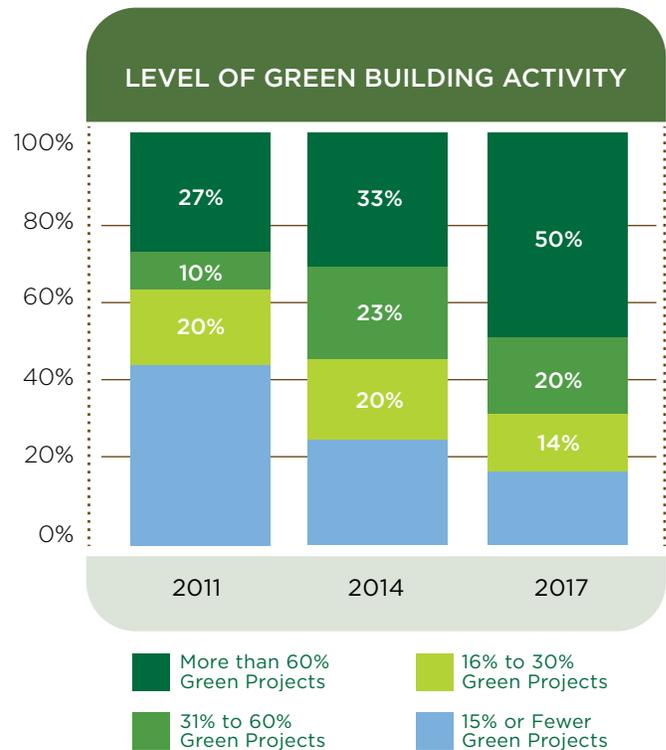


Introduction and Executive Summary

The Canada green building market is vigorous and growing, according to the findings of this study, conducted by McGraw Hill Construction in partnership with the Canada Green Building Council. The elements of the research conducted were a quantitative industry survey of building owners, architects and contractors, which forms the core of the research effort and a qualitative series of confidential in-depth interviews with green leaders in the commercial and institutional sector. These elements demonstrate that green building activity is being driven by the market, and by the benefits that accrue from good sustainable building practices.

The findings of this study throughout the report are placed in the context of research conducted by McGraw Hill Construction on green building in the U.S. and globally, to clearly highlight the aspects of the Canadian green building market that align with the U.S. and global adoption of green, and those that make this marketplace unique.



GREEN BUILDING ACTIVITY IN CANADA

Well over half (56%) of the Canadian respondents to the industry survey report that over 30% of the projects they build are currently green, and by 2017, 70% expect to be doing at least that level of green construction, with 50% reporting that more than 60% of their projects will be green. This suggests that the share of green building in Canada's construction market is likely to see significant increases, creating strong opportunities for firms in this market that can capitalize effectively on this shift.

While the overall level of green involvement in Canada is slightly below those reported by U.S. firms in the 2012 World Green Building Trends study conducted by McGraw Hill Construction, the degree of growth in the involvement in green anticipated in the next three years is much higher now in Canada than the anticipated level of growth over three years reported by the U.S. firms in the 2012 study. This suggests that the Canadian market may soon be on par with the U.S. in terms of the share of green building.

On the other hand, the Canadian level of green building activity is generally a little higher than the global level reported in the 2012 study, published in the *World Green Building Trends SmartMarket Report*. This demonstrates the relative sophistication of the green building market in Canada.

TRIGGERS FOR GREEN BUILDING IN CANADA

Doing the right thing and client demand are the top triggers for increased green building activity in the Canadian market, selected by 42% as one of their top three choices. However, more respondents (24%) rank doing the right thing as the number one trigger when selecting their top three than those that select client demand as the top trigger (18%). The high influence of doing the right thing is unique in a market with the level of green experience that Canada has, and it has strong implications for the best approaches to marketing green products and services effectively to Canadian practitioners.

The importance of client demand also demonstrates the degree to which business factors also drive the market. The in-depth interviews with green leaders in commercial real estate give a high level of importance to the role of clients and tenants in encouraging their green investments, and it demonstrates the broad awareness of the importance of sustainability in Canada. In particular, these leaders highlight the importance of institutional clients in the Canadian market whose sustainability commitments are helping to drive the market.

The ability of green buildings to promote greater health and well-being in building occupants is another critical factor that has helped influenced the growth in the green building market so far, with 60% reporting this as the top social reason for their current investments in green. The potential benefits of this factor are increasingly being recognized as a crucial factor of green building, and if their value can be better captured in the return on investment associated with green building projects, this can help generate a new wave of green building investments.

BENEFITS OF GREEN BUILDING

Like their counterparts in the U.S. and around the world, Canadian building owners, architects and contractors report that green buildings significantly decrease operating costs in the first year after construction, and that their impacts on operating costs continue to increase over five years. Operating cost savings are no doubt impacted by the energy and water savings reported.

- **82% of building owners/developers report decreases in energy consumption compared to similar buildings.**
- **68% of owner/developers report decreases in water consumption.**

The Canadian respondents also report reasonable payback periods of eight years for new green building projects and seven years for green retrofits and renovations. They also find that their green retrofit/renovation efforts contribute to increased building values, with a median increased value of 4%.

The consistency of the findings globally indicated in the tables below for new and renovated/retrofit green building projects, despite the wide disparity of the markets, demonstrates a compelling business case for building green. These benefits will help continue to drive the Canadian market to invest in green.

It should be noted that other benefits beyond strict financial benefits are also considered important by Canadian respondents. **62% find that getting a higher quality building is an important benefit of building green**, second only to lower operating costs. And among those that certify their green projects with a third-party rating system, 73% report that better performing buildings is a key benefit of that process.

BUSINESS BENEFITS FOR NEW GREEN BUILDINGS

	2014 Canada	2012 Global	2012 U.S.	2012 Western Europe	2012 Asia	2012 Brazil
Decreased Operating Costs Over 1 Year	9%	8%	11%	6%	10%	8%
Decreased Operating Costs Over 5 Years	17%	15%	28%	13%	21%	14%
Payback on Green Efforts	8 Years	8 Years	7 Years	9 Years	7 Years	4 Years

Source for Global, U.S. Europe, Asia and Brazil findings is McGraw Hill Construction's 2013 *World Green Building Trends SmartMarket Report*.

BUSINESS BENEFITS FOR GREEN RETROFIT/RENOVATION PROJECTS

	2014 Canada	2012 Global	2012 U.S.	2012 Western Europe	2012 Asia	2012 Brazil
Decreased Operating Costs Over 1 Year	8%	9%	11%	9%	8%	8%
Decreased Operating Costs Over 5 Years	11%	13%	14%	14%	13%	13%
Increased Building Values of Green Versus Non-Green *	4%	4%	3%	3%	2%	**
Payback on Green Efforts	7 Years	7 Years	4 Years	9 Years	5 Years	4 Years

* Canada findings reported by owners and architects, while other findings reported by owners only.

** Sample size too small for separate analysis.

Source for Global, U.S. Europe, Asia and Brazil findings is McGraw Hill Construction's 2013 *World Green Building Trends SmartMarket Report*.