



ECO2.2

Commercial viability

Objective

Our objective is to create buildings with maximum user acceptance and long-term market potential.

Benefits

Unused buildings constitute a misallocation of financial resources. A building standing empty (in the medium or long term) is not sustainable. In order to achieve good commercial viability, a property must maintain or even increase its value, making it substantially easier to position it on the market.

Contribution to overriding sustainability goals



	CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS) OF THE UNITED NATIONS (UN)		CONTRIBUTION TO THE GERMAN SUSTAINABILITY STRATEGY	
1 Low	8.4	Global resource efficiency and decoupling economic growth	7.1.a/b	Resource conservation
	12.2	Use of natural resources	8.1	Resource conservation
	12.5	Reducing and eliminating waste	11.1.a/c	Land use



Outlook

The significance and score are expected to remain the same.

Share of total score

	SHARE	WEIGHTING FACTOR
Office Education Residential Hotel	5.0%	2
Consumer market Shopping centre		
Business premises Logistics		
Production	0.0%	0



EVALUATION

In essence, the commercial viability is evaluated on the basis of the aspects "Market" and "Site". The aim here is to establish the extent to which the building and its uses are geared to the market requirements and the requirements of the site. The objective is not to undertake an absolute analysis of the site or the market, but rather to evaluate the property quality, site aspects and market characteristics in relation to one another. The commercial viability can be described by addressing the topics of "Site and image", "Entrance situation, routing and signposting", "Parking space situation", "Market risk" and "Occupancy rate". 100 points can be awarded for this criterion or a maximum of 110 points including bonuses.

NO.	INDICATOR	POINTS
1	Entrance situation, routing and signposting	
1.1	Entrance situation	
	Office Residential Hotel Shopping centre Business premises	
	Consumer market	
	■ Readily identifiable and easy to find	7.5
	Education	
	■ Readily identifiable and easy to find	10
	Logistics	
	■ Readily identifiable and easy to find	5
1.2	Routing and signposting	
	Office Residential Hotel Shopping centre Business premises	
	Consumer market	
	■ Routing/markings provided, discernible and comprehensible (building name, house number, building entrance, passenger car/HGV entrance/parking spaces)	7.5
	Education	
	■ Routing/markings provided, discernible and comprehensible (building name, house number, building entrance, passenger car/HGV entrance/parking spaces)	10
	Logistics	
	■ Routing/markings provided, discernible and comprehensible (building name, house number, building entrance, passenger car/HGV entrance/parking spaces)	5



NO.	INDICATOR	POINTS
2	Parking space situation	
2.1	Delivery zone	
	Office Hotel Shopping centre Business premises Consumer market	
	<ul style="list-style-type: none"> Designated parking spaces in the immediate vicinity of the main entrance or delivery entrance 	7.5
	Education ¹	
	<ul style="list-style-type: none"> Designated parking spaces in the immediate vicinity of the main entrance or delivery entrance 	10
	Shopping centre Business premises Logistics	Max. 15
	<ul style="list-style-type: none"> Separate entrances for passenger cars and HGVs 	+7.5
	<ul style="list-style-type: none"> There are no restrictions on using the delivery zone and this does not affect ongoing operations 	+7.5
	Logistics	
	<ul style="list-style-type: none"> The delivery zone can be used and accessed 24 hours a day (approval has been granted for this). 	15
2.2	Drop-off and pick-up areas	
	Education	
	<ul style="list-style-type: none"> Up to 50 m from the main entrance (kiss & ride) 	7.5
	Hotel	
	<ul style="list-style-type: none"> For dropping off and picking up guests and their luggage up to 50 m from the main entrance 	7.5
2.3	Passenger car parking space capacity allocated to the building	
	≥ 1 passenger car parking space per ...	
	Office Education	1 – 10
	<ul style="list-style-type: none"> ≥ 200 m² NUF (NUF-2 in accordance with DIN 277-1) 	1
	<ul style="list-style-type: none"> ≥ 50 m² NUF (NUF-2 in accordance with DIN 277-1) 	10
	Residential	5 – 10
	<ul style="list-style-type: none"> 2 housing units 	5
	<ul style="list-style-type: none"> 1 housing unit 	10
	Hotel	1 – 7.5
	<ul style="list-style-type: none"> 5 rooms 	1
	<ul style="list-style-type: none"> 2 rooms 	7,5

¹ For a campus with multiple educational buildings or a common parking space solution for multiple buildings, the parking spaces allocated to the building must be included in the calculation.



NO.	INDICATOR	POINTS
	Shopping centre	2–7.5
	Location 1: On a greenfield site (moderately good public transport links)	
	■ ≤ 40 m ² sales area (NUF-4.5 in accordance with DIN 277-1)	2
	■ ≥ 20 m ² sales area (NUF-4.5 in accordance with DIN 277-1)	7,5
	Location 2: In the town/city centre (good public transport links)	
	■ ≤ 80 m ² sales area (NUF-4.5 in accordance with DIN 277-1)	2
	■ ≤ 40 m ² sales area (NUF-4.5 in accordance with DIN 277-1)	7,5
	Logistics	
	■ 3 employees	7.5
	Consumer market	Max. 7.5
	Location 1: On a greenfield site (moderately good public transport links)	2–7.5
	■ ≤ 40 m ² sales area (NUF-4.5 in accordance with DIN 277-1)	2
	■ ≤ 20 m ² sales area (NUF-4.5 in accordance with DIN 277-1)	7.5
	Location 2: In the town/city centre (good public transport links)	2–7.5
	■ ≤ 80 m ² sales area (NUF-4.5 in accordance with DIN 277-1)	2
	■ ≤ 40 m ² sales area (NUF-4.5 in accordance with DIN 277-1)	7.5
	Business premises	
	Location: In the town/city centre (good public transport links)	2–7.5
	■ ≤ 80 m ² sales area (NUF-4.5 in accordance with DIN 277-1)	2
	■ ≥ 20 m ² sales area (NUF-4.5 in accordance with DIN 277-1)	7.5
2.4	Bicycle parking capacity allocated to the building	
	Hotel Shopping centre Business premises Consumer market	
	■ 100% of the bicycle parkings required in the parking entitlement documentation have been provided or the number provided is in line with the number specified in the "Richtzahlen für notwendige Fahrradabstellplätze" [Guideline figures for required bicycle parking] issued by the ADFC [German Cyclist's Association].	10
	Office Education Residential	
	■ 100% of the bicycle parkings required in the parking entitlement documentation have been provided or the number provided is in line with the number specified in the "Richtzahlen für notwendige Fahrradabstellplätze" [Guideline figures for required bicycle parking] issued by the ADFC [German Cyclist's Association].	15
2.5	Public parking spaces 200 m from the main or side entrance	Max. 15
	≥ 1 passenger car parking space per ...	
	Office Residential Hotel Shopping centre Business premises	
	Consumer market Education	
	■ 500 m ² GFA (RV)	7.5
	■ 200 m ² GFA (RV)	15



2.6	Public parking spaces 500 m from the delivery entrance ≥ 1 HGV parking space per ...		
	Logistics		
	■ 10 – 5 entrance gates		1–7.5
2.7	Number of entrance gates ≥ 1 entrance gate per ...		
	Logistics		
	■ 2000 m ² - 500 m ² GFA (RV)		1–15
2.8	Number of underground parking spaces		
	Residential		
	■ The majority of the passenger car parking spaces allocated to the building are underground		7,5
Re 2	INNOVATION AREA Explanation: Modelling of alternative approaches that show that the desired aspects with regard to the parking space situation have been achieved another way.		As in 2.1–2.7

3 Market characteristics

3.1	Market risk		1–22.5
	Office		
	■ High:		1
	- Relationship (in %) between the planned area and the existing office area (NFA/net floor area) in the relevant sub-market, which is ≤ 10% or:		
	- Relationship (in %) between the planned area and the average rental performance (turnover per unit of area) per year in:		
	▪ Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Stuttgart and Munich ≤ 100% in the relevant sub-market in the city		
	▪ Bremen, Dortmund, Duisburg, Dresden, Essen, Hanover, Leipzig and Nuremberg ≤ 60% in the relevant (sub-)market		
	▪ Other cities with more than 100,000 inhabitants ≤ 40%		
	▪ Towns with fewer than 100,000 inhabitants ≤ 30%		
	■ Low:		22.5
	- Relationship (in %) between the planned area and the existing office area (NFA/net floor area) in the relevant sub-market, which is ≤ 1% or:		
	- Relationship (in %) between the planned area and the average rental performance (turnover per unit of area) per year in:		
	▪ Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Stuttgart and Munich ≤ 50% in the relevant sub-market in the city		
	▪ Bremen, Dortmund, Duisburg, Dresden, Essen, Hanover, Leipzig and Nuremberg ≤ 30% in the relevant (sub-)market		
	▪ Other cities with more than 100,000 inhabitants ≤ 20%		
	▪ Towns with fewer than 100,000 inhabitants ≤ 15%		
	Residential Hotel Consumer market		1–22.5
	■ High: An expert report or market analysis finds that there is only very limited market potential for the planned project in its segment		1
	■ Low: An expert report or market analysis finds that there is excellent market potential for		22.5



the planned project in its segment

Shopping centre	Business premises	Logistics	1–15
<ul style="list-style-type: none"> ■ High: An expert report or market analysis finds that there is only very limited market potential for the planned project in its segment 1 ■ Low: An expert report or market analysis finds that there is excellent market potential for the planned project in its segment 15 			

Re 3 **INNOVATION AREA**

Explanation of an innovation area: Modelling of alternative approaches that show that the market risk/market potential is known



As in
3.1

Indicator does not apply to **Education**

4 Degree of utilisation/units let at the time of completion

4.1 Degree of utilisation/occupancy rate

Office	Residential	Hotel	Shopping centre	Business premises	Logistics	
<ul style="list-style-type: none"> ■ 50%–100% 1–15 						
Education	Consumer market					
<ul style="list-style-type: none"> ■ 50%–100% 1–22.5 						

4.2 **CIRCULAR ECONOMY BONUS – CIRCULAR ECONOMY USERS, TENANTS OR HIRERS**



+10

Explanation: At least one company/party actively contributes to a circular economy as users/tenants of the building. This occurs in the building itself or at the site by means of joint material flow management or similar forms of collaboration with another company/party within the near vicinity of the building.



SUSTAINABILITY REPORTING AND SYNERGIES

Sustainability reporting

The passenger car parking space capacity allocated to the building, the relationship between the planned area and the existing buildings, and the degree of utilization are good key performance indicators (KPIs) to report. For the EU's "Level(s)" reporting framework, general information about the building can be obtained from the information relating to the criterion.

NO.	KEY PERFORMANCE INDICATORS (KPIs)	UNIT
KPI 1	Passenger car parking space capacity allocated to the building (PS)	[passenger car PS/unit]
KPI 2	Bicycle parking capacity allocated to the building	[bicycle PS/unit]
KPI 3	Public passenger car/HGV parking space capacity	[passenger car/HGV PS/unit]
KPI 4	Relationship between the planned area and the existing buildings in the sub-market	[%]
KPI 5	Degree of utilisation/occupancy rate	[%]
KPI 6	Year of construction of the building, the building's planned service life, building geometry, usable floor area, market segment in accordance with the BOMA classification, in accordance with basic information on the building in "Level(s)"	[-]

Synergies with DGNB system applications

- **DGNB OPERATION:** The information on the occupancy rate can be used in criterion 9.1 of the scheme Buildings in Use (BIU).
- **DGNB RENOVATED BUILDINGS:** High synergies with criterion ECO2.2.
- **DGNB DISTRICTS:** Informations from the market and site analysis can be used in criterion ECO2.4 of schemes UD/BD,



APPENDIX A – DETAILED DESCRIPTION

I. Relevance

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II. Additional explanation

The commercial viability of properties manifests itself through investment and rental decisions. These ultimately form the basis for continued use of the property in question throughout its entire life cycle.

If the site and property quality of a building is above the usual market standard, it can be assumed that the building is highly commercially viable and that the vacancy risks are therefore low. In contrast, below average site and property quality results in reduced commercial viability and limited rental potential. Under such circumstances, both value stability and rental income suffer.

III. Method

Indicator 1: Entrance situation, routing and signposting

This indicator is evaluated by assessing the entrance situation, routing and signposting.

- Entrance situation: The quality of the entrance situation can be divided into buildings with an entrance that is easily discernible and easy to find, buildings with an entrance that is only indirectly discernible (e.g. hidden due to second row or for other reasons) and/or buildings for which the property is composed of an ensemble of buildings. Buildings that are easily discernible and easy to find will be reflected positively in the evaluation.
- Routing and signposting: The presence of routing, signposting, markings or a navigation system for the building's outdoor area that allows visitors to easily find the building's entrance, the passenger car/HGV entrance and the parking spaces will be reflected positively in the evaluation. In addition to the house number, other means of identification are often used for an individual building, an ensemble of buildings or a building complex with different entrances. If such means are used to identify the desired entrance, the assessment must evaluate whether they have been displayed at the building entrance in question in such a way that they are discernible (legible) and easy to find and are used to facilitate navigation by the user, including in the outdoor area.

Indicator 2: Parking space situation

This indicator is evaluated by assessing the delivery zone and the parking space situation.

- Delivery zone:
A delivery zone that can be used without restriction and without affecting ongoing operations, and a designated parking area for delivery vehicles in the immediate vicinity of the main entrance or delivery entrance, will be positively reflected in the evaluation. Separate entrances for passenger cars and HGVs will also be positively reflected in the evaluation as this prevents traffic hold-ups.
- Parking space capacity allocated to the building on the plot of land/in the building: The assessment will evaluate whether there are passenger car parking spaces allocated to the building on the plot of land and/or in the building. Parking spaces that are verified under building and planning law are credited in the



same way as for the parking spaces allocated to the building. If, during the building permit process, the planning authority requests a mandatory parking space deficiency charge, this can be submitted as alternative documentary evidence. A voluntary parking space deficiency charge payment cannot be used as documentary evidence. The provision of at least 100% of the required bicycle parking will also be reflected positively in the evaluation. If the state building regulations do not require the provision of bicycle parking, the "Richtzahlen für notwendige Fahrradabstellplätze" [Guideline figures for required bicycle parking] issued by the ADFC [German Cyclist's Association] can be used. Depending on the local situation (e.g. level of bicycle usage) and on any specific problems, it may be beneficial or necessary to provide more or fewer bicycle racks than recommended by these guideline figures. The number of parking spaces required must be calculated by rounding up to the nearest whole number. A realistic projection must be calculated based on the project in this case (representing the number of employees and site specifics).

- Public parking spaces 200 m from the main or side entrance: If there are public parking spaces within a reasonable distance of the building entrance that visitors, customers and other building users can use, this will be reflected positively in the evaluation.

Indicator 3: Market characteristics

The proportion of the space already sold or rented when the building project is completed shows whether the property is attractive to users when initially marketed. An analysis of the market risks should be conducted to check that the extent of the planned use of the building project is not based on excessively high expectations of the market. The method used to assess the market potential depends very heavily on the use. Buildings are assessed according to the market segment that applies to them (office market, retail outlets, residential market, etc.). Since the sources for market analyses are very often not generally accessible, an expert report, drawn up by an expert, that evaluates the necessary aspects is advantageous when it comes to the evaluation. Alternatively, a market analysis conducted by an estate agent/letting agent/property consultant along with a realistic appraisal can be used as documentary evidence.

Indicator 4: Degree of utilisation/units let at the time of completion

In addition to the initial marketing situation, the general commercial viability should be assessed. Where there is an owner-occupier, for example, or where the building has been tailored to the needs of the main tenant (anchor tenant), the initial rental aspect is fulfilled. However, this has no bearing on the fundamental market potential for subsequent rental once the original user has moved out. Where a building is 100% owner-occupied, the pre-rental is considered to be fully satisfied.

Indicator 4.2: Circular economy bonus – Circular economy users, tenants or hirers

If at least one company or party residing in the building actively contributes to a circular economy as users/owner-occupiers/tenants of the building, this can be positively reflected in the evaluation by means of a bonus. The company/party should implement its business model that contributes to a circular economy in the building itself, at the site or nearby (in the district) by means of joint material flow management or similar forms of collaboration with another company/party within the near vicinity of the building.



IV. Usage-specific description

Indicator 3: Market characteristics

Indicator 3.1: Market risks

Office

For office buildings, the market risks can be assessed by calculating the general rental performance (turnover) over the last few years in the relevant market segment in relation to the size of the building project. As well, for office buildings, the size of the property can be analysed in relation to the existing office area in the market segment. If a relatively large, established office market already exists, it is highly likely that the new office space will also be taken on when it comes to subsequent rental.

Market data should be used to substantiate the commercial viability. However, the quality of statistics for the German office markets can be highly variable. There is no reliable, official data on existing office area, vacant buildings and turnover (rental income). This data is largely available for all cities, but for smaller towns, only some of this data is available. Since obtaining the data is labour-intensive, requires expert knowledge and skills, and necessitates research, technical discussions and/or input from departments that must perform calculations, and an expert report (market value or loan value) is drawn up for virtually all building projects in any case, the data in question can be substantiated with excerpts from this expert report. The proportion of office area newly created by the project in relation to the existing office area in the sub-market is a crucial factor for the appraisal in accordance with Table 7. This area quotient can be calculated using data on existing office area from recognised market reports. An explanation is also then provided of which data can be obtained, to what extent and how. Since, for some sub-markets, only information on existing buildings is available, and for others, only information on rental performance in the market is available, either type of data can be used to assess this aspect. If both types of data are available, the turnover per unit of area (rental performance) is to be used.



APPENDIX B – DOCUMENTATION

I. Required documentation

A range of different forms of documentation is listed below. The documentation submitted must comprehensively and clearly demonstrate compliance with the requirements for the target evaluation of the individual indicators.

Indicator 1: Entrance situation, routing and signposting

- Photo documentation with explanation
- Excerpts from plans in conjunction with site plans

Indicator 2: Parking space situation

- Passenger car parking space entitlement documentation/bicycle parking entitlement documentation: Excerpts from plans in conjunction with site plans
- Excerpts from the building permit/documentation on the number of bicycle racks in accordance with the "Richtzahlen für notwendige Fahrradabstellplätze" [Guideline figures for required bicycle parking] issued by the ADFC [German Cyclist's Association]
- Photo documentation with explanation
- Excerpt from the building permit documents (where a mandatory parking space deficiency charge has been requested)

Indicator 3: Market characteristics

- Presentation of the calculation of the area quotient and documentation of the input values for the calculation plus sources (expert statements or data from recognised market reports. If the above-mentioned documentation does not exist, an office market analysis conducted by an estate agent/letting agent/property consultant along with a realistic appraisal can be used as documentary evidence instead).

Indicator 4: Degree of utilisation/units let at the time of completion

- Signed list by the building owner regarding the proportion of the space already rented at the time of completion, providing verifiable documentation of each of the users and the areas they occupy.
- Verification of joint material flow management or similar forms of collaboration between users/tenants and other companies occupying the building, contributing to a circular economy.



APPENDIX C – LITERATURE

I. Version

Change log based on 2018 version

PAGE	EXPLANATION	DATE
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II. Literature

DIN 277-1:2016-01: Areas and volumes of buildings – Part 1: Building construction, Berlin, January 2016

The majority of the market data is not accessible to the public (GfK data, large-scale property market, etc.). The expert generally draws on research reports from the property service or market research companies or chambers of industry and commerce and business development agencies; however, these reports are usually only available in the proper form and updated on an annual basis for cities. They purchase this data (from the GfK) or, frequently, draws on their own data and calculations.

- Schäfer/Conzen, Praxishandbuch der Immobilien-Projektentwicklung [Practical handbook for property project development]. C.H Beck Verlag. 2007
- Schulte/Bone-Winkel: Handbuch Immobilien-Projektentwicklung [Handbook for property project development]. Immobilien Manager Verlag. 2008
- Gesellschaft für immobilienwirtschaftliche Forschung [Society of Property Researchers, Germany] (gif e.V.). Definitionssammlung zum Büromarkt [Collection of definitions pertaining to the office market]. September 2004
- Richtzahlen für notwendige Fahrradabstellplätze [Guideline figures for required bicycle parking] issued by the ADFC [German Cyclist's Association]