What Are Smart Building Certifications?

Introduction

Properties today are judged on so many complex factors that an industry of third-party certifications has emerged to assess, verify, and validate them. These certifications provide an additional level of validity to a property owner's claims that their buildings are sustainable, tech-connected, healthy, and more.

Fittingly, these certifications cover a wide range of property attributes. Two of the overarching categories of property certifications are sustainability-focused and wellness-focused. The former covers factors from indoor air quality to energy efficiency to the types of materials used within a building. The latter covers some environmental concerns as well as other aspects like property wellness, which includes access to healthy food, lighting quality, and similar considerations. We explored both of these categories in our two most recent research reports, which dive into the certifications, measurables, costs, and benefits of these programs, as well as the best ones for owners in a range of different situations.

certifications are a newer offering within the world of building certifications. In general, these focus on grading and assessing the technologies used within a building, such as amenities or simple connectivity. These factors are critically important to enterprise occupiers, who often require high degrees of performance from potential properties to meet the needs of their teams, and consequently investors as well.

In this report, we'll take a close look at the world of property tech certifications. We will discuss what exactly tech certifications are, review each of the big names within this space, and provide an understanding of the value of these certifications. At the end of this report, property teams will have a much more thorough understanding of tech certifications, whether pursuing one is a wise decision, and which make the most sense given the situation.

What are property tech certifications?

Property technology certifications, sometimes called smart certifications, are independent assessments meant to provide a neutral party's measurement of the technological attainment of a given property. While different certifications vary in what exactly they measure, a tech certified property should demonstrate a level of technological attainment that allows its users and owners to maximize their productivity and comfort within the space.

Just like there is no single point of demarcation that separates a sustainable building from an unsustainable one, or a wellness-focused building from one that does not prioritize health and wellness, smart building certifications measure a range of things. This can include wired and wireless connectivity, cybersecurity, data (and data governance), sustainability, the degree to which different building systems are connected, and more.

These certifications offer a few things for property owners. For one, the scorecards upon which they grade properties serve as a useful guideline for tech attainment for property owners. Since most commercial owners and developers are not experts in building technology and networking systems, this can be useful as a shorthand for what systems to pursue and which are less worthwhile.

Perhaps the primary use of smart building certifications is for marketing. Certifiers, as ostensibly neutral, third party sources, add an element of trust to the claims of property companies. Instead of just saying that a building is high tech or well-connected, a neutral third party can confer a seal of approval indicating that a building's achievements in terms of tech are legitimate. Of course, there is nothing stopping a

property company from custom-making a "certified achievement" plaque of their own, and advertising using made-up buzzwords and claims of certification achievement. But discerning enterprise occupiers with in-depth procurement processes would not easily be convinced of such smoke and mirrors.

Finally, tech certifications for properties offer building owners a sense of security in the futureproofing of their buildings. With new technologies arriving in the market with great regularity, it's possible for property owners to quickly feel like they are unable to keep up with the pace of development, and the needs of those aforementioned discerning enterprise occupiers. Since tech certifiers are able to update their criteria for attainment as often as they choose, properties that receive and then continue to renew their certification can give some peace of mind to owners that they are keeping up with or even leading the pack in terms of PropTech industry trends.

Certifications in a Nutshell

WiredScore

WiredScore is the biggest name in the smart building certification space. The main certification focuses on gauging the level of connectivity within commercial buildings. WiredScore also offers an even newer certification called SmartScore which is a more holistic assessment of building tech attainment.

SMART BUILDING CERTIFICATION

Smart Building Certification positions itself as a strong representation of a baseline of building tech attainment. It assesses a well-rounded vision of smart building status, including wellness and sustainbility alongside factors like system efficiency. Completing the assessment requires the review of three independent evaluators who each also provide notes on propery next steps.

SPIRE™ Smart Buildings

SPIRE Smart Buildings is a building tech certification that reviews tech aspects like cybersecurity, sustainability, and safety. It is a new certification meant to be comprised of two elements: a self-assessment that serves as the gateway to certification attainment, and a full assessment. The full assessment, that confers the certification's title, is not yet available.

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Major tech certifications

WiredScore, offered since 2013, is a certification measures the digital connectivity present within buildings. It is employed by over 700 clients globally. Like many other certifications, WiredScore certifies professionals as well as buildings, and gives a series of ranks to its properties, from Certified to Platinum. WiredScore breaks down its certification into two broad categories, Office and Home, which is targeted primarily at apartment buildings. The cost to get WiredScore certified will vary but typically wind up in the low five figure range.

Office properties are assessed on the following categories:

Resilience - is connectivity provided without disruption?
Future readiness - how well will the building be able to adapt to new technologies?
Mobile - is mobile phone and data coverage provided within interior spaces?

Choice of providers - is competitive pricing provided by multiple connectivity vendors?
Tenant experience - is digital connectivity seamless for occupiers?

Home properties have the following measurables:

Masterplanning - how connectivity is built into community planning
Infrastructure - is the proper physical infrastructure for connectivity provided?
Service - what services are offered to space users?
Monitoring - is performance tracked?
Innovation - what new ideas are being used?

In addition to the certification itself, WiredScore offers a number of other services and implementations. As mentioned earlier, it certifies individuals as WiredScore Accredited Professionals, and offers a concierge service called WiredScore Connect that comes at no extra cost to certified properties. This service helps building tenants get connected to the internet as an outside advisor. WiredScore also offers SmartScore, a separate certification.

SmartScore
WiredScore also offers, as a separate certification, SmartScore. This is a new certification launched in April 2021, but over 70 buildings have already been signed up for the program. It is a certification meant to reflect the overall state of the technology within a building, not just the connectivity and infrastructure there. SmartScore provides a scorecard for buildings that assesses both smart Building Functionality and Technological Foundations present within a given property. The six categories on this scorecard are:

Tenant digital connectivity - the physical and range elements of building connectivity onsite
Building systems - the sum total of building systems at the property, and the degree to which they are integrated with one another
Landlord integration network - the scope and quality of wired and wireless networks
Governance - overall smart building goal setting and planning
Cybersecurity - the processes and steps buildings take to promote cybersecurity
Data sharing - how data about building metrics and functions is gathered

SmartScore takes an outcome-based approach to grading properties, focusing on understanding obstacles and friction within buildings and grading properties on the technologies they provide to address those concerns. Like the mainline WiredScore certification, there are four levels awarded, from Certified to Platinum. While costs vary, they will typically in the five figure range.

WiredScore is no doubt the most renowned smart building certification out there today, and SmartScore only builds on that momentum. For owners looking to complement other big name certifications like LEED and WELL Certified, WiredScore and SmartScore are attractive options.

Smart Building Certification is a very new certification based in the Netherlands which is meant to provide a high-quality baseline of smart features and characteristics for buildings that receive it. Offering certifications for core and shell (new construction) and in-operation buildings, Smart Building Certification takes a tech-first approach to subject properties, meaning that owners seeking to receive it don't need to alter their building plans or the physical nature of their properties to achieve it.

Smart Building Certification can serve as a useful jumping-off point for further certifications like LEED and WELL. This certification confers its awards in four levels, from bronze to platinum. It focuses on six target areas:

Building usage - the extent to which the building meets users' needs

Building performance - efficiency of the building, delivered through tech and good management

Building environment - healthy buildings, and good building health data

Health, safety, and security - the extent to which the building protects its occupiers

User behavior and collaboration - the presence of systems and policies that encourage collaboration and effective space use

Integrative design and connectivity - both internet connectivity, and efficiency of design (keeping things simple)

Smart Building Certification is also unique because of its actual certification model, which uses a peer-reviewed process where three different certified assessors, who are independently anonymous, must review and grade each project in order to provide a more valid, holistic understanding of property smart systems effectiveness.

In addition to simply assessing the property, each of these three assessors also provide the property owner with a recommendation for next steps and future approaches to their smart building project, further crystallizing the "certificate as a guide" benefit of these programs. This makes it a great option for building owners who are committed to attaining building technology certifications but may not know exactly where to focus their efforts.

SPIRE™ Smart Buildings

SPIRE Smart Buildings is a building technology certification that focuses on a holistic picture of building quality. A result of a partnership between UL and the Telecommunications Industry Association, SPIRE launched in 2020. SPIRE's biggest case study is a new corporate property for Corning, which is also part of the working group of companies that helps guide and inform SPIRE. The program measures six areas of building effectiveness:

Power and energy
Connectivity
Health and wellbeing
Cybersecurity
Life and property safety
Sustainability

Consequently, SPIRE crosses over and touches on the areas of sustainability and wellness, as well. However, it does this through the lens of technology, not design or construction as some other certifications focus on.

While SPIRE is holistic in its approach to building measurements, and targets property developers,

owner-occupiers, and investors alike, it is still new, and not all of its planned functionality is ready at present. Right now, SPIRE offers properties a self-assessment tool which is meant to be a cost-effective way to access the tech standard. This self-assessment costs $1,499 per building if purchased for 1-4 properties. Portfolio pricing is available, as well.

In the future, SPIRE plans to offer a Verified Assessment and Rating that is more similar to the other traditional certifications in this space as well as the sustainability and wellness arenas. It will require a much more in-depth on-site or virtual assessment, and award properties a display plaque. Since the current scope of SPIRE is limited, completing the self-assessment could be a good idea for property owners looking to start their smart building certification journey, before sinking more money into the more comprehensive programs out there now.

Are tech certifications worth it?

Unlike sustainability and wellness certifications, there is not an existing body of academic research on the financial impact of tech certifications on property sales, leasing, or expenses. This makes it difficult to conclude the actual value of these certifications. However, we can come to a general sense of the impact to value of these certifications by considering how tech certifications compare and contrast from

those two other categories of certifications. Like sustainability certifications, tech certifications can be expected to have a minimizing impact on property operating expenses, because they are awarded for implementing systems that increase operating efficiency and add to the management team's ability to monitor property vitals remotely. Like wellness certifications, tech certifications are conferred for things that occupiers tend to want or need, like good internet access and cell phone coverage.

Consequently, we can estimate that tech certifications do have a positive impact on property values. It is possible that this effect is not as strong as sustainability certifications, since those ones are tied to improvements that directly cut utility bills, but nonetheless, the efficiency and marketing-oriented improvements represented by tech certifications position them as attractive when compared to properties without tech certifications.

There is also a similar argument at play here as with wellness and sustainability certifications. For owners that are putting a large amount of time and money into their tech systems anyway, particularly for new construction projects with large budgets, the cost to certify may not amount to much more than pocket change. Of course this won't be true for every owner, project, or property, but if it is the case, getting the certification is a no-brainer.

Conclusion

The tech certifications out there today aim to assess the smarts of commercial buildings. They do this by defining an acceptable minimum standard of tech to meet, and then grading participating buildings on whether or not they pass the bar. This provides owners with a sense of certainty that their tech investments are on the right track, aims to signal to potential tenants that the space is an effective, attractive one, and provides a sense of futureproofing for property companies looking to keep up with or outpace the competition.

These certifications are newer than sustainability or wellness ones, and so there is not a body of empirical evidence for whether or not they add real value to a property. Owners considering investing the time and money to attain one should decide what their goals are ahead of time. If they are looking to stand out in terms of marketing, particularly in a crowded competitive market, investing the extra time and money to get certified can be a good idea.

As with all certifications, these programs won't do the work for owners. They require a large investment of time and effort from the owners themselves to actually build in the technology, connectivity, and data processes that they individually require. On top of that, while the things they measure are important,

a high level of building tech is probably less mission critical for owners, investors, and tenants than sustainability or wellness, which more directly figure into the ESG (Environment, Society, Government) metrics these stakeholders are interested in.

Nonetheless, acquiring a tech certification won't hurt owners already looking to stand out in terms of tech and building efficiency. For those property owners looking to make a statement, futureproof, and set themselves apart from competitors in an easily-explainable, independently verified way, smart building certifications are a great option to explore.

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