

A09:

Better Benchmarking: Comparing Sustainability Performance

November 8, 2017

Does benchmarking actually drive better results, or is it a fundamentally flawed distraction?

As the quality and credibility of existing benchmarks has come into question, the search for a better benchmark has placed increasing demand on data collection and sharing.

Learning Objectives - Level 400

- 1. Explain** different benchmarking types and analyze the benefits & limitations of current benchmarking systems
- 2. Explain** how comparisons are constructed from underlying asset- and portfolio-level data and metadata
- 3. Explore** new approaches to sustainability performance analysis
- 4. Discuss** with leaders and peers the future of investment grade performance comparison



Carlos Flores



Michael Zatz



Dave Pogue



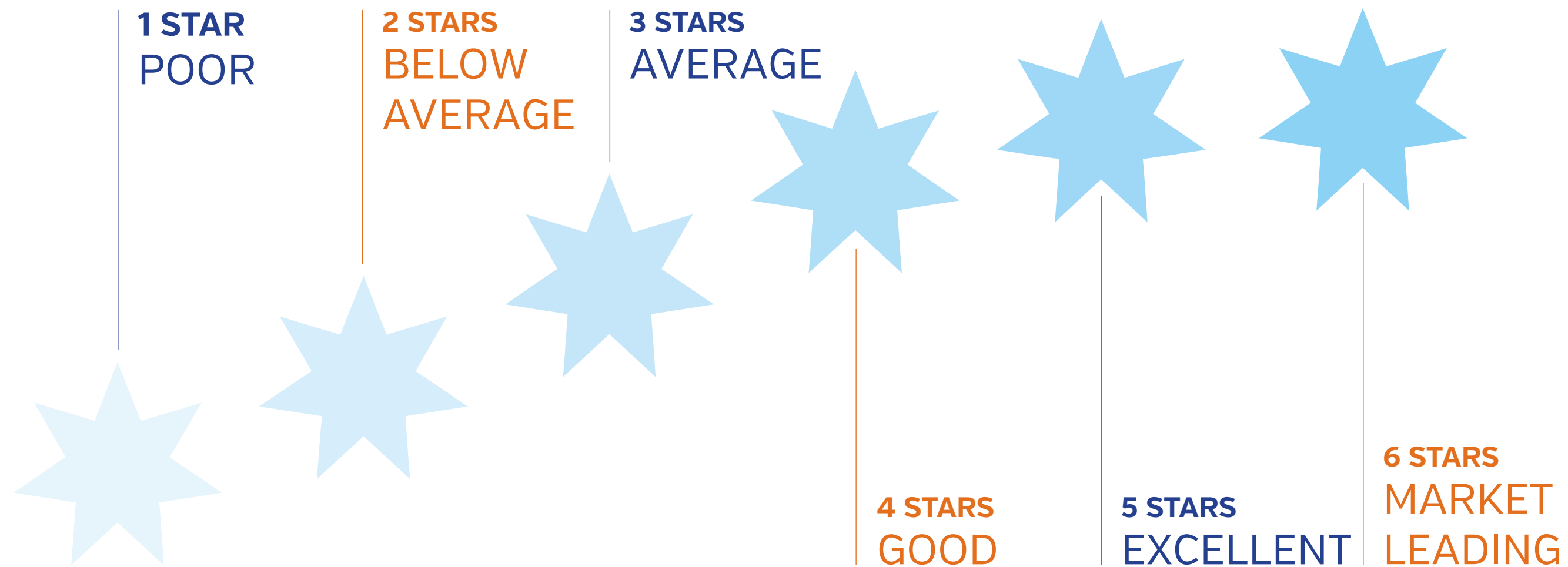
Matt Ellis



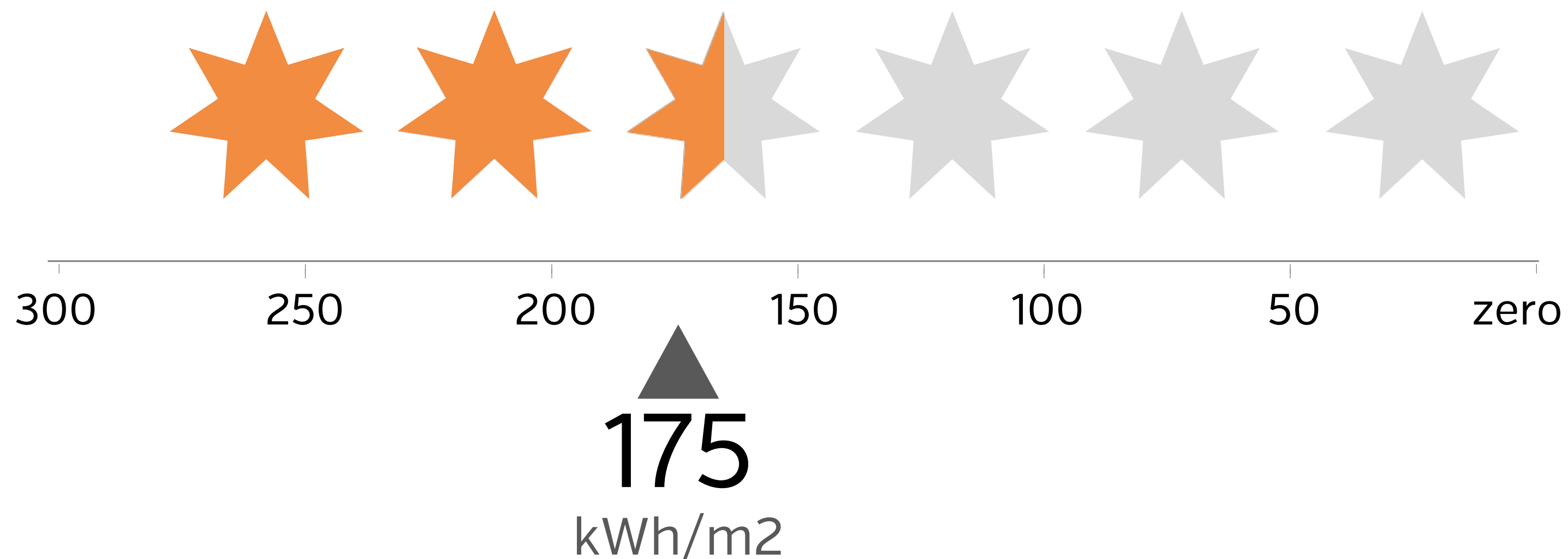
EMPIRE STATE
REALTY TRUST



A language for sustainability

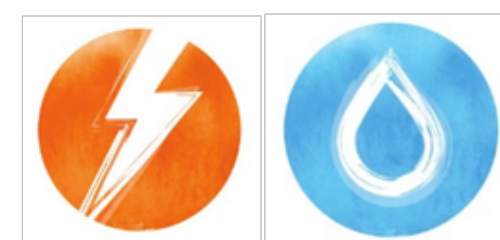
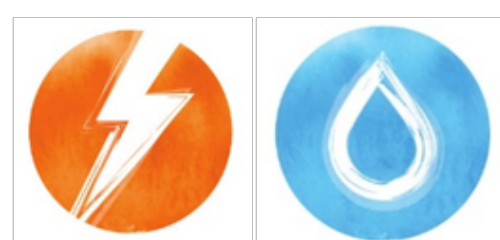
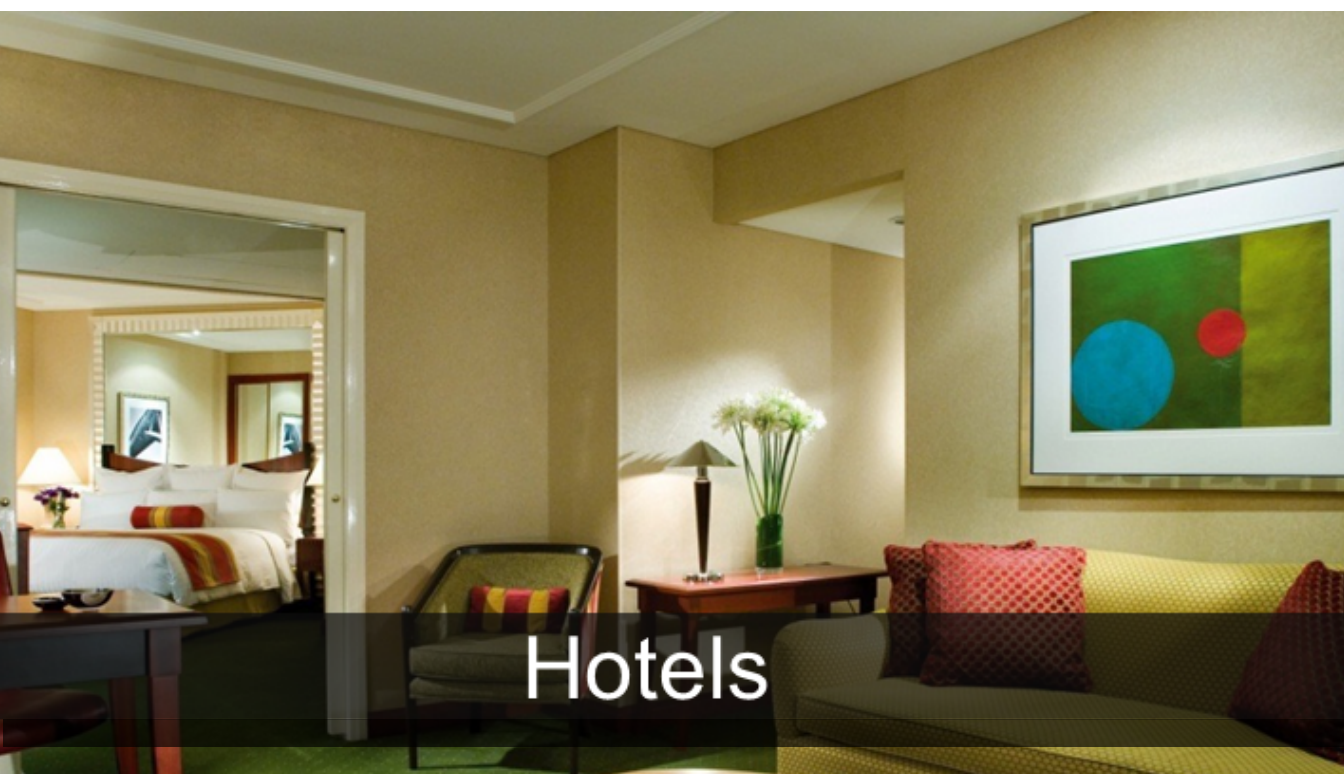
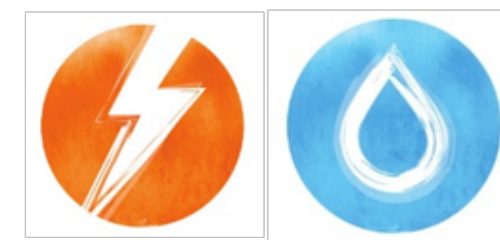
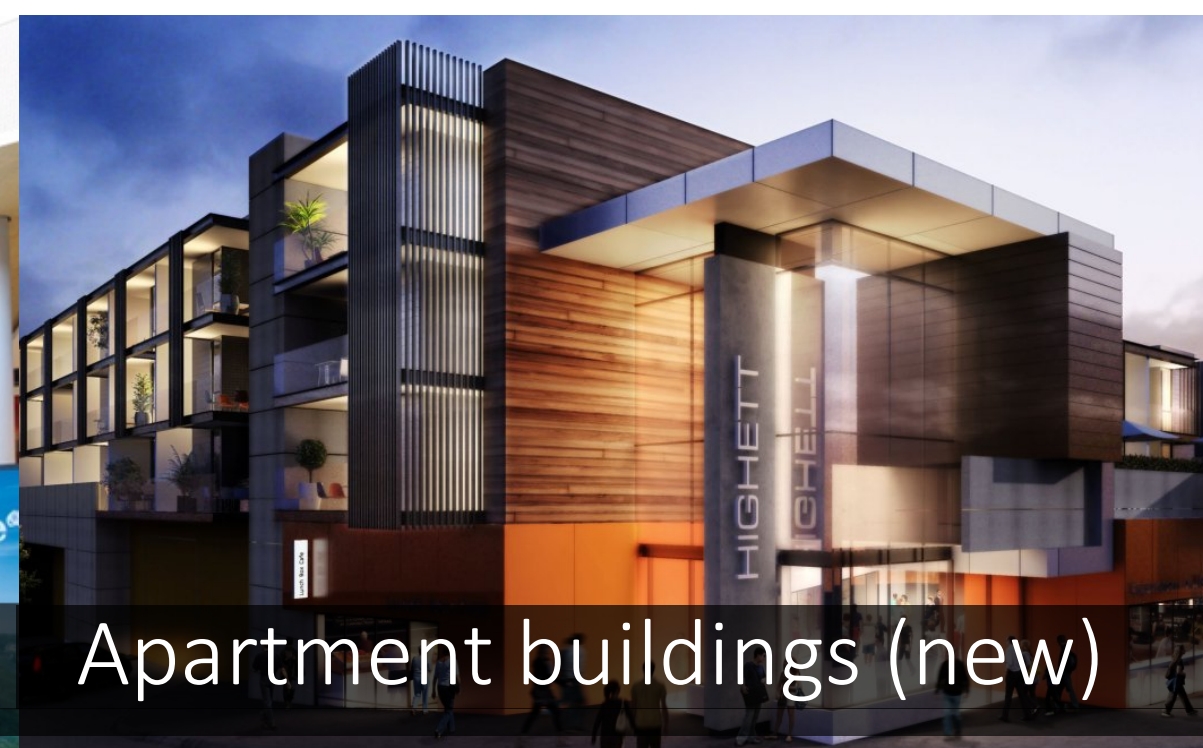
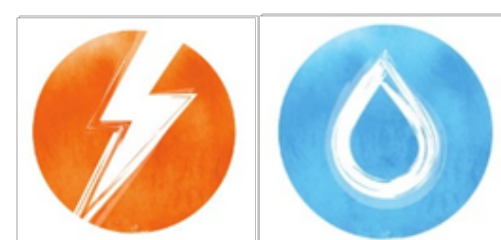
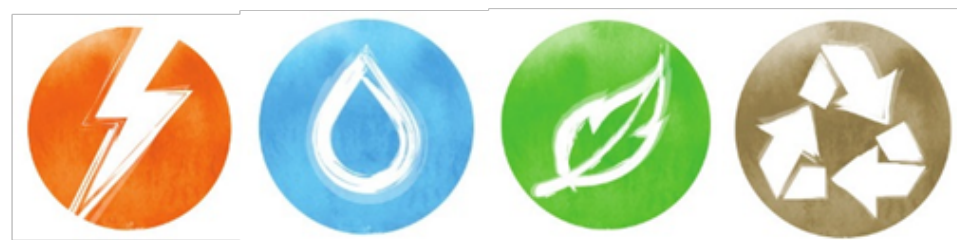


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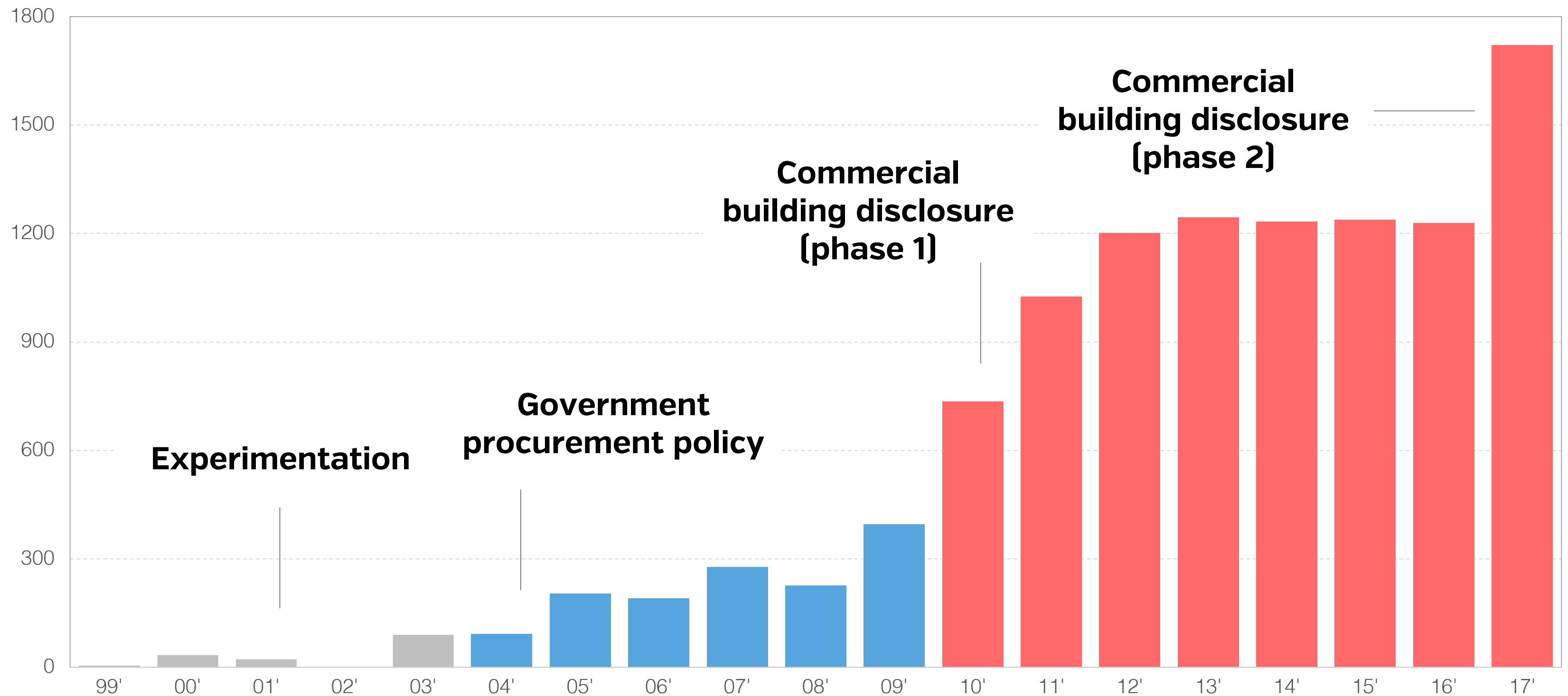
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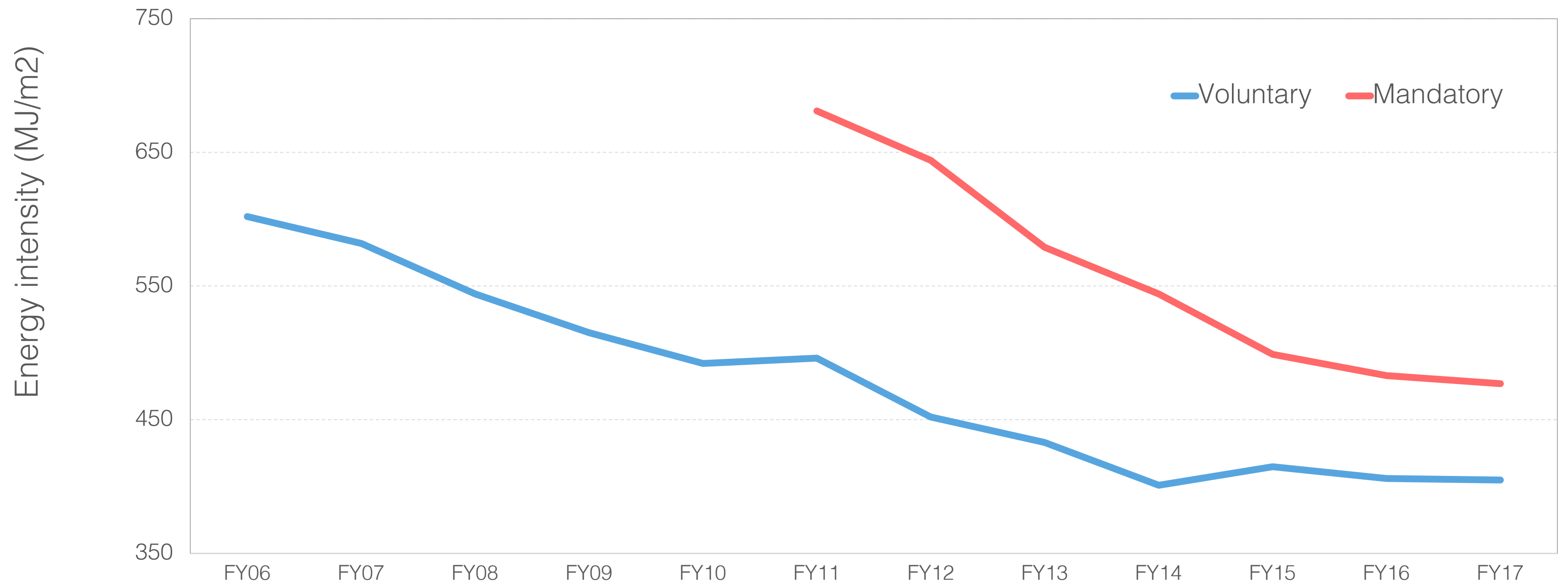


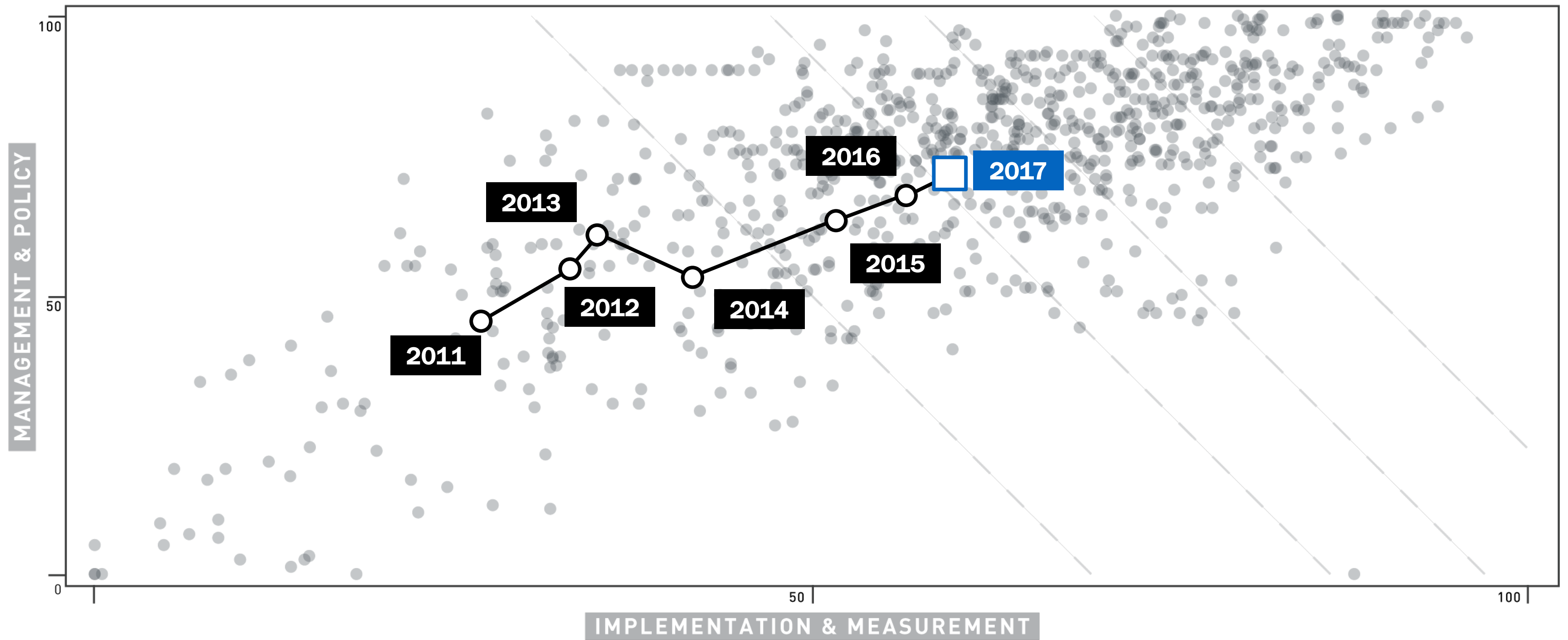
Australia's office sustainability journey

Certified NABERS Energy buildings



One of the world's fastest reductions in energy use





In the beginning, there was lighting . . .




1991









1999



Then there was benchmarking . . .

**PORTFOLIO MANAGER**

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Group Averages	
Baseline Rating: 82 Facilities Included: 2	Current Rating: 91 Facilities Included: 2
Group Adjusted Percent Energy Reduction: 16.7% Facilities Included: 2	
Averages are weighted by Total Floor Space. More about Baselines More about Adjusted Percent Energy Reduction	

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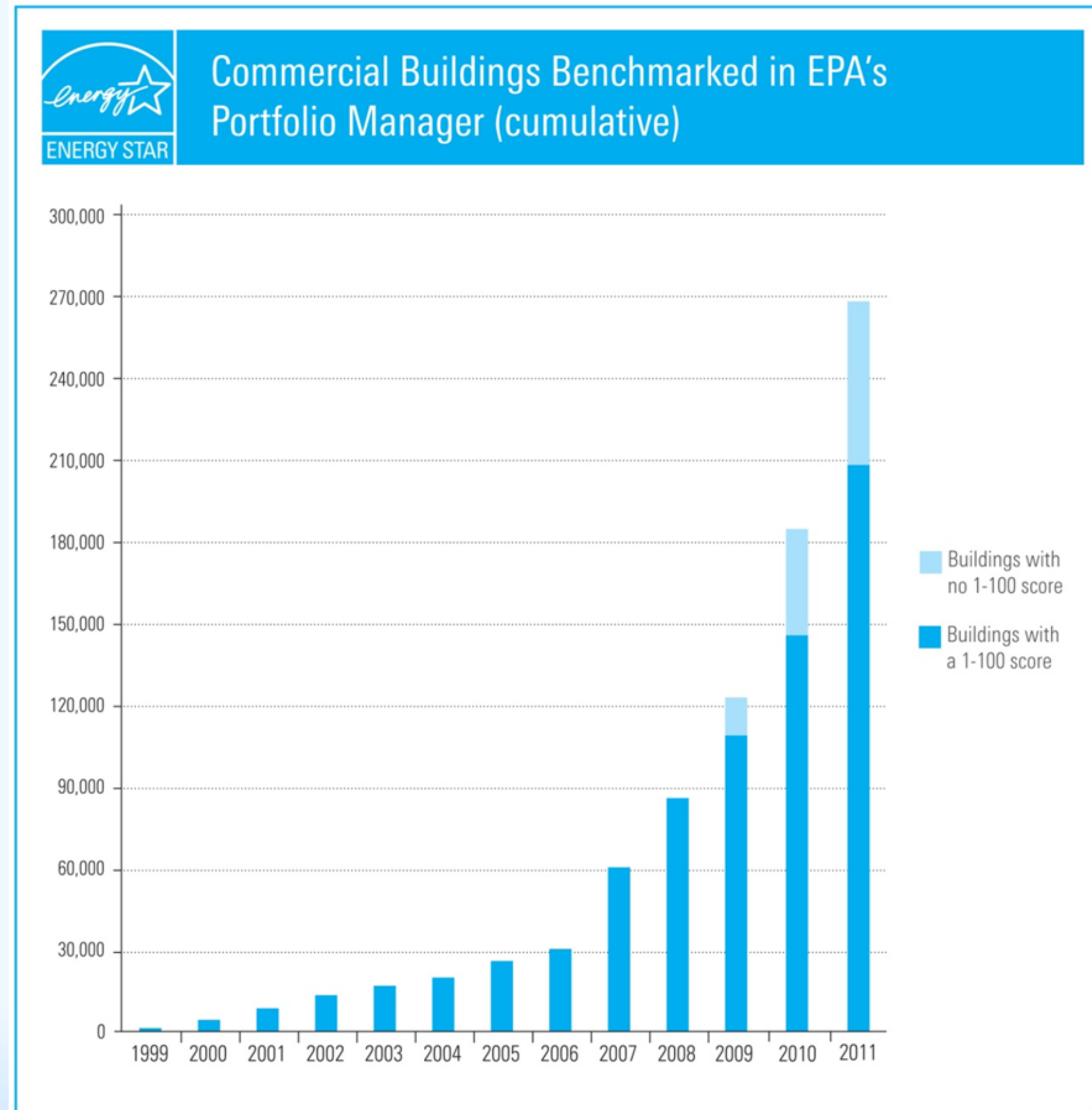
GROUP: Sample Group [Create Group](#) | [Edit Group](#) | [View All](#) **VIEW:** NADA VIEW [Create View](#) | [Edit View](#) | [View All](#)

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Results 1 - 2 of 2 All # A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Facility Name 	Baseline Weather Normalized Source Energy Intensity (kBtu/Sq. Ft.) 	Current Weather Normalized Source Energy Intensity (kBtu/Sq. Ft.) 	Current Site Energy Intensity (kBtu/Sq. Ft.) 	Annual Energy Cost (US Dollars (\$)) 	Total Energy Cost per Sq. Ft. (US Dollars (\$)) 	Energy Reduction per Sq. Ft. (kBtu/Sq. Ft.) 	CO2 Reduced (pounds) 
Sample Facility 1	106.5	103.9	31.1	\$2,400.00	\$0.12	No Savings	0.00
Sample Facility 2	113.7	87.3	22.7	\$4,130.00	\$0.23	11.3	68,437.55

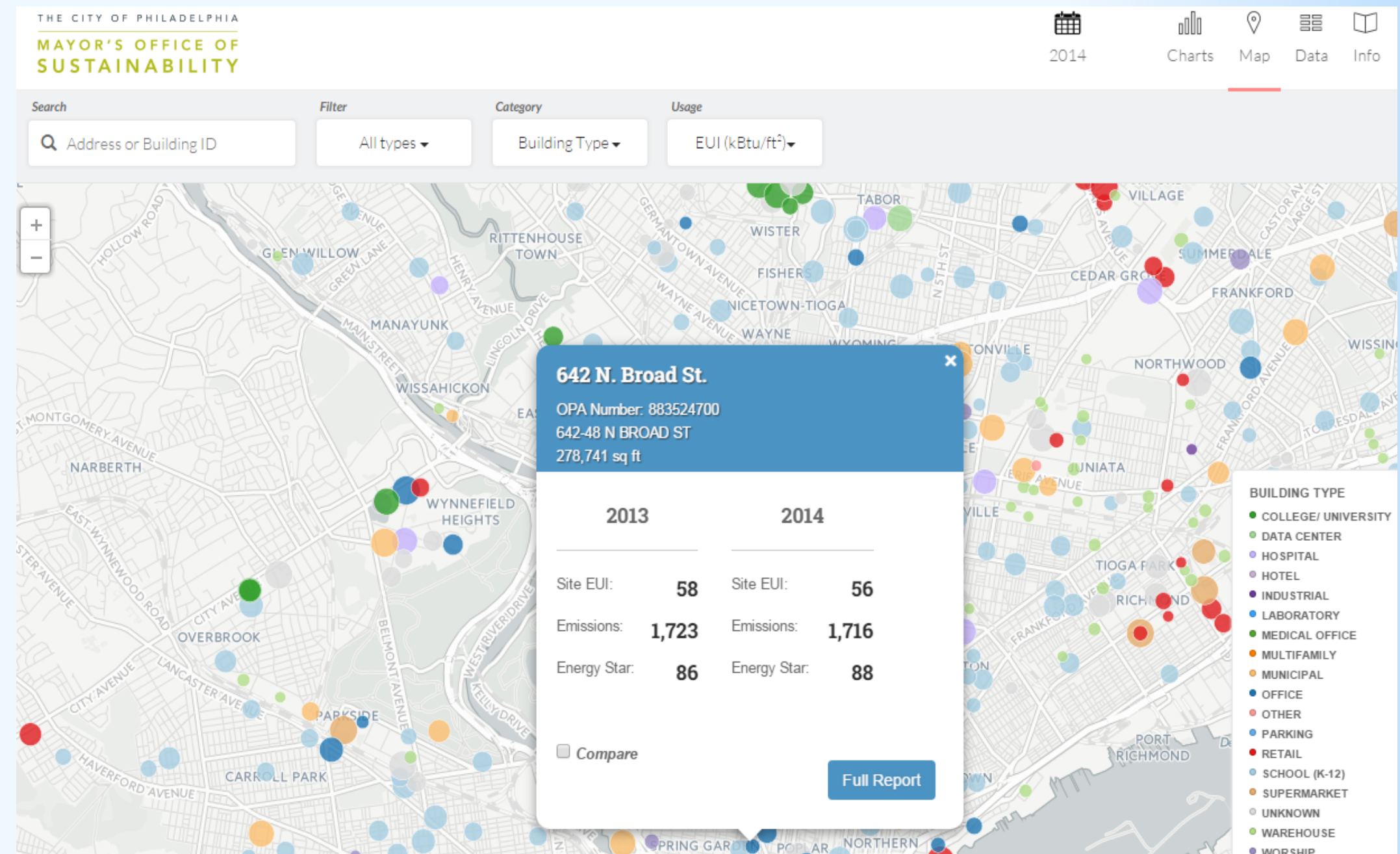
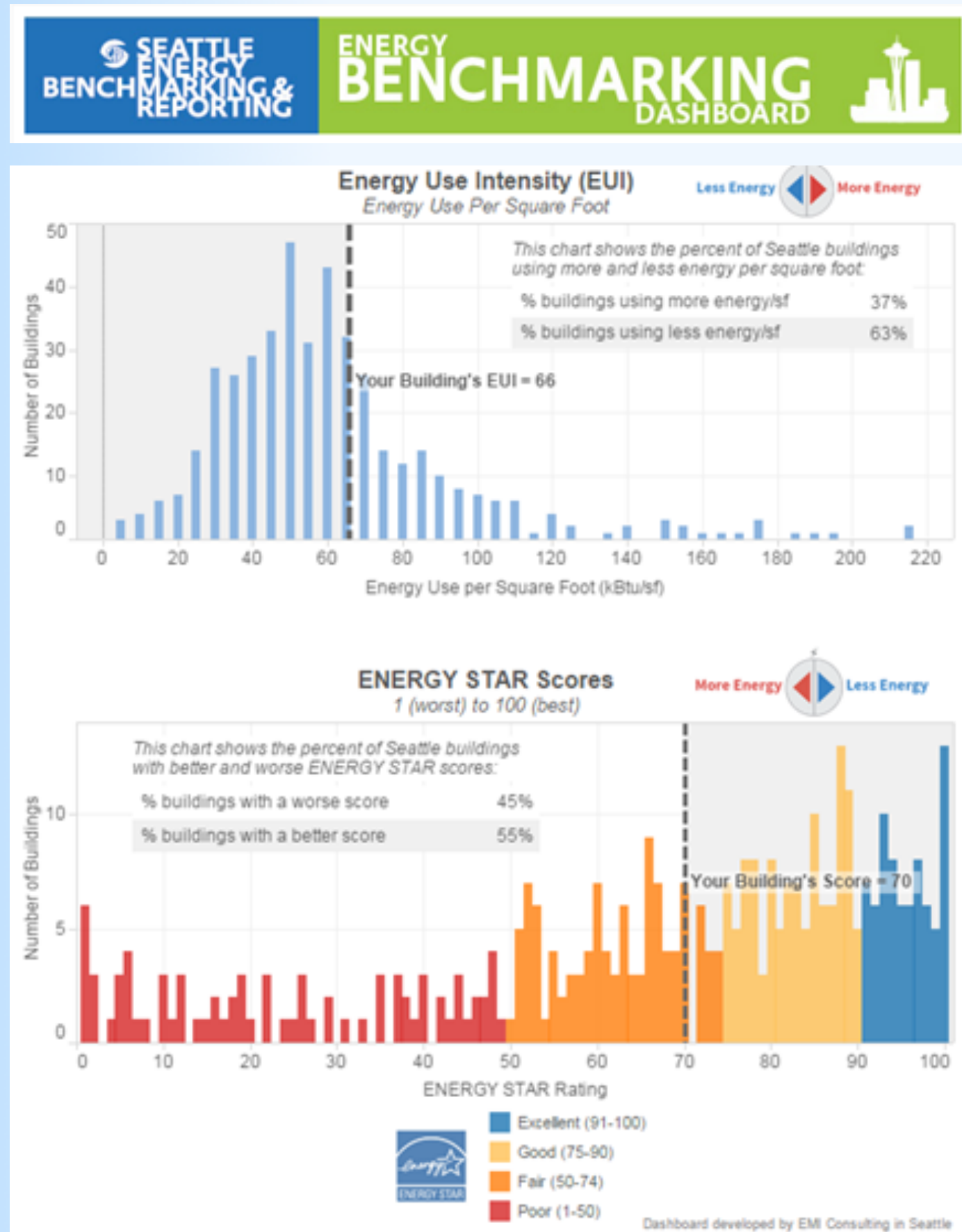
And a rapid growth in interest . . .



Until governments took notice . . .



And decided everyone should know how buildings are performing . . .



So we built on our success . . .

Some of the best things come in threes...



ENERGY STAR®
PortfolioManager®

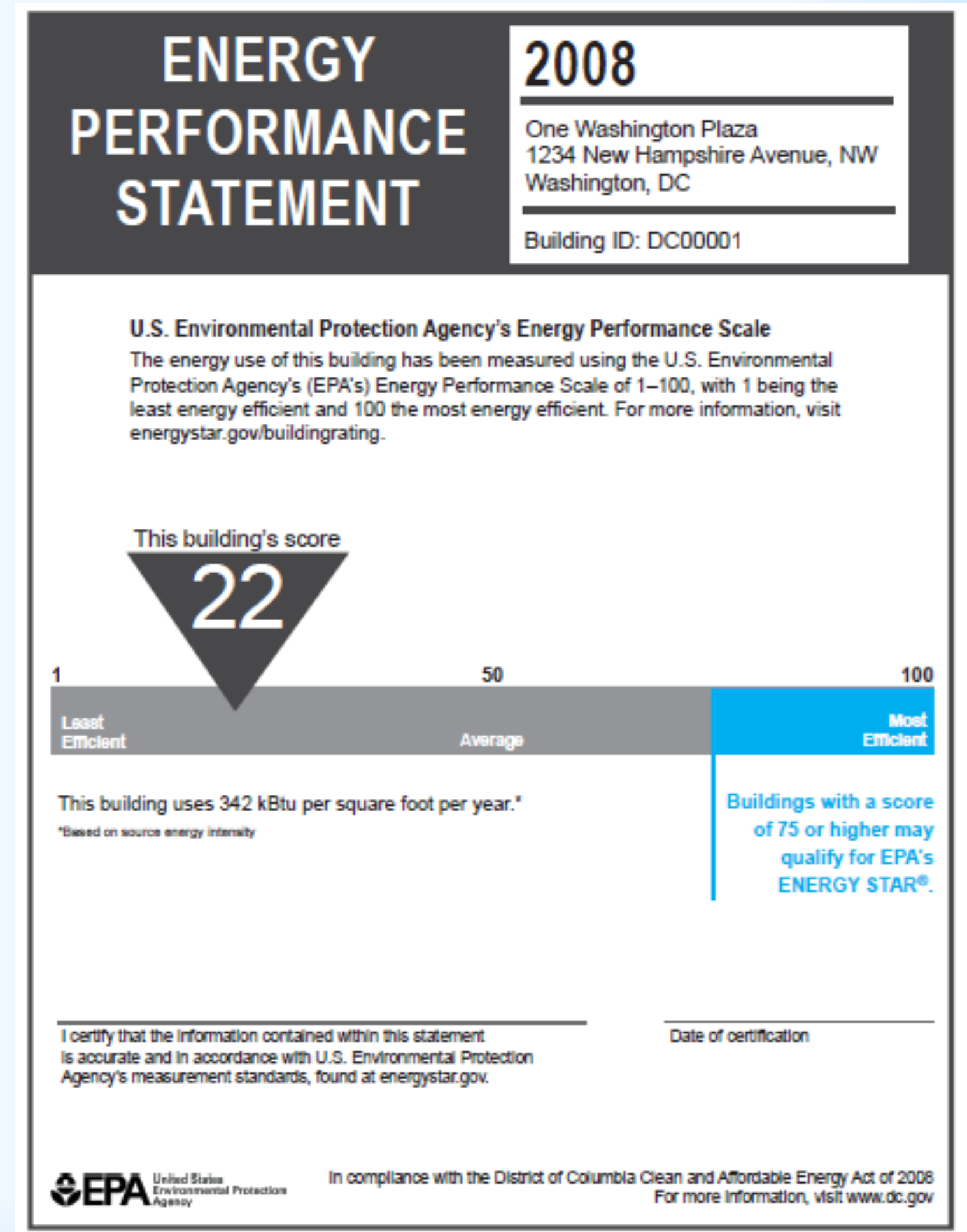
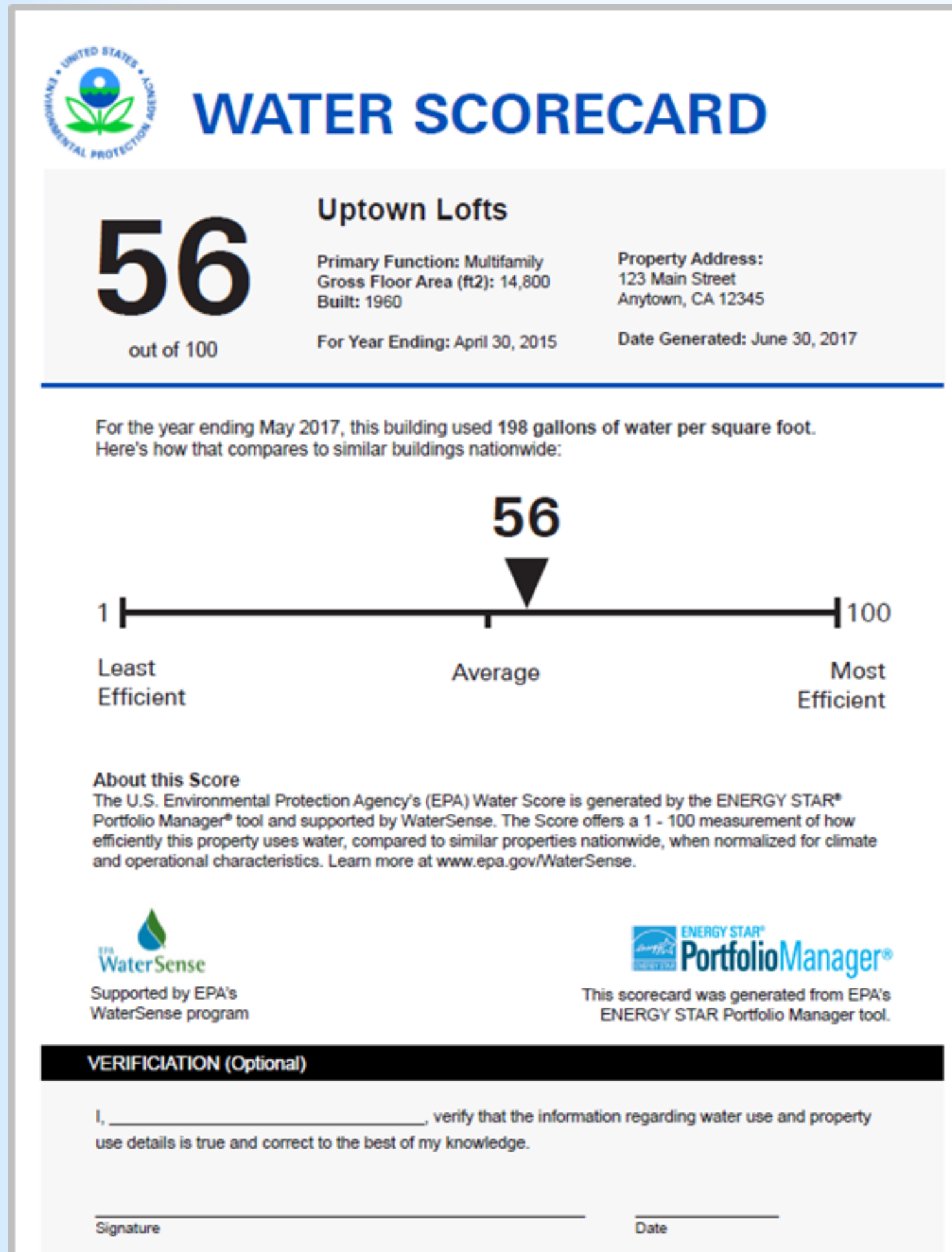
now includes waste tracking!

Track energy, water, and
waste – all in one place!

energystar.gov/benchmark



But where will we be next????



What is the Value of Energy Efficiency?

And how does benchmarking help?

- We have an obligation and opportunity due to our size and scale
 - 5 billion square feet of managed properties
 - 6,000 buildings benchmarked
 - 350 Million Square Feet
 - 79 Average score
- 2017 Partner of the Year Award 10 consecutive years



Why is Energy Efficiency Important?

Financial impact to our clients

- 1% reduction in energy nets \$10,500,000 savings across our portfolio; increased asset value of \$175,000,000

Investor Interest

- Direct link between sustainability performance and financial performance
- GRESB

Occupant Demand

- High profile companies seeking buildings demonstrating good energy performance

The Need

Real estate **owners, occupiers, investors, and service providers** need a reliable assessment of sustainability performance to save money, comply with the law, and reduce lending and insurance costs.



Landlords need to reduce OpEx.



Tenants need to compare buildings.



Investors need to deploy capital.



Lenders need to evaluate eligibility.



Regulators need to track compliance.



Insurers need to assess risk.

The Challenge

Measuring the sustainability performance of commercial real estate is **manual, inaccurate, and expensive.**

Various approaches exist to assess performance at the asset or portfolio level. Each relies on different data, at different times, procured in different ways.





Questions?

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