



Green Leasing: A Tool to Drive Down Energy Use in Buildings

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IMT's Mission

IMT catalyzes widespread and sustained demand for high-performing buildings to drive toward a world in which buildings are efficiently and positively transforming our physical, social, and economic well-being.

Why Building Performance Matters



40%

energy consumed by
U.S. buildings



28%

higher net operating
income (NOI) in green
buildings



17%

reduction in operating
expenses per sq./ft.
compared to non-green
properties

State Policies: Track and Reduce Energy



Track and report
annual energy use

Delaware
Hawaii
Michigan
New Jersey
Texas

Track, report and
reduce energy use
by a specified %

California
Connecticut
New York
Oklahoma
Oregon
Washington



Setting the Stage for Efficiency Starts with the Real Estate and Leasing Team

- Why do buildings matter to different audiences?
- Does lease language trace back to reporting requirements and government goals?
- How does all this information affect the leasing transaction?

Making the Deal



Real Estate Team

Typically not fully aware or aligned with environmental goals

Energy efficiency is typically low on their negotiation priority list

Legal Counsel

Not familiar with “green” or high-performance lease terms

Counsel often strikes unfamiliar efficiency clauses

Transforming Conventional Leases

Renewables

**Energy &
Water
Efficiency**

**Broker &
Asset
Manager
Training**

**Tenant
Engagement**

**Building-
Grid
Integration**

**Health &
Wellness**

What is a Green Lease?

Green leases, also known as “high-performance” or “energy-aligned” leases, improve the rental negotiation process by creating win-win agreements for building owners and tenants.

Green leases equitably align the costs and benefits of energy and water efficiency investments for both parties.

Why a Green Lease?

Goals

- Eliminate “split incentive” problem
- Increase value and productivity of leased space

Savings

- Potential to reduce energy consumption in an office building by 11%–22%
- Can reduce utility bills by up to \$0.51 per square foot

Making an Impact On Leased Space

In 2019, inducted 25 individual organizations that own or manage more than

495 million square feet

10 Gold recognition

14 Silver recognition

1 team transaction recognition



Since 2014, **Green Lease Leaders** has recognized tenants, property owners, and real estate teams that represent **more than 2 billion square feet** of commercial, industrial, and retail space for meeting the Green Lease Leaders standard.



GREEN LEASE LEADERS

CREATING SUSTAINABLE LANDLORD-TENANT RELATIONSHIPS





GREEN LEASE LEADERS

CREATING SUSTAINABLE LANDLORD-TENANT RELATIONSHIPS

- ✓ AEW Capital
- ✓ Akridge
- ✓ Allen Matkins
- ✓ Bentall Kennedy
- ✓ Boston Properties
- ✓ Brandywine Realty Trust
- ✓ Brixmor Property Group
- ✓ Bullitt Foundation
- ✓ Cadillac Fairview
- ✓ Commonwealth Partners
- ✓ California Department of General Services
- ✓ County of Cuyahoga, Ohio
- ✓ Capital One
- ✓ Deutsche Asset & Wealth Management
- ✓ Digital Realty
- ✓ Dropbox
- ✓ DTX
- ✓ Empire Realty Trust
- ✓ Federal Realty Investment Trust
- ✓ Forest City
- ✓ Government Properties Income Trust
- ✓ GNP Realty Partners
- ✓ Green Coast Enterprises
- ✓ IREM
- ✓ Ivanhoe Cambridge
- ✓ Jamestown
- ✓ JGB Smith
- ✓ Kilroy Realty Corporation
- ✓ Kimco Realty
- ✓ LaSalle Investment Trust
- ✓ Liberty Property Trust
- ✓ Manulife | John Hancock
- ✓ Morgan Stanley Investment Management
- ✓ Morgan Creek Ventures
- ✓ Natural Resources Defense Council
- ✓ NEO Realty Group LLC
- ✓ NIKA
- ✓ NGKF
- ✓ Nuveen
- ✓ OPTrust
- ✓ Oxford Properties
- ✓ Prologis
- ✓ PGIM
- ✓ Principal
- ✓ PwC
- ✓ Regency Centers
- ✓ Rocky Mountain Institute
- ✓ Shorenstein Properties
- ✓ Sabey Data Center
- ✓ Salesforce
- ✓ Sprint
- ✓ Stags Industries
- ✓ TD Bank
- ✓ TH Real Estate
- ✓ The Tower Companies
- ✓ Triovest
- ✓ Ulta Beauty
- ✓ Unico
- ✓ USAA Real Estate Company
- ✓ Washington REIT
- ✓ Weingarten Realty
- ✓ Welltower
- ✓ WeWork
- ✓ YuMe

Start Transforming Traditional Leases



Step 1

Complete the free Green Lease Leaders Audit at greenleaseleaders.com to see where you stand.



Step 2

Contact IMT for one-on-one assistance.



Step 3

Get recognized. Deadline for 2020 recognition is March 31. Application guidance is online at greenleaseleaders.com

A black and white photograph of a modern building's interior, featuring a large, curved glass wall that offers a panoramic view of a city skyline. The interior has a dark, perforated ceiling with recessed lights and a polished floor. Several people are silhouetted against the bright windows, looking out at the city. A backpack sits on the floor in the lower left corner. A semi-transparent teal banner is overlaid across the middle of the image, containing the title text.

Building Performance Standards: A Tool for Energy-Optimized Buildings



Building Performance Standards

The most powerful tool to reduce the energy and emission impacts of existing buildings

Mandate improving energy and carbon performance levels **over the life of buildings**

This is happening now

DC, NYC, and Washington State Adopted Standards in 2019



CleanEnergy DC
Omnibus Amendment
Act of 2018



Local Law 97



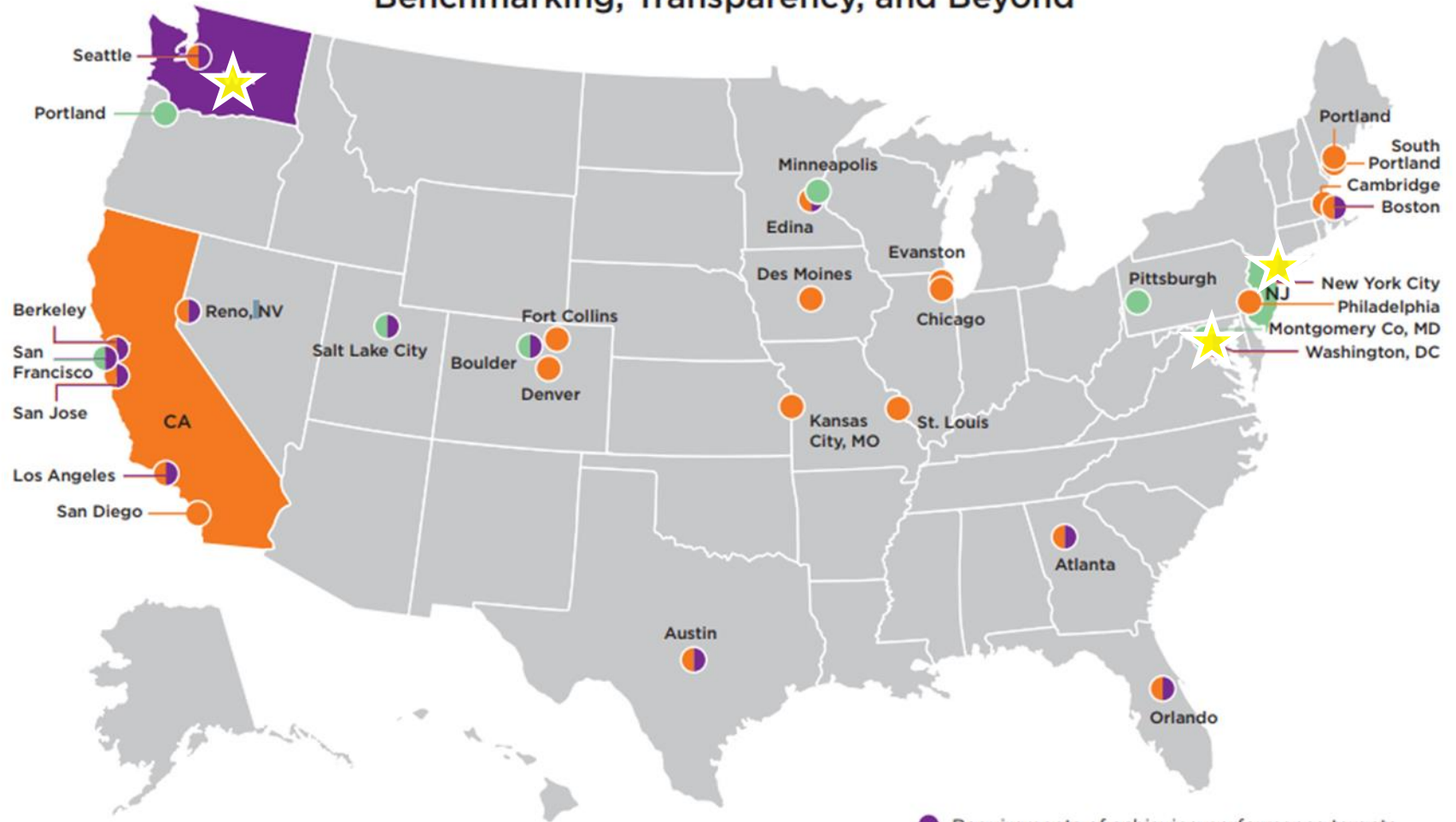
Clean Buildings for
Washington Act

The Future of Building Performance Standards



- Future versions of building performance standards can optimize not only for energy and carbon, but for affordability, inclusiveness, equity, grid flexibility and reliability, and resiliency.
- Designing standards will require unified vision and cross-sector collaboration.
- Let's work together to achieve this vision.

U.S. City, County, and State Policies for Existing Buildings: Benchmarking, Transparency, and Beyond



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Existing EBPS in the U.S.



New York City

Per square foot (PSF)
CO₂e emissions limits
by building type

Commercial + MF:
25,000 SF or larger



Washington, DC

At least median
ENERGY STAR score
(or EUI) by peer
building group

Commercial + MF:
10,000 SF or larger



Washington State

Site-EUI limits PSF by
occupancy type

Commercial: 50,000 SF
or larger

Thank you

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