

Highlights from UOB Sustainability Compass Insights

Why Green Buildings Mean Better Business

As regional governments tighten building standards and introduce green taxonomies, small and medium enterprises (SMEs) are finding themselves at the heart of this transition.



Right By You

Executive Summary

The built environment contributes to a sizeable share of national carbon emissions - as much as 40 per cent across Southeast Asia¹.

In Malaysia, for example, embodied carbon in construction materials contributes up to 90 per cent of the industry's total emissions².

Small and medium enterprises (SMEs) are impacted by the tightening of building standards and introduction of green taxonomies across the region.

When going green pays off

Corporate tenants are currently aligning their real estate strategies with sustainability goals.

- 87 per cent of office occupiers in Asia Pacific aim for 100% green-certified portfolios by 2030³.
- 80 per cent of new leases for Bangkok's Grade A office assets in the past five years are sustainability-aligned³
- By 2028, demand for low-carbon offices will exceed available supply³

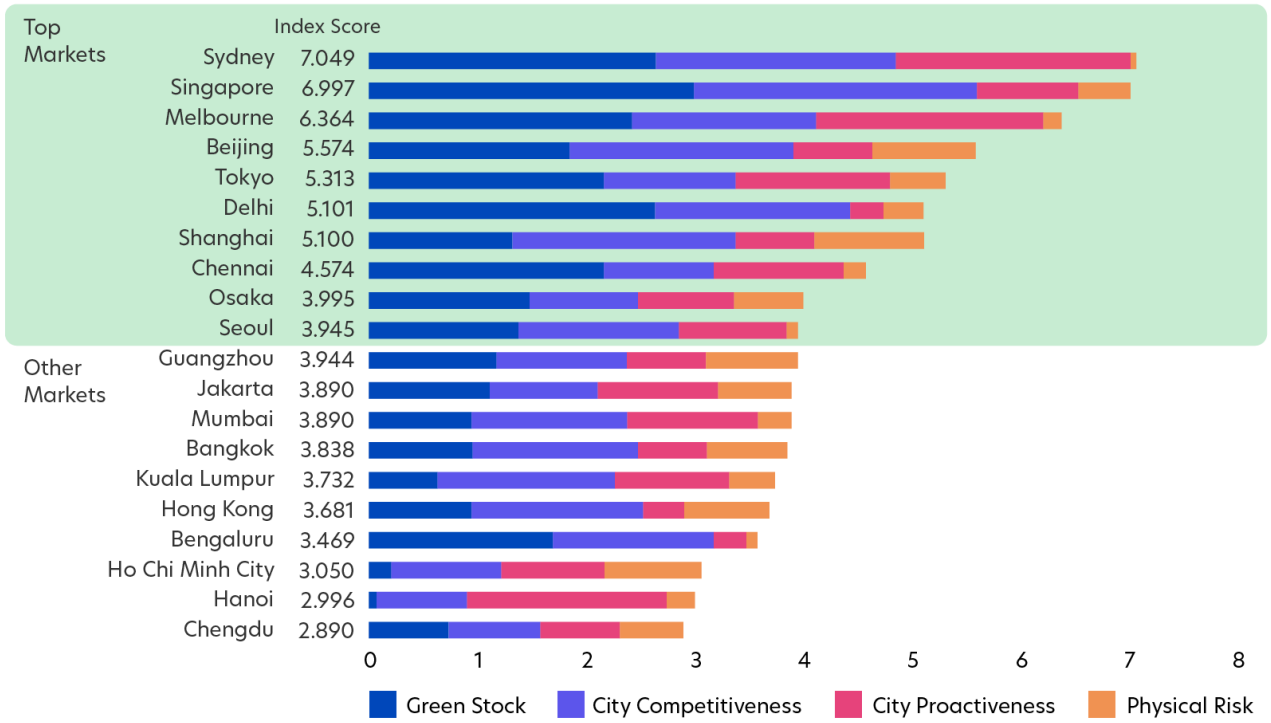


This imbalance translates into higher rental yields and stronger tenant retention.

Despite these opportunities, research by real estate consultancy JLL shows that Southeast Asian cities such as Bangkok, Hanoi, and Kuala Lumpur still lag behind global peers like Melbourne, Singapore and Sydney in green-building readiness.

ASEAN lags in green building readiness

City Ranking



Source: JLL Research

In Singapore, Green Mark-certified buildings command up to 12 per cent higher³ rents while flagship green developments in other key ASEAN cities such as One Bangkok and The PARQ record up to 14 per cent rental premiums³.

Quick insight:

Green retrofits can cut energy costs by up to 50 per cent³. UOB's **Building Performance** and **Solar Calculators** can help estimate potential savings.



Financing the future of green construction

The green construction market is expanding rapidly with projected growth of 14.3 per cent annually in Malaysia through 2027² and 10.5 per cent in Singapore to 2030⁴.

Whether it's deploying low carbon building materials or integrating rooftop solar panels, SMEs are unlocking opportunities along the value chain in construction, materials and retrofitting services.

While eco-friendly materials and energy-efficient designs may offset the steep upfront costs, additional financing assistance can help get infrastructure-sized green projects off the ground. Financing access ranges from green loans to tax credits and grants.

UOB's Green Building Framework supports SMEs pursuing standards such as GreenRe (Malaysia), Green Mark (Singapore) or TREES (Thailand's Rating of Energy and Environmental Sustainability).

To ease financing pressures, UOB's **U-Build** provides tailored green financing access across various property types, supported by advisory from sustainability partners. The **Sustainable Cities Framework** expands this support to urban sustainability goals such as mobility, waste management, and integrated energy.

Across the construction value chain, solutions like **Omega Green** enable sub-contractors, developers and material suppliers to access end-to-end financing for sustainable building and material financing.

The bottom line: collaboration across suppliers, regulators and financiers is critical to accelerate the shift to low-carbon construction. The returns – financial, operational and reputational makes this transformation worth pursuing.



To explore how your business can tap on opportunities arising from the rise of green buildings, reach out to our sustainability specialists at sustcompass@uobgroup.com

This article contains highlights from UOB Sustainability Compass Insights, a bi-monthly newsletter that provides companies that have completed the UOB Sustainability Compass with the knowledge to stay resilient and competitive in a fast-evolving ESG landscape.

Start your sustainability journey with the UOB Sustainability Compass, a complimentary online tool that helps you take the first step towards prioritising ESG as a business essential. Get your customised action plan at uob.com.sg/compass and receive these insights directly into your inbox.



Source:

1. International Energy Agency (<https://www.iea.org/reports/southeast-asia-energy-outlook-2024>)
2. CIDB (<https://www.cidb.gov.my/wp-content/uploads/2022/07/207-Carbon-CHG-Emission-for-Construction-Industry-in-Malaysia-min.pdf>)
3. JLL Research (<https://www.jll.com/en-sea/insights/the-impending-green-divide>)
4. Grandview Research (<https://www.grandviewresearch.com/horizon/outlook/commercial-green-construction-market/singapore>)

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