

Charging Ahead: The Case for EV Infrastructure in CRE



In recent years, the word ‘sustainability’ has found a home in just about every corporate lexicon. For many, 2021’s United Nations Climate Change Conference (COP-26) also served as a stark reminder that nations and industries are still falling short of the climate goals outlined back in 2015.

Naturally, many businesses and investors are responding to the challenge by looking for opportunities to ‘do their part’ to combat climate change. For commercial real estate (CRE), this may mean a focus on energy efficiency in buildings or exploring new strategies for cutting carbon during development.

Another option for CRE lies with the move towards ‘green’ transportation. More specifically, with the infrastructure required to keep electric vehicles (EVs) running. Before diving into the real estate possibilities of EV infrastructure, however, it’s worth taking a moment to touch on the growing EV industry itself.

Electric Vehicle 101

In a report last year, McKinsey highlighted that around USD 100 billion flowed into the electric vehicle sector since the start of 2020 and added that, by 2035 “the largest automotive markets will go electric.”

The report also pointed out that EVs would need to account for 75% of car sales globally by 2030 to reach ‘net-zero’ emissions – an ambitious target that would see the industry needing to gear up significantly in coming years.

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In addition to cars, there is strong growth in sales of ‘micro-mobility’ vehicles, like e-bikes and e-scooters. The market for these devices is anticipated to grow to USD 12 billion by 2027.

What all these electric vehicles have in common is that they require power and the infrastructure to provide it.

Incorporating EV Infrastructure

For real estate professionals and property owners, the opportunity is to provide EV-charging infrastructure as part of new developments or as a modification to existing buildings.

As McKinsey outlines: “As EVs are increasingly adopted by less affluent buyers and those who live in multiunit housing (with limited access to home charging), public charging stations in workplaces, as well as dedicated EV charging hubs, will become more commonplace.”

Clean-energy entrepreneur James Geshwiler adds that the move towards EV-charging can help owners boost the sustainability and profitability of their properties as well. For example, charging stations backed up by solar installations and batteries justify higher asking rents, and owners can “monetize EV charging in a variety of ways, including owning the infrastructure and assets, and working with third-party owners who share revenue.”

An ESG Advantage

Geshwiler also points out that: “85 percent of investors are taking ESG into account in their investments... by setting and meeting high standards for ESG performance, property owners have a competitive advantage in capital markets.”

Boosting a property’s environmental, social and governance (ESG) profile through investments into green tech like EV infrastructure can therefore have knock-on benefits as investors become more selective about where their money goes.

Increasingly, institutional capital flows are also moving towards ESG initiatives. Recent moves in the banking industry for example, support a shift to carbon-friendly real estate, as financial institutions join the growing drive to reach net-zero.

A Long-Term Commitment

How much, and how soon, the decarbonization of transport contributes to ongoing sustainability efforts remains to be seen. As with many sustainability initiatives, the full impacts and gains, may only be realized much further down the line.

For savvy real estate professionals, however, the growing EV market provides yet another opportunity to align CRE portfolios with ESG ideals and to start taking steps to tackle pressing climate issues.