

FTSE Russell launches new green real estate indexes

- New FTSE EPRA Nareit Green Indexes allow investors to integrate climate risk into listed real estate portfolios
- Provide a similar returns profile to their parent index, but materially enhances climate exposure in building energy efficiency, green certification and carbon emissions
- Innovative tools to help drive ambitious global sustainability agenda
- Real estate sector currently accounts for 28%* of global carbon emissions
- US \$341 billion of assets currently benchmarked to underlying FTSE EPRA Nareit Global Real Estate Indexes**

FTSE Russell, the global index, data and analytics provider, today announces the launch of new green real estate indexes. The FTSE EPRA Nareit Green Indexes will allow investors to integrate climate risk in their investment strategies in listed real estate, an asset class that historically has lacked such tools. They provide an extension to the FTSE EPRA Nareit Real Estate Index Series, a global series of leading listed real estate benchmarks which are tracked by over \$340 billion in assets.

The FTSE EPRA Nareit Green Indexes apply sustainability performance as ‘tilts’ to adjust the weights of constituents in the underlying FTSE EPRA Nareit Developed Index. While maintaining a similar returns profile to the parent index, this tilting significantly improves the climate and sustainability performance. For example, green certification increases by 63% while carbon emissions per dollar of revenue drop by 40%.

To assess the sustainability performance of the constituents, the indexes draw on building-by-building geolocation data mapping from specialist data provider GeoPhy mapping over 15 million buildings and covering real estate holdings for 93% of the constituents of the FTSE EPRA Nareit Developed Index. This data is then matched with green certification data and provides the basis for detailed energy use and carbon emissions modelling.

‘Greening’ the real estate sector is a major challenge for the transition to a more sustainable, low-carbon economy. According to UN estimates, buildings account for over half of global electricity usage and c. 28% of global carbon emissions*. There is also evidence linking better environmental performance to higher asset values, higher occupancy rates, higher rental yield and lower operating costs.

David Harris, Head of Sustainable Investment at FTSE Russell, said:

“The real estate sector currently accounts for over a quarter of global carbon emissions. As the low carbon transition accelerates, it is imperative for investors to navigate climate-related risks and opportunities. Working with EPRA and Nareit, the new green real estate indexes from FTSE Russell will help the market to drive an ambitious sustainability agenda and provide investors with innovative tools to assist in this transition.”



FTSE Russell continues to respond to a growing demand among asset owners to integrate sustainability and environmental, social and governance (ESG) considerations into their investment strategies and stewardship approach. Sustainable Investment benchmarks also support transparency and disclosure in the capital markets by providing a signal to companies regarding their performance on a range of sustainability and ESG issues.

The suite of FTSE EPRA Nareit Global Real Estate Indexes are managed in partnership with the European Public Real Estate Association (EPRA) and the National Association of Real Estate Investment Trusts (Nareit), the US-based association for REITs and publicly traded real estate companies***.

The indexes will be reviewed annually in September, to update for newly eligible stocks and changes to exposure in energy use and green building certification. Further information can be found online at the [FTSE EPRA Nareit Green Indexes page](#).

– Ends –

* *UN Environment, 'Towards a zero-emission, efficient, and resilient buildings and construction sector', 2017, p.16*

** *Data as of December 31, 2017 as reported on April 2, 2018 by eVestment for institutional assets, Morningstar for retail mutual funds, insurance products, and ETFs, and additional passive assets directly collected by FTSE Russell.*

*** *EPRA® is a trade mark of European Public Real Estate Association. Nareit® is a trade mark of National Association of Real Estate Investment Trusts.*

For further information:

Media contacts

Lucie Holloway/ Alex Ritterman
Tim Benedict

+44 (0)20 7797 1222
+1 917 582 0641
newsroom@lseg.com

Notes to editors:

About FTSE Russell:

FTSE Russell is a global index leader that provides innovative benchmarking, analytics and data solutions for investors worldwide. FTSE Russell calculates thousands of indexes that measure and benchmark markets and asset classes in more than 70 countries, covering 98% of the investable market globally.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. Approximately \$16 trillion is currently benchmarked to FTSE Russell indexes. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create ETFs, structured products and index-based derivatives.

A core set of universal principles guides FTSE Russell index design and management: a transparent rules-based methodology is informed by independent committees of leading market participants. FTSE Russell is focused on applying the highest industry standards in index design and governance and embraces the IOSCO Principles. FTSE Russell is also focused on index innovation and customer partnerships as it seeks to enhance the breadth, depth and reach of its offering.

FTSE Russell is wholly owned by London Stock Exchange Group.

For more information, visit www.ftserussell.com



Press Release



© 2018 London Stock Exchange Group plc and its applicable group undertakings (the "LSE Group"). The LSE Group includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE Global Debt Capital Markets Inc. and FTSE Global Debt Capital Markets Limited (together, "FTSE Canada"), (4) MTSNext Limited ("MTSNext"), (5) Mergent, Inc. ("Mergent"), (6) FTSE Fixed Income LLC ("FTSE FI") and (7) The Yield Book Inc. ("YB"). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, MTS Next Limited, Mergent, FTSE FI and YB. "FTSE®", "Russell®", "FTSE Russell®", "MTS®", "FTSE4Good®", "ICB®", "Mergent®", "WorldBIG®", "USBIG®", "EuroBIG®", "AusBIG®", "The Yield Book®", and all other trademarks and service marks used herein (whether registered or unregistered) are trademarks and/or service marks owned or licensed by the applicable member of the LSE Group or their respective licensors and are owned, or used under licence, by FTSE, Russell, MTSNext, FTSE Canada, Mergent, FTSE FI or YB. FTSE International Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator.

