



Property Utility Benchmarking Report

New Insights on Increasing Asset Value

Executive Summary

Sustained utility savings makes a meaningful long-term impact on asset value.

In 2017, forward-thinking investors and underwriters will be incorporating utility benchmarking and performance into real-estate asset valuation. For multifamily owners and managers, this escalates the importance of a data-driven utility strategy as a means to improve operating income and drive property value.

With interest rates threatening to rise, the heat is on to improve NOI in multifamily housing.

Nine years into the post-2008 economic recovery, multifamily vacancy rates are creeping up and interest rates are threatening to rise. The heat is on to improve Net Operating Income (NOI) in multifamily housing. WegoWise's analysis lays out the direct and significant link between proactive utility benchmarking and increased NOI and asset value. It reveals significant opportunity for owners, managers, and investors to capitalize early on a pivotal industry moment by adopting building analytics as a strategic tool to drive additional value across their investment portfolio.

In a first study of its kind, WegoWise® has taken a broad and multi-year look at utility consumption

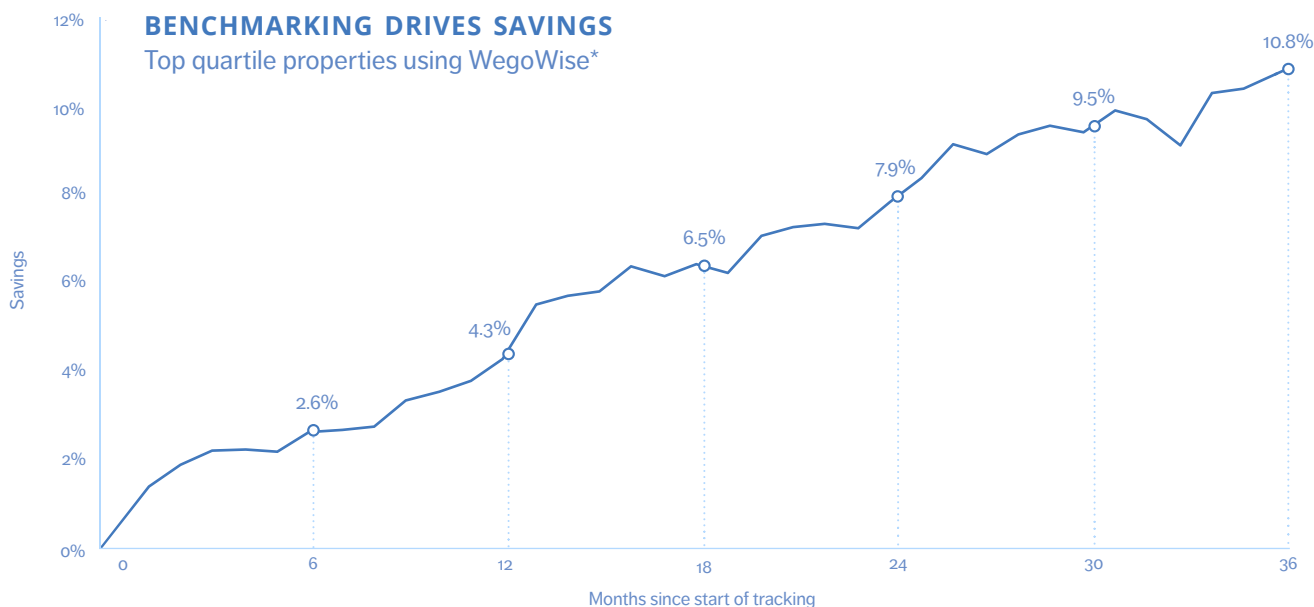
across the U.S multifamily housing industry to identify how utility benchmarking and analytics affect usage and costs immediately and over time.

We found that owners who actively benchmark and prioritize energy and water efficiency see savings of 4.3% or better. In addition, we see continued savings over time. The study revealed that the top quartile drives savings to nearly 8% at 24 months, and over 10% at 36 months.

Through the lens of improved NOI, we ask the question: **"How much does asset value increase when owners drive down the cost of utilities?"**

At a 5% cap rate, \$1 of utility savings adds \$20 to the value of the property. Utility efficiency creates sustained savings resulting in meaningful and long-term impact on asset value. Applied across an entire portfolio of properties, a proactive benchmarking & energy management strategy becomes a sustainable driver of increased value impacting the operating income at a time when rent increases are difficult to achieve.

Our analysis also identifies best practices in use by real estate leaders that yield more savings, drive higher NOI, and deliver more value to property owners, reinforcing that property owners who adopt utility benchmarking achieve immediate, sustained, and scalable improvements to property value.



* Monthly results reflect the savings rate of top quartile properties at that time.