

Business Value Beyond Energy



Maryland Building Energy Transition Task Force

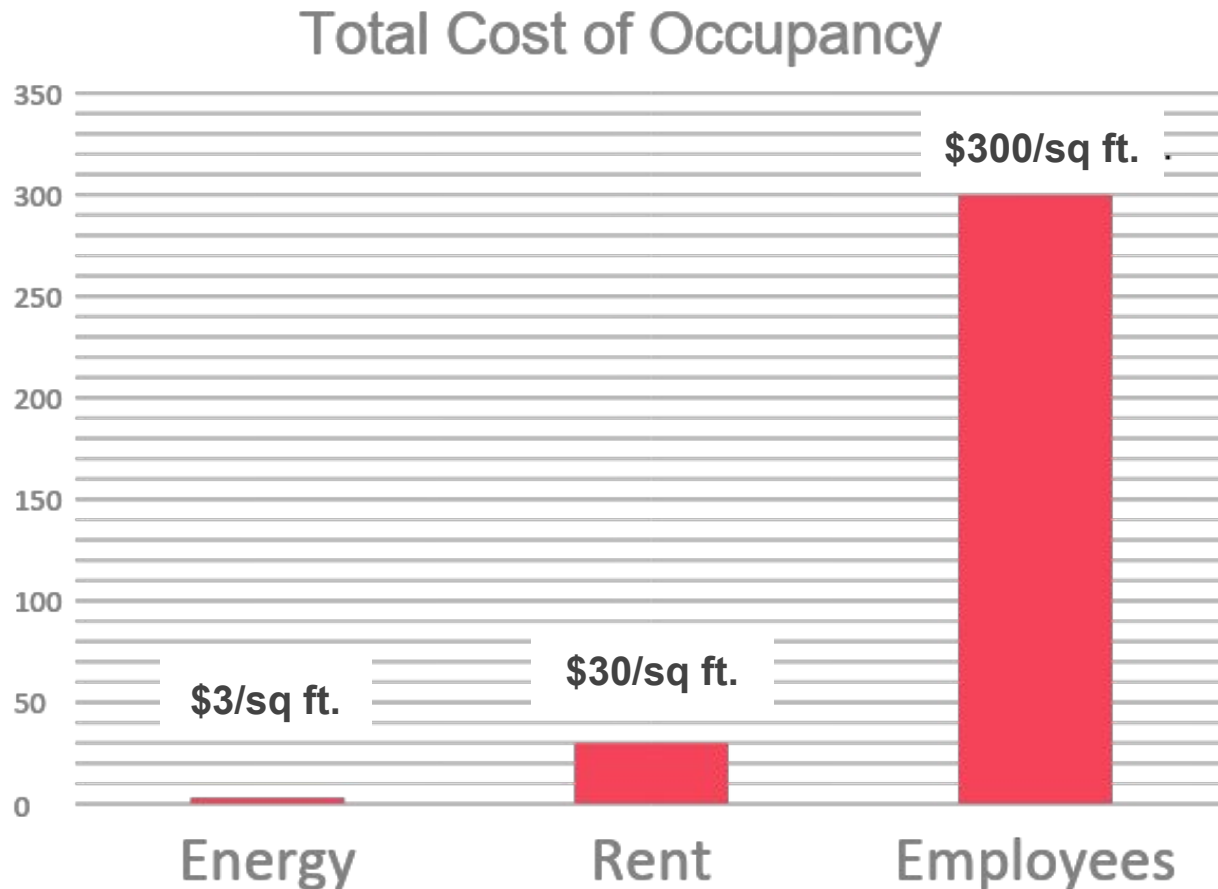
August 24, 2023

Building Performance Is About More Than Climate

- Water
- Health
- Productivity
- Resilience
- Reliability asset for the electric grid

Office Example

Total Cost of Occupancy – 3/30/300 Rule



The Business Case for ENERGY STAR Buildings



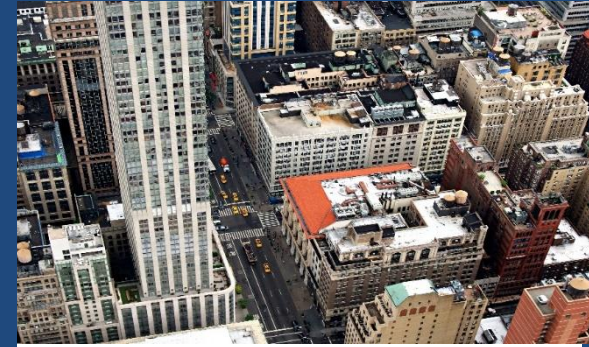
5-16%

Rental Premium



6-31%

Sales Price Premium



3-6%

Higher Occupancy

Source: Six academic studies see
www.imt.org/resources/added-value-of-energy-star-labeled-commercial-buildings-in-the-u-s-market



High Performance Buildings Are More Profitable

17%

lower operating expenses per sq. ft. when
compared to non-green properties

28%

higher Net Operating Income (NOI) in green
buildings

Source: Utilizing Commercial Real Estate Owner and Investor Data to
Analyze the Financial Performance of Energy Efficient, High
Performance Office Buildings

https://energy.gov/sites/prod/files/2017/05/f34/bto_PilotResearchStudy-DOEFinancialDataInitiative_5-8-17.pdf

Added Value of ENERGY STAR-Certified Commercial Buildings in the U.S. Market



Recognition Of Energy **Costs** and Energy **Performance** in Real Property Valuation

Considerations and
Resources for Appraisers

Second Edition

May 2012



GREEN BUILDING AND PROPERTY VALUE

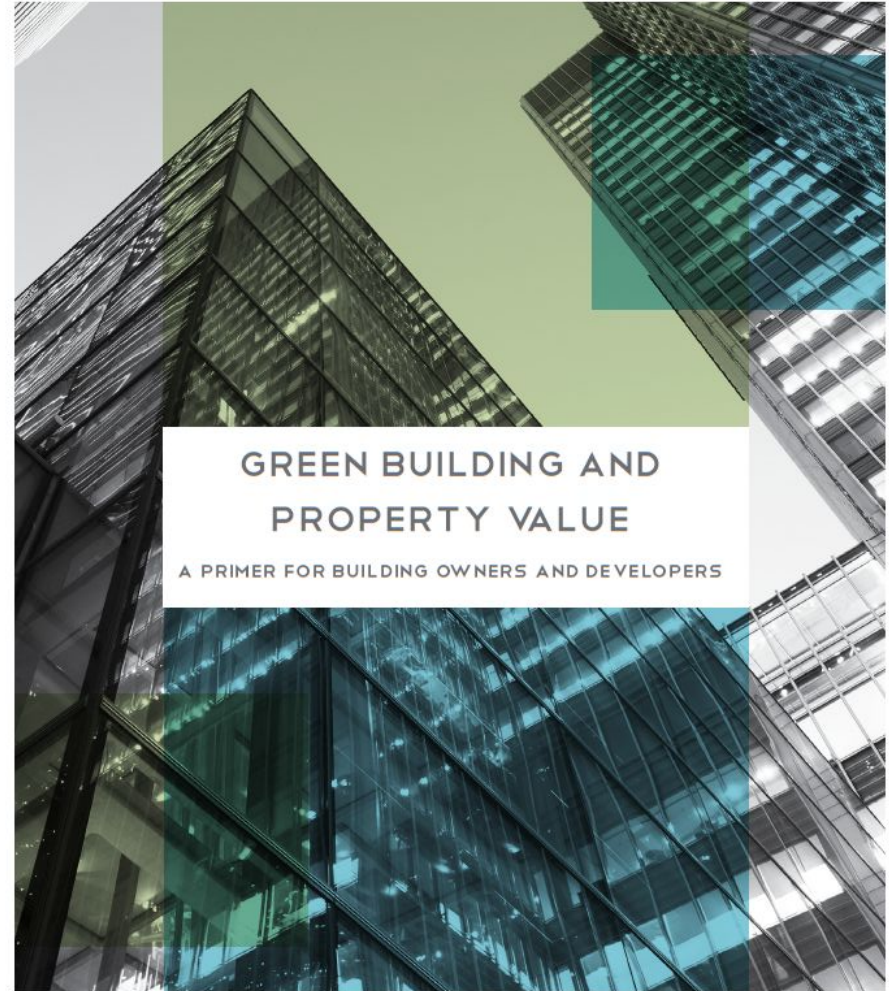
A PRIMER FOR BUILDING OWNERS AND DEVELOPERS



The Appraisal Institute corporate
signature is a registered trademark of
the Appraisal Institute.

Four Components of Value

1. Revenue
2. Occupancy
3. Operating Expenses
4. Risk

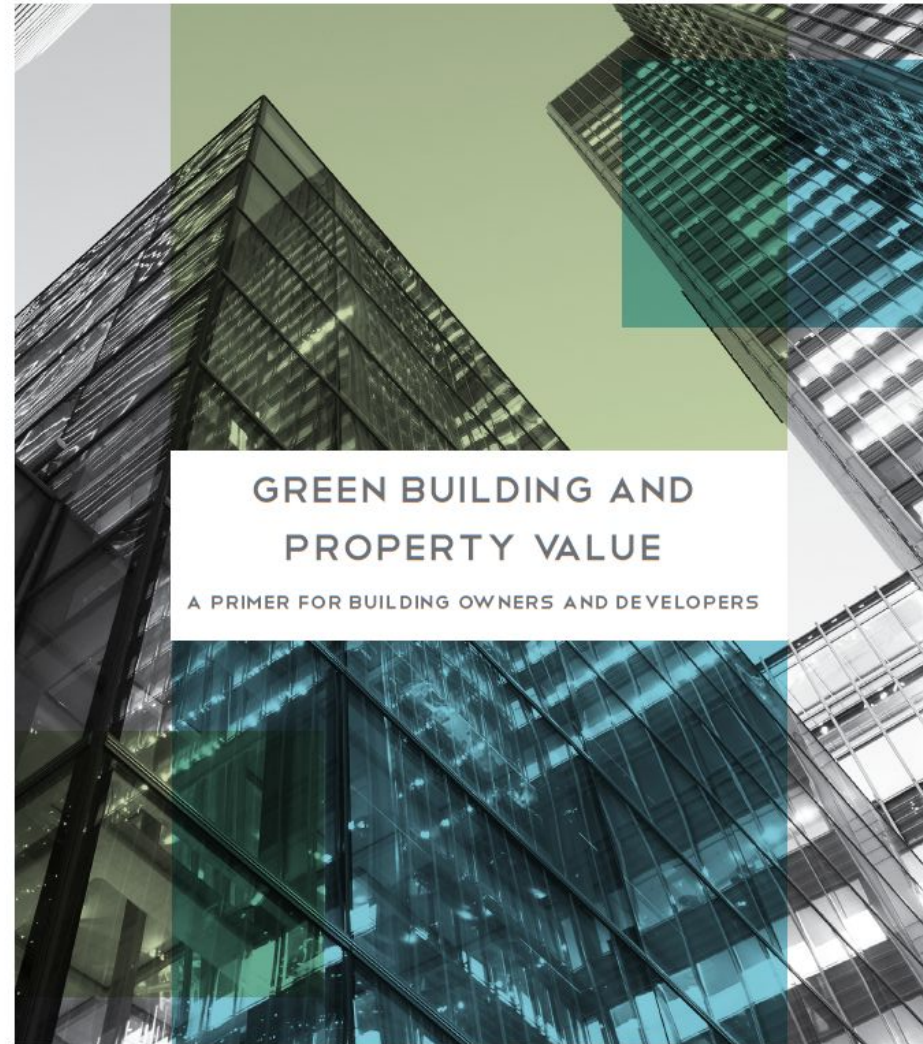


Four Components of Value

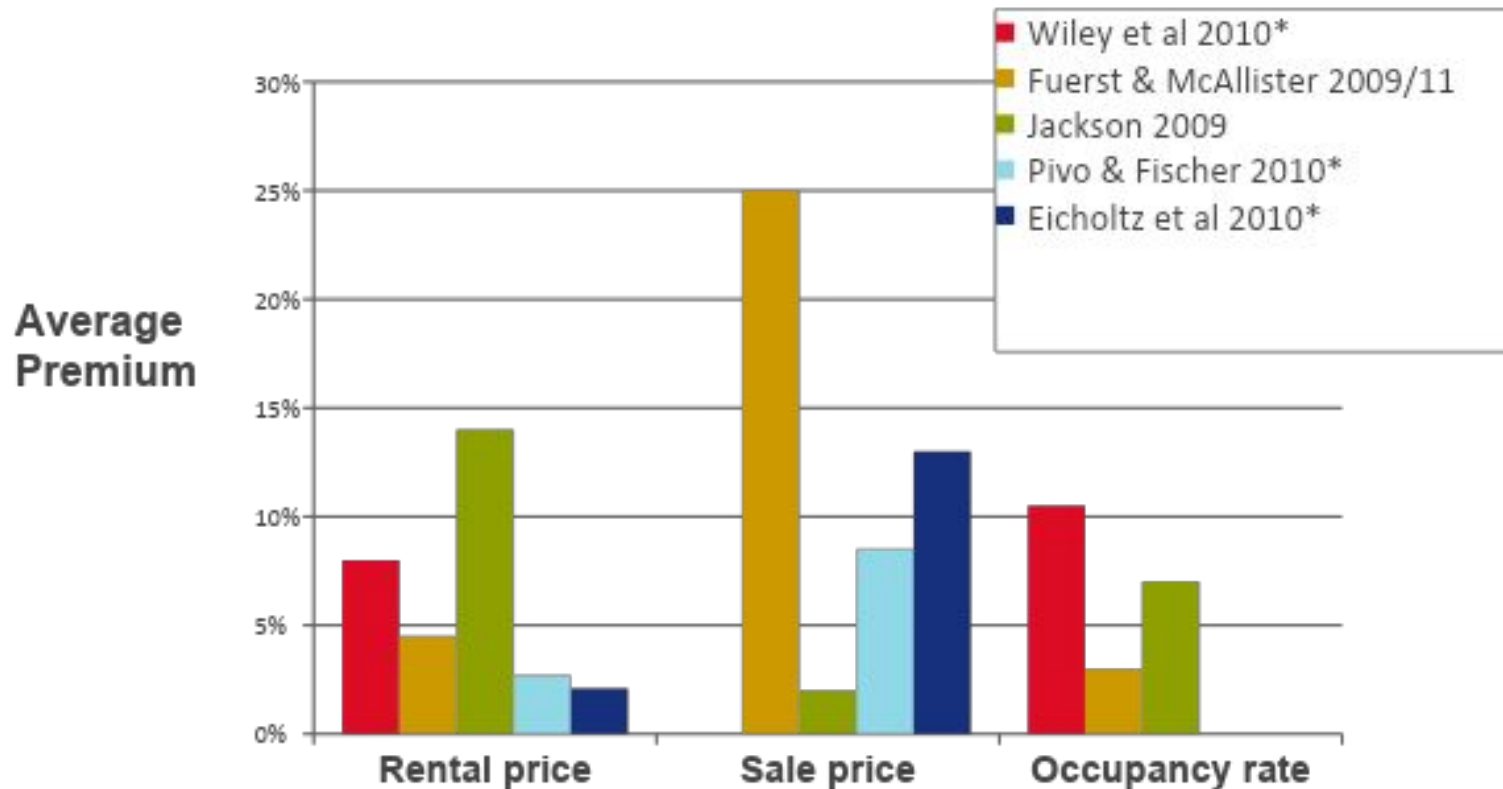
Example:

200,000 square foot building, 6% cap rate, \$50/sf per year rent

- Lowering energy use by 10% from \$3/sf yields \$60,000 in NOI – \$1 million in value
- Increasing occupancy 1% yields \$1.67 million in value



Added Value of ENERGY STAR-Certified Commercial Buildings in the U.S. Market



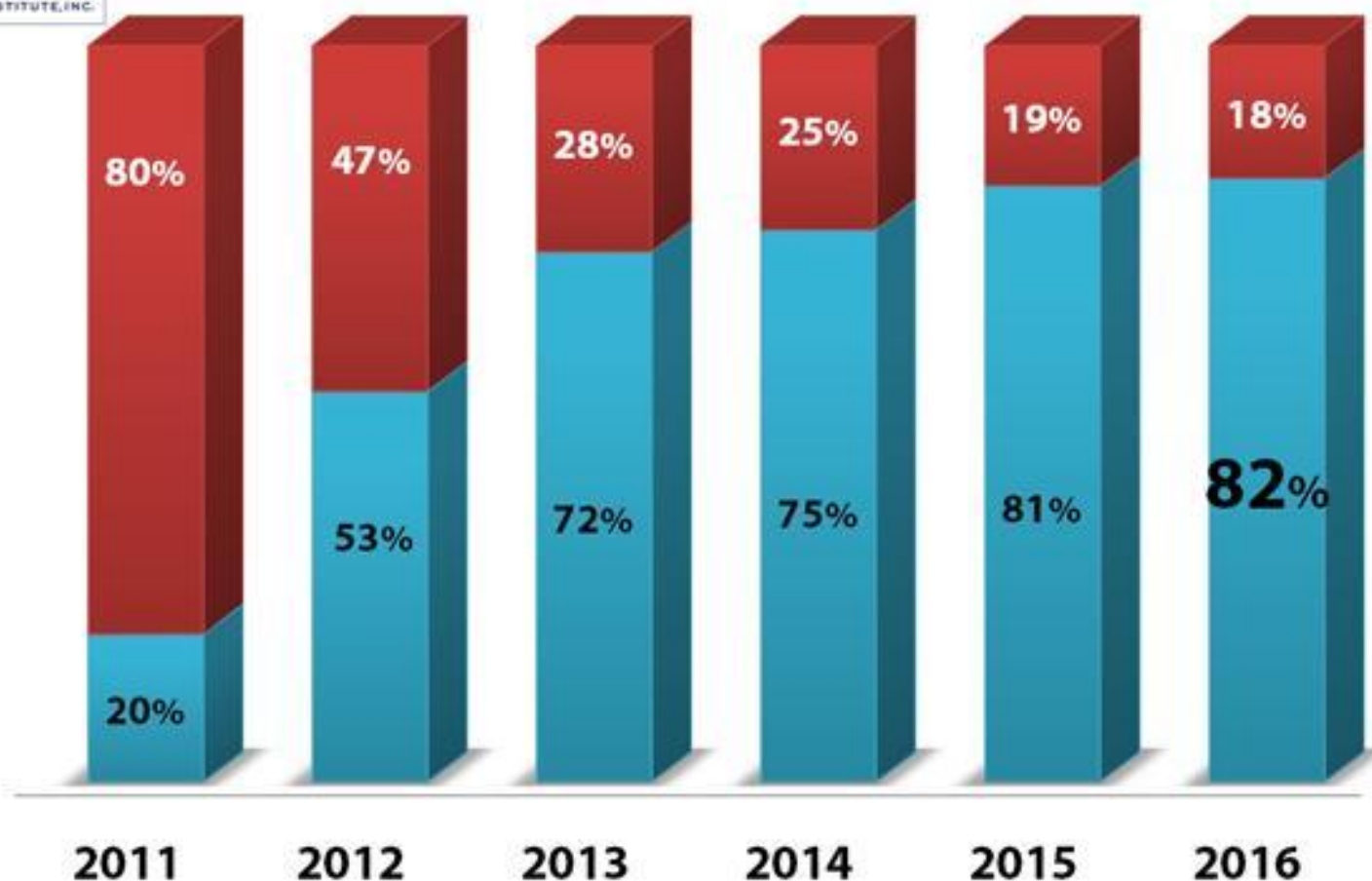


Governance & Accountability Institute Research Results

S&P 500® Companies Sustainability Reporting

■ Reporters

■ Non-Reporters



Source: Governance & Accountability Institute, Inc. 2017 Research—www.ga-institute.com

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Questions?



Institute for Market Transformation
www.imt.org

The background of the slide is a photograph of various wooden blocks and geometric shapes. On the left, there are several tall, rectangular blocks with arched cutouts, some stacked. To the right, there are more blocks, including a large one with a semi-circular cutout and a smaller one with a triangular cutout. The blocks are light-colored wood, and the background is a solid, muted orange-brown color.

Guiding Principles

1. Align with goals/commitments
2. Social and racial equity
3. Fairness
4. Jobs and economic growth
5. Maximize certainty
6. Transparency
7. Drive early results
8. Flexible & accommodate building life cycle events
9. Simplicity and accessibility
10. Ease of implementation

Discussion of Guiding Principles