The Real Estate Investment Trust Sector Report

Should we include the Real Estate Investment Trust (REITs) sector in the Model of Resource Efficiency?

Real Estate Investment Trusts (REITs) are companies that own or contribute to the financing of real estate[1]. They are a popular investment, with a market capitalisation of over USD 1.42 trillion[2]. REITs need to meet strict requirements to use that status, with the most notable one being that they must distribute 90% of their income to shareholders. In return, they get advantageous tax treatment such as exemption of corporate income tax. Most REITs' business models centre around owning various buildings and renting them out to businesses or individuals, whether they be commercial centres, logistics warehouses, hospitals or condominiums. They generate the majority of income from leasing out their properties and receiving rent in exchange. This rent is then used to increase the company's real estate assets or are paid to their shareholders[1]. Some REITs do not own properties but help finance real estate, such as mortgage REITs, and they generate income from these investments.

Up until now, the Model of Resource Efficiency (MoRE) did not include any financial companies because of the lack of data on the carbon, water and waste impact of their funding activities, which is arguably the most resource intensive aspect of their business. However, research into REITs proved that their disclosure of portfolio resource efficiency was different from other financial companies. This report will present the findings of the REITs research project.

The environmental rationale behind the inclusion of REITs

Before we delve into the research findings of the REITs research, it is worth considering the environmental rationale of including this new financial sub-sector into our model.

REITs are different to other sectors. Other sectors' companies disclose their own operational efficiency, whilst REITs disclose on the efficiency of their portfolio, which is not the same thing, and which might warrant us treating them differently. However, there are many parallels which justify using resource efficiency.

A portfolio that is more resource efficient means buildings that are more energy efficient, emit less carbon, use less water and generate less waste. Efficient buildings are more resilient to exogenous shocks. This is because they will naturally incur less costs compared to inefficient buildings, which need more energy and water to function, and emit more carbon and generate more waste. In uncertain times, such as the war in Ukraine, which sent energy prices skyrocketing, efficient buildings are much more attractive and are less of a liability to REITs.

[1] What is a REIT (Real Estate Investment Trust)? | REIT.com
[2] The Basics of REIT Taxation (investopedia.com)

Furthermore, efficient buildings are a much more durable asset, resistant to risks such as transitional risks, which are a key consideration in today's climate. Indeed, it is increasingly apparent that we need to transition to a low-carbon economy, and the real estate sector is crucial to this. The operation of buildings represents 30% of energy consumption worldwide, with 8% due to the building's Scope 1 emissions and 18 being Scope 2 emissions[3]. It is also responsible for around 12% of water use and the generation of almost 40% of waste[4]. An efficient building is at the forefront of resource use reduction, and its value will not erode, raking in higher rent prices due to an environmental premium, and boosting resale value. On the other hand, an inefficient building will be exposed to transition risks, such as the implementation of stringent legislations, the setting of minimum energy efficiency thresholds, and imposing fines on the buildings that don't comply. In the worst of cases, some inefficient buildings could even become stranded assets.

In our view, efficient buildings make for better investments. REITs investing in a resource efficient portfolio have higher quality assets compare to its peers, have a slower rate of depreciation, and have a low default risk[3,5,6]. Resource efficient portfolios can provide similar resiliency to future risks, just as resource efficient companies do.

New sector, new indicator: the inclusion of Scope 3 emissions

If we are to include REITs as a sector in MoRE, a change in philosophy is not the only modification to make. We will be incorporating the "Downstream Leased Asset" category of Scope 3 emissions into our carbon indicator.

REIT portfolios are rich in data, spanning energy, carbon emissions, water and waste. However, collection of data and dialogue with Land Securities Group plc (the largest commercial property development and investment company in the United Kingdom), revealed that Scope 1 and 2 emissions, the data points we depend on, do not comprehensively capture REIT's properties' total operational impact. REIT portfolios' Scope 1 emissions usually cover the gas usage for heating and refrigerant gas for air conditioning. Scope 2 emissions cover the electricity needed to operate properties' communal areas, such as the lobby and lifts for residential properties. Most of the energy usage and associated carbon emissions come from the tenants, and are captured in the REIT portfolio's Scope 3 emissions, specifically the "Downstream Leased Assets" category, something that MoRE does not yet take into account.

The reason why this is not taken into account is because we first and foremost look at operational efficiency, and Scope 3 categories are outside of this boundary and hard to control. We did include Business Travel because that category was deemed somewhat within control of the company, which could curtail their business travel. In the case of REITs, we argue that the "Downstream Leased Assets (DLA)" category is well within the portfolio's boundary. This is because even though the tenants undertake the resource use, these will be heavily influenced by the resource efficiency of the building. For example, energy efficient buildings which have been recently retrofitted will require less tenant energy use and not generate as many emissions. The higher the DLA category intensity, the more apparent the portfolio inefficiency, which is what we are trying to find out. A carbon score made up of only Scope 1 and 2 emissions would not tease out this information so well.

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[3] Buildings – Analysis - IEA

[4] A strategy for investing in sustainable REITs | Case study | PRI (unpri.org)

[5] The value of efficient vs inefficient buildings

[6] The value of efficient vs inefficient buildings

Going beyond the theoretical aspect, there are many real-world examples of REITs targeting the efficiency of their buildings, and enlisting their tenants for help, showing that Scope 3 should be included because companies have control over these emissions. For example, AvalonBay, a residential REIT, started an LED retrofitting project throughout its portfolio, reaching 197 communities leading to energy savings of 31.4 million kWh per year, and saving itself almost $4.16 million in costs[7]. After setting SBTi targets, Unibail-Rodamco-Westfield, a Retail REIT, enlisted the help of its tenants to switch to green energy procurement by adding green terms to lease contracts[8]. Land Securities Group, a Diversified REIT also cooperated with its tenants, by launching an engagement programme to raise awareness, identifying opportunities on cost and energy savings leading to behavioural change. This involved interactive workshops, efficiency questionnaires, energy audits and recommendations to tenants to maximise energy efficiency[9].

Research findings: a summary of all the REITs in the MSCI World

Now that we have established the environmental rationale of including REITs into our model and explained the importance of the inclusion of DLA into our analysis, we will proceed to present the findings of the REITs research.

The REITs research was undertaken as follows: first, research to list down all the data that the REITs in the MSCI World disclosed, especially in the following indicators: carbon, water, waste and energy. Then, we researched which ones of the carbon disclosers also disclosed Scope 3 DLA. This is because if they only disclose Scope 1 and 2, the data was deemed not in-depth enough to accurately reflect the resource efficiency of the portfolio. The companies who disclosed DLA were then grouped into the final sample and validation was undertaken on that sample.

This research shows that there are currently 61 companies in the REITs sector defined by GICS (as of April 2024), divided into eight GICS industries which are: diversified, health care, hotel and resort, industrial, office, residential, retail and specialised. Below is a brief description of every industry with an example of a company.

There are eight Diversified REITs, which include UK company Landsec (Land Securities Group), which operate diverse types of buildings such as shopping malls, offices and some residential buildings.

There are three Health Care REITs, which include companies like Ventas Inc and WellTower. The companies are all American but operate around the world. These companies manage hospitals and other health care related buildings.

There is only one Hotel and Resort REIT, Host Hotels and Resorts. This American REIT is one of the largest operators of luxury hotels in North America.

There are eight Industrial REITs, including American company Prologis or Belgian company, WDP. They usually lease out warehouses and other logistics buildings.

[7] AvalonBay 2021 ESG Report
[8] Unibail-Rodamco-Westfield 2021 Universal Registration Document
[9] Landsec Annual Report 2022

There are 11 Residential REITs. These are all located in North America, either in the US or Canada, and include companies like AvalonBay Communities. They manage large buildings with flats, or gated communities.

There are six Office REITs, including French, American and Japanese companies. These include Gecina. They rent out office blocks in large cities.

There are 13 Retail REITs, spanning the globe, from the US to Europe to Singapore and Japan. These include famous companies such as Unibail-Rodamco-Westfield, the merger of three retail REITs, Unibail, Rodamco and Westfield. They manage large shopping centres.

There are 11 Specialised REITs. Unlike other REITs sectors where all the companies operate in similar ways, specialised REITS reunite a vast number of different companies. If we look at GICS sub-industry, specialised REITs is comprised of five sub-industries: Data Centre REITs such as Equinix Inc, Self-Storage REITs such as Public Storage, Telecom Tower REITs such as American Tower Corp, Timber REITs such as Weyerhaeuser and Other Specialised REITs such as Gaming and Leisure Properties Inc. Because of the diversity of companies with vastly different business models, we can expect the environmental footprint to be quite heterogeneous.

Research findings: certification

Most REITs highlight the voluntary green certifications that their assets have accumulated, usually to highlight their sustainability credentials. To attain these certifications, REITs usually need to make sure their buildings are efficient in their resource use, most notably with energy. For example, LEED (Leadership in Energy and Environmental Design), one of the most used frameworks for green buildings, requires buildings' management to show compliance with a series of prerequisites, scoring points as they go. The point system includes energy efficiency, materials and resources efficiency and innovation, among other things. LEED certification can award silver, gold and platinum certification, with platinum being the highest[10].

One might then assume that rather than using our RE model, we could just invest in REITs whose portfolio has the highest certification coverage. After researching certifications, it became clear that that was not feasible. This is because many REITs will use various certifications that were prominent in their own regions, making comparison across the whole sector difficult. For example, in the US, it is common to see Energy Star certification, a label run by the US Department of Energy, and which focuses on energy efficiency alone[11], rather than a wide array of resource efficiency measures. In Japan, buildings were likely to be certified by CASBEE (Comprehensive Assessment System for Built Environment Efficiency), which evaluates resource use and wellbeing. Interestingly, this certification scheme has two purposes, which is made clear by its two authorisation systems. One of these pertains to certification, where a third party assesses the building's operations, whilst the other is a reporting system for local governments that focuses on the construction stage[12].

[10] What is LEED Certification & Steps for Getting a Certification | RTS

[11] About ENERGY STAR for Commercial Buildings | ENERGY STAR

[12] CASBEE Certification System (ibec.or.jp)

Many portfolios have buildings which are certified by various certifications and benchmarks. In Europe, there is a large emphasis on reporting to the Global Real Estate Sustainability Benchmark, a benchmark that will evaluate buildings and portfolios' ESG performance, allowing for standardisation of data[13]. It is similar to the CDP Climate Change questionnaire, except it focuses on real estate assets only. In 2024, more than 2200 property companies (including REITs) disclosed to it, around USD 7 trillion's worth of real estate[14]. Research has shown that the real estate sector is one of the sectors showing the lowest amount of greenwashing, probably because of the prevalence of certification.

Whilst this is very encouraging, the sheer amount of various certification makes it difficult for us to standardise the data, or even just compare to our RE model, which is why this REITs project will not incorporate certification into its analysis.

Research findings: disclosure in the REITs sector

Of the 61 REIT companies in MSCI World, 38 disclosed Scope 3 DLA in 2023 and were therefore part of our sample. The fact that they disclosed in 2023 does not guarantee that they disclosed in prior years. The two graphs below show the disclosure evolution of the companies in REITs from 2018, the start of validation, up until 2023.

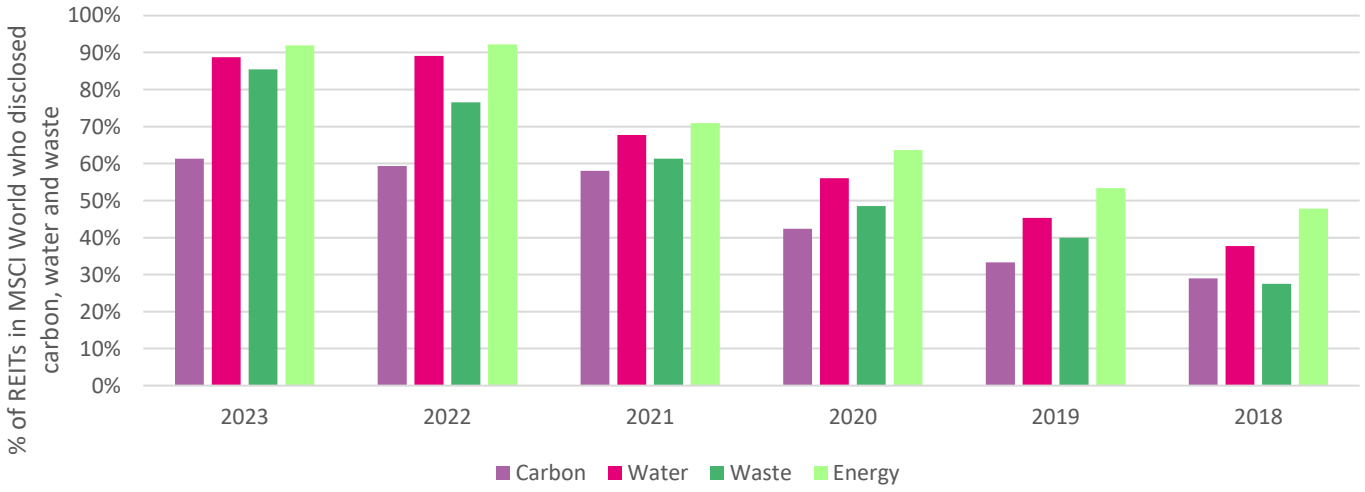

Figure 1. MSCI World,REITs disclosure rate of carbon, water, waste and energy data from 2018 to 2023.Source: Osmosis Investment Research Solutions Limited (*OIRS).*

[13] GRESB | Global ESG Benchmark for Real Assets

[14] 2024 Real Estate Assessment Results - GRESB

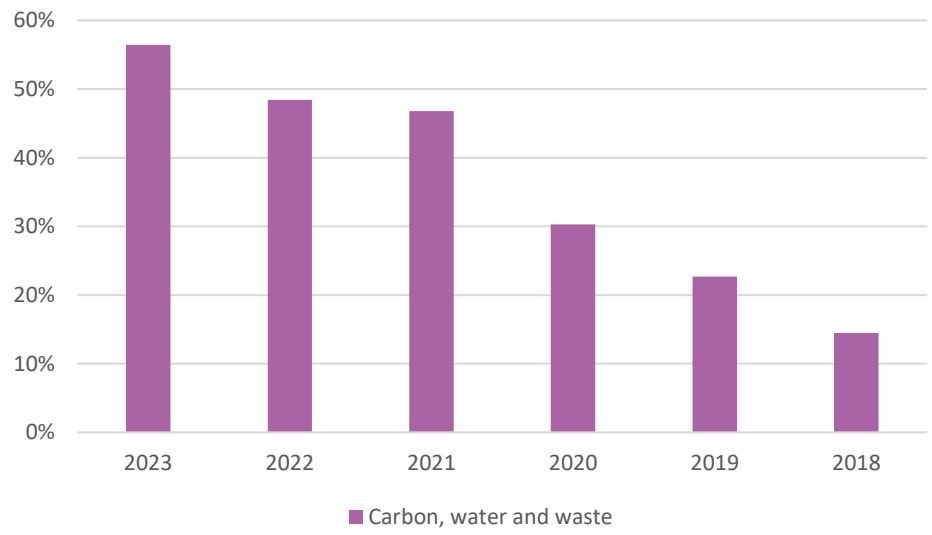

Figure 2. MSCI World REITs total disclosure of carbon, water and waste (2018 to 2023). Source: OIRS

Disclosure is high, across all carbon, water, waste and energy indicators, with energy being especially high. Disclosure increased sharply between 2018 and 2023, indicating that it is likely even more companies will disclose this year, which bodes well for this sector should it be implemented into our model. When looking at Figure 2, which looks at the companies that disclose all three indicators picked up by MoRE so carbon (including DLA), water and waste, the rate of disclosure between 2018 and 2023 shows a sharp increase, although there is still a long way to go for companies to disclose all three key indicators. Full disclosure is made lower due to the exclusion of companies who did not disclose Scope 3 DLA.

Compared to most sectors in our model, REITs disclose at a prominent level. The majority of companies disclose all three indicators of carbon, water and waste. Companies in Europe especially disclose at an extremely thorough level, due to disclosure to the European Public Real Estate Association (EPRA). EPRA is an NGO who represents some of Europe's largest publicly listed REITs, offering indices and other resources such as disclosure guidelines [15]. For example, the screenshots below show Landsec's sustainability disclosures for 2022/2023, including its disclosure for EPRA in absolute terms, and also like-for-like terms. Like-for-like disclosing is a disclosure assuming no changes in a REIT's portfolio even if there have been new buildings acquired or offloaded, to better reflect long term trends in the data.

[15] Sustainability: EPRA - European Public Real Estate

Absolute portfolio – GHG emissions Table 17

Impact area	EPRA Sustainability Performance Measures (Environment)				Landsec			Office		
	EPRA codes	Units	Indicator		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Greenhouse gas emissions	GHG-Dir-Abs	tCO_2e	Direct	Scope 1 (natural gas)	5,057	6,341	5,696	3,758	4,541	3,751
				Scope 1 (refrigerant gases)	2,497	810	986	535	646	451
	GHG-Indir-Abs	tCO_2e	Indirect	Scope 2 (location-based)	18,434	18,338	16,798	8,889	9,584	8,658
				Scope 2 (market-based)	2,079	2,054	2,954	1,826	1,816	2,954
				Scope 3 (energy submetered to occupiers)	16,720	18,747	18,622	12,213	11,613	11,764
				Scope 3 (energy transmission and distribution)	4,884	7,765	6,792	2,463	4,201	3,591
				Scope 3 (waste)	284	516	625	30	57	74
				Scope 3 (water supply and treatment)	741	347	330	304	106	116
				Scope 3 (business travel)	33	40	135	–	–	–
	GHG-Int	tCO_2e	GHG intensity	Total GHG emissions from energy (location-based)	45,095	51,192	47,908	27,324	29,939	27,764
		m^2		Floor area	1,861,431	1,804,844	1,849,148	528,777	522,862	569,388
		$kgCO_2e/m^2$		Total GHG emission intensity from energy (location-based)	24.2	28.4	25.9	51.7	57.3	48.8

Impact area	EPRA Sustainability Performance Measures (Environment)				Retail			Other		
	EPRA codes	Units	Indicator		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Greenhouse gas emissions	GHG-Dir-Abs	tCO_2e	Direct	Scope 1 (natural gas)	1,199	1,494	1,685	100	306	260
				Scope 1 (refrigerant gases)	1,962	164	534	–	–	–
	GHG-Indir-Abs	tCO_2e	Indirect	Scope 2 (location-based)	8,383	7,544	6,903	1,162	1,211	1,238
				Scope 2 (market-based)	254	238	–	–	–	–
				Scope 3 (energy submetered to occupiers)	4,230	6,776	6,276	277	358	581
				Scope 3 (energy transmission and distribution)	2,133	3,061	2,721	287	503	481
				Scope 3 (waste)	204	377	459	50	83	93
				Scope 3 (water supply and treatment)	368	200	185	69	40	29
				Scope 3 (business travel)	–	–	–	–	–	–
	GHG-Int	tCO_2e	GHG intensity	Total GHG emissions from energy (location-based)	15,945	18,876	17,585	1,826	2,377	2,559
		m^2		Floor area	946,654	946,654	946,654	350,947	335,327	333,105
		$kgCO_2e/m^2$		Total GHG emission intensity from energy (location-based)	16.8	19.9	18.6	5.2	7.1	7.7

2022/23 – % of total assets within reporting boundaries included: 100%
2022/23 – % of data estimated: 0.04%. In this disclosure, estimation refers to filling either invoice or meter reading gaps, not to whether invoices are based on 'estimated' or 'actual' readings.

Figure 3: Absolute GHG emissions disclosures of Landsec for 2022/2023.

Like-for-like portfolio – GHG emissions Table 18

Impact area	EPRA Sustainability Performance Measures (Environment)				Landsec			Office		
	EPRA codes	Units	Indicator		2021/22	2022/23	% change	2021/22	2022/23	% change
Greenhouse gas emissions	GHG-Dir-Lfl	tCO_2e	Direct	Scope 1 (natural gas)	5,981	5,204	-13%	4,243	3,267	-23%
				Scope 1 (refrigerant gases)	810	986	22%	646	451	-30%
	GHG-Indir-Lfl	tCO_2e	Indirect	Scope 2 (location-based)	17,950	15,206	-15%	9,211	7,990	-13%
				Scope 2 (market-based)	2,054	2,614	27%	1,816	2,614	44%
				Scope 3 (energy submetered to occupiers)	18,713	18,158	-3%	11,579	11,583	0%
				Scope 3 (energy transmission and distribution)	7,559	6,147	-19%	4,011	3,273	-18%
				Scope 3 (waste)	515	591	15%	56	71	28%
				Scope 3 (water supply and treatment)	327	294	-10%	87	104	20%
	GHG-Int	tCO_2e	GHG intensity	Total GHG emissions from energy (location-based)	50,203	44,715	-11%	29,045	26,112	-10%
		m^2		Floor area	1,730,271	1,575,085	-9%	455,746	440,752	-3%
		$kgCO_2e/m^2$		Total GHG emission intensity from energy (location-based)	29.01	28.39	-2%	63.73	59.24	-7%

Impact area	EPRA Sustainability Performance Measures (Environment)				Retail			Other		
	EPRA codes	Units	Indicator		2021/22	2022/23	% change	2021/22	2022/23	% change
Greenhouse gas emissions	GHG-Dir-Lfl	tCO_2e	Direct	Scope 1 (natural gas)	1,494	1,677	12%	243	260	7%
				Scope 1 (refrigerant gases)	164	534	226%	0	0	0%
	GHG-Indir-Lfl	tCO_2e	Indirect	Scope 2 (location-based)	7,544	5,992	-21%	1,196	1,225	2%
				Scope 2 (market-based)	238	0	-100%	0	0	0%
				Scope 3 (energy submetered to occupiers)	6,776	5,995	-12%	358	581	62%
				Scope 3 (energy transmission and distribution)	3,061	2,398	-22%	486	476	-2%
				Scope 3 (waste)	377	427	13%	83	92	12%
				Scope 3 (water supply and treatment)	200	161	-19%	40	29	-27%
	GHG-Int	tCO_2e	GHG intensity	Total GHG emissions from energy (location-based)	18,876	16,062	-15%	2,283	2,541	11%
		m^2		Floor area	946,654	817,223	-14%	327,871	317,110	-3%
		$kgCO_2e/m^2$		Total GHG emission intensity from energy (location-based)	19.94	19.65	-1%	6.96	8.01	15%

2022/23 – % of total Lfl assets within reporting boundaries included: 100%.
2022/23 – % of data estimated: 0.04%. In this disclosure, estimation refers to filling either invoice or meter reading gaps, not to whether invoices are based on 'estimated' or 'actual' readings.

Figure 4: Like-for-like GHG emissions disclosures of Landsec for 2022/2023.

WDP, a European Logistics REIT, discloses its data just as rigorously, with over 20 pages worth of data alone for 2022, detailing both its property portfolio resource efficiency but also its corporate offices'. This emphasises their effort to decarbonise in all parts of their business. The company's water disclosures for its property portfolio, which are more relevant to us than its corporate offices, are shown below.

Water – Absolute performance – property portfolio

EPRA	GRI CRESSD	Indicator	Unit	2021	2022	yoy	Limited assurance
Data coverage[1]							
		Coverage Water	%	74%	77%	+4%	
Water							
Water-Abs	303-1	**Total water consumption**	m³	**464,868**	**515,778**	+11%	✓
		landlord-obtained for shared services	m³	0	0	-	
		landlord-obtained (sub)metered to tenants	m³	114,260	119,744	+5%	
		tenant-obtained	m³	350,607	396,035	+13%	
Water-Int[1]	CRE2	Building water intensity	m³/m²	0.12	0.11	-2%	✓

Figure 5: Absolute water performance for WDP's property portfolio in 2022

Water – Like-for-Like performance – property portfolio

EPRA	GRI CRESSD	Indicator	Unit	2021	2022	yoy	Limited assurance
Data coverage							
		Coverage Water	%	42%	42%	0%	
Water							
Water-LfL	303-1	**Total water consumption**	m³	**221,411**	**229,565**	+4%	✓
		landlord-obtained for shared services	m³	0	0	-	
		landlord-obtained (sub)metered to tenants	m³	21,350	21,396	+0%	
		tenant-obtained	m³	200,061	208,169	+4%	
Water-Int	CRE2	Building water intensity	m³/m²	0.091	0.094	+4%	✓

Figure 6: Like-for-like water performance for WDP's property portfolio in 2022

Whilst the sector as a whole has very good business practices, some companies are still lagging with a few disclosing only two out of three metrics, such as American Homes 4 Rent, which does not disclose waste. However, the sector is changing fast, and it is expected that more companies will be disclosing in the near term, especially those outside of our sample. Indeed, in 2022, Medical Properties Trust only disclosed Scope 1, 2 and 3 with parts of its Scope 3, excluding DLA, because they did not deem it as their responsibility, rather they thought it was their tenants'[16]. Water, waste and energy have not been disclosed quantitatively. However, in their 2023 Corporate Responsibility Report, the company discloses its Scopes 1,2 and 3, with a breakdown of Scope 3 into DLA and Business travel, as well as its energy performance, and water performance, with

[16] Medical Properties Corporate Responsibility Report 2022

breakdowns by control and non-control, a significant rise in data disclosure compared to the previous year, as seen below[17].

ENVIRONMENTAL DATA[1]		
	2021[2,3]	2022
GHG EMISSIONS		
Emissions Totals (MT CO_2e)		
Emissions Totals *(location-based)*[4,5]	6,056	148,560
Scope 1 & 2 GHG Emissions	5,412	5,503
Emissions by Scope (MT CO_2e)		
Scope 1	4,733	4,835
Scope 2 *(location-based)*[4]	679	668
Scope 3[5]	645	143,057
Scope 3 by Category (MT CO_2e)		
Business Travel	645	1,043
Downstream Leased Assets[6]	-	142,014
ENERGY PERFORMANCE		
Electric (MWh)		
Total Electric	-	160,167
Electric Total *(control)*[7]	-	1,659
Electric Total *(non-control)*[8]	-	158,508
Fuel (MWh)		
Total Fuel	-	349,061
Fuel Total *(control)*[7]	-	19,601
Fuel Total *(non-control)*[8]	-	329,460
WATER PERFORMANCE		
Water (m3)		
Total Water	-	406,637
Water Total *(control)*[9]	-	15,468
Water Total *(non-control)*[10]	-	391,169

Figure 7 and 8. Medical Properties Trust's environmental disclosure in 2022 (left) and in 2023 (right)

The rapid transformation of this company within a year is encouraging news for other companies not included in the sample. They will need to begin recording additional data, such as DLA, as investor expectations rise.

Research findings: the resource intensity of the different REIT subsectors.

The graphs below present the carbon, water and waste intensity of the companies in 2023, the year for which we have the most data.

Colour	GICS sub-industry
	Diversified REITs
	Health Care REITs
	Hotel and Resort REITs
	Industrial REITs
	Office REITs
	Residential REITs
	Retail REITs
	Specialised REITs

Figure 9. Legend for the carbon, water and waste intensity graphs detailing the different MSCI World REIT subsectors.

[17] Medical Properties Trust Corporate Responsibility Report 2023

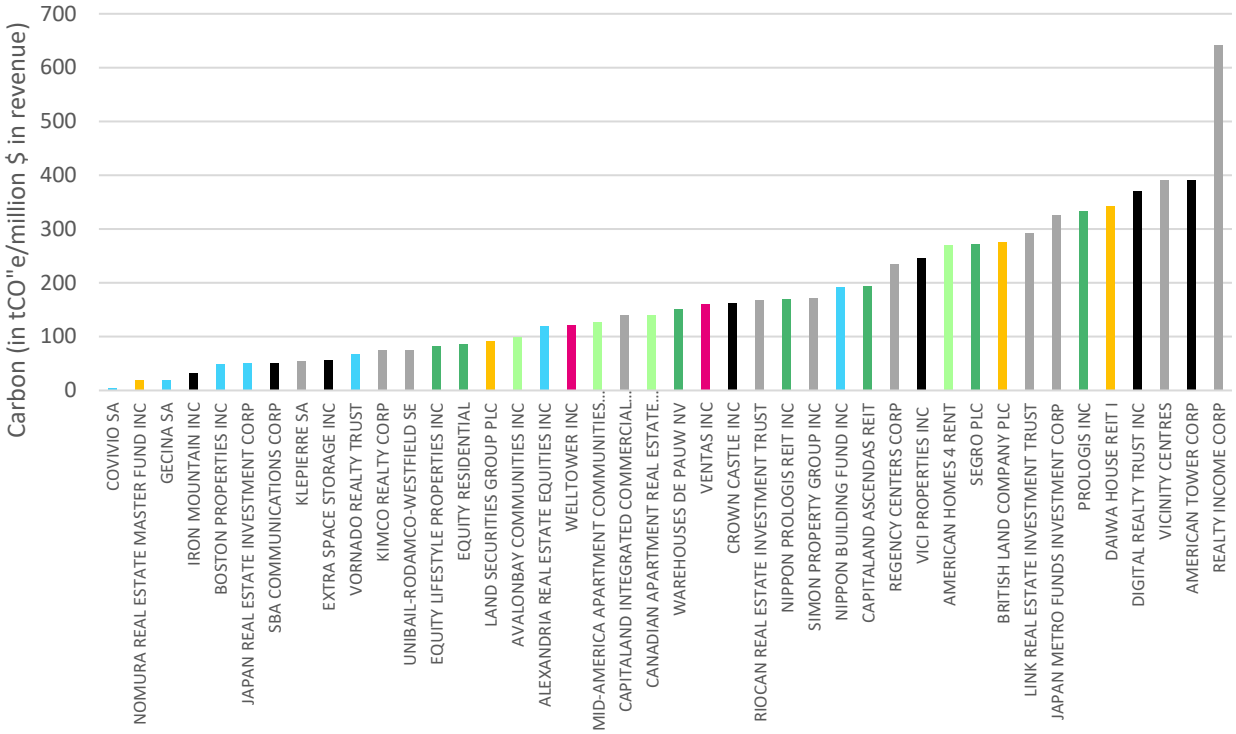

Figure 10. The carbon intensity of MSCI World REITs in 2023.Source: OIRS.

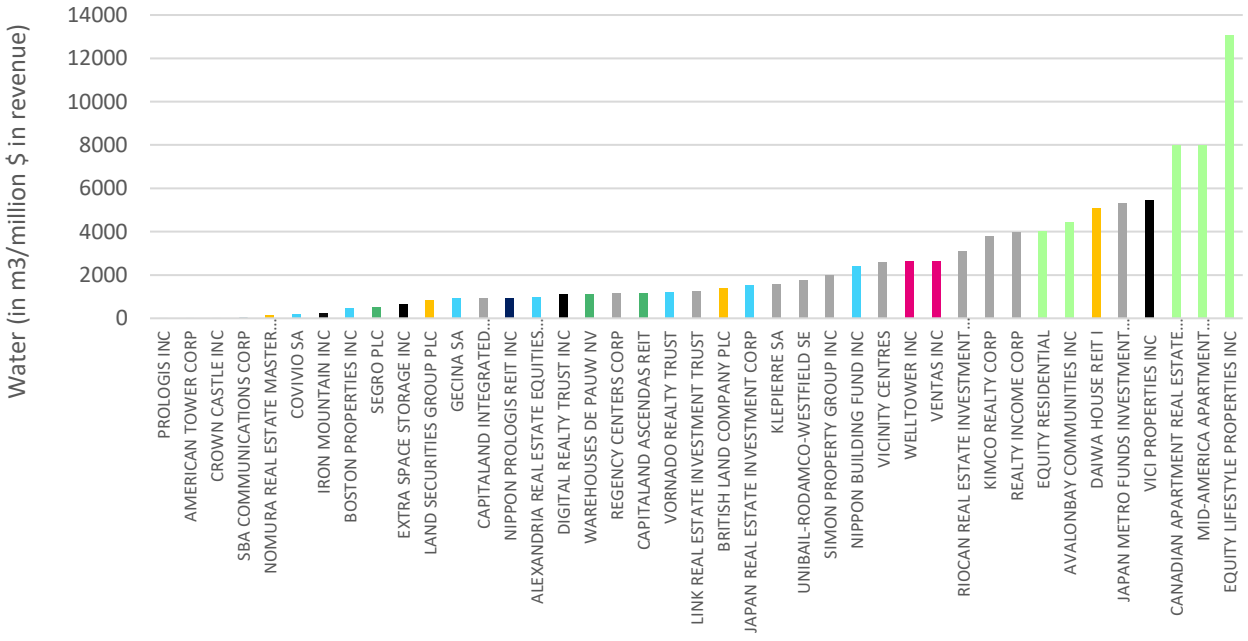

Figure 11. The water intensity of MSCI World REITs in 2023. Source: OIRS.

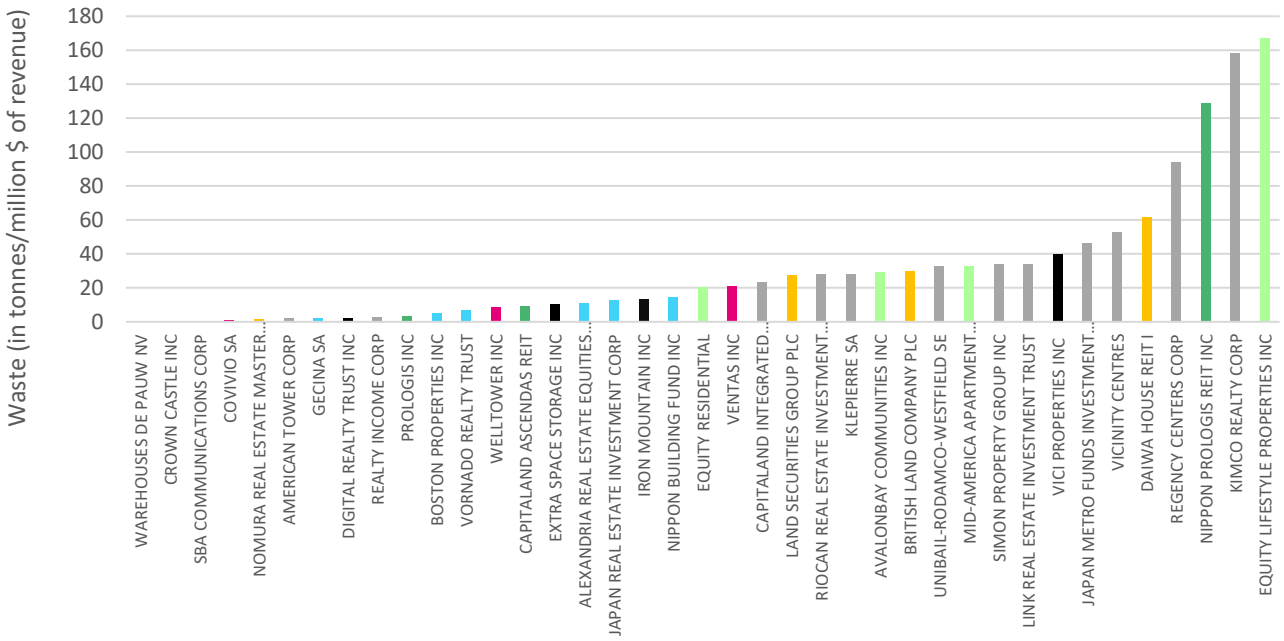

Figure 12. The waste intensity of MSCI World REITs. Source: OIRS.

In Figure 10 (carbon disclosure), there is no clear sub-sector trend. Realty Income Corp stands out but its sector, Retail REITs, spans the whole distribution, with companies such as Klepierre within the top 10 most carbon efficient. The Residential sub-sector also spans the whole distribution. Healthcare is quite average in its carbon efficiency, whilst Office seems to be quite efficient, with a few being mid-distribution as well.

In Figure 11, there are some clear trends. The Residential sub-sector is the most water intense, with all the companies at the top of the distribution. This makes sense, as residential buildings need to provide water for tenant's kitchen and sanitary use such as flushing and showers, compared to other sectors, where flushing would be the predominant use. The Retail sector is also relatively water intense, which again is logical: these buildings must cater to a large number of customers who visit shopping centres, so water for sanitary use will be consumed in higher quantities. Office and Industrial REITs are the least water intensive sectors. Despite there being a clearer trend here than in the carbon graph, it is not so clearcut as to warrant a further split into subsectors, especially given that each subsector is quite small and making different sectors out of all of them would not be beneficial.

Figure 12 also shows some small trends: the most waste intense companies are from the Retail sub-sector, which are all at the top of the distribution. Offices and Specialised REITs are the least intense. Health-care REITs are average in their waste intensity, as are Diversified REITs.

Conclusion

In conclusion, REITs provide substantial key data, making them an excellent addition to our products. Before including them, we developed an environmental philosophy for REITs' portfolio resource efficiency and analysed Scope 3 DLA. This resulted in 38 companies to evaluate, with the number expected to increase as environmental disclosures become more prevalent in this sector. The various REIT sub-sectors have similar resource use profiles, so no further breakdown is needed. The inclusion of REITs adds to our all-economy approach and is ready for inclusion within MoRE.

Important Information