The Green Value Trifecta
CUNY Legally Green Panel
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December 3, 2009
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, workforce 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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