



**A comparison of green and conventional buildings in
selected office nodes in Gauteng Province, South Africa**

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A comparison of green and conventional buildings in selected office nodes in Gauteng Province, South Africa

This study investigates the economic characteristics and the drivers of the choice between green and conventional buildings in selected nodes in the Gauteng Province office market in South Africa. 21 models were computed based on 1227 contracts. Hedonic regression models were used to study the gross ret, net rent and operating cost per square meter elasticities. In addition, logistic regression was used to model the drivers of the choice between green and conventional buildings in similar nodes.

Green offices generally attracted a rental premium but only 4-star rated green buildings enjoyed lower operating cost advantages. Moreover, neither rents nor operating costs were significant predictors of going green. Instead, non-price factors such as lettable area, contract duration, location and firm type were better predictors of going green. The data for this study comes from a limited number of property owners so the results may not be generalizable to the office market in other provinces. Our results confirm some of the economic advantages of going green while highlighting non-monetary drivers of office choice.

Keywords: green buildings, South Africa, office market analysis, corporate real estate, green offices