

REAL ESTATE TIP SHEET

One of the goals of the Energy Solutions for Business (ESFB) Program outreach is to modify the tenant improvement (TI) process with information and incentives, influencing both tenant and owner decisions. Tenants and owners have very different perspectives on the business benefits, but a strong business case can be built for both parties, as well as the design and construction firm that would complete the TI. Energy use represents the single largest operating expense in an office property. Reducing energy usage can increase net operating income (NOI) and increase the value of the property.

PROPERTY OWNERS/MANAGERS

For property owners and managers, the ESFB Program can:

- Enable the property owner/manager to incorporate additional energy-related improvements into the TI package to better meet tenant needs and expectations. This will become increasingly important as high-profile tenants gravitate to newer, greener buildings and more tenants want the benefits of green buildings.
- Differentiate their property or their management style by offering more efficient, higher performance buildings as vacancy rates increase in a more competitive market.
- Secure financial incentives to reduce the costs of needed upgrades.
- Provide advice from a third party regarding the most appropriate places to spend capital and maintenance dollars to save energy.
- Increase asset value (market research indicates that green and energy-efficient properties lease more rapidly, may enable higher rents and have higher asset values).
- Reduce operating costs (for utility bills paid by the owner) thereby improving margins.
- Improve the market appeal of their properties through enhanced lighting design and state-of-the-art control technology.

- Reduce comfort complaints, thereby increasing tenant satisfaction and the likelihood of tenant retention and reducing the costs of resolving complaints.
- Support or enable participation in ENERGY STAR®, LEED-EB, LEED-CI or other recognition programs.

TENANTS

For tenants, working with the ESFB Program can:

- Provide financial assistance to secure a higher level of office space upgrades, specifically including a better lighting design and a review of HVAC performance issues.
- Support employee comfort, satisfaction, retention, health and productivity.
- Support corporate commitments to carbon reduction and energy efficiency.
- Increase control over operating costs and comfort conditions.
- Reduce wasted energy and, thereby, reduce energy costs (if paid by the tenant).
- Provide advice from an unbiased third party regarding the best places to save energy in their daily office operations.

Source: Office of the Future Phase II Report- The 25% Solution