

CoreNet Calls for Greater Energy Efficiency

By Brian K. Miller of GlobeSt.com

Tuesday, May 01, 2007 - DENVER-CoreNet Global today challenged its membership to dramatically reduce its carbon emissions by increasing the energy efficiency in their office and industrial buildings. Focusing on the cost and image benefits that can result, the professional association for corporate real estate professionals dared its membership--which manages US \$1.2 trillion in worldwide corporate real estate assets--to freeze their level of carbon emissions and create a timeline for a 50% reduction. It also dared the associated service providers to reduce energy consumption by 60% over five years.

"It's a pretty simple agenda on the corporate side," CoreNet Global research director Eric Bowles said this morning at a news conference to launch the CoreNet Global Summit taking place here this week. "Get leadership behind it, get suppliers involved and [establish systems to measure the results]."

The challenge follows a 10-month long study that CoreNet released today as part of the event. "Our survey found a high level of awareness about the advantages of energy savings in corporate facilities," Bowles said. "What's most concerning today is how few companies are translating that awareness into broad action."

The most effective way for corporate real estate professionals and their suppliers to make it happen is through the RFPs they issue for services, says Bowles. "We need to engage suppliers to add energy and sustainability requirements to all their RFPs...because that sends a message through the market," said Bowles, adding that members already practicing sustainability also need to start sharing their successes. "These companies are not talking about what they are doing."

As well as the cost savings, improved image and environmental benefits, the effort also appears to be about showing legislators they can police themselves. "The opportunity is for corporate real estate executives to act," said CoreNet Global CEO Prentice Knight. "Adoption of measurable, voluntary reductions in carbon emissions by responsible corporations may one day mean fewer government-imposed mandates requiring them."

The report includes the results of a survey of more than 240 corporate real estate

executives and an evaluation of 15 corporate success stories. Among the report's data and survey's findings are:

Buildings account for at least 40% of total energy utilization and commercial buildings represent nearly half of that amount. In 2003, buildings were linked to the emission of more than 2.2 million metric tons of carbon dioxide, while transportation ranked at only around 1.8 million metric tons and industry at about 1.6 million metric tons.

Relative to other issues impacting real estate over the next 10 years, 83% of executives ranked sustainability as important or most important and 94% ranked energy efficiency as important or most important. More than two-thirds of executives expected to increase their budgets devoted to sustainability and energy efficiency over the next five years.

Less than half of corporations have energy policies or consumption targets in place. Only 40% of those surveyed said their corporations are making use of quantitative targets, and only 42% said a company-wide energy policy is in place. Less than a third said that a senior-level executive is in charge of energy management. Less than a third said their companies devote resources to identifying and implementing low-cost or no-cost energy efficiency measures.

Bowles said the report found that the average energy cost in office buildings is \$2 per sf and that the range of cost was \$1.50 to \$2.50 per sf. "So there's a dollar per sf that is right now a flip of the coin," he said. "For every sf of building, there [at least] 50 cents per sf per year [in potential savings] that's untapped."

As for the effect of energy efficiency on the worth of a building, Bowles said there haven't been enough LEED certified buildings trading hands to make a solid determination. He estimated that there is a 5% to 8% premium in value associated with energy efficient and LEED-certified buildings.