

STONE RESEARCH INTELLIGENCE

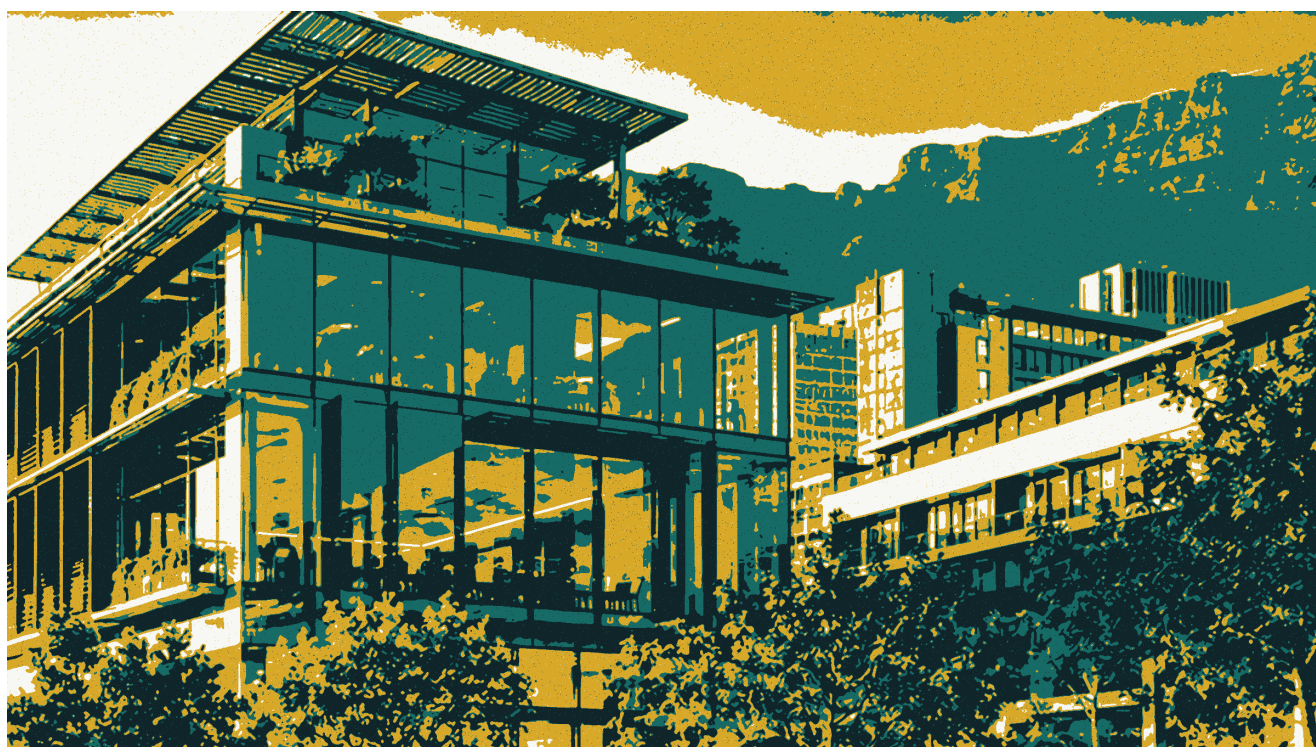
Green-Certified Offices in Africa: Testing the Investment Case for Efficiency, Occupancy and Asset Resilience

Across several African office markets, the divide between prime, efficient buildings and ageing secondary stock is widening. South Africa now provides a decade of evidence that green-certified offices can outperform comparable conventional assets, while newer evidence from Botswana and other markets points to stronger occupier demand for resilient, resource-efficient space. The investment question is moving beyond whether sustainability costs more to whether inefficient buildings increasingly carry an obsolescence penalty.

FLAGSHIP RESEARCH

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DESK RESEARCH



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Relevant SDGs: Industry, Innovation & Infrastructure · Sustainable Cities & Communities · Climate Action

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KEY METRICS

A stronger building is increasingly a stronger income stream

28.2% cumulative ten-year outperformance by green-certified Prime- and A-grade offices in South Africa.[1]	10.3% vacancy in green-certified offices in 2025, versus 13.1% for comparable non-certified stock.[1]	R152 / m² monthly net operating income in certified offices, versus R102 / m².[1]
2.40% average green construction premium for South African projects completed in 2022-24.[2]	98% reported Grade-A occupancy in Gaborone CBD; ESG-certified assets reported at 30-40% rental premiums.[3]	US\$650m combined IFC green-building facilities with Standard Bank, Nedbank and Investec referenced in this paper.[5][6][7]

STONECOMMS ORIGINAL SYNTHESIS

Sustainability in emerging-market commercial property may increasingly be best understood as protection against obsolescence: a combination of lower resource exposure, greater infrastructure resilience, access to stronger tenants and eligibility for wider pools of capital.

EXECUTIVE THESIS

The commercial case for sustainable offices in Africa is becoming measurable.

In South Africa, green-certified Prime- and A-grade offices have outperformed comparable non-certified buildings by a cumulative 28.2% over ten years. During 2025 they generated 34% more gross income per square metre, recorded lower vacancy and operated with a lower cost-to-income ratio. At the same time, the additional construction cost associated with green-certified South African offices has fallen: projects completed between 2022 and 2024 recorded an average green building cost premium of 2.40%.[1][2]

Elsewhere the evidence is less mature, but the direction is similar. Knight Frank reports that Grade-A and ESG-compliant offices are outperforming weaker stock across several African markets. In Gaborone, it estimates Grade-A occupancy at about 98% and reports rental premiums of 30-40% for ESG-certified assets. In South Africa, Kenya and Egypt it identifies increasing demand from multinational companies, international organisations and professional-services firms for buildings combining environmental credentials with reliable power, water and connectivity.[3]

This does not establish a universal African "green premium". Property markets remain local, certification is correlated with other characteristics such as location and building quality, and the strongest longitudinal evidence currently comes from South Africa.

It does, however, suggest a more useful investment proposition.

Sustainability in emerging-market commercial property may increasingly function not as an additional amenity but as part of the infrastructure required to protect income. Energy efficiency reduces exposure to operating costs. Solar and backup systems protect continuity. Water efficiency reduces resource risk. Certification makes performance legible to tenants and lenders. Modern services attract occupiers that are themselves subject to international environmental and procurement standards.

The potential consequence is a two-speed market: buildings in which efficiency, resilience and quality reinforce one another, and older stock whose apparent lower cost is offset by weaker demand, higher operating exposure and growing obsolescence risk.

WHY THIS MATTERS NOW

Africa's office markets are not moving uniformly.

Hybrid working has reduced or changed demand in some locations. Cost-sensitive occupiers are taking smaller floorplates. Older CBD stock competes with newer suburban or mixed-use nodes. Power reliability, water security, telecommunications and operating costs can matter as much as the physical office itself.

Knight Frank's 2026/27 Africa analysis describes this particularly clearly in South Africa. Premium buildings in locations such as Sandton, Rosebank, Century City and Cape Town's newer precincts are outperforming secondary stock, with occupiers favouring energy-resilient, green-certified properties incorporating backup water and generator or solar systems. At the same time, ageing B-grade offices remain a structural weakness in the broader market.[4]

This changes the sustainability calculation.

If tenants were indifferent between efficient and inefficient buildings, green investment would largely depend on energy savings and an owner's willingness to accept the payback period.

But if better buildings also attract more durable tenants, achieve higher occupancy, support higher rents, qualify for different financing and depreciate more slowly in economic terms, the calculation becomes an asset-management question rather than an environmental one.

EVIDENCE AND METHOD

This paper combines current African office-market research with longitudinal investment-performance data and recent development-finance transactions.

The strongest comparative dataset is South Africa's MSCI Green Annual Property Index, produced with the Green Building Council South Africa. Its 2025 edition covers 242 Prime- and A-grade office properties valued at R54.8 billion, of which 122 were green certified. Because the index compares higher-quality certified and non-certified office assets over time, it is more useful than a simple comparison between new green buildings and the entire office stock.[1]

Construction-cost evidence comes from research by the Green Building Council South Africa, the Association of South African Quantity Surveyors and the University of Pretoria. The 2025 study analyses empirical cost information from 199 Green Star-certified office buildings.[2]

Market evidence outside South Africa is drawn principally from Knight Frank's pan-African office research. Financing evidence is drawn from IFC transaction disclosures and sustainable-buildings finance materials.

The datasets do not permit a controlled causal estimate for Africa as a whole. The findings should therefore be interpreted as evidence about the mechanisms through which sustainable building performance can affect value, rather than as proof that certification alone creates a fixed rental or capital premium.

1. THE STRONGEST EVIDENCE IS NO LONGER THE ENVIRONMENTAL SAVING

Energy and water efficiency remain fundamental to green buildings. IFC's EDGE certification, for example, requires qualifying projects to demonstrate projected reductions of at least 20% in energy, water and embodied energy in materials relative to a conventional baseline.[10]

But from an investor's perspective, the more consequential evidence emerging from South Africa concerns income.

In 2025, certified offices in the MSCI/GBCSA dataset generated gross income per square metre 34% higher than non-certified peers. Monthly net operating income was R152 per square metre against R102. Their operating cost-to-income ratio was 41%, compared with 48% for non-certified buildings. Vacancy was also lower.[1]

Those variables compound.

A building that spends less of its income operating the asset, loses less space to vacancy and achieves stronger rent does not simply save electricity. It produces a different quality of cashflow.

Certification cannot automatically be credited with creating that difference. Green-certified offices are often newer, better located and more professionally managed. Tenants choosing them may be buying the whole package rather than the environmental standard in isolation.

But this limitation also points towards the more interesting conclusion: sustainability is becoming part of the definition of prime quality rather than a separate property characteristic.

2. RESILIENCE CAN BE WORTH MORE THAN EFFICIENCY

In many African markets, a commercial building does more than shelter an office.

It may need to compensate for weaknesses in surrounding infrastructure.

Reliable electricity may require on-site generation or storage. Water security may require additional systems. High-quality digital connectivity is essential. Heat management can have a direct effect on cooling expenditure and employee comfort.

This helps explain why Knight Frank's description of Africa's strongest office stock repeatedly combines ESG performance with infrastructure resilience. Solar generation, water efficiency, fibre connectivity and backup power appear together as characteristics associated with stronger demand.[3]

From an asset-management perspective, this distinction matters.

Energy efficiency creates value by reducing consumption.

Resilience creates value by preserving use.

An efficient building that cannot operate when the grid fails still creates disruption for its tenants. Conversely, resilience supplied entirely through expensive diesel generation may maintain operations while producing high costs and emissions.

The higher-performance asset combines the two: reducing the amount of energy and water required while improving the reliability with which essential services are delivered.

3. THE TENANT IS CHANGING THE SPECIFICATION

The demand side is equally important.

International companies increasingly have climate commitments, reporting requirements and internal standards governing the buildings they occupy. Professional-services companies compete for employees as well as clients. Corporate tenants increasingly consider employee environment, resilience and operational continuity alongside headline rent.

Knight Frank reports that multinational corporates, international organisations and professional-services firms increasingly treat ESG credentials as a leasing requirement in several African markets.[3]

That has a potentially powerful effect on asset segmentation.

A market does not need every tenant to pay more for sustainable space.

It only requires the tenants with the strongest covenants, longest potential leases or highest ability to pay to concentrate increasingly in one class of building.

The result can be a reinforcing cycle: better buildings attract stronger tenants; stronger tenancy supports income and valuation; stronger assets can secure capital; capital funds further improvements; and poorer stock becomes progressively harder to justify economically.

This is particularly significant when new supply is constrained. Knight Frank's 2026/27 report notes exceptionally low vacancy in some South African premium nodes while older secondary stock remains challenged.[4]

4. CAPITAL IS BEGINNING TO DISTINGUISH THE ASSET TOO

The financing market is increasingly capable of recognising certified property as a separate category.

During 2025 and 2026 IFC announced or completed major facilities with South African banks specifically to expand finance for EDGE-certified or equivalent buildings: up to US\$250 million with Standard Bank, US\$200 million with Nedbank and US\$200 million with Investec.[5][6][7]

This follows earlier development of green bonds and other dedicated instruments. IFC's sustainable-buildings finance guide highlights Kenya's Acorn green bond, which raised KES4.3 billion in 2019 under a KES5 billion programme and was later upsized to KES5.7 billion; proceeds supported EDGE-certified student accommodation.[8]

In Côte d'Ivoire, IFC and Proparco are lending up to EUR32.6 million towards a roughly 21,000m² mixed-use development in Abidjan that includes office space and is targeting EDGE certification.[9]

These transactions should not be mistaken for proof that every green building receives cheaper finance.

They demonstrate something different but important: verified building performance can make a property eligible for pools of capital and financing structures that would otherwise be unavailable.

Certification therefore operates partly as information infrastructure.

A lender in London, Johannesburg or Paris cannot personally inspect the energy performance of every building it finances. A credible standard translates technical building characteristics into a form that capital providers can recognise, compare and audit.

5. THE ADDITIONAL CONSTRUCTION COST IS NARROWING

One of the longest-standing objections to sustainable construction is straightforward: better buildings cost more.

Sometimes they do.

The South African evidence, however, suggests that the incremental cost is declining as expertise, technology and supply chains mature.

The 2025 South African cost study found an average green building cost premium of 5.95% among projects certified between 2009 and 2014. That fell to 3.49% in 2015-18, 3.15% in 2019-21 and 2.40% for projects completed between 2022 and 2024. Across the full dataset since 2009, the average was 3.43%.^[2]

A 2.4% construction premium cannot automatically be compared with a 28.2% cumulative investment-performance difference. The figures measure different populations, periods and effects.

But their direction matters.

The incremental cost of producing certified buildings appears to be shrinking at the same time that the market is producing stronger evidence of an income and investment-performance differential.

That changes the burden of proof.

The relevant question for a developer is increasingly not simply: What does it cost to make this building greener? It is also: What will it cost to own a building that the market increasingly regards as second-rate?

STONECOMMS ANALYSIS

STONECOMMS ORIGINAL SYNTHESIS

The emerging investment case is an obsolescence case

The conventional green-building argument starts with savings.

Spend additional capital today; consume less energy and water tomorrow; recover the investment over time.

The African evidence points towards a broader model.

STONECOMMS ORIGINAL SYNTHESIS

1. Resource efficiency. Reduced consumption lowers controllable operating expenditure and exposure to increases in utility costs.

STONECOMMS ORIGINAL SYNTHESIS

2. Infrastructure resilience. Distributed energy, water management and better building systems reduce tenants' exposure to interruption.

STONECOMMS ORIGINAL SYNTHESIS

3. Tenant-market access. Certification, reliability and building quality can widen access to institutional, multinational and professional occupiers whose internal requirements increasingly restrict the buildings they can lease.

STONECOMMS ORIGINAL SYNTHESIS

4. Capital-market access. Verified building performance can create eligibility for green loans, green bonds, climate facilities and institutional mandates.

These mechanisms interact.

The consequence is that sustainable building investment may increasingly be best understood as protection against obsolescence.

Obsolescence need not mean that an old building is physically unusable. An office can remain perfectly functional while becoming economically inferior: harder to lease, more expensive to operate, unacceptable to certain corporate tenants, less attractive to lenders and increasingly expensive to retrofit.

That is potentially the most important lesson for emerging markets.

Where large volumes of floor space have yet to be built, the decision is not simply whether green buildings justify an additional upfront cost. Developers are deciding whether the assets being designed today will still belong to the preferred institutional market ten or fifteen years from now.

A two-speed office market

The evidence supports a hypothesis of increasing polarisation.

At one end sit efficient, resilient, well-connected, professionally managed properties capable of meeting corporate and financing standards.

At the other sits ageing stock that competes principally through lower nominal rent.

Between them, the rent differential can underestimate the true economic gap.

For the tenant, a cheaper building may bring higher energy costs, business interruption, weaker employee experience or incompatibility with corporate sustainability targets.

For the owner, it may bring vacancy, incentives, refurbishment requirements and weaker liquidity.

The economically important distinction may therefore cease to be simply Grade A versus Grade B.

It becomes future-compatible versus increasingly stranded.

STONECOMMS ANALYSIS

This hypothesis is strongly supported by South African evidence but requires testing in other African office markets.

The portability test: what might travel beyond Africa?

The significance of this framework is not confined to Africa.

It should be most portable to emerging property markets sharing several characteristics: rapid or recent urban development; a relatively limited stock of genuinely institutional-grade offices; exposure to energy, water or other infrastructure constraints; multinational or internationally financed tenants; growing use of LEED, BREEAM, EDGE or comparable standards; significant differences in quality between modern and legacy stock; and increasing access to sustainable or international capital.

In such markets, the question is not whether African rental premiums can simply be transplanted elsewhere. They cannot.

What can travel is the analytical model.

Measure whether efficient buildings have lower vacancy; higher effective rather than asking rents; lower operating-cost ratios; higher tenant retention; different tenant profiles; lower capital expenditure over time; access to different financing; and greater valuation resilience.

If those relationships appear consistently after controlling as far as possible for location, age, size and building grade, sustainability is no longer merely a specification issue. It is an asset-performance variable.

IMPLICATIONS FOR OWNERS AND INVESTORS

Measure performance, not labels

Certification is useful because it establishes a credible standard. It should not become a substitute for analysing actual energy, water, occupancy, income and tenant-retention data.

Treat resilience as part of NOI protection

Power and water systems should be assessed not simply as technical infrastructure but by the income interruption and operating volatility they prevent.

Identify the obsolescence threshold early

Owners of existing stock need to know at what point incremental refurbishment ceases to be competitive with deeper repositioning, conversion or disposal.

Follow the tenants

The most revealing demand signal may be the specifications imposed by the strongest occupiers rather than average rents across the whole market.

Analyse finance alongside rent

If certification affects financing eligibility or cost of capital, the business case cannot be assessed solely from utility savings.

IMPLICATIONS FOR LENDERS AND POLICYMAKERS

Green-building finance has often focused on demonstrating environmental additionality.

The next stage should generate better commercial evidence.

Banks financing certified buildings are well placed to compare loan performance, operating results and asset values with conventional buildings. Property owners can examine lease duration, renewal, vacancy and incentives.

Governments and city authorities can test whether efficient developments reduce pressure on constrained electricity and water systems.

Better datasets would help distinguish genuine performance effects from the simple fact that certified buildings tend to be newer and better.

That distinction matters because institutional capital scales what it can measure.

RISKS, COUNTERARGUMENTS AND LIMITATIONS

The strongest limitation is selection bias.

A premium building in a prime district with sophisticated management is more likely to be certified in the first place. Some apparent "green premium" may therefore be a quality premium.

That does not make the evidence irrelevant. It means sustainability should not be isolated artificially from the broader package of characteristics that defines institutional-quality property.

Second, Africa is not one office market.

Johannesburg has listed property companies, extensive Green Star data and a comparatively mature institutional real-estate sector. Gaborone, Nairobi, Lagos, Cairo, Accra and Abidjan differ substantially in supply, financing, tenant composition, regulation and data transparency.

Third, reported rental premiums should be treated cautiously where the underlying methodology does not control for building quality and location.

Fourth, a certified design does not guarantee strong operational performance. Buildings need effective management, maintenance and measurement after completion.

Finally, there is a risk that sustainability investment concentrates on premium property serving international occupiers while the wider building stock remains inefficient. Green finance can improve institutional real estate without necessarily improving urban affordability or inclusion.

COMMISSIONABLE RESEARCH AGENDA

A serious second-stage investigation should move from reported market trends to building-level evidence.

StoneComms would test a matched sample of certified and non-certified offices across selected African cities, collecting: asking and effective rents; vacancy and lease duration; tenant type and covenant strength; tenant renewal; energy and water consumption; operating expenditure; backup-power costs; refurbishment and capital expenditure; building age and certification date; financing terms; transaction or valuation evidence; and owner and occupier interviews.

After controlling for location, age and grade, which building-performance characteristics actually explain differences in office income and asset value?

STONECOMMS ANALYSIS

A second research stream could apply the same framework across emerging markets outside Africa.

Rather than asking whether another market has an African-style "green premium", it would test whether the same mechanisms - resource efficiency, infrastructure resilience, tenant-market access and capital-market access - affect asset performance under different climatic, regulatory and financial conditions.

CONCLUSION

The investment case for sustainable offices in Africa is becoming harder to describe as simply an ESG case.

The strongest South African evidence now covers an entire decade and shows persistent differences in return, vacancy, income and valuation between certified and comparable non-certified offices. Other African markets show signs of the same flight towards quality, although the evidence is less complete. Meanwhile lenders are creating substantial pools of capital specifically for certified buildings.

None of this proves that adding a sustainability label makes a building valuable.

It suggests something more consequential.

The definition of a high-quality office building is changing.

Energy, water, resilience, connectivity and verifiable environmental performance are increasingly becoming part of the infrastructure tenants and capital providers expect from institutional real estate.

If that continues, today's key development decision is not whether sustainability earns an immediate premium.

It is whether a building designed without these characteristics risks entering the market already on a path towards economic obsolescence.

METHODOLOGY

This publication is a desk-based synthesis of publicly available property-market research, building-performance datasets and sustainable-finance transactions available to 30 September 2026.

Priority was given to datasets comparing certified and non-certified assets, primary disclosures by financial institutions and development-finance organisations, and current pan-African property-market research.

No original fieldwork, tenant survey, property inspection or proprietary transaction analysis was undertaken.

StoneComms original synthesis refers to the analytical framework developed from the cited evidence and does not imply proprietary empirical data.

LIMITATIONS

South Africa provides substantially stronger longitudinal data than other African markets and therefore has disproportionate weight in the analysis.

Observed relationships between certification and investment performance cannot on their own establish causation. Building location, age, management quality, tenant composition, specification and financing may contribute materially to the measured differences.

Cross-market rental data are not directly comparable and reported premiums should not be interpreted as a single pan-African pricing effect.

SOURCE NOTE

Principal evidence includes the MSCI/GBCSA South Africa Green Annual Property Index 2025; Green Building in South Africa: A Guide to Costs & Trends 2025; Knight Frank Africa Office Market Dashboard and Africa Report 2026/27; and recent IFC sustainable-buildings finance and transaction disclosures.

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