

The IMG Monthly Bulletin serves as a comprehensive review of developments in the real estate industry, bringing together insights, news, and updates on the property market. Each week, we publish focused snapshots on the month's main theme, offering timely perspectives on key trends shaping the sector. At the end of every month, these insights are consolidated into the IMG Monthly Bulletin, providing readers with an in-depth overview of industry movements, emerging opportunities, and strategic considerations for stakeholders across the property market.

## **Creating a Sustainable Future :** Environmental, Social, Governance (ESG) in Real Estate Ecosystem

Contents:

- Part 1 Environmental: Green Buildings and Energy Efficiency
- Part 2 Social: Building Communities and Enhancing Livability in Real Estate Practice
- Part 3 Governance: The Foundation of a Sustainable Property Industry
- Part 4 Insights from Real Estate Professionals

## Part 1: Environmental: Green Buildings and Energy Efficiency

### Environmental

Environmental actors include the contribution a company or government makes to climate change through **green building** gas emissions, along with waste management and **energy efficiency**.



Climate Change



Land Contamination



Biodiversity



Energy Consumption



Pollution



Renewable Energy



Responsible Asset Management



Sustainable Procurement

### Key Takeaway

- Designing energy-efficient and climate resilient buildings to reduce carbon footprint.
- Responsible use of water, energy, and construction materials in development projects.
- Managing construction and demolition waste sustainably.
- Preserving green spaces, promoting urban biodiversity, and integrating eco-friendly landscaping.

### Why It Matters

1. Operational Savings: Certified buildings often achieve 20–30% lower energy consumption, which translates into lower utility bills and higher net operating income (see Chart 2).
2. Market Premium: Studies show green-certified buildings can achieve higher rental rates and better occupancy due to tenant demand for sustainability and better environmental quality (see Table 1).
3. Investor Interest: Institutional investors and REITs are increasingly integrating environmental performance into their asset selection and portfolio strategies.

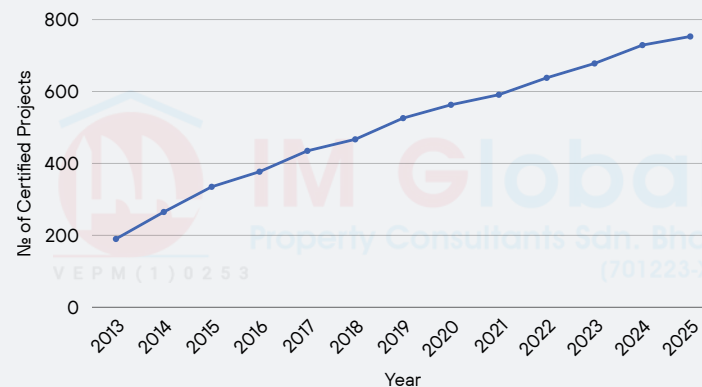
## Green Buildings & Energy Efficiency

Green buildings are no longer just a “niche” trend but a mainstream investment driver.

In Malaysia, certification such as **Green Building Index (GBI)** is gaining momentum as developers and investors recognize the link between energy efficiency, reduced operating costs, and long-term asset value.

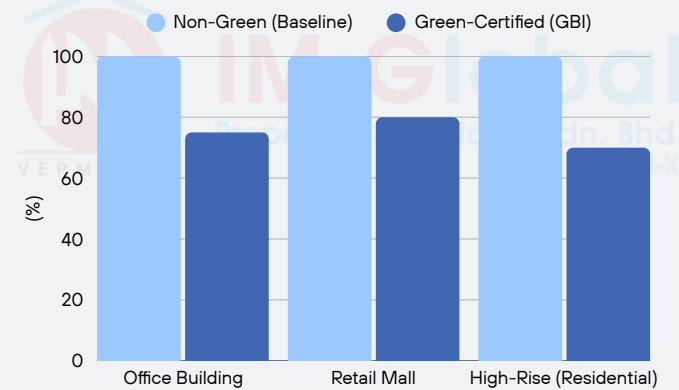
The number of GBI certified projects has grown nearly 4-fold since 2013 (see Chart 1), reflecting the sector’s shift toward sustainability.

Chart 1: Cumulative Number of GBI-Certified Projects (2010–2025)



Source: Green Building Index, Malaysia Public Database, as of June 2025

Chart 2: Average Energy Savings from Green-Certified Buildings in Malaysia



Source: GBI Malaysia, CIDB Sustainable Construction Report

## Green Building Certifications on Office Rental Rates

**Table 1: The Impact of Green Building Certifications on Market Premium**

Region / Country	Certification	Rental Premium
United States & Toronto	LEED	4% – 31%
China	LEED	19.5% (National), 25.5% (Shanghai), 20.8% (Beijing)
Hong Kong	Green-certified	Up to 28%
South Africa	Green-certified	5.8% (2023 return)
Kuala Lumpur, Malaysia	GBI / LEED	10.90%

Source: Halim, M., Basrah, N., Majid, R. A., & Ismail, N. (2024). *Who's Capturing The Green Value In Kuala Lumpur's Office Rental Spaces* / MSCI South Africa Green Annual Property Index 2023, June 25, 2024 / Martin Choi, *Green office towers in Hong Kong command the highest rental premium in Asia*, 30 Nov 2022 / Weilin Li, Guanyu Fang, Liu Yang. *The effect of LEED certification on office rental values in China*, Jan 2021 / Dallas, TX, CBRE. *LEED-Certified Office Buildings Command Higher Rents, Even Amid Challenging Conditions*, October 26, 2022

## Green Buildings in Malaysia

Building	Year	Location	GBI Rating
Tun Razak Exchange (TRX)	2018	Kuala Lumpur	Platinum
Cantara Residences	2026	Selangor	Gold
Merdeka 118	2020	Kuala Lumpur	Silver
Eco Horizon	2027	Penang	Certified

Major urban projects (e.g., TRX, Merdeka 118) have adopted GBI/LEED features such as efficient HVAC systems, low-energy lighting, and smart energy monitoring.

\*Additional examples of certified developments can be found on the Green Building Index (GBI) Malaysia website

\*\*LEED certification: Leadership in Energy and Environmental Design, is a globally recognized third-party green building rating system that signifies a building or community meets high standards for environmental sustainability and performance.

## Part 2: Social: Building Communities and Enhancing Livability in Real Estate Practice

### Social

The Social aspect of ESG emphasizes how real estate companies manage relationships with employees, tenants, communities, and the broader public. It covers areas such as human rights, labour standards, health and safety, and community integration. In real estate, a strong social focus ensures that properties not only provide economic value but also contribute positively to the well-being and inclusivity of society, giving companies a vital “social license to operate.”



Health & Safety



Well-being



Community Development



Equality & Diversity



Human Rights



Labour Standards



Client Satisfaction



Employee Engagement

#### Key Takeaway

- Safe design (fire safety, ventilation) and strong site policies.
- Shared spaces and green areas that foster connection.
- Fair work conditions and ethical sourcing.
- Equal opportunities at every level.
- Design that supports comfort, natural light, and productivity.

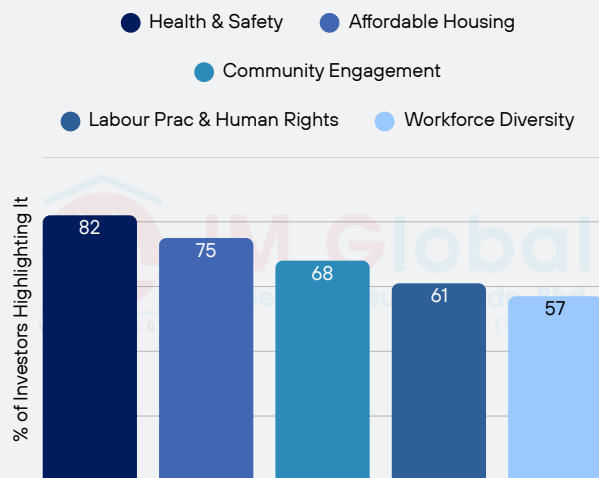
#### Why It Matters

- Builds trust and resilience with local communities.
- Improves tenant satisfaction and employee retention.
- Strengthens a company's social license to operate.

#### Insights

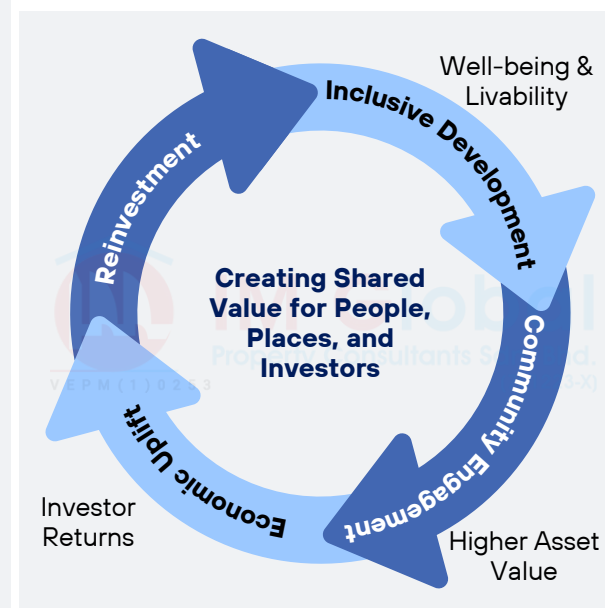
- Global Trend: According to JLL's 2024 "Global ESG in Real Estate" report, over 70% of investors now consider social impact a key factor in property acquisition decisions.
- Awareness Growing: Real Estate Stakeholders increasingly recognize that real estate can create tangible social value through affordable housing, public space rehabilitation, and community-oriented urban regeneration.

#### Top Social Priorities for Real Estate Investors (Global)



Source: JLL Global ESG in Real Estate Report 2024; CBRE Future of Real Estate 2023.

#### The Social Value Loop in Real Estate



Inclusion



Community



Trust



Stability



Resilience

## Enhancing Livability in Real Estate Practice

Work Area	Focus / Actions	Social Value Impact
Valuation	<ul style="list-style-type: none"> <li>Encourage teamwork and peer support during site inspections.</li> <li>Engage transparently with clients, emphasizing social value in findings.</li> </ul>	<ul style="list-style-type: none"> <li>Encourages knowledge sharing and ethical standards.</li> <li>Supports socially responsible investment decisions.</li> </ul>
Property Management	<ul style="list-style-type: none"> <li>Maintain strong health &amp; safety culture on-site.</li> <li>Foster inclusion and respect among team members.</li> <li>Organize community or tenant engagement programs.</li> </ul>	<ul style="list-style-type: none"> <li>Improves tenant satisfaction and retention.</li> <li>Strengthens internal teamwork.</li> <li>Enhances brand image and community relations.</li> </ul>
Real Estate Agency	<ul style="list-style-type: none"> <li>Uphold ethical conduct and fairness in client dealings.</li> <li>Promote collaboration among agents and share listings or leads.</li> <li>Highlight community and social benefits during property presentations.</li> </ul>	<ul style="list-style-type: none"> <li>Builds trust and long-term client relationships.</li> <li>Encourages cooperative, positive workplace culture.</li> <li>Positions agency as a socially conscious brand.</li> </ul>
Within the Workplace	<ul style="list-style-type: none"> <li>Support employee well-being (breaks, ergonomics, communication).</li> <li>Offer ESG and ethical conduct training.</li> <li>Promote inclusivity and equal opportunity.</li> <li>Foster teamwork during meetings, inspections, and client visits.</li> </ul>	<ul style="list-style-type: none"> <li>Increases morale and productivity.</li> <li>Embeds ESG culture within daily operations.</li> <li>Strengthens company reputation and employee loyalty.</li> </ul>

## Putting People at the Heart of Property Decisions

Social is the “human” component that connects the built environment with those who live, work and engage within it. Tracking the indicators helps property firms move from “doing good” to “proving impact”.



## So how to measure the impact?

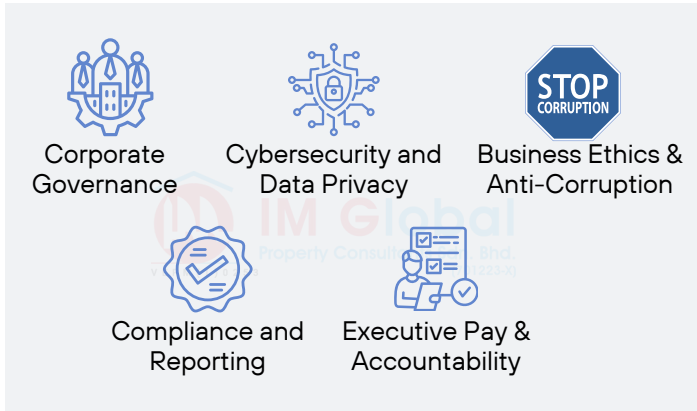
Indicator	How to measure
Health & Safety	: Lost-time injury rate, site safety audits.
Employee Engagement	: Staff turnover, satisfaction surveys, training hours.
Community Involvement	: Number of community programs, participants, or feedback ratings.
Diversity & Inclusion	: Gender ratio, leadership representation, inclusive hiring stats.
Affordable / Social Housing	: % of total development allocated to affordable housing.

## Part 3: Governance: The Foundation of a Sustainable Property Industry

### Governance

Governance refers to the framework of rules, practices, and processes that direct and control an organization. In real estate, governance defines how companies manage their ethical responsibilities, decision-making, transparency, and accountability toward all stakeholders (clients, employees, regulators, investors and communities). A strong governance system ensures that property firms operate fairly, ethically, and strategically, aligning long-term business growth with sustainable and responsible practices.

### The Five Pillars of Real Estate Governance



### Key Takeaway

- Balancing the interests of management, shareholders, and stakeholders: Ensures independent advice, fair client dealings, and integrity in valuation, agency, and property management decisions.
- Code of conduct, anti-bribery, and fair competition policies: Prevents unethical practices during land acquisition, tenders, and leasing.
- Adhering to ESG laws, disclosure frameworks, and Bursa Malaysia requirements: Builds trust with regulators and investors.
- Protecting sensitive tenant and client information: Increasingly vital in PropTech, smart buildings, and digital property management.
- Fair remuneration aligned with long-term performance: Prevents short-term risk-taking; attracts responsible leadership.

### How Governance Shapes the Real Estate Practice

Key Aspects	Description	Real Estate Ecosystem
Business Integrity	Upholding honesty, fairness, and accountability in all transactions.	Builds client trust and market credibility.
Transparency & Disclosure	Accurate and timely reporting of ESG, financial, and operational data.	Enhances client confidence and regulatory compliance.
Board Diversity & Leadership	Representation of varied backgrounds and skills in company leadership.	Encourages balanced decision-making and innovation.
Risk & Crisis Management	Identifying long-term sustainability risks and crisis responses.	Protects business continuity and client confidence.
Ethical Supply Chain	Ensuring suppliers follow fair labour and environmental standards.	Reduces reputational and legal risks.

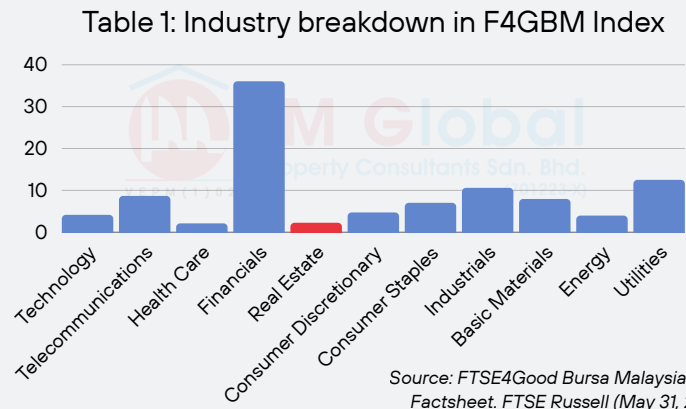
## How Governance Applies



Industry	F4GBM Weighted %	Key Takeaway
Financials	36.06%	High weight shows institutional trust and that strong Governance is a critical de-risking factor, highly valued by investors.
Real Estate	2.26%	The lowest influence, despite having 11 constituent firms. Investors are currently assigning only a small financial premium to the sector's ESG efforts.

## The Influence of ESG Rating on Stock Price: Real Estate's Governance Gap

The chart, showing the industry breakdown in the FTSE4Good Bursa Malaysia (F4GBM) Index, reveals a critical disparity in how the market values ESG performance.



## Raising Real Estate Stock Value: What We Can Do Through Governance (G)

The path to increasing the Real Estate sector's market influence (from 2.26% to a higher weighting) is through strengthening Governance.

(G)	The Problem	The Solution
Build Institutional Trust	Low transparency and potential corruption create market uncertainty.	By prioritizing Business Integrity and Transparency & Disclosure across the Board and operations, we build the institutional trust that attracts premium, long-term capital.
De-Risk the Business	Ethical lapses and poor supply chain practices create massive reputational and legal risks	Enhancing our Ethical Supply Chain and enforcing strong Anti-corruption policies reduces the risk of costly scandals that can severely damage our stock price and ensures business stability.
Ensure Sustainable Growth	Without strong oversight, the business lacks long-term stability.	Good governance, from Leadership to Supply Chain, safeguards transparency, accountability, and ethical conduct, ensuring stability, preventing corruption, and promoting sustainable business growth.

## Part 4: Insights from Real Estate Professionals

Property Professional: **PMgr Ahmad Syauqi Bin Ahmad Shukri**

Head of Department, Property and Facilities Management, IM Global Property Consultants Sdn Bhd

### Environmental



- Green Building Standards
- National Energy Transition Roadmap (NETR)
- Building Management Systems (BMS)
- Energy Management Systems (EMS)
- IoT real-time sensors (Reduced Costs)

### Social



Essential components of sustainable management:

- Community Engagement
- Client Relationships
- Tenant Interaction
- Documentation & Analysis (documented activities to analyze what works and identify areas for improvement.)

### Governance



- Continuous Professional Development
- Data Collection, Reporting & Analysis
- Strong commitment to measurable standards and operational excellence



**Start Invest**



**Monitor**



**Optimize**



**Reinvest**

*“Starting small, staying consistent, and maintaining transparency, property and facilities management professionals can play a pivotal role in advancing sustainability, one site, one system, and one improvement at a time.”*

**- PMgr Ahmad Syauqi Bin Ahmad Shukri**

*Phased Approach to Operational Sustainability - Start Small, Scale Up*



#### **LED Retrofit (Quick Win)**

Replace lighting with LED in phases.  
KPI: Immediate energy & cost savings



#### **Energy Monitoring & Metering**

Install submeters & basic energy monitoring  
KPI: Identify high-use zones; measure savings from Step 1



#### **Install BMS/ EMS (Smart Controls)**

Deploy Building Management System/ Energy Management System  
KPI: Automate HVAC/ lighting scheduling; consolidate data



#### **Solar & On-Site Renewables (Reinvest Savings)**

Use savings to invest in solar PV (phased)  
KPI: Lower grid dependence, further OPEX reduction



#### **IoT & Predictive Maintenance (Continuous Improvement)**

Add sensors for real-time alerts and predictive maintenance  
KPI: Faster fault detection, downtime & lower maintenance cost

The real estate sector is at a pivotal point where sustainability is no longer an optional add-on but a fundamental driver of long-term value and resilience. The principles of Environmental, Social, and Governance (ESG) are reshaping how properties are designed, built, managed, and valued, influencing everything from investor decisions to community well-being. Embracing ESG in real estate means integrating responsible practices that create not only economic returns but also environmental stewardship and social progress.

The environmental dimension of ESG focuses on how the property industry contributes to, and mitigates, climate change. This includes addressing greenhouse gas emissions, energy consumption, pollution, and sustainable resource management. As global awareness grows, developers and investors are rethinking traditional building approaches to align with environmental performance standards. Efforts are increasingly directed toward designing energy-efficient and climate-resilient buildings, managing water and construction materials responsibly, and ensuring that demolition and waste processes are handled sustainably. Furthermore, maintaining green spaces, protecting biodiversity, and adopting eco-friendly landscaping are now seen as integral parts of development planning.

Green buildings are no longer viewed as niche innovations but as mainstream investment drivers. In Malaysia, certifications such as the Green Building Index (GBI) are gaining traction as developers recognize the direct correlation between sustainability and profitability. The number of GBI-certified projects has grown nearly fourfold since 2013, highlighting a strong market shift toward energy-efficient and low-carbon developments. Environmentally certified properties are achieving operational savings of up to 30% in energy use, leading to reduced utility costs and higher net operating income. Beyond financial benefits, green-certified buildings also enjoy higher rental premiums and stronger occupancy rates due to growing tenant demand for sustainable, healthier living and working environments. Investors, particularly institutional players and REITs, are integrating environmental performance indicators into their portfolio strategies, recognizing that assets with strong environmental credentials offer long-term value stability and reduced risk exposure.

The social pillar of ESG emphasizes how the real estate sector interacts with people, including employees, tenants, local communities, and society at large. In practice, this means that buildings are designed and managed not only for economic efficiency but also for human well-being, inclusivity, and social connection.

Real estate firms with strong social performance ensure safe design features such as effective fire systems and proper ventilation, provide shared spaces that foster community engagement, and uphold ethical labour practices throughout their operations. The social component also champions equal opportunities, fair working conditions, and inclusive design that enhances comfort, natural lighting, and productivity.

These socially conscious approaches strengthen relationships with local communities, improve tenant satisfaction, and build long-term trust that enhances a company's social license to operate. According to JLL's 2024 Global ESG in Real Estate report, more than 70% of investors now consider social impact a key factor in property acquisition. This growing awareness underscores how real estate can play a vital role in addressing broader social challenges, from affordable housing and community regeneration to creating safe, livable, and connected urban environments. The concept of the "Social Value Loop" illustrates how investments in people and communities generate positive outcomes that feed back into stronger property performance, improved brand trust, and enhanced urban resilience.

Developments that prioritize social well-being tend to perform better financially and contribute meaningfully to the long-term sustainability of cities.

Governance forms the backbone of responsible real estate management. It defines how companies make decisions, uphold ethical standards, ensure transparency, and remain accountable to stakeholders, including clients, investors, employees, and regulators. In the property sector, governance is critical in ensuring that all operations, from land acquisition and project development to valuation and property management, are carried out with integrity and fairness. A well-governed company maintains clear codes of conduct, enforces anti-bribery and fair competition policies, complies with ESG disclosure frameworks and Bursa Malaysia's reporting requirements, and protects sensitive client and tenant data, especially in an increasingly digitalized property environment.

Good governance also ensures that management decisions balance the interests of shareholders and stakeholders alike. Business integrity, transparency, and fair remuneration tied to long-term performance help create a culture of accountability that sustains growth.

Strong governance enhances risk and crisis management, ensuring that potential environmental, financial, or reputational risks are identified early and mitigated effectively. Board diversity and inclusive leadership further enrich decision-making, driving innovation and better oversight. Moreover, ethical supply chain practices, ensuring that partners adhere to labour and environmental standards, play a crucial role in protecting brand reputation and reducing legal risks.

Interestingly, data from the FTSE4Good Bursa Malaysia (F4GBM) Index highlights a gap in how the market values ESG performance within the real estate sector. While financial institutions hold a high weighting of 36.06%, reflecting investor confidence tied to governance strength, real estate stands at only 2.26%, suggesting limited recognition of its ESG potential. To bridge this gap, property players must strengthen their governance frameworks to build institutional trust, reduce business risks, and ensure long-term stability. Prioritizing transparency, ethical conduct, and responsible leadership will not only safeguard reputations but also attract premium investment capital and elevate the sector's ESG credibility in the eyes of global investors.

When discussing ESG in the context of property and facilities management, **PMgr Ahmad Syauqi Head of Department, Property and Facilities Management, IM Global Property Consultants Sdn Bhd** acknowledged that the concept is still relatively new and often overlooked in the daily operations of the industry. "In our field, it's true that we rarely frame our work around formal ESG policies," he explained. "However, if we look closely, many of the practices we carry out on-site are actually part of ESG.

The key is how we communicate and document these efforts so that stakeholders understand that ESG is already embedded in our programs." He emphasized the importance for all property and facilities management practitioners to revisit their on-site operations and identify the ESG elements they have implemented, so these can be properly presented and reported to clients.

Speaking on the environmental aspect, he highlighted that ESG is not entirely new to the industry, as it aligns with existing initiatives such as Green Building standards and government incentives.

He further referenced the National Energy Transition Roadmap (NETR) introduced by the Malaysian government, noting its strong focus on energy sustainability and its role as a clear guideline for industry players. “The roadmap gives us a very clear direction to align our goals,” he said. “We don’t have to be overly ambitious or try to do everything at once. What matters is to start small, be consistent, and grow from there.” He shared practical examples to illustrate this approach: “If your site is ready to implement LED lighting, start there. Do it phase by phase. Once you achieve cost savings, you can reinvest in larger initiatives such as solar energy systems or integrate smart solutions like Building Management Systems (BMS) or Energy Management Systems (EMS).” He added that adopting Internet of Things (IoT) technologies can further enhance operational efficiency. “With real-time sensors, we can detect on-site issues immediately and take quick action. This shortens response time and significantly reduces maintenance costs.”

Addressing the social pillar of ESG, PMgr Ahmad Syauqi emphasized that community engagement and client relationships are essential components of sustainable management.

“In every project, we must implement the social element, engaging with clients, tenants, and the wider community. It’s equally important to document these activities so we can analyze what works and identify areas for improvement.”

On the topic of governance, he proudly shared that IM Global Property Consultants has achieved ISO certification for both its Property Management and Valuation departments. This, he noted, reflects a strong commitment to measurable standards and operational excellence. There’s a saying I always believe in; if you don’t measure, you can’t manage. Without data, you have no control. That’s why data collection, reporting, and analysis are so important. It allows us to pinpoint areas that need improvement, strengthen our commitments, and sustain what we’re already doing well.” He added that IM Global continuously integrates this learning process through its ongoing professional development programs to ensure continuous improvement across all levels.

Through his insights, PMgr Ahmad Syauqi underscored that ESG is not merely a compliance exercise but a practical, evolving journey.

By starting small, staying consistent, and maintaining transparency, property and facilities management professionals can play a pivotal role in advancing sustainability, one site, one system, and one improvement at a time.

Integrating ESG into the real estate ecosystem is no longer an aspirational goal but a business imperative. The convergence of environmental responsibility, social inclusivity, and strong governance practices defines the future of sustainable development.

As Malaysia and the global property market move toward a low-carbon and socially responsible future, the real estate sector holds immense potential to drive change, from reducing carbon footprints and enhancing community well-being to fostering transparent and accountable corporate governance. The path toward a sustainable future will require collaboration, innovation, and a steadfast commitment to aligning profitability with purpose, ensuring that the places we build today contribute to a better, more sustainable tomorrow.

## Reference

- *Green Building Index, Malaysia Public Database, as of June 2025*
- *GBI Malaysia, CIDB Sustainable Construction Report*
- *Halim, M., Basrah, N., Majid, R. A., & Ismail, N. (2024). Who's Capturing The Green Value In Kuala Lumpur's Office Rental Spaces*
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- *JLL Global ESG in Real Estate Report 2024; CBRE Future of Real Estate 2023.*
- *FTSE4Good Bursa Malaysia Index Factsheet. FTSE Russell (May 31, 2024).*

## Stay Connected for More Updates

This marks only the beginning. Our upcoming editions will feature further highlights together with the complete monthly bulletin, offering in-depth coverage on key topics to strengthen your understanding of the Malaysian property market.



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