



# From Brown Discounts to Digital Premiums



# Contents

<b>The Digital Premium</b> .....	4
<b>Introduction</b> .....	5
1 Why the market prices brown discounts—and why it’s starting to price digital quality.....	6
2 Rules and standards that shape the outcome.....	7
3 What tenants, agents, valuers, investors, and operators actually want.....	8
4 What “good” digital looks like.....	9
5 How do Modern Networks and BuildingConnect fit in?.....	10
6 Offices first: where the premium is most visible.....	12
7 Science and innovation parks: uptime and clean separation matter most.....	13
8 Shopping centres and retail parks: trading depends on uptime.....	14
9 Why certification helps—and how to make it part of day-to-day operations.....	14
10 Digital premium and insurance dynamics.....	15
11 A simple plan that owners can apply across a portfolio.....	15
12 Certification aligned checklist (quick reference).....	16
13 How does this approach show up in leasing, valuation, and lending.....	17
14 Market validation: what today’s evidence shows about the digital premium.....	18
15 AI, digital twins and the new divide in commercial real estate.....	21
16 Conclusions.....	24
<b>Looking to unlock a digital premium for your buildings?</b> .....	25
<b>References</b> .....	26



# How Modern Networks can help commercial properties improve occupancy rates and achieve long-term value

## The Digital Premium

Just as poor connectivity leads to value erosion, excellent IT systems and digital infrastructure now deliver a measurable digital premium.

1. **Rental Uplift:** Properties with top-tier digital certifications (such as WiredScore) typically command a **4.7% to 5% rental premium** over similar non-certified spaces.
2. **Occupancy Gains:** Buildings with superior connectivity often see vacancy rates roughly **3.8%** lower than the market average.
3. **Operational Efficiency:** Integration of smart building systems (IoT) can reduce staff overheads and improve investor margins through automated maintenance and better energy management.
4. **Connectivity in Lease Negotiations:** **78%** of lease negotiations now include formal connectivity verification (JLL UK).
5. **Tenant Priorities:** **83%** of tenants rank connectivity as the number one workplace factor, ahead of design, amenities and even location (Gartner).
6. **Decision-Makers:** More CTOs and IT Directors are now attending early-stage property viewings to assess digital infrastructure and connectivity much earlier in the search process.

## Introduction

Digital performance has become one of the clearest differentiators in commercial real estate. Tenants treat connectivity as a basic utility, expecting seamless internet, dependable mobile signal, and workplace technology that works from day one. At the same time, the market is drawing sharper distinctions between buildings that deliver this reliably and those that fall short. Energy inefficient assets are already experiencing well-documented **brown discounts**. Now, a parallel trend is emerging: buildings with proven digital capability are consistently leasing faster, reducing incentives, improving renewal outcomes, and achieving measurable rental uplifts. This is the **digital premium**.

What has shifted is the clarity of the evidence. New UK-specific data shows that digital reliability influences not just tenant experience but also income certainty, vacancy risk, and operational resilience. Buildings with stronger digital foundations command higher achieved rents in competitive markets, while those with recurring connectivity issues face growing renewal risk and reputational drag. Valuation standards are also evolving. The *RICS Red Book 2025* and ESG valuation guidance now require valuers to consider

operational performance, including digital reliability, when assessing risk and determining market value. Lenders, too, are placing greater emphasis on documentation, resilience, and income stability.

AI-enabled building management is starting to transform the operation and evaluation of commercial assets. Early adopters are utilising predictive analytics and digital twin technology to enhance efficiency, minimise operational risks, and strengthen their leasing narrative. These trends are expected to accelerate significantly over the next five years.

Against this backdrop, property owners need a practical and defensible strategy. That means treating digital infrastructure as a core utility, removing single points of failure, ensuring clean separation between tenant IT and building systems, and supporting everything with clear documentation and independent validation. Certifications such as WiredScore and SmartScore translate technical quality into simple, credible proof recognised by agents, valuers, investors, and lenders.

This paper explains why digital performance now plays an increasingly important role in shaping leasing, valuation, and risk assessment; what “good” looks like in practice; and how a governance led approach, supported by services such as **Modern Networks’ BuildingConnect**, can help owners and operators protect value, reduce voids, and position assets to outperform in a market increasingly defined by transparency and operational evidence.




## 1) Why the market prices brown discounts— and why it's starting to price digital quality

The brown discount is now well evidenced in the UK and Europe. Studies show that buildings with strong sustainability credentials sell for more and let more quickly, while weaker stock faces a drag on both rent and price. Investors report that energy performance and climate risk are affecting valuations, and valuation standards have shifted to make these differences clearer in formal models. This isn't a passing trend; it's the market learning how to price risk and reliability in a more disciplined way.

Digital performance is changing as technology improves. In the UK, more buildings now have fast internet and full fibre connections, raising tenant expectations. When the public network is fast, any connectivity issues inside the building quickly come to light. Problems like single points of failure, messy risers, weak or patchy mobile coverage, and unclear connections are now noticeable. These issues affect viewings, early move-ins, and lease renewals. Research shows that offices in London with recognised connectivity certification achieve higher rents. While each market may have its own needs, the overall trend is clear: when digital quality is easy to see and compare, it becomes simpler to justify higher rents and complete lease agreements.

The definition of “digital quality” is evolving. Early implementations of AI-assisted operations such as predictive maintenance, automated monitoring, and initial digital twin optimisation are starting to reinforce the same outcomes that tenants and valuers appreciate: reliability, responsiveness, and transparency. This does not replace the fundamentals; rather, it enhances them. Buildings equipped with resilient fibre, clear demarcations, strong mobile coverage, and effective governance are better positioned to adopt AI seamlessly and demonstrate the benefits during leasing negotiations and valuation processes.

The implications are clear. Energy risk is already factored in. Digital readiness, now increasingly including the capacity to support AI-enabled operations, is also being assessed. Owners and building operators who can provide both will attract more premium tenants.

An aerial night view of a city street, likely in London, showing a streetcar and several tall buildings with illuminated windows. The scene is bathed in a blue and white light, with the streetcar and buildings providing a sense of depth and perspective.

## 2) Rules and standards that shape the outcome

On the energy side, Minimum Energy Efficiency Standards (MEES) already make it unlawful to let commercial space in England and Wales below an Energy Performance Certificate (EPC) rating E (with specific exemptions). Policy discussions and industry guidance indicate a move towards an interim EPC C step and a subsequent tightening towards EPC B in the early 2030s. Even as dates have shifted, the direction of travel has not. Lenders and valuers are already incorporating transition risk into the way they assess credit and yields. In practice, delay tends to raise the cost of compliance, complicate financing, and slow leasing.

On the valuation side, the International Valuation Standards (IVS), effective January 2025, emphasise better data, clearer modelling, stronger documentation, and explicit treatment of ESG. The *RICS Red Book Global Standards* align with IVS and reinforce the need for transparent evidence in valuation reports. That means the quality of your documentation, auditable plans, third-party certificates, and regular performance reports directly influences how easily a valuer can reflect your building's strengths in their appraisal.

The lesson is simple. A credible energy plan and a credible digital plan, backed by independent validation and steady reporting, form a clearer story for leasing teams, valuers, investors, and lenders. That story is easier to price.

### 3) What tenants, agents, valuers, investors, and operators actually want

**Tenants want certainty.** They want speed, stability, strong Wi-Fi, dependable mobile signal, and simple, secure access to their tools across offices, meeting rooms, and common areas. They expect to be productive on day one. If digital basics fail at any point during a viewing, at the start of the lease, or during peak times, confidence drops, and negotiations often shift towards incentives, discounts or alternative space.

**Agents want clarity.** Leasing teams need proof they can present in plain English. They need to show that the building has the right foundations and that those foundations have been independently verified. Recognised certifications provide that shorthand, supported by concise documentation, when a tenant's technical team has questions.

**Valuers want evidence.** Under modern standards, they need reliable data, transparent assumptions, and documentation that they can include in their reports. Clear performance measures and certifications make their work easier and support conclusions that reflect your building's real strengths.

**Investors want confidence in cashflows and a clear exit story.** Buildings that are easier to let, easier to run, and easier to market hold their value better through cycles. A demonstrable digital foundation reduces uncertainty around voids, incentives, and renewal risks.

**Managing agents want a building that runs efficiently.** They need fewer supplier hand-offs, cleaner change control, faster incident resolution, and a service model that keeps everyone aligned on performance and responsibilities. When the IT backbone is sound and the governance is clear, day-to-day operations become simpler and more predictable.

When these needs are met, leasing tends to move faster, incentives are easier to control, renewals are more likely, and valuation discussions become more straightforward. Over time, those effects are visible in Net Operating Income and in asset values.



#### 4) What “good” digital looks like

Treat digital as a fifth utility. Good buildings share a few practical features:

They have two independent ways for fibre to enter the building, so a single fault does not take everyone offline. Their risers are protected and labelled, and their main telecom rooms are managed like critical spaces, with sensible power, cooling, and cabling standards. The landlord makes demarcation points clear, so it's easy to see where the landlord's responsibility ends and the tenant's responsibility begins. Wi-Fi is designed for busy spaces with many devices, and inbuilding mobile works where people actually use it. Tenant IT and building systems (OT) are kept separate and secure, with sensible monitoring where they interact. And everyone has access to simple documents that explain how to connect safely on day one.

These are not theoretical ideals. They are the basics that remove friction from leasing, reduce incidents for operators, and give valuers confidence that the building can support modern work reliably.





## 5) How do Modern Networks and BuildingConnect fit in?

Since 1999, Modern Networks has been supporting the UK's commercial property sector, managing more than 2,000 properties, including 160 shopping centres, 60 retail parks, and 47 science and innovation parks, as well as over 600 tenants across these parks.

Our role is to be a trusted, accountable partner for owners and operators, coordinating suppliers, applying strong IT Service Management and Service Integration practices, and keeping performance outcomes front and centre. We intentionally use the term "Service Guardian" with care, emphasising day-to-day service assurance, fewer hand-offs, and clear lines of responsibility that are directly connected to leasing, tenant experience, and asset value.



**BuildingConnect** makes it easy for commercial buildings to offer fast, reliable internet that just works. It gives tenants instant, high-quality connectivity from day one, no delays, no complicated installations, and no long contracts. For landlords and building teams, it takes the inconvenience out of managing technology by bringing everything into one dependable, easy-to-run platform.

With **BuildingConnect**, your building becomes more attractive to tenants, easier to operate, and better prepared for the future. You get fewer complaints, easier move-ins, and a network that supports modern business needs like cloud apps, AI tools, and hybrid working, all while helping increase your building's long-term value.

**BuildingConnect** is designed to help in four ways:

**First, it speeds up leasing and occupancy.**

Pre-planned routes, clean demarcations, and a straightforward onboarding runbook help tenants get online quickly and start work without delay. That directly affects the length of voids and the need for incentives.

**Second, it supports certification.** The service design aligns with the criteria used by connectivity and smart building certification schemes such as WiredScore and SmartScore. Features like diverse entrances, protected pathways, documentation, and resilience map neatly to scorecards.

**Third, it runs safely.** We separate tenant IT and building systems, apply sensible controls, and monitor where systems interact. That reduces the risk of incidents and gives building teams confidence when new technologies are introduced.

**Fourth, it creates an evidence trail.** Uptime targets, change control records, and monthly performance reports give leasing teams, valuers, and lenders the documentation they need to understand performance and risk.

Modern Networks' team of WiredScore Accredited Professionals (APs) can assess a building against certification criteria, produce a clear gap analysis, and guide owners towards WiredScore and SmartScore accreditation.



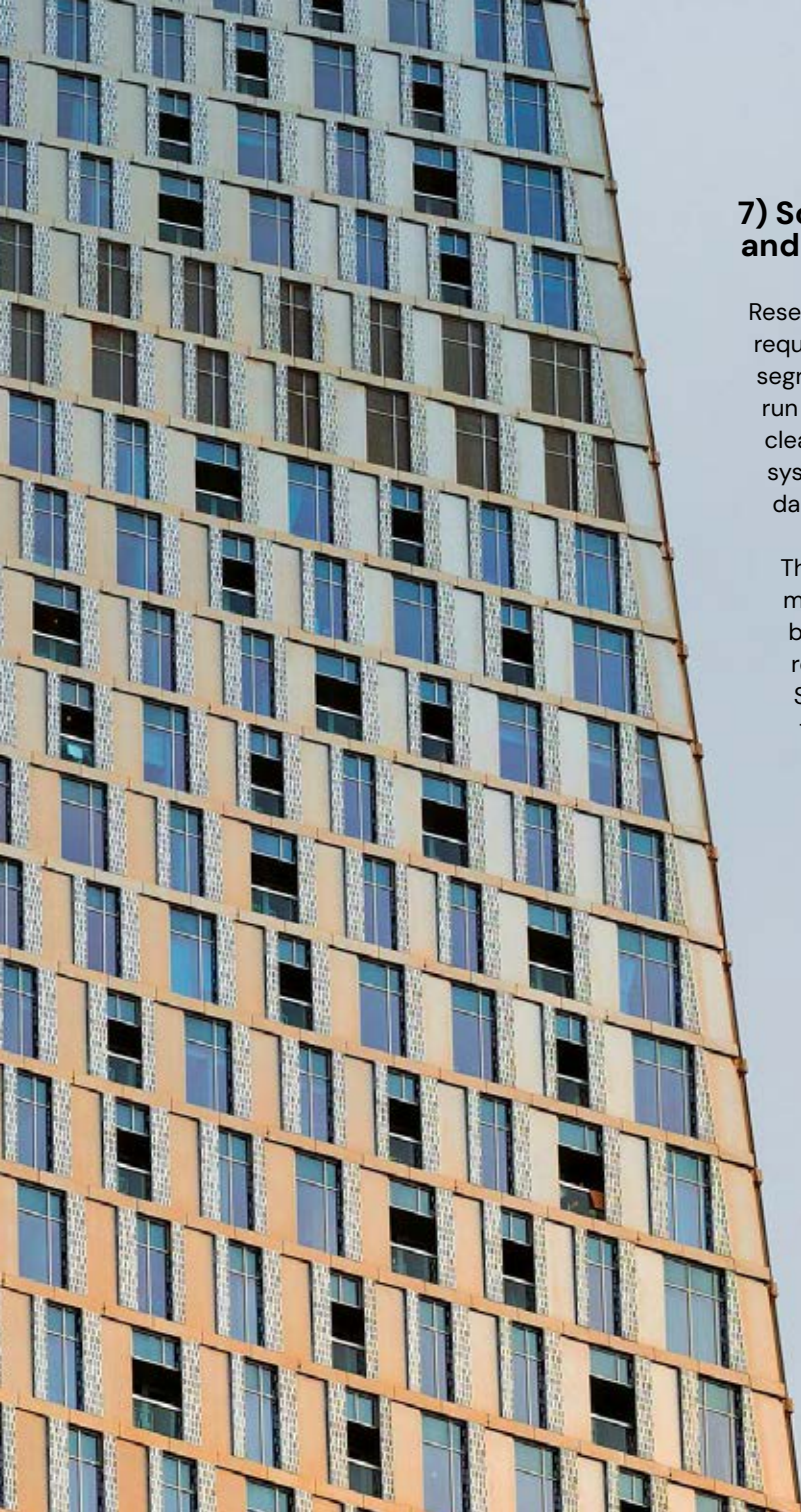
## 6) Offices first: where the premium is most visible

Office markets have seen a strong flight to quality. Many occupiers have chosen to lease fewer spaces but expect those spaces to do more. That includes seamless video collaboration, reliable cloud access, flexible meeting areas, and security that just works. They also want to move in quickly and be productive from day one. In competitive sub-markets, buildings that can prove they meet these expectations win more often and negotiate less on incentives.

Three elements make the difference. Plug-and-play readiness gives tenants a clear path to connect—diverse fibre to floors or suites, well-run comms rooms, and simple documentation. Resilience by design removes single points of failure through dual entry and power diversity and ensures Wi-Fi and mobile work where and when people need them. Visible quality through WiredScore and SmartScore certification gives agents and tenants a common language for comparing options and gives valuers a reference point they can include in appraisal reports.

**BuildingConnect** supports each element. It standardises a building's digital backbone and the rules that keep it reliable, so it is easier for agents to explain, easier for tenants to adopt, and simpler for building teams to run. That consistency underpins premium rent values and leasing rates over time.





## 7) Science and innovation parks: uptime and clean separation matter most

Research environments bring two heightened requirements: strict uptime and secure network segregation. Tenants may move large datasets; they often run time-sensitive experiments; and they typically need clear lines between their own networks and building systems. A single failure can set projects back and damage a site's reputation.

The priorities are clear. Carrier diversity and well-managed comms rooms are essential. Segmentation between tenant IT and building IT/OT must be robust, with the right monitoring at the boundaries. SmartScore provides a way to describe outcomes that matter to researchers, like reliability, healthy and safe environments, and maintenance that prevents downtime. Our **CampusConnect** solution provides the IT backbone and the governance needed to make those outcomes dependable and repeatable.



## 8) Shopping centres and retail parks: trading depends on uptime

Retail depends on digital systems. Payments, click-and-collect, analytics, safety, and guest Wi-Fi all need solid IT infrastructure, reliable coverage, and simple onboarding for incoming tenants. If fit-outs are delayed by connectivity issues, openings slip. If systems fail during trading, sales suffer.

The focus should be on site-wide coverage, including car parks and back of house, resilient connectivity, and a straightforward mobilisation process for new tenants. **RetailConnect** helps by creating a repeatable blueprint that centre managers can run confidently and that agents can explain clearly during leasing.



## 9) Why certification helps—and how to make it part of day-to-day operations

WiredScore evaluates a building's digital connectivity and resilience. SmartScore assesses whether a building delivers noticeable smart outcomes, such as reliable operations, comfort, health, safety, and effective maintenance. These certifications simplify complex features into clear signals that everyone can understand. Leasing teams can use them to differentiate and market properties, valuers can reference them in their reports, and investors grasp their significance.

In the London office market, data collected over several years shows a connection between WiredScore and SmartScore certifications and higher average achieved rents. Reports indicate that this effect is even more pronounced when both connectivity and smart outcome certifications are present. Property owners should adjust their pricing based on their local market conditions. However, when the quality of a property is clear, it becomes easier to justify the pricing.

Certification should not be seen as a one-time event; rather, it should be integrated into daily operations. This involves regularly updating documentation, monitoring performance, carefully managing changes, and addressing any gaps in infrastructure. Modern Networks' WiredScore Accredited Professionals can assist with the initial assessment and help ensure everything stays aligned as the building evolves.

## 10) Digital premium and insurance dynamics

The UK commercial real estate market is defined by a clear bifurcation between high-performing digital assets and those suffering from a brown discount. Properties with excellent digital infrastructure, often validated by WiredScore certifications, command a digital premium, characterised by **rental uplifts of approximately 5%** and significantly higher tenant retention. Conversely, buildings with poor energy efficiency or obsolete IT systems face steep value depreciation, with some estimates suggesting a brown discount can lead to a **20% to 30% reduction in capital value** as they risk becoming unrentable under tightening environmental standards.

These value drivers directly impact insurance profiles, but with diverging risks for property and cyber coverage. While so-called brown buildings often face higher property insurance premiums due to the increased fire and failure risks of ageing systems, premium or smart buildings face a more complex cyber landscape. Today, insurers have moved beyond simple questionnaires to demand rigorous proof of cyber hygiene; buildings with extensive IoT and connectivity must demonstrate advanced controls, such as multi-factor authentication (MFA) and immutable backups, to remain insurable. Owners who successfully integrate high-level digital resilience can leverage their digital premium status to negotiate more favourable insurance terms, effectively turning superior IT infrastructure into a tool for both value creation and risk reduction.

## 11) A simple plan that owners can apply across a portfolio

**Start with the truth.** Combine an EPC pathway with a digital audit that examines entrances, risers, main equipment rooms, fibre diversity, mobile connectivity, Wi-Fi, and security posture. Connect each finding to the relevant model inputs: expected voids, incentives, rent tone, and yield. Ensure that the results are presented in a format that your leasing, valuation, and lending partners can easily use.

**Plan the work in the right order.** If ceilings are being opened for LED or HVAC upgrades, address the risers at the same time, add dual entry if feasible, and organise the communications rooms. This approach will help you avoid additional disruptions and make faster progress toward achieving smart outcomes.

**Design the tenant journey.** Pre-provision diverse fibre to establish clear demarcations. Publish a concise onboarding guide and agree on simple service level agreements (SLAs). Reducing the time to revenue is advantageous in almost every leasing discussion.

**Pursue certification to streamline conversations.** Use WiredScore to demonstrate connectivity and resilience, and leverage SmartScore to showcase outcomes that resonate with users. These certifications are becoming standard in due diligence and valuations.

**Maintain consistency.** Establish uptime targets that reflect the asset and its tenants. Control who accesses the risers and what changes are made. Monitor building networks and report monthly so that stakeholders share the same understanding. Consistency is key to protecting the premium you strive to create.

## 12) Certification aligned checklist (quick reference)

This short list mirrors common checkpoints used by connectivity and smartbuilding certifications and will help keep projects on track.

### Connectivity and resilience

- Two independent fibre entry routes, with carrier diversity recorded
- Protected, labelled risers with controlled access and change logs
- Managed main equipment rooms with power diversity, environmental controls, and standards for racks and cabling
- Building-wide Wi-Fi designed for coverage and capacity needs a plan for in-building mobile (survey, design, deployment, and testing)
- Clear demarcations to floors or units with simple patching plans

### Smart-ready integration and security

- Segregate networks for tenant IT and building systems (OT), with least privilege access  
Monitored interfaces between systems and clear rules for data from BMS, access control, meters, and sensors
- Agreed and measured user outcomes—reliability, comfort, air quality, safety, and maintenance response
- Incident, change, and problem management based on proven service practices and regular reviews

### Evidence and steady operations

- A current documentation pack: drawings, test results, resilience diagrams, and an onboarding runbook
- Regular reporting on uptime and restoration times that can sit in leasing packs and valuation reports
- Periodic checks against certification scorecards and a simple remediation plan
- Named owners on the client and provider sides who keep the building aligned and ready for renewal

### How Modern Networks supports this

BuildingConnect supplies the resilient, superfast internet, IT backbone and governance. Our WiredScore Accredited Professionals assess a building's current state, identify gaps, guide remediation, and help prepare a clear path to certification, and then keep it aligned over time.

### 13) How does this approach show up in leasing, valuation, and lending

**In leasing**, tenants who can connect on day one and see clear proof of quality make decisions faster. That shortens voids and reduces pressure for incentives. In competitive office markets, this is where many deals are won.

**In valuation**, better data and clearer documentation are increasingly expected. A steady stream of performance reports, coupled with recognised certifications, makes it easier for valuers to reflect digital quality and risk reduction in their conclusions.

**In lending**, tighter energy expectations create transition risk for older stock. A combined plan for energy and digital, tied to certification, helps lenders see a credible path and reduces the chance of obsolescence during the hold period.

Each step supports the others: faster leasing improves cash flows, better documentation strengthens valuations, and a convincing plan smooths credit discussions. Over time, these effects show up in occupancy, Net Operating Income, and capital values.



## 14) Market validation: What today's evidence shows about the digital premium

The discussion around a digital premium naturally raises questions for owners, managing agents, investors, and lenders. This section summarises what recent UK-specific evidence shows about digital performance and its impact on ROI, risk, leasing outcomes, and valuation. The findings include both the strengths and limitations of the current research.

### 14.1) Return on investment

Recent UK leasing data shows a clear link between digital capability and rental performance. A decade-long analysis of Central London offices demonstrates that buildings with advanced digital infrastructure achieve an **average 4.1% rental premium**, with the highest-performing buildings achieving up to **5.1%**. Demand patterns reinforce this: across London and regional UK office markets, Grade A space, where digital capability is typically strongest, continues to outperform older stock in both take-up and rental growth.

Digital upgrades in secondary markets tend not to produce the same level of rent uplift. However, they can reduce incentive levels, shorten void periods, and improve the competitiveness of assets within their peer group.

### 14.2) Risk and obsolescence

Digital reliability is increasingly tied to operational risk. UK-wide research involving hybrid workers shows that 70% experience mobile connectivity issues inside offices, which deters office attendance and reduces the effectiveness of workplace strategies. Buildings unable to support consistent connectivity face increased complaints and lower utilisation.

There is also a parallel with sustainability-related obsolescence. RICS and industry research show that “brown discounts” are now affecting assets with weak sustainability performance. While digital readiness is not regulated like MEES, market behaviour indicates that digital weaknesses are becoming a visible risk factor in renewal discussions, tenant retention, and long-term asset positioning.

Not all digital infrastructure markets behave uniformly. Some asset classes, particularly fibre-related investments, show volatility due to inflation and financing pressures. This reinforces the importance of evaluating building-level digital outcomes rather than national infrastructure trends.



### 14.3) Leasing outcomes

UK occupiers relocating in 2024–2025 consistently prioritised building quality, experience, and reliability. This “flight to quality” is noted across both Central London and major regional cities. Digital capability is now routinely included as part of what defines a modern, best-in-class building.

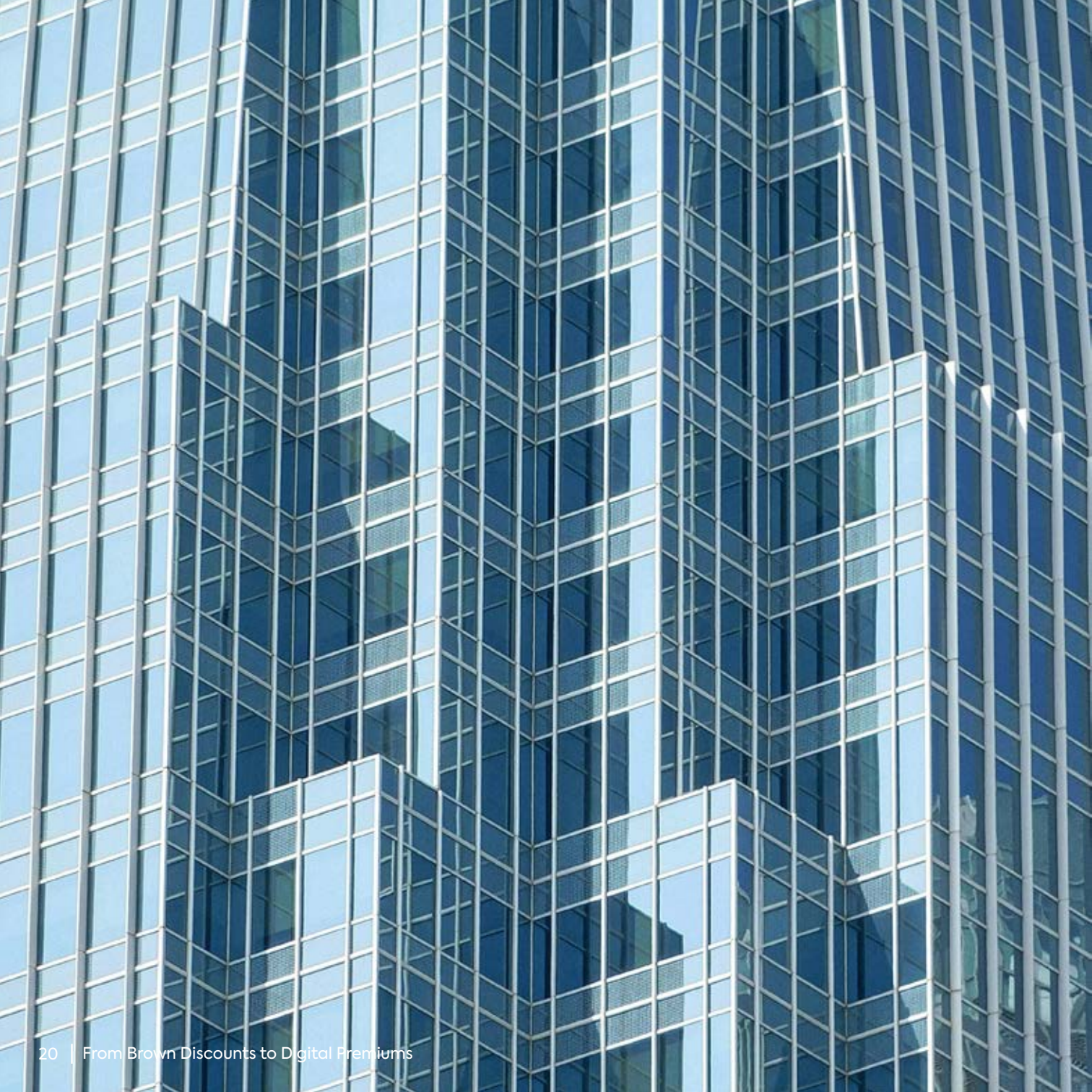
Case studies such as 40 Leadenhall demonstrate how strong digital capability has contributed to pre-lets and rent-setting outcomes in competitive markets. Tenant satisfaction research in UK offices also shows that service reliability, responsiveness, and perceived value for money are strong predictors of advocacy and renewal intent, each of which is influenced by dependable digital performance.

Secondary markets are more varied. RICS market monitoring shows landlords increasingly offering incentives amid weaker demand. In these cases, digital improvements help reduce friction rather than create a clear rent premium.

### 14.4) Valuation and lender perspectives

Valuation practice is evolving. The *RICS Red Book 2025* requires valuers to consider ESG-related operational performance and risk, and the RICS ESG valuation standard explicitly links operational outcomes to market value. Digital reliability, tenant experience, and building resilience increasingly feature within these frameworks.

Lenders do not currently price digital readiness as a discrete variable. However, instructions governed by IVS 101 and VPS 1 emphasise income certainty, vacancy risk, and operational reliability, factors directly influenced by digital performance. As more comparable evidence emerges, digital capability will become easier for valuers and lenders to incorporate consistently.



## 15) AI, digital twins and the new divide in commercial real estate

Artificial Intelligence has rapidly moved from experimental curiosity to operational infrastructure across the UK commercial real estate sector. As of early 2026, more than 90% of major UK CRE firms have integrated AI into core operations, with the most visible impact in prime office markets where AI-enabled buildings command clear rental advantages. This shift aligns directly with the broader narrative of brown discounts and digital premiums: the market is rewarding assets that can demonstrate operational intelligence, resilience, and digital readiness while penalising buildings that cannot.



### 15.1) AI as an operational foundation for best-in-class buildings

Today's best-performing Grade A offices use AI to enhance reliability, reduce operational friction, and deliver measurable smart building outcomes. Leading platforms such as VTS and Yardi for predictive asset management, and Lantem or MRI Agora for automated maintenance triage, are already embedded into day-to-day operations. These tools perform tasks ranging from automated rent reviews and risk scoring to predicting and resolving building faults before occupants notice them.

Critically, AI is accelerating the adoption of digital twins: real-time virtual replicas of buildings that continuously monitor energy use, internal environmental conditions, plant behaviour, and space utilisation. AI-enabled digital twin platforms frequently deliver 20–30% reductions in operational energy consumption, a powerful advantage at a time when decarbonisation targets (such as EPC B by 2030) sit at the centre of leasing and valuation conversations.

For tenants, the benefits translate into less downtime, easier move-ins, more predictable service outcomes, and workspaces engineered for high-density digital usage. For owners, these systems create quantifiable improvements in income certainty, valuation narratives, and risk reduction, reinforcing the premium for digitally capable assets already described in this paper.

## 15.2) The emerging gap: digital first assets vs. stranded stock

Across the UK, the gulf between high-quality, AI-enabled offices and older secondary stock is widening, and it is happening rapidly. Market evidence shows that secondary offices lacking digital infrastructure, modern plant, or smart building capability are suffering meaningful rental decline. Recent surveys show a net balance of –36% for secondary office rents, underscoring the scale of this emerging “stranded asset” risk.

Several structural factors are accelerating this divergence:

1. Regulatory pressure, particularly MEES and the transition towards EPC B, raises the cost of ownership for buildings with ageing HVAC, lighting, and metering systems.
2. Tenant expectations now routinely include resilient Wi-Fi, strong mobile coverage, seamless hybrid working support, and rapid onboarding, all of which depend on digital infrastructure and often AI-driven automation.
3. Operational transparency is becoming essential. Valuers working within the *RICS Red Book 2025* and IVS frameworks increasingly require documented evidence of reliability and risk controls, areas where older stock often lacks any form of structured digital audit trail.
4. Energy costs and carbon targets make AI-enabled optimisation an economic advantage that secondary buildings simply cannot match without major retrofits.

In short, where best-in-class buildings achieve digital premiums, older buildings without these capabilities are moving in the opposite direction. The combination of energy inefficiency, weak digital foundations, and a lack of automation leaves many secondary assets facing higher voids, heavier incentives, and declining capital values.

## 15.3) The continued evolution of AI

Looking ahead, the UK CRE industry anticipates three major developments:

- 1. From AI-supported to AI-directed operations**

Buildings are progressing from AI-assisted tasks (monitoring, dashboards, predictive maintenance) to agentic-AI systems that autonomously diagnose issues, initiate work orders, and coordinate contractors. Early deployments in platforms like MRI Agora indicate this is already underway.

- 2. Portfolio-level digital twins**

Instead of single building models, large landlords will run estate-wide digital replicas linked to financial, ESG, and operational data. This will allow owners to quickly identify underperforming assets and direct capital to the most value-accretive interventions.

- 3. AI-aligned valuation and lending models**

As data becomes more standardised, valuers and lenders will incorporate digital resilience, AI-enabled operational reliability, and energy optimisation outputs into formal assessments, making digital capability an explicit rather than implicit influence on market value.

## 16) Conclusions

The market is now rewarding buildings that can demonstrate dependable, well-governed digital performance. Evidence shows that strong connectivity and advanced digital infrastructure contribute to rental uplift, shorter voids, easier renewals, and clearer valuation narratives. Just as energy inefficiency drives brown discounts, digital shortcomings increasingly influence tenant decisions, operational risk, and an asset's long-term competitiveness. Valuers working under the *RICS Red Book 2025*, and lenders operating within IVS-aligned frameworks, are placing greater emphasis on operational reliability, income certainty, and the documentation that supports both. **The message is simple: digital capability is no longer a hidden technical detail; it is a market signal.**

As expectations rise, the definition of "digital capability" itself is broadening. Alongside resilient fibre, strong mobile signal, and smart building readiness, the early stages of AI-enabled building operations are beginning to shape the market's view of what constitutes a best-in-class asset. Predictive maintenance, automated monitoring, and the first generation of digital twin-driven optimisation are not yet universal requirements, but they are strengthening the performance of buildings that have invested in solid digital foundations. In practice, AI is amplifying the same qualities already valued by tenants, agents, and investors: reliability, responsiveness, and transparency. Its gradual adoption is therefore expected to widen the gap between modern, digitally governed assets and older stock that struggles to meet even today's baseline expectations.

Owners who treat digital connectivity as a fifth utility can take control of this shift. Resilient fibre routes, well-managed risers and comms rooms, dependable Wi-Fi and mobile coverage, and clear separation of tenant IT from building systems form the technical backbone that allows both current digital requirements and emerging AI-enabled capabilities to operate smoothly. Certifications such as WiredScore and SmartScore provide the independent validation increasingly expected in leasing packs, valuation reports, and lending cases, while consistent governance, controlled change, reliable uptime reporting, and clear onboarding ensure the building continues to perform as intended.

Modern Networks' BuildingConnect offers owners a repeatable way to deliver this consistency. With resilient infrastructure, governance-led service management, and a clear path to certification, buildings become easier to lease, easier to run, and easier for valuers and lenders to understand. The result is a more predictable income profile, stronger tenant satisfaction, and a defensible position in an increasingly bifurcated market.

For owners looking to convert digital reliability into measurable value, Modern Networks' WiredScore Accredited Professionals can provide a detailed assessment of current capabilities and a practical roadmap to certification. With BuildingConnect as the foundation, owners can future-proof their assets, demonstrate their quality with confidence, and stay firmly on the right side of the emerging digital premium.

### **Looking to unlock a digital premium for your buildings?**

Our WiredScore Accredited Professionals can provide a comprehensive gap analysis aligned with certification standards, showing you how Modern Networks' BuildingConnect can elevate your building's digital performance. With its fast, resilient, cloud-ready connectivity and future-proof infrastructure, BuildingConnect helps improve tenant satisfaction, reduce downtime, and increase asset value.

We'll assess your current setup, map the quickest route to WiredScore and SmartScore certification, and deliver the reporting your leasing, valuation, and lending partners require.

**Contact us today to get started future-proofing your commercial buildings with confidence.**

# References

**BDO & Browne Jacobson (2024).** The Role of AI in the Construction Sector: Opportunities, Challenges, and Governance. <https://www.bdo.co.uk/getmedia/861642f9-945f-4398-87d2-8e3b990c70ea/BDO-and-Browne-Jacobson-The-Role-of-AI-in-the-Construction-Sector-Dec-24.pdf>

**BSI (2025).** Trust in AI 2025: Implications for UK construction and the built environment. Construction Magazine summary. <https://www.constructionmagazine.uk/2025/12/bsi-ai-trust-report-uk-construction.html>

**CBRE (2025).** Top Facilities Management Trends for 2025: AI, ESG, and human-centric workplaces on the horizon. Work in Mind summary. <https://workinmind.org/2025/02/19/ai-esg-and-human-centric-workplaces-on-the-horizon-for-facility-managers-says-cbre-report/>

**CBRE (2025).** UK Real Estate Market Outlook Mid-Year Review 2025. Available at: <https://mediaassets.cbre.com/-/media/project/cbre/shared-site/insights/books/uk-mid-year-market-outlook-2025/uk-real-estate-market-outlook-mid-year-review-2025-report.pdf>

**CBRE (2025).** What Can We Expect from the Upcoming Changes to MEEES? CBRE Insight (UK). Available at: <https://www.cbre.com/insights/articles/what-can-we-expect-from-the-upcoming-changes-to-minimum-energy-efficiency-standards>

**CBRE (2026).** UK Real Estate Market Outlook 2026. <https://www.cbre.co.uk/insights/books/uk-real-estate-market-outlook-2026>

**CECA (2025).** Artificial Intelligence in UK Construction. <https://www.ceca.co.uk/wp-content/uploads/2025/05/CECA-AI-in-UK-Construction-Report-May-2025.pdf>

**Cellnex UK (2024).** Building Better Connections: Research into Connectivity Challenges in UK Offices. Available at: <https://www.cellnex.com/app/uploads/2024/09/Cellnex-UK-Insights-Report.pdf>

**CoStar (2025).** London's Tech-Enabled Offices Crystallising a Major Rent Premium. CoStar News (UK). Available at: <https://www.costar.com/article/343428990/londons-tech-enabled-offices-crystallising-major-rent-premium>

**Cushman & Wakefield (2025).** The Smart Premium. (Analysis of rental premia associated with WiredScore/SmartScore in London offices.) Available at: <https://sch.cushmanwakefield.com/api/public/content/349fe10f389c4d339490413e783d7725?v=52e701e7>

**Energy Advice Hub (2025).** MEEES Regulations for Commercial Properties Delayed to 2028. Available at: <https://energyadvicehub.org/mees-regulations-for-commercial-properties-delayed-to-2028/>

**Estate Agent Today (2025).** How the AI experience will affect the property sector (use cases in valuation, leasing, and risk). <https://www.estateagenttoday.co.uk/features/2025/02/how-the-ai-experience-will-affect-the-property-sector/>

**International Valuation Standards Council (IVSC) (2024).** International Valuation Standards – New Edition (effective 31 January 2025). Available at: <https://ivsc.org/new-edition-of-the-international-valuation-standards-ivs-published/>

**JLL (2025).** Sustainability Remains a Key Driver for European Real Estate Investors. JLL Insight (EU/UK). Available at: <https://www.jll.com/en-uk/insights/sustainability-remains-a-key-driver-for-european-real-estate-investors>

**JLL (2025).** UK Office Market Insights 2025: The Shifting Landscape of UK Offices. Available at: <https://www.jll.com/en-uk/insights/the-shifting-landscape-of-uk-offices>

**Landlord Vision (2025).** Best Commercial Property Management Software (UK). <https://www.landlordvision.co.uk/blog/best-commercial-property-management-software/>

**Landmark Information Group (2025).** Commercial real estate market research: AI and climate change—risk, challenges, rewards. <https://www.landmark.co.uk/news-insights/blog/commercial-real-estate-market-research-report-2025-ai-and-climate-change-risk-challenges-rewards/>

**M&G Investments (2025).** Global Real Estate Outlook 2026: Real estate in the age of AI – Mapping tomorrow's landscape. <https://www.mandg.com/investments/institutional/en-gb/insights/2025/q4/strat-re-na-real-estate-in-the-age-of-ai>

**Modern Networks (2026).** The Impact of AI on UK CRE (internal white paper synopsis used for context within this report). (Unpublished document provided by client). [bdo.co.uk]

**MSCI (2023).** London and Paris Offices: Green Premium Emerges. MSCI Research Quick Take. Available at: <https://www.msci.com/research-and-insights/quick-take/london-and-paris-offices-green-premium-emerges>

**Ofcom (2024).** Connected Nations UK Report 2024. Office of Communications (UK). Available at: <https://www.ofcom.org.uk/siteassets/resources/documents/research-and-data/multi-sector/infrastructure-research/connected-nations-2024/connected-nations-uk-report-2024.pdf>

**Ofcom (2025).** Connected Nations Update: Spring 2025. Office of Communications (UK). Available at: <https://www.ofcom.org.uk/phones-and-broadband/coverage-and-speeds/connected-nations-update-spring-2025>

**Pearl Lemon Properties (2025).** Best AI Tools for Property Management in 2025 (overview of enterprise and CRE tools including VTS, MRI, Yardi, Reonomy). <https://pearllemonproperties.com/best-ai-tools-for-property-management/>

**Re-Leased (2025).** Commercial Property Management Software (UK): Credia Action & AI features. <https://www.re-leased.com/en-gb/>

**RIBA (2025).** RIBA Artificial Intelligence Report 2025. <https://www.riba.org/work/insights-and-resources/professional-features/ai-professional-features/riba-ai-report-2025/>

**RICS (2024).** Sustainability and ESG in Commercial Property Valuation and Strategic Advice, 3rd Edition. Available at: <https://www.rics.org/profession-standards/rics-standards-and-guidance/sector-standards/valuation-standards/sustainability-and-commercial-property-valuation>

**RICS (2025).** Artificial intelligence in construction: current adoption and implications. <https://www.rics.org/news-insights/artificial-intelligence-in-construction-report>

**RICS (2025).** RICS Valuation – Global Standards (Red Book Global), 2025 Edition. Available at: <https://www.rics.org/profession-standards/rics-standards-and-guidance/sector-standards/valuation-standards/red-book/red-book-global>

**RICS Modus (2022).** Why Commercial Property Is More Valuable When It's Green. Available at: <https://www3.rics.org/uk/en/modus/built-environment/commercial-real-estate/why-commercial-property-is-more-valuable-when-it-s-green.html>

**Savills (2023).** Spotlight: European Office Green Rental Premiums (June 2023). Savills Research. Available at: [https://www.savills.com/research\\_articles/255800/348647-0](https://www.savills.com/research_articles/255800/348647-0)

**Savills (2026).** A year of adaptation: climate risk, geopolitics & AI shaped 2025's markets; how will 2026 play out? <https://www.savills.co.uk/blog/article/386577/commercial-property/a-year-of-adaptation--climate-risk--geopolitics-and-ai-shaped-2025-s-markets--how-will-2026-play-out-.aspx>

**StackDC (2025).** Looking Ahead to 2026: What Will Shape the Future of Commercial Real Estate, and Why AI Strategy Now Matters More Than Ever. <https://www.stackdc.com/blog/commercial-real-estate-ai-strategy-2026/>

**ValuLens / InterVal (2025).** RICS & IVS 2025 Terms of Engagement Compliance Tool. Available at: <https://www.valulens.com/>

**WiredScore (2025).** The Smart Premium: How WiredScore's Certifications Can Boost Asset Value. WiredScore Insights/Blog. Available at: <https://wiredscore.com/blog/2025/11/12/the-smart-premium-how-wiredscores-certifications-can-boost-asset-value/>



[modern-networks.co.uk](http://modern-networks.co.uk)