

The Green Value Trifecta

CUNY Legally Green Panel

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Identifying the Winning Combination

***What the Market Values =
Market Value***

**The main premise on which real estate is bought, sold
and underwritten**

Wall Street & the Investment World

- **“The Market” demanding more responsible behavior**
- **Significant increase in groups signing the UN PRI**
 - Not just economic performance, but also environmental, work force and security issues
 - RREEF, Lend Lease, PruPrim, Kennedy USA, others
- **The winning “trifecta”**
 - **Performance**
 - Needs to be best in class
 - **Transparency**
 - Have to be able to validate performance to public
 - **Accountability**
 - Have to be able to document and track performance

Real Estate Investment – Building Level

- **Performance**
 - Have to be able to compete on basis of physical attributes, with a focus on efficiency: best in class
- **Transparency**
 - Market will assess performance based on efficiency of building and how that will impact their occupancy costs and work environment
 - Building owners will have to document claims of higher efficiency and share their validation
- **Accountability**
 - Building performance will get benchmarked and reported
 - Both owners and service providers will be held accountable

Real Estate – Management Level

- **Performance**
 - Possess ability to identify strategies for continual upgrade and improvement or partner with consultant who can
 - Will be assessed on their ability to improve building performance and engage tenants in the process

- **Transparency**
 - Incorporate and implement green lease clauses that are mutually beneficial to building owners and tenants alike
 - Disclose information on building performance

- **Accountability**
 - Track and benchmark building performance to identify potential areas for both owner and tenant improvement

Real Estate – Tenant Level

- **Performance**
 - Tenant education and engagement will be critical to achieving optimum building performance

- **Transparency**
 - Sub-metering consistently produces energy savings when tenants are aware of their usage
 - The ability to compare tenant spaces on basis of potential affordability will increase

- **Accountability**
 - Tracking and benchmarking tenant behavior and practices has shown positive results (200 Market Building)
 - The greater the level of tenant engagement, the greater the economic and environmental (carbon) savings (Adobe)

Current Legislation – Highlights & Promotes

■ Performance

- Energy audits will level the playing field
- Attract tenants on the basis of affordability and efficiency as well as locational attributes

■ Transparency

- “The market” will most likely gravitate toward buildings that disclose their performance
- Smart building owners will likely use this to their advantage and gain market share

■ Accountability

- Provides metrics based on performance that will reflect building efficiencies and potential occupancy costs
- Allows potential tenants to make more informed decisions

The Green Value Trifecta

***What the Market Values =
Market Value***

Creating greater efficiencies will create value over time

In markets where green development/retrofitting is prevalent, a definitive preference for more efficient properties has been evidenced

Thank You!

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