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Climate Mitigation, Adaptation & Green Finance

Aligning Green Housing Supply and Finance: The Balwin–Absa Eco Home Loan

The Balwin–Absa case study shows how green certification linked to preferential mortgage products can align developer supply and buyer demand. For CSCC, it offers a scalable finance innovation model that mobilises private capital, embeds standards, and accelerates mainstream uptake of affordable, low-carbon housing across Commonwealth markets.



The Fynbos, Sandown, Cape Town, South Africa. Baldwin Developments

1. Executive Summary

Delivering sustainable housing at scale often requires aligning incentives for both developers and homebuyers. In South Africa, Balwin Properties and Absa Group Limited pioneered a market-driven model that demonstrates how sustainability certification can be woven into mainstream residential finance to benefit all parties. Balwin, one of the country's largest residential developers, registered over 16,000 units across multiple developments with EDGE green building certification, achieving notable reductions in energy, water, and embodied material use. Building on this, Absa (a major bank with a strategic focus on sustainability) partnered with Balwin in 2020 to launch the Eco Home Loan¹, the country's first mortgage product explicitly designed to reward purchases of green-certified homes with preferential financing terms. The product offers interest rate concessions and rebates credited back into the home loan account, lowering both cost and lifetime interest payments for buyers. For developers, integrating certification strengthens market differentiation and can drive demand. For policymakers and urban innovators across the Commonwealth, this case highlights how financial product design, developer leadership, and clear sustainability standards like EDGE can jointly accelerate green housing uptake in mainstream markets.

2. Context and Challenge

Rapid urbanisation across the Commonwealth increases demand for housing but where markets are strained, sustainability often falls by the wayside. In many contexts, developers hesitate to invest in resource-efficient design because the cost case is unclear and buyers may not prioritise green features. Similarly, homebuyers may not fully recognise or capture the long-term economic and environmental benefits of sustainable homes. Government incentives are not always available or sufficiently targeted to shift mainstream market behaviour.

In South Africa, Balwin Properties identified this disconnect early on and pursued EDGE certification, an internationally recognised green building standard focused on energy, water, and embodied material efficiency. By June 2019, Balwin had registered almost 16,000 units across multiple built-to-sell and built-to-rent developments for certification.

Despite robust supply of certified units, the question remained: would the broader market respond? Buyers often face financing barriers or do not differentiate between conventional and greener units. To address this, Balwin and Absa collaborated to create a mortgage mechanism where financing incentives aligned with sustainability outcomes, enabling buyers to capture value through lower interest costs and rebates while supporting broader environmental goals.

¹ Eco Home Loan: <https://www.absa.co.za/personal/loans/for-a-home/eco-home-loan/>

3. Approach or Experience

The Balwin–Absa Eco Home Loan model illustrates a supply-demand alignment through product innovation, certification, and finance.

What was done

Balwin Properties committed to green building certification from early in the project lifecycle. Using EDGE certification, developments were planned and designed to meet performance thresholds, typically a minimum of 20% savings in energy, water, and embodied material use compared with conventional buildings.

With certified units in place, Balwin engaged Absa to co-design a residential mortgage product that would reward buyers of certified units. The result was the Absa Eco Home Loan, launched in 2020. This was South Africa's first green mortgage product linked explicitly to building certification.

Who was involved

- **Balwin Properties Limited:** Developer with a strategic commitment to green design and large-scale EDGE certification.
- **Absa Group Limited:** Financial partner providing the mortgage framework, incentives, and delivery channels.

How the approach worked in practice

The Eco Home Loan functions like a conventional mortgage but with enhanced incentives for buyers of EDGE-certified homes:

- A 0.25% concession on variable interest rates is automatically applied for qualifying buyers.
- A rebate of up to 3% of the loan amount (split into staged payouts) is credited into the home loan account, reducing principal and lifetime interest cost.

These financial incentives make energy-efficient homes more affordable over time and increase their appeal compared with non-certified alternatives. Homebuyers also benefit from reduced utility costs due to the underlying efficiency measures in certified buildings.

For Balwin, certification and the accompanying mortgage product became marketing differentiators, helping to attract buyers seeking long-term value and living comfort while reinforcing the company's sustainability leadership. The bank, in turn, gains a competitive product that aligns with its ESG commitments and expands its mortgage portfolio in green segments.

4. Insights and Lessons

What worked well

- **Alignment of incentives:** Linking mortgage concessions and rebates to certified supply created clear value for buyers and helped overcome price sensitivity toward sustainability.
- **Developer leadership:** Balwin's proactive certification strategy ahead of financing incentives ensured a pipeline of eligible units, making the financial product viable and scalable in the marketplace.
- **Clear standards:** Use of a recognised third-party benchmark (EDGE) helped build trust with buyers and lenders, turning abstract sustainability into verifiable performance.

Challenges and constraints

- **Market education needed:** Buyers unfamiliar with sustainability sometimes needed additional explanation on long-term utility savings and mortgage benefits.
- **Financing awareness:** Financial literacy and understanding of green mortgages can vary widely, requiring targeted outreach and support.

Transferable lessons

For Commonwealth cities, this case shows how certification plus financial incentives can accelerate sustainable housing adoption. Developers can catalyse demand by committing early to certification, while lenders can embed incentives that reward sustainability without subsidisation by public budgets. Partnerships between developers, lenders, and certification bodies help align technical performance with financial mechanisms, making green homes both desirable and affordable. Clear product design and communication are essential to translate sustainability into tangible homeowner benefits.

5. Key Takeaways

- Early developer commitment to certification creates supply that can be leveraged by financial innovation.
- Linking mortgage incentives (interest concessions and rebates) to green certification drives buyer uptake.
- Recognised standards like EDGE help operationalise sustainability in mainstream housing markets.
- Developer–bank partnerships unlock value for both supply and demand sides.
- Communication and education are key for buyers to realise long-term savings and environmental benefits.
- This model supports broader sustainability and housing affordability goals in urbanising Commonwealth contexts.

This Case Study was prepared by Ms Eleni Polychroniadou, CEO and Co-Founder, Sintali², by way of contribution to the work of the CSCC Housing Action Group, March 2026.

² Sintali: <https://sintali.com/>



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