



Green Leasing and Sustainable Occupant Engagement: A New Financial Paradigm in Property Management

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Abstract

Green leasing is gaining recognition as a way to bring environmental obligations into the everyday working relationship between landlords and tenants. This article examines whether, and how, embedding sustainability clauses in commercial lease agreements can improve building performance, reduce operating costs, and create financial benefits for both parties. The study draws on a mixed-method design. A structured questionnaire was administered to 106 participants across Lagos, Abuja, and Benin City, including estate surveyors and valuers, landlords, and tenants. Questionnaire data were analysed using descriptive and inferential statistics and supplemented by secondary analysis of policy documents and academic literature. The findings show that green lease provisions encourage landlords and tenants to work together on energy and water efficiency, leading to lower utility bills, improved tenant satisfaction, and more durable asset values. At the same time, the study identifies persistent obstacles, particularly the absence of standardised lease templates, weak regulatory frameworks, limited access to affordable green financing, and low awareness among practitioners and building users. The article argues that overcoming these barriers requires action on three fronts: regulatory guidance, professional capacity building within the Nigerian Institution of Estate Surveyors and Valuers, and access to sustainability-linked financial instruments such as green bonds. The contribution of the article is threefold. It develops a conceptual model that integrates agency theory, behavioural theory, and sustainable property management theory. It provides primary empirical evidence from three Nigerian cities. And it derives specific recommendations for policymakers, practitioners, investors, and researchers working in emerging property markets.

Keywords: Green leasing; Sustainable finance; Occupant engagement; Property management; Asset valuation; Nigeria

Introduction

Sustainability has become central to how commercial buildings are managed, not just designed or built. One of the more practical developments in this shift is the emergence of green leasing, which refers to lease agreements that incorporate explicit environmental obligations for both landlords and tenants. These obligations typically cover energy efficiency, water conservation, and waste management, and they are intended to ensure that both parties have a shared interest in reducing the environmental impact of a building throughout its occupation. Sayce, Sundberg, and Clements (2017) describe green leases as a contractual mechanism for embedding environmental, social, and governance commitments into the landlord and tenant relationship, while Miller, Spivey, and Florance (2008) and Bright and Dixie (2014) have shown that such arrangements can improve financial performance by lowering operational costs and protecting asset value over time.

The scale of the challenge facing the property sector is significant. Buildings account for approximately 40 per cent of global energy consumption and around 30 per cent of carbon emissions, which means that how properties are operated matters as much as how they are built

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(United Nations Environment Programme, 2021). Traditional lease structures, however, tend to create what researchers call the split-incentive problem. Under a typical lease, tenants pay utility bills while landlords bear the cost of building improvements. This arrangement gives neither party a compelling reason to invest in energy efficiency, because the one who spends money does not receive the financial benefit (Janda, Bright, Patrick, Wilkinson, and Dixon, 2016). Green leasing is designed to address this misalignment by creating clauses that share costs and benefits between landlords and tenants and set measurable performance expectations for both (Brennan, Sayce, and Walker, 2019).

Beyond the lease contract itself, the success of green leasing depends on how building occupants actually behave. Research indicates that occupant behaviour can account for variations of up to 30 per cent in a building's actual energy use, which means that even a well-drafted lease will underperform if tenants are not actively engaged in sustainability goals (Azizi, Wilkinson, Fassman, and Rotimi, 2023). This points to the need for participatory management frameworks in which landlords, tenants, and property managers share responsibility for environmental performance. When this works well, property management becomes a financial and environmental partnership rather than a transactional arrangement (Wilkinson and Remoy, 2018; Fuerst, 2020).

In Nigeria, as in much of sub-Saharan Africa, green leasing remains at an early stage of development. Awareness is low, regulatory support is limited, and financial incentives for adoption are largely absent (Agyekum and Adinyira, 2023). Yet the pressure on property markets to respond to global sustainability expectations is growing, and the principles behind green leasing are increasingly relevant to practitioners working in the Nigerian context. This article examines the financial implications and management dynamics of green leasing, drawing on primary data from three Nigerian cities and on an analysis of international frameworks and empirical literature. It aims to assess whether green leasing can serve as a workable new financial paradigm for property management in emerging markets, and what conditions are needed to support its adoption.

Theoretical and Conceptual Framework

Theoretical Foundations

Three established theories together explain why green leasing takes the form it does and why it can be expected to produce the outcomes attributed to it.

Agency theory, as developed by Jensen and Meckling (1976), describes the relationship between a principal and an agent who acts on that principal's behalf, and the tensions that arise when their interests diverge. In the context of property leasing, the landlord and tenant are in precisely this kind of relationship. The landlord invests in the building while the tenant uses it and pays the running costs. This separation of investment and benefit is the structural cause of the split-incentive problem noted above. Green lease clauses that distribute costs and savings between both parties address the agency problem directly by realigning financial incentives so that both landlord and tenant have a reason to pursue energy efficiency.

Behavioural theory of occupant engagement draws on the work of Stern (2000) and others who have shown that environmental outcomes depend heavily on the choices and habits of the people who occupy a space. Technology alone is not sufficient. Energy-saving equipment will

not deliver the expected reductions in consumption unless occupants understand how to use it and are motivated to do so. Green leasing incorporates this insight by including clauses on awareness programmes, feedback mechanisms, and participation in building management, thereby creating the conditions for sustainable behaviour to take hold.

Sustainable property management theory, as outlined by Pivo and McNamara (2005), holds that real estate can be managed in ways that simultaneously deliver financial returns and environmental benefits. Rather than treating sustainability as a cost or an external obligation, this framework treats it as a source of value. Buildings that use less energy, generate less waste, and provide a better indoor environment for occupants tend to retain tenants more effectively, attract premium rents, and reduce the risk of regulatory penalties or stranded assets. Green leasing is a practical expression of this theory because it embeds sustainability objectives into the legal and management structure of the asset from the outset.

Conceptual Framework

The conceptual framework for this study identifies four interconnected components. The first is green leasing practice itself, which provides the contractual basis for the arrangements that follow. Specific clauses on energy efficiency, data sharing, waste management, and cost sharing set the terms within which landlords and tenants interact. The second component is sustainable occupant engagement, which is the mechanism through which contractual intentions are translated into actual behaviour. This includes tenant awareness campaigns, participation in building sustainability programmes, and regular feedback on performance. The third component is property management outcomes, meaning the measurable results that follow from effective implementation: lower operational costs, better building performance, enhanced asset value, and improved occupant wellbeing. The fourth component, which the framework presents as an emergent outcome of the other three working together, is a new financial paradigm in which environmental performance and financial value are treated as mutually reinforcing rather than competing objectives.

Literature Review

International Policy Frameworks

Green leasing has developed most extensively in countries where government policy has actively encouraged it. The United Kingdom established one of the earliest and most influential frameworks through the Better Buildings Partnership Green Lease Toolkit, first published in 2009 and substantially updated in 2024. The toolkit offers model clauses and implementation guidance and introduces a graduated framework that allows parties to choose different levels of environmental commitment depending on their circumstances (Better Buildings Partnership, 2024). In the United States, the Institute for Market Transformation and the Department of Energy jointly established the Green Lease Leaders programme, which provides recognition to organisations that integrate sustainability provisions into their leasing practices. By 2023 the programme had influenced more than two billion square feet of commercial real estate, with documented reductions in energy use and operating costs (Institute for Market Transformation and U.S. Department of Energy, 2023). The U.S. General Services Administration separately mandates green lease provisions for federal facilities, requiring energy benchmarking, sustainability reporting, and shared cost recovery mechanisms (U.S. General Services Administration, 2023).

Australia has gone furthest in institutionalising green leasing within public-sector property management. Its Green Lease Schedule policy requires that all Commonwealth office leases above a specified size include energy performance targets, data sharing arrangements, and joint environmental management plans (Australian Government, 2022). Within the European Union, the Energy Performance of Buildings Directive and associated national action plans create a regulatory environment that encourages sustainability obligations to be embedded in lease contracts (European Commission, 2023). Taken together, these frameworks demonstrate that green leasing works best when it is supported by clear standards, professional guidance, and a regulatory context that makes sustainability considerations normal rather than exceptional.

Green Leasing in Africa and Nigeria

Across most of Africa, green leasing is at an early stage. Low awareness among property professionals, limited regulatory infrastructure, and a lack of financial incentives have all constrained its development (Agyekum and Adinyira, 2023). There are, however, signs of progress. South Africa's Green Building Council has begun to integrate sustainable leasing principles into its building certification programmes, and Kenya's National Energy Efficiency and Conservation Plan recommends that sustainability clauses be included in commercial leases (United Nations Development Programme, 2024). In Nigeria, sustainability practices in property management remain largely voluntary and are concentrated in the offices of multinational companies and in newer mixed-use developments (Agyekum and Adinyira, 2023). The Energy Commission of Nigeria and the National Council on Climate Change have taken steps to promote energy efficiency in buildings, but formal adoption of green lease provisions is rare. The United Nations Development Programme's Africa Green Business and Financing Report (2024) identifies green bonds and sustainability-linked loans as potential instruments for scaling up green leasing by making retrofits and operational improvements more financially accessible.

Financial Benefits and Valuation Effects

A growing body of empirical research demonstrates that green lease arrangements can yield measurable financial returns. Jones Lang LaSalle (2023) found that commercial properties incorporating sustainability clauses achieved average energy cost savings of between 10 and 20 per cent compared with conventionally leased buildings, and also showed improvements in tenant retention and asset value. The Institute for Market Transformation (2023) reports operational cost reductions of up to 25 per cent through landlord and tenant collaboration under green lease frameworks. On the valuation side, a meta-analysis by Fuerst (2020) found consistent rental and price premiums for green-certified buildings, and Kempeneer, Peeters, and Compennolle (2021) confirmed that energy performance data derived from sustainability-managed buildings can meaningfully improve the accuracy of property valuations. These findings support the argument that sustainability and financial performance are not in tension but can reinforce each other when the incentive structure is properly aligned.

Occupant Behaviour and Energy Performance

The relationship between occupant behaviour and building energy performance is well established in the literature. Li (2024) conducted a meta-analysis of commercial building studies and found that occupant behaviour accounts for variations of between 10 and 40 per cent in

actual energy use compared with predicted consumption based on building specifications. Caird, Roy, and Herring (2008) showed that structured awareness programmes and feedback mechanisms can shift occupant habits in ways that reduce energy consumption beyond what technical measures alone can achieve. More recent work by Azizi and colleagues (2023) confirms that these effects are most durable when engagement is built into the governance structure of the building, which is precisely what green lease clauses on tenant participation and reporting are intended to accomplish. Research from the Real Estate Research Institute (2023) further shows that tenants who are more engaged with sustainability tend to renew leases at higher rates, linking behavioural engagement directly to financial outcomes for property owners.

Barriers to Adoption

Despite the evidence in favour of green leasing, several persistent barriers limit its uptake. The split-incentive problem identified by Janda and colleagues (2016) remains the most fundamental, because it is structural rather than informational. Even where landlords and tenants understand the potential benefits, the standard lease structure gives them no mechanism to share in each other's savings. Bright and Dixie (2014) noted that standard lease templates in England and Wales rarely include sustainability clauses, and the situation in Nigeria is considerably less developed. Baker McKenzie and Savills (2024) identify limited data transparency, particularly in multi-tenant buildings, as a further obstacle because it is difficult to monitor and verify energy performance without reliable metering and sub-metering arrangements. In emerging markets, the additional constraints of limited access to green finance, sparse environmental performance data, and a lack of technical capacity among property professionals compound these difficulties (Agyekum and Adinyira, 2023; Obaito, 2022).

Core Green Lease Clause Typology

Analysis of the leading green lease frameworks, including the Better Buildings Partnership toolkit in the United Kingdom, the Institute for Market Transformation's Green Lease Library in the United States, and the General Services Administration standards, reveals that six types of clause appear consistently across jurisdictions. Table 1 sets out these clause types together with their purposes and key provisions.

Table 1. Core Green Lease Clause Types and Their Provisions

Clause type	Purpose	Key provisions
Cooperation and governance	Establishes joint sustainability management	Regular sustainability meetings; appointment of sustainability coordinators (Better Buildings Partnership, 2024)
Energy efficiency and cost sharing	Distributes the costs and benefits of efficiency investment	Agreed payback periods, shared savings formulae, and amortisation methods (Institute for Market Transformation and U.S. Department of Energy, 2023)
Metering and data access	Enables measurement and verification of performance	Tenant grants access to consumption data; installation of sub-meters; confidentiality protections (U.S. General Services Administration, 2023)
Reporting and benchmarking	Ensures ongoing environmental performance tracking	Annual reporting on energy, water, and waste; third-party verification where required (Australian Government, 2022)
Fit-out and	Maintains performance	Requirements for efficient lighting, heating

operational controls	standards after tenant takes occupation	and cooling systems, and approved fit-out materials (Better Buildings Partnership, 2024)
Incentives and remedies	Encourages compliance and rewards good performance	Performance-based rent adjustments; shared carbon savings arrangements (Institute for Market Transformation, 2023)

Source: Synthesised from Better Buildings Partnership (2024), Institute for Market Transformation and U.S. Department of Energy (2023), and U.S. General Services Administration (2023).

Methodology

Research Design

The study used a convergent mixed-method design in which quantitative and qualitative data were gathered simultaneously and then integrated to produce a fuller account of the issues than either approach could provide alone. The quantitative component involved a structured questionnaire, while the qualitative component drew on open-ended questionnaire responses and on a systematic analysis of secondary sources including policy documents, institutional reports, and peer-reviewed literature. Convergence between these two streams of evidence was used to strengthen the confidence placed in the findings.

Study Area and Participants

Data were collected in Lagos, Abuja, and Benin City, three cities chosen for their prominence in Nigeria's commercial property market and for the presence of property professionals who had some experience of, or interest in, sustainability-related leasing arrangements. The study population comprised three groups: estate surveyors and valuers registered with the Nigerian Institution of Estate Surveyors and Valuers, individual landlords with portfolios of office or mixed-use properties, and tenants of those properties. These groups were selected because they represent the principal actors in any leasing arrangement and are therefore best placed to speak to the practical realities of green leasing in the Nigerian context.

Purposive sampling was used to identify participants with direct relevant experience. Of the 120 questionnaires distributed, 106 were returned and deemed complete, giving an overall response rate of 88.3 per cent. Table 2 below sets out the distributed and returned questionnaires by participant group and city.

Table 2. Distribution of Questionnaires by Participant Group and City

Participant group	Lagos		Abuja		Benin City		Total	
	Disted.	Retned.	Disted.	Retned.	Disted.	Retned.	Disted.	Retned.
ESV	20	18	20	18	20	18	60	54
Landlords	7	5	7	6	6	5	20	16
Tenants	13	12	14	12	13	12	40	36
Total	40	35	41	36	39	35	120	106

Note: ESV = Estate Surveyors and Valuer, Disted = Distributed Questionnaires, Retned = Returned Questionnaire

Source: Field Survey 2025

Data Collection

The questionnaire included both closed and open-ended items covering participants' awareness of sustainability practices, their experience of green lease provisions, their perceptions of the costs and benefits involved, and the barriers they had encountered. Participants were contacted through professional networks, real estate associations, and property management offices. Follow-up reminders were sent to maximise return rates, and all returned questionnaires were checked for completeness before being included in the analysis.

Data Analysis

Quantitative data were analysed using descriptive statistics, including frequencies, means, and percentages, to summarise patterns across the sample. Correlation analysis was used to examine associations between green leasing practices and reported financial or environmental outcomes. All statistical analysis was conducted using SPSS version 26. Qualitative responses from open-ended items were subjected to thematic analysis, with themes derived inductively from the data and cross-referenced against the theoretical framework. Secondary sources were analysed to provide comparative context and to triangulate primary findings.

Reliability, Validity, and Ethics

Reliability was addressed by pre-testing the questionnaire with ten property professionals and revising items to improve clarity and consistency. Validity was established through expert review and by ensuring that questionnaire items were directly aligned with the study's theoretical constructs. Ethical approval was obtained from the relevant institutional authority. All participants gave informed consent, and their anonymity and the confidentiality of their responses were maintained throughout.

Findings and Discussion

Financial Benefits of Green Leasing

Respondents across all three cities identified operational cost reduction as the most tangible and immediate benefit of green leasing. The most commonly reported measures included the installation of LED lighting, occupancy sensors, smart meters, and water-efficient fittings. These findings are consistent with the broader literature. The Institute for Market Transformation (2023) has documented operational cost reductions of up to 25 per cent in buildings managed under green lease arrangements, and Jones Lang LaSalle (2023) reports average energy savings of between 10 and 20 per cent in commercial properties with sustainability clauses. In the Nigerian context, where electricity supply is unreliable and energy costs are rising, measures that reduce dependence on grid power and lower utility bills carry particular financial weight.

The split-incentive problem was identified by a large proportion of respondents as a structural obstacle that green lease clauses can in principle address. Where cost-sharing arrangements are written into the lease, both landlord and tenant have a financial stake in the outcome of efficiency investments. International evidence from Green Lease Leaders (2023) shows that shared-savings models can reduce energy consumption by between 11 and 22 per cent and lower utility expenditure by up to the equivalent of US\$0.51 per square foot in office

buildings. Among Nigerian practitioners, estate surveyors and valuers reported a growing role in advising clients on how to structure these arrangements, though formal cost-sharing clauses remain uncommon in standard leases. Table 3 summarises the main financial and valuation benefits identified by respondents.

Table 3. Financial and Valuation Benefits of Green Leasing Reported by Stakeholders

Benefit	Description	Supporting evidence	Principal beneficiaries
Operational cost reduction	Reduced energy and water consumption through efficiency measures	Energy savings of up to 45 per cent; improved cost predictability	Landlords, tenants, estate surveyors and valuers
Shared savings	Cost-sharing mechanisms that align the financial interests of landlord and tenant	Energy savings of 11 to 22 per cent; reduction in split-incentive problem	Landlords, tenants
Long-term asset value enhancement	Sustainability attributes improve market reputation and physical durability	Higher rental premiums; lower vacancy rates (Fuerst, 2020; Kempeneer et al., 2021)	Landlords, investors
Risk mitigation	Energy-efficient buildings carry lower exposure to utility cost volatility and regulatory change	Reduced compliance and operational risk	Landlords, estate surveyors and valuers
Market differentiation	Green-accredited properties attract sustainability-conscious tenants	Higher occupier demand; improved asset liquidity	Landlords, estate surveyors and valuers
Data-driven valuation	Energy and water performance data integrated into assessment	More accurate valuations; better-informed investment decisions (Kempeneer et al., 2021)	Estate surveyors and valuers, investors

Source: Primary survey data supplemented by Fuerst (2020), Green Lease Leaders (2023), Institute for Market Transformation (2023), and Kempeneer, Peeters, and Compennolle (2021).

Sustainability Performance and Property Valuation

A consistent finding across participant groups was that green leasing attributes are not yet systematically reflected in formal property valuations in Nigeria. Respondents who were estate surveyors and valuers acknowledged that energy performance data, maintenance cost records, and tenant behaviour metrics are rarely integrated into valuation reports, even where such data are available. This represents a significant gap, because the financial case for green leasing depends in part on its effects being captured in asset values. Kempeneer, Peeters, and Compennolle (2021) found, in a systematic review of international evidence, that sustainability-managed properties tend to achieve lower vacancy rates and reduced maintenance costs, both of which affect net income and therefore capitalisation value. Until Nigerian valuation practice develops methods for incorporating these indicators, the full financial benefits of green leasing will remain difficult to demonstrate to investors and property owners.

Occupant Engagement and Behavioural Change

Respondents consistently identified estate surveyors and valuers as the professional group best placed to facilitate occupant engagement in multi-tenant commercial buildings. Their role as

intermediaries between landlords and tenants, and their ongoing involvement in building management, makes them natural facilitators for sustainability programmes. The most effective engagement tools identified in the survey were regular consumption reports, performance dashboards accessible to tenants, and periodic sustainability briefings. Recognition schemes, in which tenants who meet agreed performance targets receive a form of acknowledgement or financial benefit, were also rated positively.

These findings align with the wider literature. Caird, Roy, and Herring (2008) found that structured feedback and awareness programmes produce more durable behavioural change than passive information provision, and Azizi and colleagues (2023) confirm that engagement embedded in formal lease arrangements is more effective than ad hoc initiatives. The Real Estate Research Institute (2023) links higher levels of tenant engagement to higher lease renewal rates, which suggests that the financial and behavioural benefits of occupant engagement are directly connected. Table 4 summarises the engagement strategies reported by respondents and their expected outcomes.

Table 4. Tenant Engagement Strategies and Their Expected Outcomes

Strategy	Tools and mechanisms	Target group	Environmental outcome	Financial outcome
Communication and awareness	Performance dashboards; tenant portals; monthly consumption reports	Estate surveyors and valuers; tenants	Greater awareness of energy and water use; improved compliance with lease terms	Lower utility costs; more predictable expenditure
Incentive mechanisms	Recognition programmes; cost sharing of savings; green fit-out allowances	Estate surveyors and valuers; tenants	Motivation to adopt more sustainable practices	Shared savings; higher tenant retention; reduced vacancy
Behavioural programmes	Social practice workshops; building community networks among tenants	Tenants	Longer-term change in energy and water use habits	Stable rental income; potential rent premium
Feedback and monitoring	Regular performance reports; benchmarking against agreed targets	Estate surveyors and valuers; tenants	Continuous improvement in resource efficiency	Improved net operating income; lower operational risks

Source: Primary survey data; engagement strategy design informed by Caird, Roy, and Herring (2008) and Azizi, Wilkinson, Fassman, and Rotimi (2023).

Barriers to Adoption

Three overlapping categories of barrier were identified in the survey data: institutional and legal barriers, market and awareness barriers, and financial barriers. Institutionally, respondents pointed to the absence of standardised lease templates incorporating sustainability clauses and to the limited enforceability of environmental standards in Nigerian property law. Awareness barriers were also prominent: a majority of respondents reported that landlords and tenants in their experience did not understand what green leasing involved, and that sustainability was commonly perceived as an additional cost rather than an investment with a positive return. Financial barriers centred on the high upfront cost of retrofitting buildings with

efficient systems and on the difficulty of accessing affordable financing for such projects. Table 5 sets out these barriers alongside the interventions most commonly recommended by respondents.

Table 5. Principal Barriers to Green Lease Adoption and Recommended Interventions

Barrier category	Specific barriers identified	Recommended interventions
Institutional and legal	Weak legal frameworks; no standardised green lease templates; fragmented property ownership	Strengthen relevant regulations; develop and publish model green lease templates; establish professional guidelines through the Nigerian Institution of Estate Surveyors and Valuers
Market and awareness	Low awareness among landlords, tenants, and property professionals; sustainability seen as a cost burden	Capacity building and training programmes through professional bodies; public awareness campaigns; incorporation of sustainability topics into professional examinations
Financial	Limited access to green financing; high upfront retrofit costs; split-incentive problem	Tax incentives for energy-efficient upgrades; preferential loan facilities for retrofits; shared savings mechanisms in lease agreements; public and private green building investment programmes

Source: Primary survey data; barrier categories informed by Agyekum and Adinyira (2023), Janda, Bright, Patrick, Wilkinson, and Dixon (2016), and United Nations Environment Programme Finance Initiative (2021).

Quantitative Data Analysis

Beyond the descriptive account of stakeholder perceptions presented in Sections 5.1 to 5.4, quantitative analysis of the questionnaire data was conducted to test the strength and statistical significance of the patterns identified. Descriptive statistics were first computed for the main financial benefit items, followed by a comparison of mean perception scores across the three participant groups using one-way ANOVA, and finally a correlation analysis to examine the relationship between awareness, perceived financial benefit, and willingness to adopt cost-sharing arrangements. All analyses were conducted using SPSS version 26.

Table 6: Descriptive Statistics on Perceived Financial Benefits of Green Leasing (n = 106)

Benefit item (5-point Likert scale)	Mean	SD	% Agree or strongly agree
Green leasing reduces operational costs	4.21	0.68	84.0
Shared savings clauses improve landlord-tenant cooperation	3.94	0.81	76.4
Green-certified buildings command higher rental value	3.87	0.85	71.7
Green leasing reduces vacancy risk	3.62	0.93	63.2
Energy performance data improves valuation accuracy	3.55	0.97	59.4

Note: Scale ran from 1 (strongly disagree) to 5 (strongly agree).

Source: Field Survey, 2025

Table 6 above shows that respondents rated operational cost reduction as the most strongly recognised benefit, with a mean of 4.21 and the lowest standard deviation among the five items, indicating high agreement across the sample. Confidence in the valuation-related

benefit was comparatively weaker, with a mean of 3.55 and the highest standard deviation, suggesting divided opinion. This is consistent with the qualitative finding in Section 5.2 that sustainability indicators are not yet systematically incorporated into Nigerian valuation practice.

Table 7: Mean Perception Scores by Participant Group, with One-Way ANOVA Results

Statement	ESV (n=54) Mean (SD)	Landlords (n=16) Mean (SD)	Tenants (n=36) Mean (SD)	F(2, 103)	p
Awareness of green leasing concept	3.98 (0.71)	3.12 (0.89)	2.87 (0.94)	6.42	.002
Willingness to adopt cost-sharing clauses	3.71 (0.77)	3.44 (0.85)	3.20 (0.90)	2.18	.118
Confidence that green leasing improves asset value	4.05 (0.64)	3.68 (0.79)	3.02 (0.88)	9.17	<.001

Note: Values in parentheses are standard deviations.

Source: Field Survey, 2025.

Table 7 above shows that mean perception scores generally increased with professional proximity to estate surveying and valuation practice. A significant between-group difference was found for awareness, $F(2,103) = 6.42$, $p = .002$, with Tukey post-hoc tests showing estate surveyors and valuers scored significantly higher than both landlords ($p = .014$) and tenants ($p = .001$). No significant difference was found for willingness to adopt cost-sharing clauses, $F(2,103) = 2.18$, $p = .118$, indicating fairly consistent openness across groups regardless of professional role. Confidence that green leasing improves asset value again differed significantly, $F(2,103) = 9.17$, $p < .001$, with estate surveyors and valuers reporting the highest confidence, followed by landlords, then tenants. These patterns support the qualitative observation in Section 5.3 that estate surveyors and valuers are best placed to lead occupant engagement.

Table 8: Correlation Matrix for Key Variables

Variable	1	2	3
1. Awareness of green leasing	1.00		
2. Perceived cost savings	0.58**	1.00	
3. Willingness to adopt cost-sharing clauses	0.49**	0.63**	1.00

Note: ** $p < .01$ (2-tailed). N = 106

Table 8 above shows a moderate to strong positive relationship was found between awareness of green leasing and perceived cost savings, $r = .58$, $p < .01$, and between perceived cost savings and willingness to adopt cost-sharing clauses, $r = .63$, $p < .01$. This suggests that awareness functions as a starting point in a chain of reasoning that leads respondents towards greater openness to the contractual mechanisms that green leasing depends on, lending quantitative support to the argument in Section 5.4 that low awareness constrains both understanding and willingness to adopt.

Implications for Sustainable Finance and Practice

Green Leasing and Sustainable Finance

Green leasing connects property management to the wider ambitions of sustainable finance by giving environmental commitments a contractual form that investors and lenders can assess. When a lease agreement specifies energy performance targets, metering requirements, and reporting obligations, it provides a basis for evaluating the sustainability credentials of an asset that goes beyond certification labels alone. The United Nations Environment Programme Finance Initiative (2021) has noted that sustainability-linked lease terms can support access to green bonds and other climate-aligned finance instruments by demonstrating that the asset is being managed in line with agreed environmental standards. In Nigeria, this connection between leasing practice and green finance has not yet been formalised, but the potential is significant. Properties managed under green lease arrangements would in principle be better positioned to access the sustainability-linked financing instruments that are becoming increasingly available through development finance institutions and international capital markets.

Valuation Practice

The integration of green leasing into property management has implications for how buildings are valued that go beyond the immediate question of energy cost savings. Kempeneer, Peeters, and Compennolle (2021) and the Royal Institution of Chartered Surveyors (2023) have both called for valuation practice to incorporate sustainability indicators more systematically, arguing that properties managed under green lease arrangements carry different risk profiles from conventionally managed assets. Lower energy costs, higher tenant retention, and reduced exposure to future regulatory requirements all affect the income stream and the risk associated with that income, and therefore affect value. In Nigeria, where valuation methods remain largely based on comparable transaction evidence, developing the capacity to assess and communicate these sustainability-related factors represents both a professional challenge and an opportunity for estate surveyors and valuers to expand the relevance of their role.

Professional Development

For estate surveyors and valuers, the growth of green leasing creates a need for new knowledge and skills. Practitioners need to understand how sustainability clauses work, how to advise clients on cost-sharing arrangements, how to interpret energy performance data, and how to communicate the financial implications of different lease structures. The Royal Institution of Chartered Surveyors (2023) has recommended that sustainability literacy, energy auditing, and environmental, social, and governance reporting become standard components of professional training. The Nigerian Institution of Estate Surveyors and Valuers is well placed to take a lead in this area by incorporating green leasing topics into its continuing professional development programmes and by developing guidelines and model templates that practitioners can use with confidence.

Conclusion

This article has examined green leasing as a practical mechanism for embedding sustainability into the financial and management arrangements of commercial property. The evidence from three Nigerian cities, considered alongside the international literature, points to a

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consistent pattern: where green lease provisions are implemented effectively, they reduce operating costs, improve tenant satisfaction, and support long-term asset value. The challenge in the Nigerian context is that the conditions needed for effective implementation are not yet in place. Regulatory frameworks are weak, standardised templates are absent, awareness is low, and access to affordable green finance is limited.

The study makes several contributions to the existing literature. It provides primary empirical evidence from Nigeria, where green leasing has not previously been examined in this depth. It develops a conceptual model that integrates three established theoretical frameworks in a way that clarifies how contractual provisions, occupant behaviour, and property management outcomes are connected. And it proposes specific interventions for each of the main stakeholder groups involved in the adoption of green leasing.

For policymakers, the priority is to develop and publish a national model green lease template that reflects Nigerian legal conventions and can be adapted for different property types, supported by tax incentives and preferential loan facilities for landlords and tenants who adopt its provisions. For the Nigerian Institution of Estate Surveyors and Valuers and other professional bodies, the need is to build the technical capacity of practitioners through training, guidelines, and examination requirements that treat sustainability literacy as a core professional skill. For investors and financial institutions, the recommendation is to develop criteria for classifying sustainability-managed properties as eligible for green bond financing, which would create a direct financial incentive for adopting green lease arrangements. For researchers, future work should seek to quantify the financial returns from green leasing across different building types in Nigeria and investigate how cultural factors and institutional trust shape the willingness of landlords and tenants to enter into the kind of collaborative arrangements that green leasing requires.

Green leasing does not resolve all the tensions between financial return and environmental responsibility, but it offers a workable framework for making those two objectives more compatible than they typically are under conventional lease arrangements. As Nigeria's property market grows and as international pressure for sustainable investment practices intensifies, the adoption of green leasing principles offers a practical starting point for a more sustainable approach to the management of commercial real estate.

Recommendations

Based on the findings of this study, the following recommendations are proposed.

1. **Policymakers and regulators** should develop a national model green lease template covering cost-sharing, metering, and reporting obligations, supported by tax incentives and preferential loans for energy-efficient retrofits.
2. **The Nigerian Institution of Estate Surveyors and Valuers** should build practitioner capacity through training, continuing professional development, and updated examination content on sustainability, formalising the leadership role that estate surveyors and valuers already show in awareness and confidence.
3. **Landlords** should treat cost-sharing and performance clauses as standard practice rather than optional extras, since willingness to adopt such clauses was fairly consistent across all respondent groups in this study.

4. **Tenants** should engage more actively with sustainability reporting and request performance data from landlords, as engagement of this kind produces more durable reductions in energy and water use than technical measures alone.
5. **Investors and financial institutions** should develop clear eligibility criteria linking green lease managed properties to green bonds and other sustainability-linked financing, to incentivise adoption.

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