



# GREEN BUILDINGS MARKET INTELLIGENCE

## COLOMBIA COUNTRY PROFILE

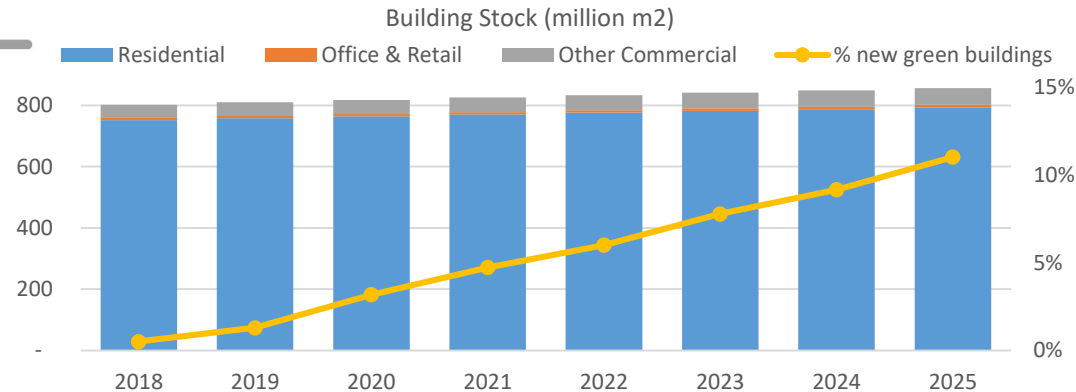


*Creating Markets, Creating Opportunities*

# COLOMBIA: COUNTRY SUMMARY



## MARKET GROWTH



Market through 2025

Total market

Green market

Commercial

USD 8.64 B

USD 1 B

Residential

USD 47.49 B

USD 2.3 B

Residential units

300,000

40,000



## OTHER FACTORS

Travel and tourism is booming in Colombia, 12% more people visited Colombia in 2015 than in the previous year. Continued growth in this industry is expected and the need for new hotels and resorts to accommodate visitors will increase.



## CLIMATE POLICIES (NDCS)

Colombia has promised to pursue a Strategy of Low-Carbon Development, indicating its belief that it can reduce the emission of carbon dioxide, deforestation, and waste while simultaneously increasing GDP.



## MARKET STATUS

Between 2008 and 2016, 1.6 million square meters of building space has been certified green in Colombia.



## GREEN BUILDING PROGRAM

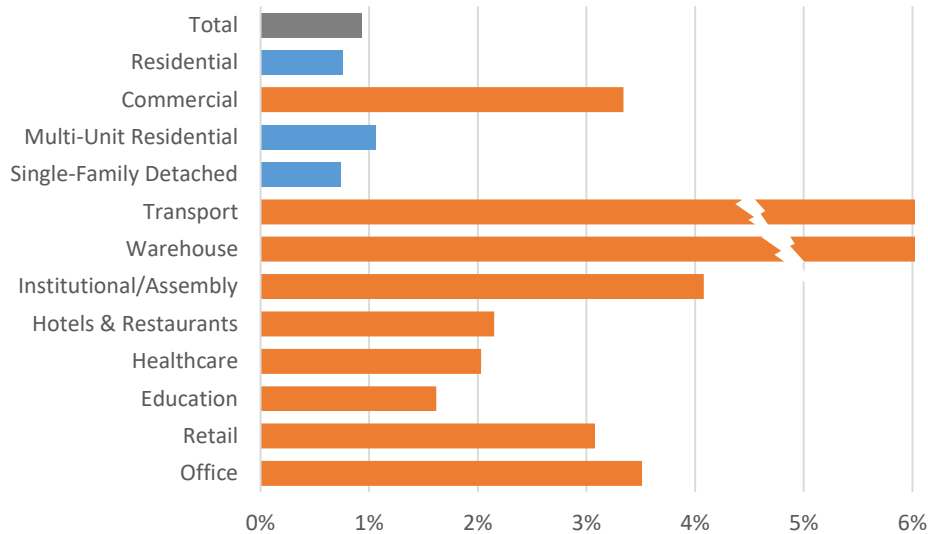
CAMACOL (the Colombian Chamber of Construction) has recently been named as the local partner for the EDGE program in Colombia with goal of 20% green penetration in focus sectors.

Efforts also through the Colombian Green Building Council.



## MARKET IS EXPERIENCING STEADY GROWTH

MARKET GROWTH BY SUB-SECTOR (CAGR)

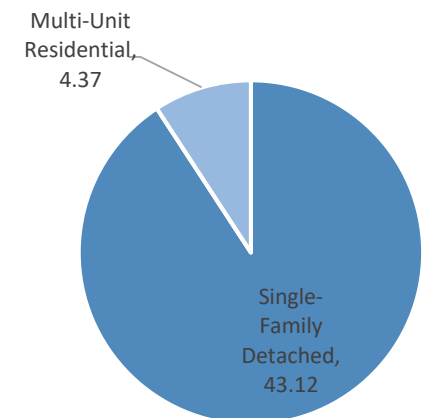
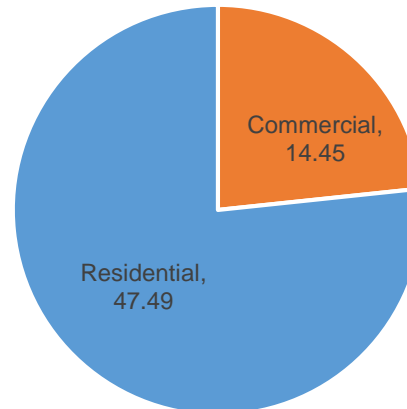
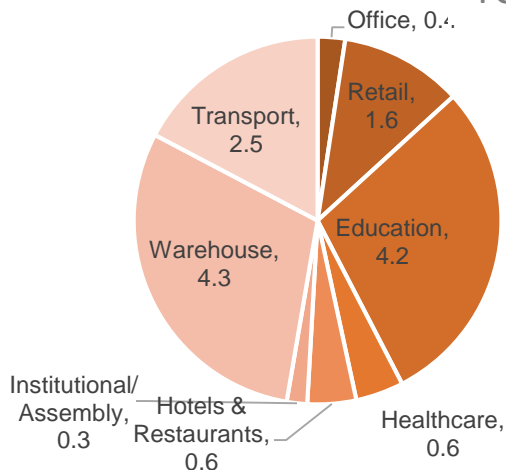


Between 2018 and 2025, total floor space is expected to grow at a compound annual growth rate of 0.93%.

The fastest growing sectors will be logistics - transport and warehouse.

The residential sector, which represents more than 93% of floor space, will experience slower growth at 0.76% annually. Multi-unit residential projects will grow at a faster rate than single-family detached homes.

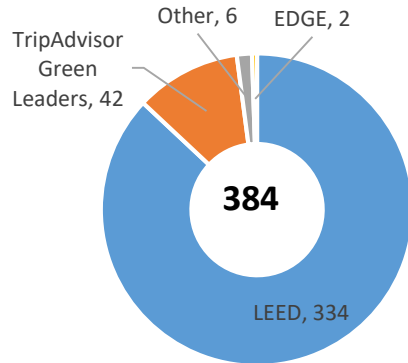
TOTAL MARKET SIZE 2018-25 (USD BILLIONS)





## COLOMBIA HAS EXPERIENCED RAPID GROWTH IN GREEN BUILDING

In 2017, Colombia counted 384 published green building activities, including certifications and registrations.

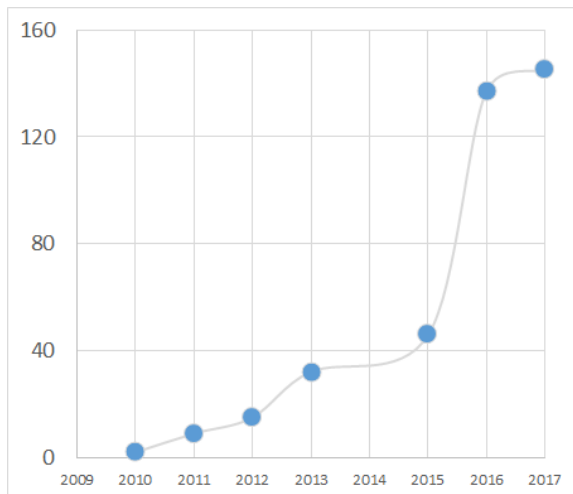


Certified and registered buildings are located throughout Colombia with the highest density occurring in the country's capital, Bogota, and Medellin.

EDGE is seeing increased interest in certifications in Colombia and 2 projects have received preliminary certification.



Cumulative activity count, by year:



Notable projects include:

Type	Name	Location	Investor
Office	Google Bog 8F FE69	Bogota	Google, Inc.
Office	Dirección General Bancolombia	Medellin	Bancolombia
Retail	Centro Comercial Plaza Central	Bogota	OSPINAS Y CIA
Single-Family Home	Casa FENIX Rionegro	Antioquia	
Industrial	New Factory Hunter Douglas Colombia	Cundinamarca	Hunter Douglas De Colombia S.A.
Lodging	W Hotel Bogota	Bogota	Terranum Hotels



## HIGH EXPECTATIONS FOR CONTINUED GREEN MARKET GROWTH DUE TO COMPREHENSIVE EDGE PROGRAM

- IFC launched the EDGE program in Colombia with the national Chamber of Construction in 2017.
- Through combined advocacy, marketing, and business development efforts, high green market penetration is expected in the target sectors.
- The ease-of-use of the EDGE software, combined with an already established presence of green certification gives confidence to robust market growth.
- Green floor space is expected to grow steadily in Colombia as both foreign and domestic companies seek to increase their in-country investments.
- Market penetration will be particularly high in the commercial space – particularly hotels, office, and retail, where the business case is clear. Green has already taken off in the office and retail sector, largely through LEED certifications.
- Somewhat lower penetration is expected in residential buildings which are less impacted by the regulations set forth in Colombia's green building code, but the EDGE software should make voluntary certifications easier.
- Informal housing is harder to capture with green certification, but high expectations remain for multi-unit residential.
- Overall market penetration in 2025 is 10-15%.

EDGE Colombia Business Plan

Companies in Latin America and the Caribbean, on average, are achieving a rate of return on their climate-smart investments of 17% a year

[International Finance Corporation](#)

Top sector for expected green building projects:  
**New Commercial Construction**

Most popular green building benefit in Colombia:

**Lower operating costs**

In Colombia, the most important environmental reasons for building green are:

**Reducing energy consumption  
&  
Protecting natural resources**

[Dodge Data & Analytics, 2016](#)



# GROWTH IS SPURRED ON BY FINANCIAL MARKETS

Bancolombia has issued its first green bond, raising 350 billion Colombian pesos to expand financial services for private sector investments that address climate change.

[International Finance Corporation](#)



Utilizing EDGE simplifies compliance with the Green Bond Principles

## 1. Criteria

- Criteria to select eligible green projects or assets to be financed by green bonds proceeds



EDGE is approved by the Climate Bonds Initiative

## 2. Second Opinion

- An independent and external opinion focused on how the criteria set allow a selection of assets that promote a transition to a climate-resilient and sustainable growth



The acceptance of EDGE by international bodies makes 2<sup>nd</sup> opinion streamlined

## 3. Allocation process

- An external and independent validation on the compliant allocation of green bond proceeds (generally by the issuer's auditors)



Use of EDGE certificate for proceeds allocation simplifies audit

## 4. Reporting

- Reporting on projects or assets financed with information on environmental and/or social impacts of the projects



EDGE software can easily produce portfolio report for the bank





# POSITIVE POLICY SHIFTS SIGNAL MARKET SUSTAINABILITY

Colombia's commitment to the Paris Climate Agreement pledges to:

- **Reduce emissions 20% below business-as-usual projections by 2030**
- Employ a Low-Carbon Development Strategy
- Institute a National Adaptation Plan
- **Achieve zero net deforestation in the Amazon by 2020**

[World Resources Institute](#)

Climate change has been blamed for recent tragedies in Colombia, including mud slides and avalanches. **Environment Minister Luis Gilberto Murillo** told Reuters *"Colombia is very vulnerable to phenomena of extreme climate variability and climate change [...] We have to move toward a culture of prevention and response to early warnings. Close to 12 million people are in high-risk conditions"*

[Reuters](#)

Colombia's new green building code is expected, as part of official country strategy, to result in **reducing construction sector emissions by 28% by 2021.**

[International Finance Corporation](#)

**President Juan Manuel Santos** recognized Colombia's efforts to tackle construction sector emissions:

*"We are the first country in Latin America that is already imposing a series of conditions on environmental sustainability meaning that constructions have to be more environmentally friendly [...] The contribution of the construction sector to reduce the factors causing climate change is a very important step."*

[International Finance Corporation](#)

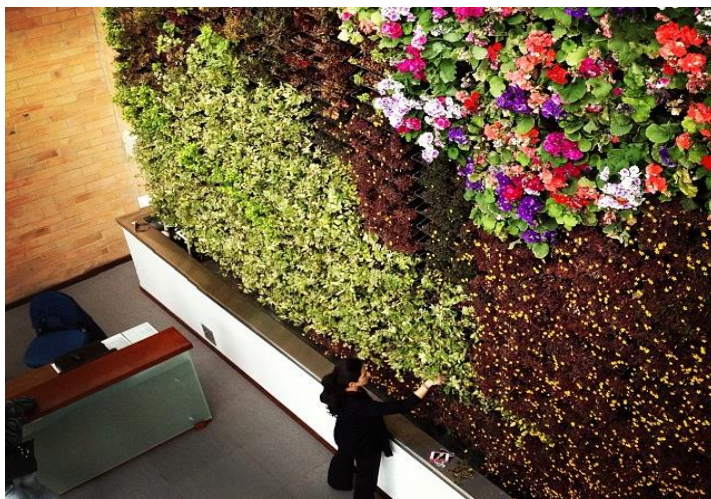




## MULTIPLE BODIES ARE ADVOCATING FOR GREEN



The **Colombia Green Building Council (Consejo Colombiano de Construcción Sostenible, CCCS)** provides training and resources for individuals and organizations interested in sustainable construction. Its website provides case studies and educational materials for those interested in learning about green building.



Learn more about the Consejo Colombiana de Construcción Sostenible on its website:  
<https://www.cccs.org.co/wp/>



**CAMACOL (Cámara Colombiana de la Construcción)** has been identified as the EDGE project's local partner. In this role, CAMACOL will lead marketing and operations activities. It will work to improve the visibility of EDGE in the building sector and counteract some of the difficulties that other green building certifications have had in the market by promoting EDGE as a low-cost certification that allows access to sustainable measures and benefits for segments that have not typically been reached with LEED, like housing.

CAMACOL works in collaboration with the IFC's local partners, SGS and thinkstep to audit and certify green buildings in Colombia.

For more information about CAMACOL, visit its website:  
<http://www.camacol.org/>





## EDGE CERTIFICATIONS IN COLOMBIA ARE ISSUED BY CAMACOL IN PARTNERSHIP WITH SGS-THINKSTEP

EDGE certification services in Colombia are provided exclusively by CAMACOL, a non-profit organization that brings together individuals and companies to strengthen the construction sector's value chain and boost competitiveness.



Total pricing as indicated below reflects all fees for auditing and certification.

Project Type	Certification	Design Audit	Final Audit	Total
Residential – Social Housing	COP 5,600,000	COP 9,500,000	COP 10,500,000	COP 25,600,000
Residential – Low, Middle, and High Income (one unit type)	COP 5,700,000	COP 11,900,000	COP 13,100,000	COP 30,700,000
Commercial (single end use)	COP 5,700,000	COP 11,900,000	COP 13,100,000	COP 30,700,000

*For residential projects with multiple unit types, there is an additional charge of COP 750,000 per unit type.*

*Commercial projects that are multi-use or complex projects with multiple buildings will be valued individually, for more information please email [CAMACOL](mailto:info@camacol.org).*

*Discounted pricing is available, including for EDGE Leaders and projects using EDGE Experts.*

Details and registration forms can be found on the EDGE program website:  
<https://www.edgebuildings.com/certify/colombia/>



## EDGE EXPERTS CAN HELP INVESTORS NAVIGATE THE CERTIFICATION PROCESS

Currently six EDGE experts support the certification in process  
and more will be added due to upcoming trainings by CAMACOL:

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A full list of EDGE experts can be found on the EDGE program website:  
<https://www.edgebuildings.com/edge-experts/edge-experts-around-the-world>



## LEARN MORE ABOUT EDGE CERTIFIED BUILDINGS IN LATIN AMERICA



### VERDE VIVO ARIZA

#### Medellin, Colombia

Building Category: Residential

Predicted Savings of EDGE Certification:



25% Energy Savings



29% Water Savings



51% Less Embodied Energy in Materials



### CITY EXPRESS HOTELS- SANTA FE

#### Mexico City, Mexico

Building Category: Tourism

Predicted Savings of EDGE Certification:



51% Energy Savings



32% Water Savings



44% Less Embodied Energy in Materials

To access these case studies and others, visit <https://www.edgebuildings.com/projects/>



# RESEARCH METHODOLOGY

## COUNTRY LIST

- IFC chose countries that correspond to the [Climate Investment Opportunity Report](#) (CIO Report) as well as countries of strategic interest for IFC.
- IFC plans to release additional country analysis, pending resources.

## TOTAL MARKET OVERVIEW

- Building stock was sourced from the [Global Building Stock Database](#) and confirmed by country experts, if possible.
- The research team found local prices for capital construction expenses, or used global proxies otherwise.
- Market sizing was executed for new construction and did not focus on retrofits.

## SNAPSHOT OF THE CURRENT GREEN MARKET

- Main source of information was the [Green Building Information Gateway](#), confirmed by local green building council reports, if such existed.
- The research team focused on properties certified as green.

## GOVERNMENT POLICIES

- Main information was sourced from the [World Bank NDC Database](#).
- Additional information was found using various searches as well as government websites.

## PROJECTIONS FOR GREEN PENETRATION

- Based on the total market growth, snapshot of the current green market, and the enabling environment of government policies, the research team projected green penetration per each of the sub-sectors.
- Weighted average of combined sector data produced the final penetration number.
- The analysis focused only on new construction, and focused only on certified properties.
- As tools for retrofits take off in the market (including IFC's EDGE product), analysis may be amended to include the retrofit market.
- Market potential may be different from numbers reported in the CIO Report, as a more conservative estimate was used for business planning purposes.

## OTHER

- Information for green building councils was sourced from [World GBC website](#).
- Case studies were presented only for IFC's EDGE green building software and certification system.
- However, lists of all green certified projects in a given country can be found through the [Green Building Information Gateway](#).
- Finally, pricing for EDGE certification was included to illustrate that green certification is affordable and achievable in emerging markets.



# ACKNOWLEDGEMENTS

## **DONOR ACKNOWLEDGEMENT**

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## **COLLABORATION ACKNOWLEDGEMENT**

IFC thanks the Georgetown University McDonough School of Business for collaborating on developing the market intelligence reports.

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