



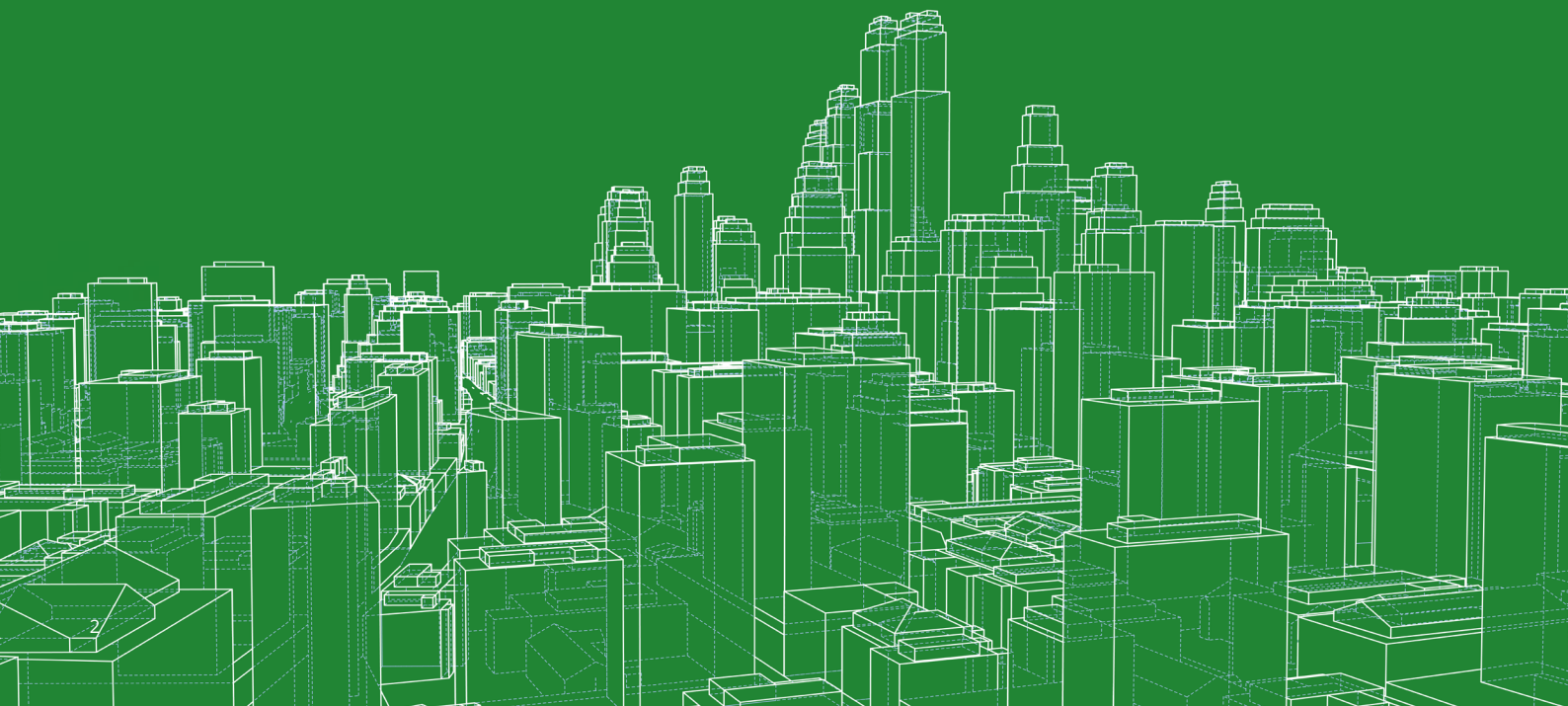
**Next-Generation
Office Strategies**

Introduction

Global office markets are now recovering from the COVID-19 pandemic, but competition is shifting to focus on broader value creation, including environmental performance, disaster resilience, comfort and convenience.

Non-Energy Benefits (NEBs) are the secondary gains from energy-saving or decarbonization initiatives, such as enhanced health, productivity or property values, beyond direct energy savings. Adopting this perspective enables you to assess a building's value more comprehensively than by considering traditional utility cost savings alone.

This article explains how NEBs can help you increase building value and shorten investment payback periods by using comprehensive, quantitative evaluation methods, with real-world examples from new construction and renovation cases.

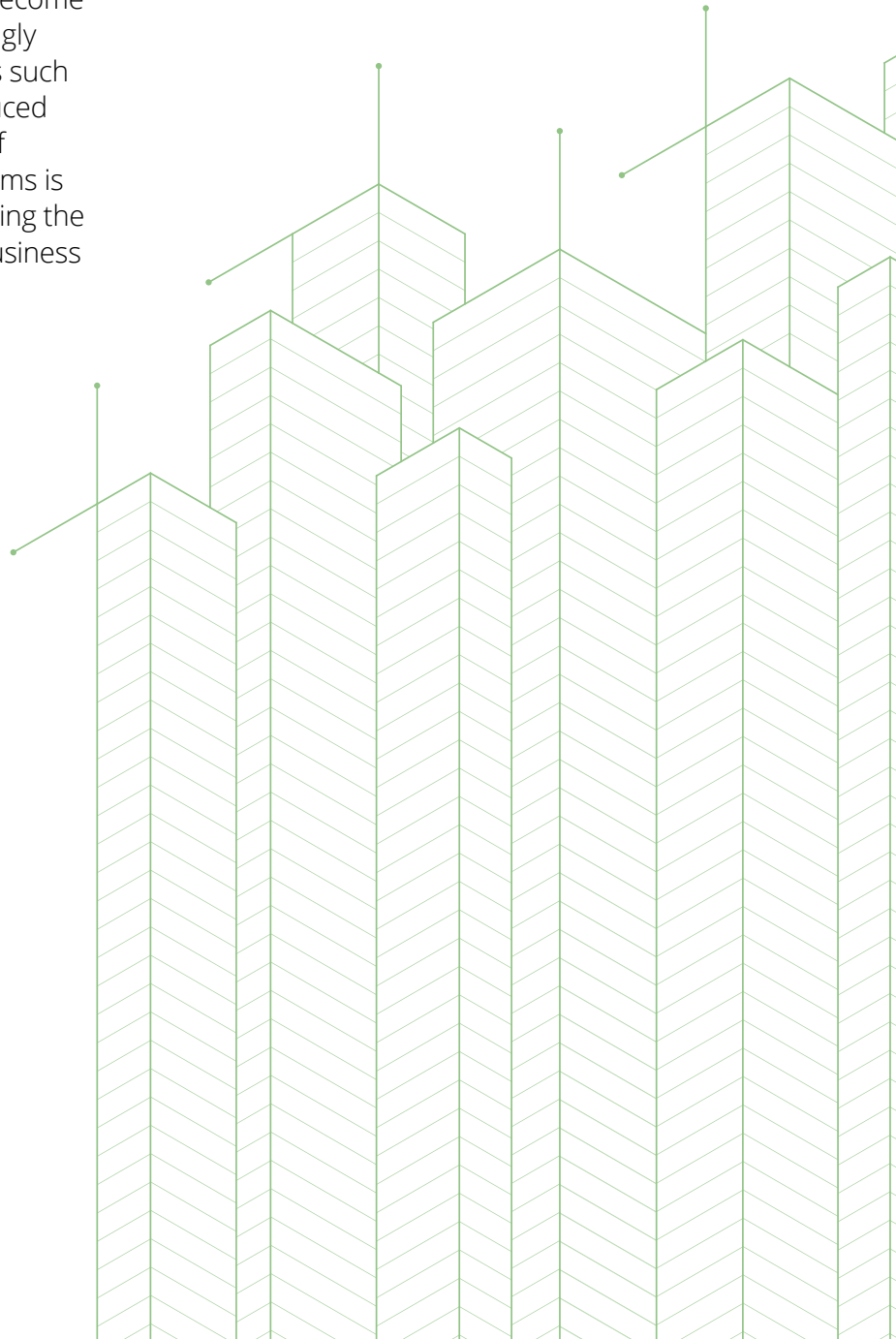




Next-Generation Strategies for the Office Market

The office market is now recovering from the supply–demand imbalance caused by the COVID-19 pandemic, as employees return to the office and corporate activities are being revitalized. However, the competitive focus has shifted from “location and rent” to “comprehensive value creation,” and now emphasizes environmental performance, disaster resilience, comfort and convenience.

Obtaining environmental certifications has become more common, and companies are increasingly making investment decisions based on NEBs such as improved health and productivity, or reduced turnover rates. Furthermore, the adoption of digital technologies and smart building systems is enhancing operational efficiency and improving the tenant experience, thereby strengthening business continuity.





The Shift from Energy Efficiency to Comprehensive Value

Evaluation criteria for buildings have shifted from a narrow focus on “greenness and energy efficiency” to a broader approach, reflecting stricter regulations, disclosure standards, increasing investor demands, and growing interest in tenant well-being and Business Continuity Planning.

Health, productivity, disaster resilience and comfort are increasingly important when evaluating buildings. Corporate branding, talent acquisition and strong relationships with local communities can also enhance a building's competitiveness and market appeal. This trend has been accelerated further by the post-COVID-19 redefinition of offices, intensified competition for talent, and more frequent natural disasters.

By optimizing comprehensive value in your designs and operations, you can improve rental income, occupancy rates, lease renewals and tenant retention, resulting in stable cash flow. Operational efficiencies during construction and management can also improve your cost control, and create financing advantages such as better terms and lower interest rates for targeted loans, lower insurance premiums and deductibles, and favorable conditions for environmentally-friendly loans. This approach can also improve tenant composition, enhance corporate brand reputation and foster collaboration with local communities, thus streamlining the process of obtaining permits and approvals. Initiatives focused on comprehensive value creation are increasingly recognized as effective strategies for optimizing the risk–return profile of building assets.

Figure 1: Values Prioritized by Each Stakeholder of the Building

	Enhancement of Human Capital Value	Cost Reduction	Improvement of Corporate Value	Fulfillment of Social Responsibility	Contribution to Business
Employees	●		●	●	●
Business Partners					●
Customers		●		●	●
Financial Institutions	●	●	●		●
Shareholders/ Investors	●	●	●		●
Government/ Local Authorities			●	●	●
Local Communities	●		●	●	●

Legend: ● Highly prioritized; ● Prioritized



What are NEBs?

NEBs are defined as the secondary effects resulting from energy-saving or decarbonization initiatives, beyond the direct energy-saving effects (Energy Benefits). This concept encompasses a broad range of benefits beyond CO₂ emission reductions, including improved quality of life, increased economic activity and broader societal gains. NEBs are also known as “Co-benefits” or “Multiple Benefits.”

The International Energy Agency identifies several positive outcomes associated with enhanced energy efficiency, such as energy savings, affordability, competitiveness, grid investments, energy security, emission reductions, jobs, asset values, health and economic growth. For example, investments in energy efficiency—such as lighting and ventilation—can also improve workplace environments, which enhances employee health and productivity.

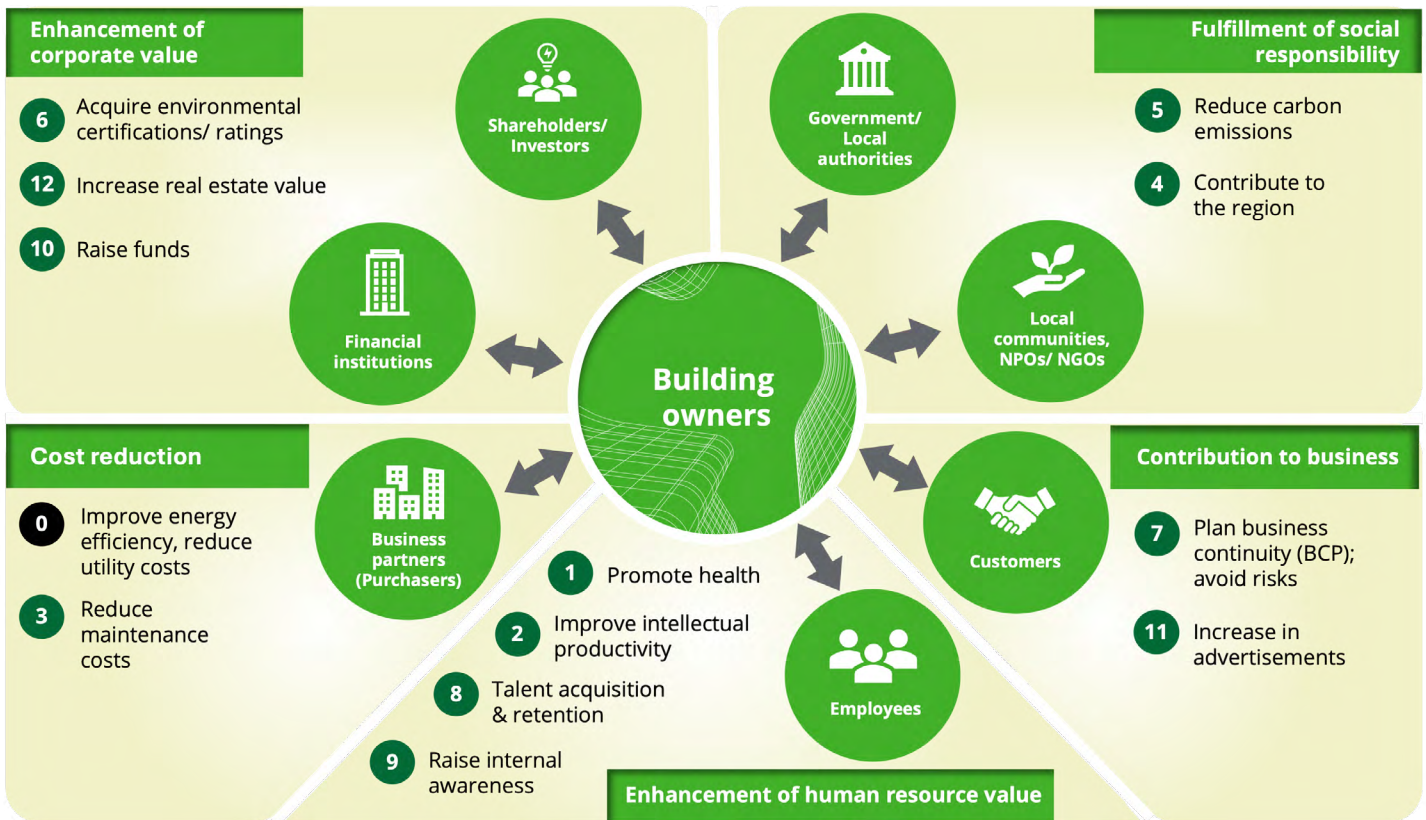


Development of NEBs Indicators as a Quantitative Evaluation Method

NTT FACILITIES, Inc. and Deloitte Tohmatsu LLC have collaborated to develop quantitative NEB indicators for assessing the comprehensive effects of constructing or renovating energy-efficient buildings. By using these indicators, you can base decisions about introducing energy-efficient buildings not only on energy savings, but also on the additional benefits.






NEB indicators reflect the effects of constructing or renovating energy-efficient buildings from the perspective of different stakeholders, including employees (i.e., the buildings' users), corporate and consumer customers, government agencies, local communities, financial institutions, shareholders, investors, NPOs and NGOs.







Figure 2: Stakeholder-Specific Benefits in NEBs Indicators



These indicators establish evaluation criteria for each of the many NEBs that arise from the construction or renovation of energy-efficient buildings. Based on existing data, such as basic building specifications and operational conditions, we have developed calculation logic and formulas that quantify the financial impact of each NEB, to provide a measurable assessment of the benefits.

Figure 3: Evaluation Criteria and Calculation Logic in NEBs Indicators

No.	Evaluation index	Effects	Calculation formula
00	 Improve energy efficiency, reduce utility costs		
01	 Promote health	Improvements in the office environment will enhance the mental and physical well-being of users and reduce poor performance and absenteeism due to poor health	Decrease in amount lost due to presentism/absenteeism × Number of employees working at the facility
02	 Improve intellectual productivity	Improvements in the office environment will advance users' intellectual productivity and reduce working hours	(Working hours for the entire pre-renovation base - Working hours for the entire pre-renovation base ÷ Productivity improvement rate) × Impact headcount ratio × Hourly overtime rate
03	 Reduce maintenance costs	Reductions in equipment operating time due to downsizing and energy-saving operations will reduce the number of times equipment parts needs to be replaced and will reduce maintenance costs as well	Reduction in air conditioning maintenance expenses + Reduction in lighting maintenance expenses
04	 Contribute to the region	Energy-efficient renovations improve aspects like building appearance, contributing to the local community and enhancing branding	Substitution cost for training programs for students/local communities + Substitution cost for landscape improvement
05	 Reduce carbon emissions	Reductions in CO ₂ emissions subject to the carbon tax and in tax burdens thanks to energy conservation and creation	Energy consumption reduction × CO ₂ emission intensity × Carbon price
06	 Acquire environmental certifications/ ratings	Improvements of owner reputation from acquiring environmental certifications through energy-saving renovations	Mid-career recruitment cost per person × Number of employees × Turnover rate due to office environment × Implementation rate of office environment measures

No.	Evaluation index	Effects	Calculation formula
07	 Plan business continuity (BCP); avoid risks	Improvements to resilience through the introduction of new energy sources will avoid and reduce risks due to disasters and the strengthening of laws and regulations, thereby avoiding loss of operating profit	Amount of time that would have been lost due to power outages × Amount of loss per hour
08	 Talent acquisition & retention	Enhanced work engagement strengthens recruitment capabilities and reduces user turnover rates	Mid-career recruitment cost per person × Number of employees × Turnover rate due to office environment × Implementation rate of office environment measures
09	 Raise internal awareness	Improvements in user's environmental awareness	Substitution cost for environmental training + Reduction in material purchase costs and waste disposal costs due to increased environmental awareness
10	 Raise funds	Increase in ability to use sustainability-related financial products and ability to raise funds at lower interest rates	Loan amount × Interest rate differential from using environmentally related financial products
11	 Increase in advertisements	Improvements in reputation in terms of environmental consideration and wellbeing thanks to media coverage of the building's advanced nature	Number of articles in the press × Price per article
12	 Increase real estate value	Enhancing office value as a productive workplace and acquiring certifications increase rental income or real estate sale prices	NOI for Net Zero Energy Building. (ZEB) - NOI for non-ZEB





How do NEBs Improve Asset Value?

By enhancing NEBs, you can improve comfort, health, safety and resilience, which in turn increases tenant satisfaction, productivity and occupancy duration. These improvements support increased rental premiums, higher lease renewal rates and more stable occupancy, directly boosting Net Operating Income (NOI).

From a cost perspective, NEBs can reduce your spending on maintenance, repairs, property management, tenant recruitment and insurance. Improved NEBs encourage proper equipment usage and preventive maintenance, making regular maintenance procedures more efficient and reducing accident-related losses. Enhanced safety and reduced risk may also lead to a favorable review of insurance premiums. Ultimately, stabilizing and reducing Operations & Maintenance costs also helps improve your NOI.

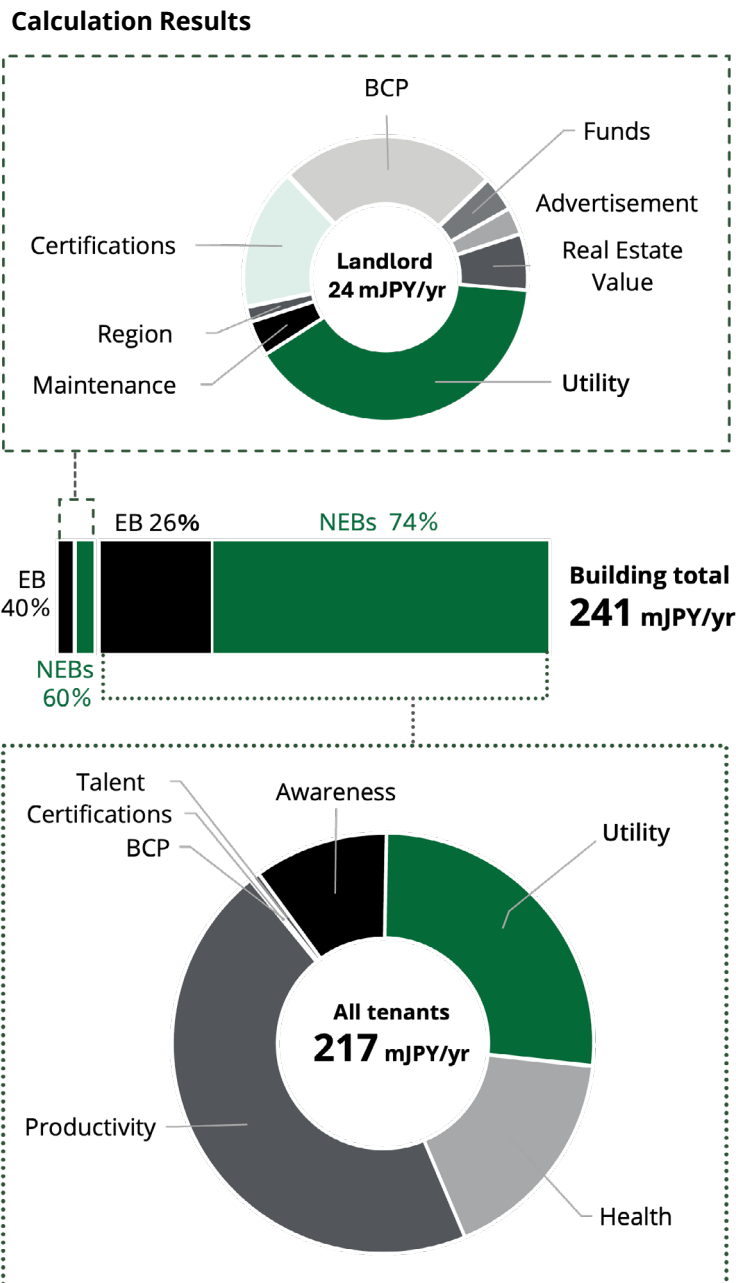
Additionally, as NEBs help lower physical and compliance risks, investors may require lower capitalization rates, increasing asset values. Overall, strengthening your NEBs gives you a foundation for improving both NOI and asset value, thereby reinforcing the long-term value proposition of your real estate assets.

Case Study



An evaluation of the Urbannet Sendai-Chuo Building revealed that it achieved a total annual effect of 241 million yen. This figure combines the direct Energy Benefits (70 million yen per year from reduced utility costs) with the secondary NEB effects, of 170 million yen per year. Of the total, the effect realized by tenant companies was 217 million yen per year, while the effect realized by the building owner was 24 million yen per year.

Figure 4: Building Subject to Calculation & Calculation Results



Building Subject to Calculation

Urbannet Sendai-Chuo Building



Location: Sendai City, Miyagi Prefecture

Site Area: 3,073.86 m² (33,086.75 ft²)

Total Floor Area: 42,132.77 m² (453,513.34 ft²)

Structure and Scale: Steel structure with partial reinforced concrete, seismic isolation structure

19 floors above ground, one basement floor

This article is based on Deloitte's 2025 report, Next-Generation Office Strategies, available at <https://www.deloitte.com/jp/ja/Industries/real-estate/perspectives/non-energy-benefits-en.html>



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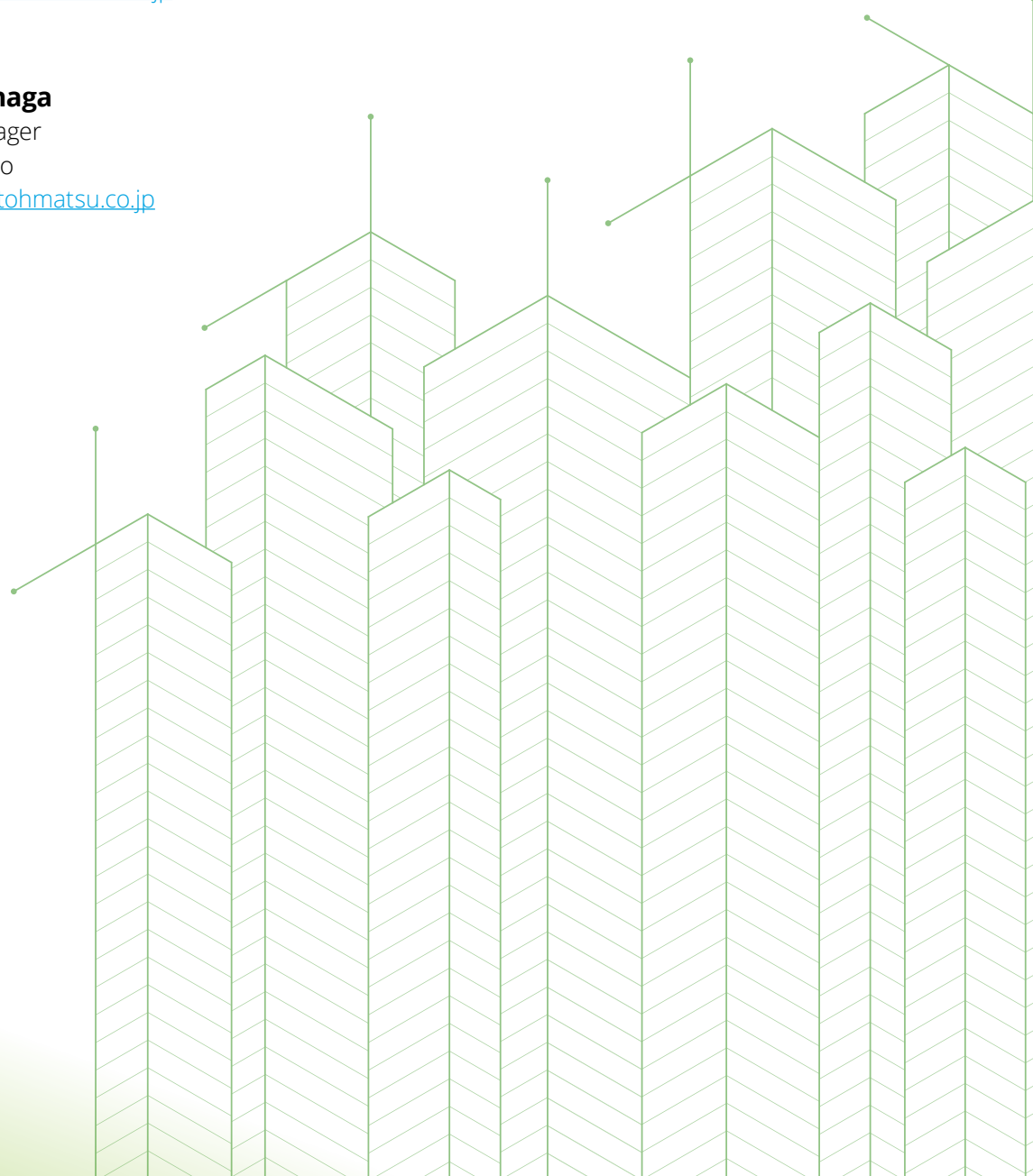


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