

“There is growing demand for green lease clauses to go further in addressing social issues, forming part of what some commentators are referring to as ‘responsible leases’. Buildings can have a significant impact on the lives of those who interact with them and the real estate sector is well placed to create positive social impact” BBP Green Lease Toolkit. 2024

In addition to the environmental impact of the sector, real estate can have a powerful impact on people’s lives and in the communities where it is located. This is why the 2024 BBP Green Lease Toolkit relaunch introduced the concept of a broader “responsible lease” by including for the first time a dedicated social impact section – this marked an evolution beyond traditional environmental green lease provisions.

SO WHY IS THIS SUCH A RELEVANT CONVERSATION FOR THE SECTOR TO BE HAVING?

Here, BBP Green Lease Legal Working Group member, Katherine Lang (Baker McKenzie) explains the important opportunity commercial real estate has, when it comes to driving social value

Note: Information below has been extracted from an article, first published in Estates Gazette on 9 December 2024. The article was reviewed by Dr Eime Tobari, global director, social impact at Avison Young and World Economic Forum Fellow, and her contribution is gratefully acknowledged. Full article can be accessed here: [International: Social Value in Real Estate - Baker McKenzie InsightPlus](#)



As real estate professionals, we have an incredible responsibility: delivering (or denying) social value to the developments on which we work. That may mean social value for the employees in a multi-let office building or for those living in build-to-rent or single-family residential projects, student housing, or social housing: all have their own social needs, usually very specific to the project, its location and community.

Defining social value

Social value in real estate refers to the positive social, economic, and environmental impacts that property development and management can generate for communities. This encompasses a wide range of outcomes, including affordability, improved health and wellbeing, inclusivity and enhanced community cohesion, increased employment opportunities, and environmental sustainability. It can be highly subjective, varying between projects, stakeholders, and communities. Read the UKGBC's framework for defining social value here: [Framework for Defining Social Value | UKGBC](#)

Delivering social value

Delivering social values can be a challenge. The world economic forum report "[Improving Social Outcomes in Urban Development](#)", 2024, suggests that:

- Gathering a coalition of local stakeholders can help to establish a place-specific vision of social value
- There are benefits of a development charter, or development agency for large-scale projects, to ensure flexibility and long-term stewardship of the scheme
- Social value outcomes should be considered early in the design stage of the project and monitored throughout its life cycle.
- If stakeholders are receptive to social value priorities and utilise key performance indicators and metrics, social value outcomes can be included as objectives when selecting partners and drafting contractual documentation.

Measuring and reporting

Measuring and reporting social value is essential for demonstrating the impact of real estate projects and ensuring accountability. However, the lack of standardised metrics, and a scarcity of data, has historically been a challenge, making it difficult for developers and investors to quantify the impact of their initiatives and compare them across different projects.

Examples of measurement tools:

- Social Value Portal's Real Estate Social Value Index (RESVI) - GRESB-certified, and can use data from in-use assets to measure and report social value.
- National Themes, Outcomes and Measures Framework (TOMs) - TOMs is extensively used by local governments across the UK, which value its consistency, and it is available to all sectors

Considerations

- The impact of social value objectives in a project should also be measured.
- Despite improved methodologies this is a difficult area: The inadequate or inexpert use of any tool or framework could result in unintended "social washing" or other consequences for a project. Equally, the use of a financially focused proxy such as SROI can lack nuance, missing other non-financial but equally "valuable" benefits to communities.

Benefits of taking action

- **Increased property value** - Research by the Social Market Foundation indicates that properties which incorporate social value can experience a market value uplift of up to 5%.
- **Attractiveness to investors** - There is growing market demand for sustainable and socially responsible investments.
- **Planning perspective** - Projects that emphasise social value might gain a competitive edge in securing planning consent
- **Reputational benefits** - Companies that prioritise social value can significantly enhance their brand reputation
- **Community relations** - In its Social Value Playbook, the World Economic Forum notes the imperative for public and private sectors to collaborate to create genuine social value and address the challenges faced by many urban communities.

Legal touchpoints

The social value impact of a development is influenced at a number of key junctures during the legal process:

- Procurement
- Planning
- Responsible leases

Future directions

The social value of real estate is a result of a complex interplay of factors, throughout the life cycle of a real estate project. Defining the desired social value, overcoming hurdles in delivery, and measuring not only social value outcomes but also their impact, is only part of the picture.

Read more here: https://insightplus.bakermckenzie.com/bm/real-estate_1/international-social-value-in-real-estate

SOCIAL IMPACT IN THE BBP GREEN LEASE TOOLKIT

Statement of intent:

The Lease contains provision that the parties will respond to any surveys from the other related to Social Impact and requires both parties to comply with applicable anti-slavery and trafficking laws and procure as far as possible that their contractors and agents do so. No further Social Impact drafting is provided but some guidance is provided on issues to consider on a building specific basis. There is commentary on possible obligations to pay a Living Wage as a future clause for consideration, but this does not form part of the toolkit.

Social Impact is included in the co-operation, building management group and data sharing provisions.

Light green drafting

- The Landlord and the Tenant must co-operate with each other in responding to occasional surveys related to Social Impact.

In performing their obligations under this Lease, the Landlord and the Tenant must comply with all applicable anti-slavery and human trafficking laws, Acts, regulations, rules and codes from time to time in force including the Modern Slavery Act 2015 and must so far as is reasonably practicable procure that any contracts entered into with contractors and other third parties employed to deliver goods and/or services to or at the Premises [and the Building] contain similar obligations

Dark green drafting

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The Tenant must have regard to and where practicable comply with:

- a) the workplace co-ordination policies to maximise employment and skills opportunities within [the Building] [and any other premises forming part of the Landlord's portfolio within the vicinity of the Premises] and any other reasonable local employment and skills initiatives implemented by the Landlord and advised to the Tenant from time to time;
- b) the diversity and inclusion policies designed to improve accessibility to Lettable Units [in the Building] [and any other premises forming part of the Landlord's portfolio within the vicinity of the Premises] implemented by the Landlord and advised to the Tenant from time to time;
- c) the delivery consolidation policies operated by the Landlord to reduce congestion in the vicinity of the Premises and advised to the Tenant from time to time in relation to the delivery of stock and other items to the Premises; and
- d) the policies designed to minimise food waste and encourage sustainable business [in the Building] [and any other premises forming part of the Landlord's portfolio within the vicinity of the Premises] implemented by the Landlord and advised to the Tenant from time to time.

[Full drafting note here](#)

Resources

- [What is Social Impact | Good Finance](#)
- [Social Impact | World Economic Forum](#)
- [The business of impact in a changing world | World Economic Forum](#)
- [Social Value Portal | Measure, report and amplify your Social Value](#)
- [Social Value in real estate: How to create impact across the RIBA Plan of Work](#)
- [How companies are baking social value into their real estate \(JLL\)](#)
- [Savills UK | Social Impact \(Savills\)](#)
- [social_value-briefing-note_-_may-2023.pdf](#) (BNP Paribas real estate)
- [Social Sustainability in Real Estate for lasting impact](#) (RICS)
- [The significance of social value in commercial real estate](#) (Knight Frank)



Video Link : https://youtu.be/KDCYc_0h13g?si=PPpUNc6Q8H1dANKd