification

PUEBLO DE ORO Development Corp. (PDO) has secured a preliminary EDGE (Excellence in Design for Greater Efficiencies) certification for its Westwoods Storeys project in Cagayan de Oro City.

The property development arm of the ICCP Group is developing the West-

woods Storeys, a low-density, medium-rise condominium development, in barangay Carmen.

The forest-inspired development is offering 989 units in seven buildings, composed of studio and two-bedroom units.

"According to the Philippine Green

Building Initiative (PGBI), which awarded the preliminary certification, the resource-efficient design of Westwoods Storeys will result in reductions of 28% in energy, 27% in water, and 32% in materials' embodied energy compared to a local base case," the company said.

PGBI's assessment was based on Birch Tower, the first of seven buildings planned for Westwoods Storeys.

The building's passive design such as reduced window-to-wall ratio and reflective walls, "result in saving 1,050 kilowatt-hours of energy per year."

# 24/7

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