

Webinar

ULI Nashville Practicing Heat Resilience in a Hot Market Lessons from

Developers

Date: December 01, 2022

00:00:02 --> 00:00:03: Hello welcome everyone.

00:00:04 --> 00:00:07: Thank you for joining us this afternoon. My name is

00:00:07 --> 00:00:11: John Vick with the Tennessee Department of Health. I'm one

00:00:11 --> 00:00:14: of the Co chairs of the UI Nashville Building Healthy

00:00:14 --> 00:00:15: Places Action Council.

00:00:17 --> 00:00:20: And hi, I'm Catherine Withers. I'm a planner with barge

00:00:20 --> 00:00:24: Design Solutions Co chair with John of the building Healthy

00:00:24 --> 00:00:28: Places Action Council. Thank you all for being here with

00:00:28 --> 00:00:31: us today. So I think many of you know that

00:00:31 --> 00:00:35: one of you I's mission priorities is to accelerate

00:00:35 --> 00:00:38: decarbonization

00:00:35 --> 00:00:38: and reach net zero. UL I Nashville has focused its

00:00:39 --> 00:00:42: work on building to mitigate and adapt to extreme heat,

00:00:42 --> 00:00:46: which is the most common extreme weather event in

00:00:42 --> 00:00:46: Nashville.

00:00:50 --> 00:00:53: Alright, so the building healthy Places Action Council was

00:00:53 --> 00:00:57: heavily

00:00:53 --> 00:00:57: involved in a technical assistance panel hosted by UL I

00:00:57 --> 00:01:00: Nashville in 2021 on how to build for heat resilience.

00:01:00 --> 00:01:04: This considered the question of building structures and

00:01:00 --> 00:01:04: communities to

00:01:04 --> 00:01:05: address increasing heat.

00:01:07 --> 00:01:10: You are I Nashville was also a member of the

00:01:10 --> 00:01:14: inaugural Uri Globals resilient land use cohort. That is a

00:01:14 --> 00:01:18: mouthful that I'm always afraid I'll stumble over every time,

00:01:18 --> 00:01:21: which explored how real estate and development can lead in

00:01:21 --> 00:01:26: adaptation to a changing climate. This summer, the resilient

00:01:21 --> 00:01:26: land

00:01:26 --> 00:01:30: use cohort published a report on its findings, including

00:01:26 --> 00:01:30: Nashville's

00:01:30 --> 00:01:33: work on heat resilience. And many of you know you
00:01:33 --> 00:01:35: can find this on our website.
00:01:36 --> 00:01:40: So it is building for heat resilience and the resilient
00:01:40 --> 00:01:43: land use cohort report. So it is is on
00:01:43 --> 00:01:47: the resilient Nashville web page of ULI Nashville, which
00:01:47 --> 00:01:51: you can find at nashville.uli.org and look for resilient
Nashville
00:01:51 --> 00:01:54: under the programs menu, but will send you a link
00:01:54 --> 00:01:58: after today's event so you don't have to hunt for
00:01:58 --> 00:01:58: it.
00:02:02 --> 00:02:05: Alright, so before we introduce today's speakers, I do want
00:02:05 --> 00:02:08: to take a moment to thank you Ali Nashville sponsors
00:02:08 --> 00:02:11: as seen in the PowerPoint before the event and on
00:02:11 --> 00:02:12: the boards to my right.
00:02:13 --> 00:02:16: Yeah. And also special thanks to the Kreski Foundation,
which
00:02:16 --> 00:02:19: is the underwriter for this program through a grant from
00:02:19 --> 00:02:23: the Randall Lewis Center for Sustainability and Real Estate
at
00:02:23 --> 00:02:24: ULI Americas.
00:02:24 --> 00:02:27: So today, we are pleased to hear from 2 practitioners
00:02:27 --> 00:02:31: who are building, planning and operating developments built
for heat
00:02:31 --> 00:02:35: resilience. Our speakers are Aaron Hatcher, Vice president
of sustainability
00:02:35 --> 00:02:39: for Amli Residential and Kimberly Pexton, Vice President of
sustainability
00:02:39 --> 00:02:40: for JBG Smith.
00:02:41 --> 00:02:45: Aaron Hatcher leads Amelia's ESG strategy which focuses
on scalable
00:02:45 --> 00:02:51: initiatives, building certifications and reporting in supporting
company wide sustainability
00:02:51 --> 00:02:54: efforts or role is highly collaborative and works with internal
00:02:54 --> 00:02:59: development, construction and operation teams across their
nine US regions.
00:02:59 --> 00:03:02: Prior to joining Emily in 2012, Aaron worked as a
00:03:02 --> 00:03:06: sustainability consultant and focused and focused on new
construction.
00:03:09 --> 00:03:13: And Kimberly Pexton, our other speaker, joined JBG Smith in
00:03:13 --> 00:03:18: 2019 to lead the strategy, development, coordination and
execution of
00:03:18 --> 00:03:22: JBG Smith's sustainability initiatives across all their business
units. She
00:03:22 --> 00:03:27: has over 20 years of experience in sustainability, climate
change

00:03:27 --> 00:03:32: resilience, environmental policy, green building rating systems, regenerative design and

00:03:33 --> 00:03:34: supply chain management.

00:03:35 --> 00:03:38: So we'll start by hearing from Erin and Kimberly about

00:03:38 --> 00:03:42: their experience and lessons learned in building for heat resilience.

00:03:42 --> 00:03:45: Then we'll invite 2 local experts to join Aaron and

00:03:45 --> 00:03:49: Kimberly for conversation and questions from the audience. Joining us

00:03:49 --> 00:03:52: for that portion of the conversation are two members of

00:03:53 --> 00:03:57: our building healthy Places Action Council, Erica Weeks, associate principal

00:03:57 --> 00:04:01: and director of sustainability at Hastings Architecture and Doctor Kendra

00:04:01 --> 00:04:05: Abkhaz, Mentor and Asheville Chief Sustainability and Resilience Officer.

00:04:06 --> 00:04:09: So we'll welcome them to the podium.

00:04:09 --> 00:04:13: All right. Thank you for having me today. I'm excited

00:04:13 --> 00:04:15: to share with you a little bit about the SG

00:04:16 --> 00:04:20: journey. And Emily, we've been committed to sustainability for a

00:04:20 --> 00:04:23: long time, but we've had quite an evolution in the

00:04:23 --> 00:04:27: SG space and discussions around resilience. So I'm going to

00:04:27 --> 00:04:31: give you a little bit of background about Emily for

00:04:31 --> 00:04:31: those.

00:04:31 --> 00:04:32: Of you who, who?

00:04:32 --> 00:04:34: Don't know us and some of us may know you

00:04:34 --> 00:04:36: from we have a good presence.

00:04:36 --> 00:04:40: In Atlanta, your neighbor and several other markets, but I'm

00:04:40 --> 00:04:43: going to build that up to show you kind of

00:04:43 --> 00:04:47: where we are, how we're thinking about building resilience and

00:04:47 --> 00:04:51: specifically around heat and preparing our buildings for the future.

00:04:53 --> 00:04:56: So we are a slight change in this. We are

00:04:56 --> 00:05:01: actually in eight different markets. We just sold two Houston

00:05:01 --> 00:05:04: properties, but we are all in the US all we

00:05:04 --> 00:05:09: build and manage as apartment communities pretty large scale usually

00:05:09 --> 00:05:13: in the 300 unit kind of size everything from garden

00:05:13 --> 00:05:16: up to high rise. So suburban, urban, you name it,

00:05:16 --> 00:05:20: we're kind of doing that in any of these markets.

00:05:20 --> 00:05:23: We are actually part of a larger pension fund.

00:05:24 --> 00:05:28: Called prime property front, it's managed by Morgan Stanley.

I mentioned that because we work very closely with them on our ESG initiatives and I'll talk a little bit more about that later.

The other thing that I think is kind of in this conversation notable for Amily is we are long term investors. So whatever we build we are going to live with and it used to be that we would have maybe a 10 to 12 year old period. We are actually now holding our assets for much longer than that even to the point that we are redeveloping them, making some renovations and even seeing past the initial installation of all of our equipment. So that's kind of an operational. Change that's been different for us. That is certainly impacting also how we think about development and construction. So for us, when we started thinking about sustainability, we really focused on getting LEED certification and so that commitment to lead silver or higher for all of our new developments started back in 2006. We now have because of that 65% of our portfolio is lead certified. So while that is a fantastic step in our sustainability journey, that does not in fact guarantee performance particularly when it comes to topics like heat resilience.

Um, so ask recognizing that and also seeing how interconnected that people and not just the people living in our building but the people living in our communities and where we're doing business is so interconnected with everything that we're doing on the sustainability side. The CESG conversation that is now so active in the real estate investment community is something we started to think about differently and internally we we talk about this environmental, social and governance with this brand.

Of family impact because we're trying to change the conversation around it, right get get it to be more than

00:07:19 --> 00:07:22: just lead and sustainability. We're thinking about the people in

00:07:22 --> 00:07:25: our buildings and the places that we're doing business in

00:07:25 --> 00:07:26: a little different way.

00:07:28 --> 00:07:28: But.

00:07:28 --> 00:07:28: I.

00:07:28 --> 00:07:34: Broadened to a lot more topics, right, than just sustainability.

00:07:34 --> 00:07:38: So how does one organization prioritize how they're going to

00:07:38 --> 00:07:42: look at all of these different topics? So we put

00:07:42 --> 00:07:46: together an E SG survey and we had all of

00:07:46 --> 00:07:50: our stakeholders, we asked them to participate in this. So

00:07:50 --> 00:07:55: for us, the big stakeholder groups included our employees, our

00:07:55 --> 00:07:57: investment team.

00:07:57 --> 00:08:00: We even surveyed our residents on ESG. That was a

00:08:00 --> 00:08:05: fun survey to read about. Afterwards, let's learn, don't leave

00:08:05 --> 00:08:08: open comment boxes unless you want to read them. So.

00:08:08 --> 00:08:11: And then we also engaged with some of the civic

00:08:11 --> 00:08:15: leaders in our communities to kind of get an idea

00:08:15 --> 00:08:18: where they sit on all of this as well. And

00:08:18 --> 00:08:21: then in this X axis, we added business important and

00:08:21 --> 00:08:26: really it should say business importance and impact, right, because

00:08:26 --> 00:08:30: it's where can we actually make change in our business.

00:08:30 --> 00:08:32: Um, we wanted that to be vetted into us. So

00:08:32 --> 00:08:36: everything in that top corner is kind of was prioritized

00:08:36 --> 00:08:39: as high by all of the stakeholders and then further

00:08:39 --> 00:08:41: to the right is where we think right from a

00:08:42 --> 00:08:44: business standpoint, we can have a higher impact.

00:08:45 --> 00:08:45: So what do?

00:08:45 --> 00:08:48: You see happening here, people are #1 by all of

00:08:49 --> 00:08:54: the stakeholders, right? Our residents, our employees, we're thinking about

00:08:54 --> 00:08:57: health and safety. And then #2 that dot to the

00:08:58 --> 00:09:00: far right. But too low down is climate.

00:09:01 --> 00:09:04: Strategy. And we know exactly who ranked that high and

00:09:04 --> 00:09:08: that was our real estate investors. But that language really

00:09:08 --> 00:09:12: isn't kind of translating I think into our residents, right.

00:09:12 --> 00:09:15: They don't use those kinds of terms, even our employees

00:09:15 --> 00:09:19: don't. So we've been kind of thinking about this in

00:09:19 --> 00:09:21: an interesting way. We're like.

00:09:21 --> 00:09:24: Well, green building is high, but climate risk, right? We

00:09:24 --> 00:09:26: got to start to close those gaps on some of

00:09:26 --> 00:09:29: these topics and see how they really overlap. So this

00:09:29 --> 00:09:31: is kind of how we have helped.

00:09:31 --> 00:09:35: Prioritize some of the SG topics, but getting specifically into

00:09:35 --> 00:09:37: climate resilience?

00:09:38 --> 00:09:41: This is the way we have started to reposition the

00:09:41 --> 00:09:45: thinking on our developments. So we have discussions even

00:09:46 --> 00:09:50: at

00:09:50 --> 00:09:53: the very, very beginning of land purchase discussing some of

00:09:53 --> 00:09:57: the risks that we could see in the next 1530,

00:09:57 --> 00:10:00: maybe even beyond that years. So we have taken, if

00:10:00 --> 00:10:04: any of you are familiar with TCF D, it's a

00:10:04 --> 00:10:08: reporting structure that that we utilize for climate change and

00:10:08 --> 00:10:12: they kind of have these two different categories of risks.

00:10:13 --> 00:10:16: That they are recognizing for buildings and that's transition

00:10:16 --> 00:10:20: risk

00:10:20 --> 00:10:24: and that's really thinking about what kind of risk does

00:10:24 --> 00:10:27: this property have when it comes to a decarbonizing

00:10:27 --> 00:10:30: economy,

00:10:30 --> 00:10:33: right. So think of it as building ordinances and requirements

00:10:33 --> 00:10:36: that may be in the future for these buildings.

00:10:36 --> 00:10:39: And then also physical risks. So this is kind of

00:10:39 --> 00:10:43: getting a little bit more into the, you know for

00:10:43 --> 00:10:46: us we're in South Florida, we have to think about

00:10:46 --> 00:10:49: hurricanes, right. What kind of cost is that going to

00:10:50 --> 00:10:52: be increasing, what about flooding, you know the location

00:10:53 --> 00:10:56: matters

00:10:56 --> 00:10:57: on all of these. So we start to have those

00:10:57 --> 00:11:01: discussions now very early in the development process and

00:11:01 --> 00:11:04: decide

00:11:05 --> 00:11:08: at that point if we're actually going to invest in

00:11:08 --> 00:11:11: any features that we think could lower some of those

00:11:11 --> 00:11:14: risk for either of those and.

00:11:14 --> 00:11:17: And we kind of see the heat discussions, right, as

00:11:17 --> 00:11:20: falling a little bit into both of these categories.

00:11:20 --> 00:11:23: So I mentioned we go for lead certification and hire

00:11:24 --> 00:11:26: for all of our buildings and we've been doing that

00:11:26 --> 00:11:30: for a long time. So it's integrated into how we

00:11:31 --> 00:11:34: do business. So we're trying to take advantage of the

00:11:35 --> 00:11:38: discussions of resilience by just adding them into this existing

00:11:39 --> 00:11:42: process we have about sustainability and how we do it.

00:11:43 --> 00:11:46: So for us, that's been easy because we look at

00:11:47 --> 00:11:50: heat resilience as part of our overall energy efficiency

00:11:51 --> 00:11:54: strategy.

00:11:55 --> 00:11:58: So I note in here that we do energy modeling

00:11:34 --> 00:11:38: early and often. It's very integrated into the design process

00:11:38 --> 00:11:41: because we are just like everyone else and we get

00:11:41 --> 00:11:46: very tempted during the value engineering process to take advantage

00:11:46 --> 00:11:50: of some of those savings opportunities, but with being long

00:11:50 --> 00:11:54: home the whole withholding our properties for such a long

00:11:54 --> 00:11:54: term and.

00:11:54 --> 00:11:55: Because we have.

00:11:55 --> 00:11:58: A lot of environmental goals and we're getting questions from

00:11:58 --> 00:12:01: our investors on it. It really makes us stop and

00:12:01 --> 00:12:02: think about, OK.

00:12:02 --> 00:12:05: If we change out those window values to get that

00:12:05 --> 00:12:08: savings, how is that going to impact the performance of

00:12:08 --> 00:12:10: the building? How is that going to impact if the

00:12:10 --> 00:12:14: power goes out in these buildings and that passive survivability

00:12:14 --> 00:12:17: for all of our residents? We know we're going to

00:12:17 --> 00:12:20: get some of those questions from our investors. And we

00:12:20 --> 00:12:23: need to really think about where we're going to keep

00:12:23 --> 00:12:26: our dollars, what's going to be smartest to invest in

00:12:26 --> 00:12:29: today so that when we exit this building is still

00:12:29 --> 00:12:31: going to be very valuable to the community.

00:12:32 --> 00:12:35: So for us, when it comes to heat resilience, I

00:12:35 --> 00:12:39: mentioned we really integrate that into how we're thinking about

00:12:39 --> 00:12:42: energy efficiency and the building envelope. So we spend a

00:12:42 --> 00:12:45: lot of time looking at the windows and and the

00:12:45 --> 00:12:48: values associated there. And it kind of depends on what

00:12:48 --> 00:12:51: climate we're in, how far we take that and push

00:12:51 --> 00:12:54: it. And we're still developing in that area and deciding

00:12:54 --> 00:12:58: are we going to implement actual standards in these spaces

00:12:58 --> 00:13:01: or the discussions that we're having, the energy models we're

00:13:01 --> 00:13:03: doing, are we kind of moving.

00:13:03 --> 00:13:07: Directionally in the right place, enough that this is going

00:13:07 --> 00:13:10: to be, we're going to have buildings that will perform

00:13:10 --> 00:13:13: in the near future. The other thing we've been able

00:13:13 --> 00:13:17: to do to continue these discussions about ESG and resilience

00:13:17 --> 00:13:21: with our buildings is by actually having some governance structure.

00:13:21 --> 00:13:24: And I'll be honest, I didn't always see the value

00:13:25 --> 00:13:28: in steering committees and things like that. I'm like we

00:13:28 --> 00:13:31: have a role, we have a process, we can get

00:13:31 --> 00:13:33: this done, but I have to say when we.

00:13:33 --> 00:13:37: Put together an ESG steering committee and started to engage

00:13:37 --> 00:13:40: the right people at our organization. The buy in was

00:13:40 --> 00:13:44: different. Everyone now understands the importance of ESG because we

00:13:44 --> 00:13:46: got the right people at the table. We have our

00:13:46 --> 00:13:50: head of development, we have our head of constructions, we

00:13:50 --> 00:13:53: have head of acquisitions, we have legal and risk management.

00:13:53 --> 00:13:56: We have our sustainability team. We even have our HR

00:13:56 --> 00:13:59: team involved on that right because I mentioned people.

00:13:59 --> 00:14:00: Right, this is about.

00:14:00 --> 00:14:03: People as much as planet, so for us.

00:14:03 --> 00:14:04: That has really.

00:14:04 --> 00:14:07: Helped us on the development side, right, because then they

00:14:07 --> 00:14:10: get to hear kind of what's happening on the operations

00:14:10 --> 00:14:13: side and struggles and creates these communication change changes where

00:14:14 --> 00:14:16: we might not be hitting as high on the marks

00:14:16 --> 00:14:19: that we think we are on the sustainability side because

00:14:19 --> 00:14:21: we now have this communication chain.

00:14:22 --> 00:14:25: And I thought it was also for this group might

00:14:25 --> 00:14:28: be interesting to mention that we're also integrating these same

00:14:28 --> 00:14:33: conversations like what we're having on developments when we're acquiring

00:14:33 --> 00:14:36: buildings and we're doing that so that we know what

00:14:36 --> 00:14:38: we're getting into and if we need to allocate any

00:14:38 --> 00:14:41: CapEx for that, we will be kind of ahead on

00:14:41 --> 00:14:44: it. We also know that we're getting better and better

00:14:44 --> 00:14:47: questions from our investors on that. So we better do

00:14:47 --> 00:14:50: our homework so that we're not not unprepared.

00:14:52 --> 00:14:54: So here's you know I mentioned we're still kind of

00:14:54 --> 00:14:57: early in this. We're figuring exactly like what what levers

00:14:57 --> 00:15:00: to pull to make this happen. We know it's important.

00:15:00 --> 00:15:03: We know we're kind of starting to integrate this into

00:15:03 --> 00:15:07: our energy efficiency discussions and get our consultants involved internally.

00:15:07 --> 00:15:10: This is happening, but we still think we've got a

00:15:10 --> 00:15:12: lot of work to do and one of one of

00:15:12 --> 00:15:15: the areas we're trying to improve is our communication and

00:15:15 --> 00:15:18: reporting. You know I mentioned there was a big kind

00:15:18 --> 00:15:20: of knowledge gap happening in a lot of this.

00:15:21 --> 00:15:24: I can even think of when I've had internal discussions

00:15:24 --> 00:15:27: with people, when they've said something to me like, well,

00:15:27 --> 00:15:31: you're building resilience isn't the same as mine, right? I'm

00:15:31 --> 00:15:34: concerned about what we do in an emergency event. I'm

00:15:34 --> 00:15:34: not concerned.

00:15:35 --> 00:15:36: About climate change and I'm going.

00:15:36 --> 00:15:39: No, no, no. We are all talking about the same

00:15:39 --> 00:15:42: thing, right? Like we need to be having these conversations

00:15:42 --> 00:15:46: together. So we're still working on that both internally and

00:15:46 --> 00:15:50: externally. So to be transparent about how our buildings are

00:15:50 --> 00:15:51: performing as well.

00:15:51 --> 00:15:53: Is a big piece of that, right?

00:15:54 --> 00:15:56: We also are starting to share a little bit more

00:15:57 --> 00:16:00: on pilot projects between our different regions. If you

00:16:00 --> 00:16:03: remember

00:16:03 --> 00:16:06: on the map, we have you know properties in Seattle

00:16:06 --> 00:16:09: and California which have very different code requirements

00:16:09 --> 00:16:13: than what's

00:16:13 --> 00:16:16: kind of happening in Atlanta and South Florida. So we

00:16:16 --> 00:16:18: do a lot of information sharing between these different

00:16:18 --> 00:16:21: regions

00:16:21 --> 00:16:22: too to kind of understand what's happening, what may be

00:16:22 --> 00:16:26: coming and some of our other regions and then just

00:16:26 --> 00:16:28: improvements that we can implement related to these.

00:16:28 --> 00:16:29: Topics.

00:16:29 --> 00:16:32: Another I'll kind of skip down to Umm. I want

00:16:32 --> 00:16:36: to mention this integration of a resilience.

00:16:36 --> 00:16:40: Tool.

00:16:40 --> 00:16:44: So this is also new to us, not new to

00:16:44 --> 00:16:47: many of the real estate investment communities, but there's

00:16:47 --> 00:16:51: a

00:16:51 --> 00:16:53: lot of predictive analytics and reports. So either dashboards

00:16:53 --> 00:16:56: or

00:16:56 --> 00:16:59: you can do one time reports that are predicting, you

00:16:59 --> 00:17:02: know what the transition risk of a property will be

00:17:02 --> 00:17:06: over the next 15 years, what specifically physical risk, right,

00:17:06 --> 00:17:10: what can happen for that property.

00:17:10 --> 00:17:14: As well. And one of the biggest topics on that

00:17:14 --> 00:17:18: is heat resilience. And so it's just kind of been,

00:17:18 --> 00:17:22: I think, a harder topic because we're all used to

00:17:22 --> 00:17:26: talking about things like hurricanes, right? Florida's obvious,

00:17:26 --> 00:17:30: Florida's obvious.

00:17:06 --> 00:17:09: It's like, OK, we know that and we have some
00:17:09 --> 00:17:12: strategies for it. But gosh, what about our Dallas properties?
00:17:12 --> 00:17:15: What about our Austin properties? I mean, we can have
00:17:15 --> 00:17:18: some major damage to our properties if we have a
00:17:18 --> 00:17:21: power outage and we're not prepared for it with people
00:17:21 --> 00:17:23: living in our buildings, right like it.
00:17:23 --> 00:17:26: It's these big discussions that I think we're just now
00:17:26 --> 00:17:29: kind of figuring out, OK, how do we have some
00:17:29 --> 00:17:31: tools in place to also be able to help us
00:17:31 --> 00:17:34: rank that. So we're actually using a tool from MSCI
00:17:34 --> 00:17:37: that's doing a climate value at risk, still getting to
00:17:37 --> 00:17:40: know that it's very early in the past month for
00:17:40 --> 00:17:42: us. So excited to see how and if that gets
00:17:42 --> 00:17:46: formally integrated in a process, but it's something that we're
00:17:46 --> 00:17:46: looking at.
00:17:48 --> 00:17:51: And then we also do a ton of internal standards
00:17:51 --> 00:17:55: and we're actually looking at and considering do we have
00:17:55 --> 00:18:00: a performance benchmark internally for our properties to
meet. So
00:18:00 --> 00:18:03: we will see how all of that pans out. I've
00:18:03 --> 00:18:07: obviously got an ambitious workload ahead and a lot of
00:18:07 --> 00:18:11: people to pull in this direction, but that's kind of
00:18:11 --> 00:18:15: how we're starting to think about heat resilience in the
00:18:15 --> 00:18:18: context of ESG and and our overall strategy.
00:18:20 --> 00:18:24: So thank you so much for having me. Again, Kim
00:18:25 --> 00:18:29: Pexton from JBG Smith. For those of you who who
00:18:29 --> 00:18:33: don't know who GBG Smith is, we are a public
00:18:33 --> 00:18:38: REIT real estate investment trust and we are based in
00:18:38 --> 00:18:43: the Washington DC metro area. 100% of our footprint is
00:18:43 --> 00:18:49: there. Our portfolio is as of today 58 different buildings,
00:18:49 --> 00:18:50: which is about.
00:18:50 --> 00:18:55: 17 million give or take square feet across about half
00:18:55 --> 00:19:01: office and half multifamily, a little smidge of retail thrown
00:19:01 --> 00:19:06: in there. We also are a developer and our development
00:19:06 --> 00:19:12: pipeline includes about 18 million square feet. So once fully
00:19:12 --> 00:19:17: realized our our portfolio will will double. We are very
00:19:17 --> 00:19:21: blessed to be in an area where we are 98.
00:19:21 --> 00:19:25: Percent Metro served. So the subway system in DC is
00:19:25 --> 00:19:29: called metro and and again 98% of our holdings are
00:19:29 --> 00:19:34: actually served by Metro. So that's just a really great
00:19:34 --> 00:19:39: you know transportation story. If 50% of our holdings sit
00:19:39 --> 00:19:43: in an area called National Landing Show of Hands if

00:19:43 --> 00:19:48: any have any of you visited Washington DC know we're
00:19:48 --> 00:19:51: national landing heard of Crystal City.
00:19:51 --> 00:19:55: National landing is the is the newly is the newly
00:19:55 --> 00:19:59: branded Crystal City Potomac Yard and a little bit of
00:19:59 --> 00:20:03: of Alexandria in there. If you still really didn't know
00:20:03 --> 00:20:07: who who JBG Smith is, we've got this little thing
00:20:07 --> 00:20:11: going on in Arlington County which is Amazon's HQ two
00:20:11 --> 00:20:15: we are the merchant developer and exclusive developer for
00:20:15 --> 00:20:19: Amazon HQ Two what you're looking at on the screen
00:20:19 --> 00:20:22: here just to give you a little context.
00:20:22 --> 00:20:27: Of where we're at you're you're seeing Reagan national
00:20:27 --> 00:20:32: airports
00:20:32 --> 00:20:36: and national landing is about four mile stretch end to
00:20:36 --> 00:20:41: end with a square footage and density about the same
00:20:41 --> 00:20:45: as Austin TX central business district. Again just to give
00:20:45 --> 00:20:49: you some scale there the yellow buildings that you see
00:20:49 --> 00:20:52: in this picture are attributed to to Amazon part of
00:20:52 --> 00:20:57: their new HQ two and also leased.
00:20:57 --> 00:21:00: Space. And then on the other end, you'll see Virginia
00:21:00 --> 00:21:04: Tech's innovation campus.
00:21:04 --> 00:21:09: So again, just giving giving some context there.
00:21:09 --> 00:21:15: We have an incredible opportunity to not just be able
00:21:15 --> 00:21:19: to influence the development and redevelopment of vertical
00:21:19 --> 00:21:24: structures, but
00:21:24 --> 00:21:27: we actually also own much of the horizontal development
00:21:27 --> 00:21:30: and
00:21:30 --> 00:21:35: national landing, which presents an amazing opportunity to
00:21:35 --> 00:21:39: really.
00:21:39 --> 00:21:44: Please make in a way that will be unmatched from
00:21:44 --> 00:21:49: anywhere in the country. A few of those highlights for
00:21:49 --> 00:21:53: folks is, is the pedestrian bridge that we're actually building
00:21:53 --> 00:21:56: to connect folks from the National Landing neighborhood
00:21:56 --> 00:22:00: directly to
00:22:00 --> 00:22:04: the airport. There's only one place in the entire world
00:22:04 --> 00:22:08: that has that kind of connectivity from a community to
00:22:08 --> 00:22:11: an airport, so it's certainly something that.
00:22:11 --> 00:22:16: Burlington County is very excited about and of course we're
00:22:16 --> 00:22:20: excited about too. It really enhances what we think about
as like that 20 minute city and really being able
to kind of bring that added layer of not just
you know, cars, bikes, that intermodal experience and public
transportation,
but actually linking people to literally anywhere in the world.

00:22:22 --> 00:22:26: Another really interesting piece because we own so much of
00:22:27 --> 00:22:33: the horizontal development, we're actually developing the 1st
5G capable

00:22:33 --> 00:22:37: Smart city in the country. This is certainly something that
00:22:38 --> 00:22:44: wouldn't have been made possible without owning that
horizontal development

00:22:44 --> 00:22:48: and we really with partners such as AT&T, we are
00:22:48 --> 00:22:51: really seeing this as the opportunity to.
00:22:51 --> 00:22:55: To build and really think about connectivity as like the
00:22:55 --> 00:23:00: next utility, you wouldn't build buildings without water and
power

00:23:00 --> 00:23:05: you, you wouldn't build buildings any longer without that
connectivity

00:23:05 --> 00:23:10: capability. And with with that connectivity capability is where
we

00:23:10 --> 00:23:14: see being able to impact Community resilience, building
resilience and

00:23:15 --> 00:23:19: sustainability at a scale that really quite frankly at this
00:23:19 --> 00:23:21: juncture we haven't even imagined yet.
00:23:22 --> 00:23:26: We're you know we're laying that foundation and that
groundwork

00:23:26 --> 00:23:29: for for for people to engage in smart homes like
00:23:29 --> 00:23:33: they they never have before to really experience this. You
00:23:33 --> 00:23:37: know boots on the ground and the places that they
00:23:37 --> 00:23:40: live work and play that connectivity. How to be more
00:23:40 --> 00:23:45: efficient with our natural resources with with smart grids,
smart

00:23:45 --> 00:23:45: lighting.

00:23:47 --> 00:23:52: Use of of materials, waste management, connectivity and
and also

00:23:52 --> 00:23:56: looking at how can we connect the community in times
00:23:56 --> 00:24:00: of of climate related or or other disasters that would
00:24:00 --> 00:24:04: provide places of respite and people and places where
people

00:24:04 --> 00:24:08: can go and have sort of that backup communication and
00:24:08 --> 00:24:09: connectivity.

00:24:10 --> 00:24:14: So just pausing there for a second, that's a lot
00:24:14 --> 00:24:17: of you know sort of background and and build up
00:24:17 --> 00:24:20: if you will to really talk about from a case
00:24:20 --> 00:24:24: study perspective how we're looking at heat resilience kind of
00:24:25 --> 00:24:28: boots on the ground in very specific ways in this
00:24:28 --> 00:24:32: community and across to other areas of our portfolio. I
00:24:32 --> 00:24:36: think first and foremost you know we look at sustainability
00:24:36 --> 00:24:40: as the frontline for resilience everything that we're doing.

00:24:40 --> 00:24:43: Everything that we have in our skill set, in our
00:24:44 --> 00:24:48: toolbox that is addressing sustainability really works for a
building
00:24:48 --> 00:24:52: in a community to be more resilient. When you're reducing
00:24:52 --> 00:24:56: the amount of energy that you're using, you're reducing the
00:24:56 --> 00:25:00: amount of water that you're using. You're you're reducing
stress
00:25:00 --> 00:25:03: overall on the demand and what has to be supplied
00:25:03 --> 00:25:06: to to the people. So I want to, I want
00:25:06 --> 00:25:08: to say that very specifically.
00:25:09 --> 00:25:12: So the next few slides we're going to look at
00:25:12 --> 00:25:16: some at some case studies. We're going to start at
00:25:16 --> 00:25:20: a larger scale and look at some nature based solutions
00:25:20 --> 00:25:23: and then look at some very specific kind of technology
00:25:24 --> 00:25:28: based related things that were actually doing as we're
creating
00:25:28 --> 00:25:32: this you know 5G community and our sustainability and
resilience
00:25:33 --> 00:25:37: sort of overlay with that. So our horizontal development from
00:25:37 --> 00:25:39: a nature base standpoint focuses.
00:25:39 --> 00:25:43: On on green space and and really you know if
00:25:44 --> 00:25:49: you if you've visited this particular area of the city
00:25:49 --> 00:25:50: and not like other.
00:25:51 --> 00:25:56: Cities, you know, there's there's a lot of concrete. So
00:25:56 --> 00:26:02: we're actually intentionally addressing heat stress and heat
island by
00:26:02 --> 00:26:08: developing 15 different parks and also bringing Richmond
Highway, which
00:26:08 --> 00:26:12: is better known as route one from an elevated roadway
00:26:13 --> 00:26:17: or freeway down to St. Level where we're where it
00:26:17 --> 00:26:21: will be more of a Blvd. situation, it will will
00:26:21 --> 00:26:22: have trees.
00:26:22 --> 00:26:25: Planted provide a lot more shade, etcetera and so forth.
00:26:27 --> 00:26:31: With this we're removing 580 some 1000 square feet of
00:26:31 --> 00:26:38: concrete and and planting back with regenerative
approaches that bring
00:26:38 --> 00:26:43: back biodiversity with over 104 different species of of local
00:26:43 --> 00:26:49: and native planting as well as those that attract pollinators
00:26:49 --> 00:26:54: etcetera and so forth. This benefit to the Community brings
00:26:54 --> 00:26:57: more green space and park space.
00:26:57 --> 00:27:03: Which benefits people's people's health and Wellness and
and well-being
00:27:03 --> 00:27:07: and also connects to the other parks that sit just
00:27:07 --> 00:27:12: outside of national landing and then also connect to access

00:27:12 --> 00:27:16: to downtown DC and being able to enjoy what DC
00:27:16 --> 00:27:20: has to, has to offer. Imagine just, you know, sort
00:27:20 --> 00:27:25: of thinking about this, removing that much square footage of
00:27:25 --> 00:27:27: concrete and replacing that.
00:27:28 --> 00:27:32: With plantings and shade et cetera and so forth, we're
00:27:32 --> 00:27:36: just at that stage that, you know, really trying to
00:27:36 --> 00:27:40: understand what kind of what kind of dividends from a
00:27:40 --> 00:27:45: heat island effect reduction are actually associated with this
particular
00:27:45 --> 00:27:49: move. So we're excited to see this all come to
00:27:49 --> 00:27:50: you fruition.
00:27:52 --> 00:27:55: Again as we sort of you know kind of start
00:27:55 --> 00:27:58: to scale down or you know you be very specific
00:27:58 --> 00:28:04: about technologies. So our horizontal developments focusing
again on on
00:28:04 --> 00:28:07: heat island effect, we have piloted a different.
00:28:09 --> 00:28:15: Cool seal and other pavement coatings such as cool seal
00:28:15 --> 00:28:21: to really understand how how that particular product at scale
00:28:21 --> 00:28:27: could again achieve huge dividends with respect to reducing the
00:28:27 --> 00:28:34: heat island effect. In this particular application, we piloted
deploying
00:28:34 --> 00:28:39: about 600 gallons of cool seal on some parking.
00:28:39 --> 00:28:43: Structures as well as some sidewalks and surface parking to
00:28:43 --> 00:28:47: to really understand, you know basically to prove the, the
00:28:47 --> 00:28:51: technology out, you know all the claims that you see
00:28:51 --> 00:28:54: in the wordsmithing of of a brochure is that really,
00:28:55 --> 00:28:58: is that really what you're going to get? So we
00:28:58 --> 00:29:01: installed this in 2018 and a year later.
00:29:02 --> 00:29:06: Went back and actually did some heat analysis studies to
00:29:06 --> 00:29:11: reveal that even a year later after that application, we
00:29:11 --> 00:29:16: were still experiencing anywhere between a reduction of 10
and
00:29:16 --> 00:29:21: 12 degrees surface temperature reduction compared to the
the controls.
00:29:21 --> 00:29:26: Again, imagine getting those kinds of results and then
deploying
00:29:26 --> 00:29:31: them at scale with the local jurisdiction and the city
00:29:31 --> 00:29:33: again is just another layer of that.
00:29:33 --> 00:29:38: That heat island effects and and working to deploy various
00:29:38 --> 00:29:43: strategies that that address heat stress in a community and
00:29:43 --> 00:29:44: a neighborhood.
00:29:46 --> 00:29:50: So um, moving and shifting a little bit to the
00:29:50 --> 00:29:55: building level here, our new developments really focus on

00:29:55 --> 00:29:59: window
 00:29:59 --> 00:30:03: to wall ratio. I'm probably going to say Windows a
 00:30:03 --> 00:30:07: lot in the next in the next two slides. But
 00:30:08 --> 00:30:12: the thing and actually what I should have done here
 00:30:12 --> 00:30:16: was was shown a couple of developments that had already
 00:30:16 --> 00:30:20: gone through the county approval process.
 00:30:20 --> 00:30:23: Prior to actually really working to focus on window to
 00:30:23 --> 00:30:27: wall ratio and put those next to each other to
 00:30:27 --> 00:30:32: really to really sort of visualize the the impact. But
 00:30:32 --> 00:30:36: what you're looking at here are are two multifamily
 00:30:36 --> 00:30:40: development
 00:30:40 --> 00:30:42: projects in Arlington County. Obviously one is more of a
 00:30:42 --> 00:30:44: a high rise you know or mid rise situation and
 00:30:45 --> 00:30:50: the other is more of a four over two 5
 00:30:50 --> 00:30:54: / 2 kind of configuration.
 00:30:54 --> 00:30:56: But in conjunction with the development team, what we have
 00:30:56 --> 00:31:01: been able to sort of challenge the architects or our
 00:31:01 --> 00:31:08: partner architects on is.
 00:31:08 --> 00:31:11: How close to the given window to wall ratio of
 00:31:11 --> 00:31:14: 40% that is identified in in many minimum energy
 00:31:14 --> 00:31:17: performance
 00:31:17 --> 00:31:19: standards? What does that look?
 00:31:19 --> 00:31:22: Like.
 00:31:22 --> 00:31:25: You know I'm like if if you were to build
 00:31:25 --> 00:31:27: in your mind without seeing pictures of course it's you
 00:31:27 --> 00:31:30: know what do you what do you think of 40%
 00:31:30 --> 00:31:34: window to wall ratio looks like well you know certainly
 00:31:34 --> 00:31:38: had one of my team members actually come to me
 00:31:38 --> 00:31:42: and say OK great well we'll do this 40%.
 00:31:42 --> 00:31:47: Under the wall ratio. But you know what are we
 00:31:47 --> 00:31:52: gonna do we're gonna break up the whole building and
 00:31:52 --> 00:31:55: just have pin holes and I'm like that's really extreme
 00:31:55 --> 00:31:57: so it's not quite that but but also full 100%
 00:31:57 --> 00:32:02: glass isn't the solution either arguably you know passive
 00:32:02 --> 00:32:08: survival
 00:32:08 --> 00:32:13: passive survivability in those particular situations and and
 00:32:13 --> 00:32:17: and also
 00:32:17 --> 00:32:20: to glare is it really good views etcetera and so
 00:32:20 --> 00:32:23: forth it's that's not.
 00:32:23 --> 00:32:26: Not necessarily the iteration or the the reality that that
 00:32:26 --> 00:32:29: people really want to experience. So both of these particular
 00:32:29 --> 00:32:32: buildings and we focused very heavily on staying very close
 00:32:32 --> 00:32:35: to that forty. I think the higher rise, the high

00:32:17 --> 00:32:21: rise is actually at more of a 41% window to
00:32:21 --> 00:32:25: wall ratio. But part of the win on this was
00:32:25 --> 00:32:27: building up the education.
00:32:27 --> 00:32:31: In our development teams to really understand that you can
00:32:32 --> 00:32:35: come up with a beautiful solution from a window to
00:32:35 --> 00:32:40: wall ratio perspective, have it be an attractive building, one
00:32:40 --> 00:32:44: that is saleable, one that is rentable that that residents
00:32:44 --> 00:32:48: would would want to be in and and still remain
00:32:48 --> 00:32:51: very close to that window to wall ratio.
00:32:52 --> 00:32:55: I will stress that in that exploration and looking at
00:32:55 --> 00:32:59: that, we look very specifically at the window to wall
00:32:59 --> 00:33:02: wall ratio in the concept that's as soon as soon
00:33:02 --> 00:33:06: as an architect is working on the massing, we are
00:33:06 --> 00:33:09: sure to communicate to those teams that this is what
00:33:09 --> 00:33:11: our expectation is.
00:33:11 --> 00:33:15: And and from there we're also using as Aaron had
00:33:15 --> 00:33:21: mentioned with energy modeling. We're following energy
00:33:21 --> 00:33:25: modeling from the
00:33:26 --> 00:33:31: time that massing is set. We ensure that our energy
00:33:31 --> 00:33:35: modeling partner is also building their energy model that
00:33:35 --> 00:33:38: base
00:33:39 --> 00:33:42: so that we can iterate through schematic design 50% D,
00:33:42 --> 00:33:45: 100% D, 50% CD's all the way through to a
00:33:46 --> 00:33:47: construction set of documents to ensure that.
00:33:49 --> 00:33:54: We're we're meeting specific objectives.
00:33:54 --> 00:33:58: Umm.
00:33:58 --> 00:34:03: Moving on to existing buildings, again did I say Windows.
00:34:03 --> 00:34:08: So in the process of of really understanding you know
00:34:08 --> 00:34:13: the impact that Windows have on operations because we
00:34:13 --> 00:34:18: have
00:34:18 --> 00:34:21: you know we have somewhere in the neighborhood of 45
00:34:21 --> 00:34:26: different buildings, office buildings that that we operate, we
00:34:26 --> 00:34:29: do
00:34:29 --> 00:34:34: do technical studies with energy audits etcetera.
00:34:34 --> 00:34:37: And so forth. And those energy auditors will come to
00:34:37 --> 00:34:41: us with a menu of items that that identify opportunities
00:34:41 --> 00:34:45: for us to reduce heat gain in the building and
00:34:45 --> 00:34:48: ultimately reduce our our energy consumption time and time
00:34:48 --> 00:34:51: again.
00:34:51 --> 00:34:54: What we found that was one of the number one
00:34:54 --> 00:34:57: items on the list actually even before you get into
00:34:57 --> 00:35:00: LED lighting for for a building is actually window film
00:35:00 --> 00:35:03: that's the number one suggestion that.

00:34:48 --> 00:34:53: We always would receive for our existing, our existing buildings.

00:34:53 --> 00:34:56: But what happens when you start to have a conversation

00:34:56 --> 00:35:00: with the leasing team about window film, they don't like

00:35:00 --> 00:35:04: it so much. So because of the look, you know

00:35:04 --> 00:35:07: a lot of times these window films you know come

00:35:07 --> 00:35:10: with a color of some sort. The belief is that

00:35:10 --> 00:35:14: it reduces the the, the visibility and just the the

00:35:14 --> 00:35:18: overall look of the building from the exterior is not

00:35:18 --> 00:35:18: desirable.

00:35:18 --> 00:35:23: From from a leasing team perspective, so we had actually

00:35:24 --> 00:35:29: been approached with a particular product that has been

00:35:29 --> 00:35:33: used

00:35:29 --> 00:35:33: for years and years on windshields in cars in Japan.

00:35:34 --> 00:35:40: And this particular company was working with painting subcut specialty

00:35:40 --> 00:35:46: contractors to become certified installers of this particular product which

00:35:47 --> 00:35:49: is developed by nanotech.

00:35:49 --> 00:35:53: It's called it's now called drywall wired. It was called

00:35:53 --> 00:35:57: something different a handful of years ago. But the beauty

00:35:57 --> 00:36:01: of this particular product is that it acts exactly like

00:36:01 --> 00:36:05: window film. You apply it like a paint, rolling it

00:36:05 --> 00:36:08: on to you have to prep the window and whatnot

00:36:08 --> 00:36:11: and you roll it on and it dries clear and

00:36:11 --> 00:36:15: it has all of the same properties with respect to

00:36:15 --> 00:36:19: reducing solar heat gain, infrared, etcetera and so forth.

00:36:19 --> 00:36:23: Um, we were able to to work with a local

00:36:23 --> 00:36:27: contractor to install and do a couple of pilots and

00:36:28 --> 00:36:33: then do very specific scientific readings on the before and

00:36:33 --> 00:36:37: after. So some of some of what you're seeing here

00:36:38 --> 00:36:42: for 1901, if you can see that Bell St. which

00:36:42 --> 00:36:46: is the building on on the left hand side, you're

00:36:46 --> 00:36:49: seeing some numbers in BTU's.

00:36:49 --> 00:36:53: Um, for the coded and uncoded. Uh yes, a little

00:36:53 --> 00:36:59: bit staggering that this building still has some areas where

00:36:59 --> 00:37:03: it's single pane. Yikes. But the the readings we you

00:37:03 --> 00:37:08: see a significant drop in BTU's from the coding on

00:37:08 --> 00:37:13: that building. The building on the right hand side which

00:37:13 --> 00:37:17: is 2451 Crystal Dr. also you can see that significant

00:37:17 --> 00:37:19: drop in in BTU's from.

00:37:20 --> 00:37:22: From the uncoded to the to the coded.

00:37:23 --> 00:37:29: Um, ultimately bottom line, um, having our engineering staff

on

00:37:29 --> 00:37:34: vault involved and our asset managers have brought this particular

00:37:34 --> 00:37:39: solution to a place where it is being integrated as

00:37:39 --> 00:37:44: part of our energy efficiency projects into into CapEx and

00:37:44 --> 00:37:49: is our number one strategy against heat stress that we're

00:37:49 --> 00:37:53: deploying across our existing office portfolio for the.

00:37:54 --> 00:37:58: Sort of engineers in the room and those folks who

00:37:58 --> 00:38:02: are very close to energy modeling. We we did model

00:38:02 --> 00:38:08: the performance of this particular this particular product and found

00:38:08 --> 00:38:12: that that a reduction of an EI of three which

00:38:12 --> 00:38:17: is amazing because there really are not many strategies that

00:38:17 --> 00:38:21: reduce. You know there are a lot of increments of

00:38:21 --> 00:38:24: of UI that you can achieve by.

00:38:24 --> 00:38:29: By deploying various moves, but to see one that actually

00:38:29 --> 00:38:32: reduces UI by three is is pretty incredible.

00:38:34 --> 00:38:38: So I I think in closing with respect to to

00:38:38 --> 00:38:42: all of this, again just stressing that JBG Smith, we

00:38:42 --> 00:38:48: really see that our sustainability efforts are the frontline when

00:38:48 --> 00:38:53: it comes to creating resilient buildings and we focus very

00:38:54 --> 00:38:59: specifically and are very intentional about heat stress in in

00:38:59 --> 00:39:03: our region and the ways that we can at scale

00:39:03 --> 00:39:04: deploy.

00:39:04 --> 00:39:09: Very specific solutions that are that are simple but certainly

00:39:09 --> 00:39:13: meaningful, not just for ourselves and our portfolio, but for

00:39:13 --> 00:39:18: the experience of anybody in this particular neighborhood.

00:39:27 --> 00:39:30: Well, everyone's getting situated here. Thank you both for.

00:39:31 --> 00:39:34: Explaining how you're thinking about heat resiliency and how you're

00:39:34 --> 00:39:38: working through existing buildings and new buildings through your portfolio.

00:39:38 --> 00:39:41: I think we have a few minutes for questions and

00:39:41 --> 00:39:43: we have some questions for you all, but does anyone

00:39:43 --> 00:39:45: in the audience have a burning question?

00:39:45 --> 00:39:49: Have you had to, you know, change the type of

00:39:49 --> 00:39:52: investors that you bring to the table? Like do you

00:39:52 --> 00:39:56: have to, are they coming along with you kind of

00:39:56 --> 00:40:00: in this journey of like sustainability or have you had

00:40:00 --> 00:40:02: to go out and find new?

00:40:02 --> 00:40:06: Investors that that care about that part of the business,

00:40:06 --> 00:40:10: I'm happy to to start Aaron, we actually I mean

00:40:10 --> 00:40:14: our investors at this juncture are are asking for this

00:40:14 --> 00:40:18: and what what our plans are and how that manifests
00:40:18 --> 00:40:23: itself is. If you if you recall from Aaron's presentation
00:40:23 --> 00:40:26: she had she had a big graph, scatter graph.
00:40:26 --> 00:40:28: With and spoke of.
00:40:28 --> 00:40:32: Of the survey for a materiality assessment.
00:40:32 --> 00:40:36: Of what, what ends up happening is that an investor
00:40:36 --> 00:40:40: is asking us for if we're familiar and we understand
00:40:40 --> 00:40:44: our climate change risks. So as part of that it
00:40:44 --> 00:40:48: is our obligation then to do an assessment across our
00:40:49 --> 00:40:55: entire portfolio to really understand our transitional physical
and financial
00:40:55 --> 00:40:59: risk. Those are things that we've done to help us,
00:40:59 --> 00:41:02: you know kind of prioritize and and focus.
00:41:02 --> 00:41:07: Our our efforts, our GVG Smiths are our number one
00:41:07 --> 00:41:09: hazard is actually heat stress.
00:41:10 --> 00:41:14: In our location. So that's why it's been you know
00:41:14 --> 00:41:18: such a an easy sort of integration there. So we
00:41:18 --> 00:41:22: were a public company. We had pretty much the same
00:41:23 --> 00:41:27: investors since the time that we went public. GBG Smith
00:41:27 --> 00:41:31: on paper is only five years old. We were the
00:41:31 --> 00:41:34: result of a spin merge back in 2017.
00:41:35 --> 00:41:39: And so we have the same investors we we do
00:41:39 --> 00:41:44: see that there is attraction in new capital markets with
00:41:44 --> 00:41:48: respect to the things that we're doing where people are
00:41:48 --> 00:41:53: paying attention and wanting to invest in JBG Smith. So
00:41:53 --> 00:41:57: it's sometimes it's hard to you know to kind of
00:41:57 --> 00:42:01: pull the two pools apart if you will, you know
00:42:01 --> 00:42:06: those investors who care about you know, ESG or not.
00:42:06 --> 00:42:09: Because at this juncture, what we're finding is that we
00:42:09 --> 00:42:12: don't have any of our investors who are not focused
00:42:12 --> 00:42:14: on this topic at the moment.
00:42:15 --> 00:42:19: There, in addition to asking us about our strategy, they're
00:42:19 --> 00:42:22: also saying, by the way, can you also report on
00:42:22 --> 00:42:26: all of your properties. So on an annual basis, we
00:42:26 --> 00:42:30: provide greenhouse gas for every property. We provide
energy use
00:42:30 --> 00:42:34: for every property, water and even waste is included in
00:42:34 --> 00:42:38: that. So those are all a huge amount of information
00:42:38 --> 00:42:42: to give them and we certainly don't want our properties
00:42:42 --> 00:42:44: to be on the top of any of those lists
00:42:44 --> 00:42:45: and.
00:42:45 --> 00:42:46: We get questions if they do.

00:42:46 --> 00:42:49: Fall on those lists. So I'm not going to say
00:42:49 --> 00:42:52: they're pushing us, but they are one of the biggest
00:42:52 --> 00:42:53: drivers for us.
00:42:54 --> 00:42:58: I would say investors specifically, they do have their own
00:42:58 --> 00:43:02: checklists if you will, when they're, you know, advising their
00:43:02 --> 00:43:05: clients on what companies to invest in or if they're,
00:43:05 --> 00:43:09: you know, developing an ETF or or another product,
investment
00:43:09 --> 00:43:12: product and they specifically have those items on their list
00:43:13 --> 00:43:15: where they're kind of checking the box.
00:43:15 --> 00:43:19: Does this particular organization, you know, have a carbon
neutrality
00:43:19 --> 00:43:23: plan or a net zero plan, etcetera and so forth?
00:43:25 --> 00:43:28: So it's interesting to hear from the investor side. We
00:43:28 --> 00:43:31: look a lot too at what government or policy might
00:43:31 --> 00:43:34: be enforcing, especially as you work in the DC area,
00:43:34 --> 00:43:37: which is very green and you work in many West
00:43:37 --> 00:43:40: Coast places that are very green and Austin that's very
00:43:40 --> 00:43:43: green. So are you feeling a little bit more of
00:43:43 --> 00:43:46: the push and pull from the investors than sort of
00:43:46 --> 00:43:48: the government or policy or ordinance or or sort of
00:43:49 --> 00:43:51: depends where where you're located?
00:43:52 --> 00:43:55: Probably it it depends, right? But.
00:43:55 --> 00:43:58: We we see both of those forces right as a
00:43:58 --> 00:44:02: reason to start tackling this and we actually have tried
00:44:02 --> 00:44:07: to figure out ways to engage with the local government
00:44:07 --> 00:44:10: in the cities we're in because we often just don't
00:44:11 --> 00:44:14: feel like multifamily has has often has as big of
00:44:14 --> 00:44:19: a presence in these conversations as maybe like the office
00:44:19 --> 00:44:23: developers. So we we tried as much as they will
00:44:23 --> 00:44:26: talk to us you know to to engage on that.
00:44:26 --> 00:44:29: Level. So kind of having that information share, having the
00:44:29 --> 00:44:33: information share with our investors has kind of helped
develop
00:44:33 --> 00:44:34: this strategy.
00:44:36 --> 00:44:39: I'm gonna flip that question a little bit on its
00:44:39 --> 00:44:42: other side and say, is there anything that's happening in
00:44:42 --> 00:44:45: any of the markets that you're working in from a
00:44:45 --> 00:44:48: local government perspective that you feel serves as perhaps
a
00:44:49 --> 00:44:52: disincentive or makes it more challenging to try to build
00:44:52 --> 00:44:54: for heat resilience? Yes, I'm excited. OK.
00:44:56 --> 00:44:59: So I know that this is going to sound critical

00:44:59 --> 00:45:02: and if anybody shares this with the City of Denver,

00:45:02 --> 00:45:05: I will be very upset. No, I'm I they have

00:45:05 --> 00:45:07: a fantastic plan in place. But as a developer in

00:45:08 --> 00:45:12: a market where Colorado has state regulations around sustainability, Denver

00:45:12 --> 00:45:16: has regulations around it and they are pushing for electrification

00:45:16 --> 00:45:19: in a market that, you know, there's a lot of

00:45:19 --> 00:45:22: heating needs on. And we've always done natural gas and

00:45:22 --> 00:45:26: we've done that because otherwise it's expensive and we use

00:45:26 --> 00:45:26: more energy.

00:45:27 --> 00:45:30: Right. If we do all these things, we're also being

00:45:30 --> 00:45:33: pushed to install level 2 EV chargers at a very

00:45:33 --> 00:45:38: high percentage. That's new. We also now have building performance

00:45:38 --> 00:45:42: standards where they are saying for multifamily buildings, you cannot

00:45:43 --> 00:45:46: exceed by 2030 the specific site, EI. So we're like

00:45:46 --> 00:45:50: cool. So just to get this straight, you're going to

00:45:50 --> 00:45:53: take natural gas away from us and we have to

00:45:53 --> 00:45:56: add electricity for all of the EB stations and then

00:45:56 --> 00:45:58: we have to lower our.

00:45:58 --> 00:45:59: Electric use as well.

00:46:00 --> 00:46:03: Right. That's not and and and we see the vision

00:46:03 --> 00:46:06: right we're we're like we get it and we want

00:46:06 --> 00:46:09: the EV stations too and we want that as and

00:46:09 --> 00:46:13: and we see the transition of electric happening as well

00:46:13 --> 00:46:17: right. And how that could truly lower our carbon footprint.

00:46:17 --> 00:46:20: But right now they're grids really dirty and so we're

00:46:20 --> 00:46:25: tracking our greenhouse gas footprint and saying but you making

00:46:25 --> 00:46:28: us do that is actually going to hurt our reporting.

00:46:28 --> 00:46:30: So it's just sort of.

00:46:30 --> 00:46:33: It's not that we're actually directionally not all going in

00:46:33 --> 00:46:37: the same like in the same direction. It's just kind

00:46:37 --> 00:46:39: of the pace of all of it happening. So I

00:46:39 --> 00:46:43: wouldn't exactly call that a disincentive. I think it's more.

00:46:43 --> 00:46:44: How do we?

00:46:44 --> 00:46:47: Navigate all of these pieces coming together when you know

00:46:47 --> 00:46:50: nobody has this figured out and nobody knows the exact

00:46:50 --> 00:46:53: transition. But here's where I'm going to say what I

00:46:53 --> 00:46:55: like about what's happening there for.

00:46:55 --> 00:46:57: Us, even though we're kind of like, Oh my gosh,

00:46:57 --> 00:46:59: how are we going to figure this out?

00:47:00 --> 00:47:03: What we're excited about though is they also the state

00:47:03 --> 00:47:07: of Colorado has regulations to transition the utility grid. So,

00:47:08 --> 00:47:09: so for us we're going.

00:47:09 --> 00:47:12: OK. All right. So we still got to figure out

00:47:12 --> 00:47:15: how to use less energy while adding electrical demand, right.

00:47:15 --> 00:47:17: That's still going to be a big challenge in this.

00:47:17 --> 00:47:20: But at least we know that the electric grid is

00:47:20 --> 00:47:23: going to be transitioning with us and you know, we

00:47:23 --> 00:47:25: kind of feel like that's, that's a fair fight where

00:47:25 --> 00:47:28: in some of our other cities they're wanting to transition

00:47:28 --> 00:47:30: to electric, but there is no plan.

00:47:30 --> 00:47:31: For the grid.

00:47:32 --> 00:47:35: So anyway, those are some of my developer and building

00:47:35 --> 00:47:36: owner.

00:47:36 --> 00:47:40: Beefs, I think you know, looking at the question from

00:47:40 --> 00:47:40: Erica.

00:47:41 --> 00:47:46: Your you know, DC is a really unique market. Arlington

00:47:46 --> 00:47:50: County was the the first county I believe in the

00:47:50 --> 00:47:55: country that actually started to use the lead green building

00:47:55 --> 00:48:00: rating system as an incentive for bonus density for

00:48:00 --> 00:48:04: developers.

00:48:00 --> 00:48:04: And that would you know that was the early beginnings

00:48:04 --> 00:48:09: of their green building incentive program journey and then just

00:48:09 --> 00:48:11: over the river in in DC.

00:48:11 --> 00:48:15: You have a very different situation where DC has been

00:48:15 --> 00:48:18: about mandates and laws, so you've got like the carrot

00:48:18 --> 00:48:22: and the stick happening sort of in the same geographical

00:48:22 --> 00:48:23: location.

00:48:23 --> 00:48:27: Regardless, all of this has been you know a great

00:48:27 --> 00:48:31: catalyst for transformational change in the real estate space.

00:48:31 --> 00:48:34: So

00:48:31 --> 00:48:34: you know kind of putting that aside I think that

00:48:34 --> 00:48:37: you know some of the the the challenges and and

00:48:38 --> 00:48:41: things like that that we see sort of you know

00:48:41 --> 00:48:44: kind of jumping off of what Aaron was was speaking

00:48:44 --> 00:48:48: to is that from a utility perspective not enough jurisdictions

00:48:48 --> 00:48:52: are actually having conversations with the utilities as part of

00:48:53 --> 00:48:53: this.

00:48:53 --> 00:48:57: Decarbonization and electrification mission.

00:48:57 --> 00:49:03: Um, if anybody has seen the news, DC recently had

00:49:03 --> 00:49:06: put out a ban on natural gas.

00:49:07 --> 00:49:12: In new developments starting in 2026 and literally an hour

00:49:12 --> 00:49:15: before the vote from DC Board it was it was

00:49:15 --> 00:49:21: shut down and that's specifically because Pepco who's the electricity

00:49:21 --> 00:49:25: operator actually came in and said time out we don't

00:49:25 --> 00:49:29: have the ability to satisfy this. So that's sort of

00:49:29 --> 00:49:33: you know the and and I think you know without

00:49:33 --> 00:49:38: having those equities at the table as you're discussing.

00:49:38 --> 00:49:42: These things, that's where the channel challenges or disincentivize nation,

00:49:43 --> 00:49:45: you know sort of comes comes in is like the

00:49:45 --> 00:49:49: lack of understanding of each other's equities. What people can

00:49:49 --> 00:49:54: do enacting or mandating something without really understanding the 2nd

00:49:54 --> 00:49:57: and 3rd order effects and the partners that you need

00:49:57 --> 00:50:00: to bring along the way in that discussion and being

00:50:01 --> 00:50:04: together growing your orders in the same direction for the

00:50:04 --> 00:50:07: plant because we all want this you know.

00:50:08 --> 00:50:11: And, you know, getting there, you know, certainly will have

00:50:11 --> 00:50:12: its challenges.

00:50:13 --> 00:50:16: You both talked about energy modeling and how you're using

00:50:16 --> 00:50:19: it as a tool. There are several people I know

00:50:19 --> 00:50:22: in the room very interested in maybe how we can

00:50:22 --> 00:50:25: support efforts of the owner of the developer with that

00:50:25 --> 00:50:28: using energy modeling. I'm curious to know also when you're

00:50:28 --> 00:50:32: doing your modeling through the design process, are you using

00:50:32 --> 00:50:35: that to look back then after the building's operating and

00:50:35 --> 00:50:37: doing some comparisons?

00:50:37 --> 00:50:38: Yeah.

00:50:38 --> 00:50:41: So sorry about this. Yeah.

00:50:42 --> 00:50:45: Um, so we, um, what we have done internally is

00:50:45 --> 00:50:50: actually use the energy modeling report to build education for

00:50:50 --> 00:50:55: our development teams to really understand what the heck they're

00:50:55 --> 00:50:59: looking at. Because the reality is that, you know, somebody

00:50:59 --> 00:51:03: slings the energy model report over the table and the

00:51:03 --> 00:51:08: development team is like, OK, great, that box is checked,

00:51:08 --> 00:51:11: right? So I was like, I'm like this is this

00:51:11 --> 00:51:13: isn't necessarily very useful.

00:51:13 --> 00:51:18: To anyone. So we worked with our energy modeling partners

00:51:18 --> 00:51:22: to actually develop a strategy to to illustrate within that

00:51:22 --> 00:51:26: model report you know just one roll up table and

00:51:26 --> 00:51:29: it's it's the table that you know looks at the

00:51:30 --> 00:51:34: base case, the design case and looks at energy costs.

00:51:34 --> 00:51:37: We we make sure that it's not just energy cost

00:51:37 --> 00:51:42: you know we're looking very specifically at consumption. So we

00:51:42 --> 00:51:44: have them to show both.

00:51:44 --> 00:51:48: The energy cost savings as well as the energy consumption

00:51:48 --> 00:51:52: savings, we also have our energy modelers take that information

00:51:52 --> 00:51:56: and feed it into the Energy Star portfolio manager target

00:51:56 --> 00:52:00: Finder tool to spit out that predicted performance. I think

00:52:01 --> 00:52:05: even going through that particular process was was really interesting

00:52:05 --> 00:52:09: for our development teams because it was clear that the

00:52:09 --> 00:52:10: assumption was.

00:52:11 --> 00:52:16: We're we're designing a lead building and we're we're beating

00:52:16 --> 00:52:20: the energy code by you know ten 1520% whatever it

00:52:20 --> 00:52:24: is but it's still not something on the operational end

00:52:24 --> 00:52:28: that would be close to being able to be certified

00:52:28 --> 00:52:32: as an Energy Star building with those score of 75

00:52:32 --> 00:52:33: or higher. So really.

00:52:33 --> 00:52:34: Kind of taking.

00:52:34 --> 00:52:37: Those key pieces like you, you don't necessarily need to

00:52:37 --> 00:52:41: know everything about building science, right? But if you if

00:52:41 --> 00:52:41: you.

00:52:41 --> 00:52:45: Kind of take that the key critical path items within

00:52:45 --> 00:52:49: that that that model and really utilize it and leverage

00:52:49 --> 00:52:53: it as a decision making tool that really has been

00:52:53 --> 00:52:58: you know it's been a wonderful discovery within our development

00:52:58 --> 00:53:03: teams and really using that throughout that design process to

00:53:03 --> 00:53:06: to iterate and get ever you know ever deeper energy

00:53:07 --> 00:53:11: savings. I love it. I've had you know development teams

00:53:11 --> 00:53:12: now making.

00:53:12 --> 00:53:16: Connections on well, hey, it's actually cheaper to put solar

00:53:16 --> 00:53:19: on the building than to to look at triple pane

00:53:19 --> 00:53:23: glazing on a building. Yeah, right. That's a great win.

00:53:23 --> 00:53:27: You know, and it's and it's fundamentally it's education and

00:53:27 --> 00:53:32: putting translating the information into something that's you know becomes

00:53:32 --> 00:53:33: a useful business tool.

00:53:34 --> 00:53:37: Yeah, I think just to piggyback one you, you can

00:53:37 --> 00:53:41: literally see some like aha moments with our development partners

00:53:41 --> 00:53:44: when they're like, oh, I can also use this in

00:53:44 --> 00:53:47: my decision making process, OK, can we run it with

00:53:47 --> 00:53:51: this scenario happening, with this scenario happening, right, because because

00:53:51 --> 00:53:54: I will certainly admit we were guilty of.

00:53:54 --> 00:53:58: Does it meet lead right in the early days and

00:53:58 --> 00:54:01: that was kind of good enough, right. So using that

00:54:01 --> 00:54:04: as a tool has just been a game changer. I'm

00:54:04 --> 00:54:08: still kind of getting some people on board with with

00:54:08 --> 00:54:12: that, but to the question of do we ever compare?

00:54:12 --> 00:54:12: It.

00:54:13 --> 00:54:16: We did that a couple of years ago and I

00:54:16 --> 00:54:20: realized who our good energy modelers are and who are

00:54:20 --> 00:54:23: not good energy modelers are. Yeah, I mean that was

00:54:23 --> 00:54:27: kind of interesting because I think it kind of pushed

00:54:27 --> 00:54:30: us to ask better questions of of our energy modelers

00:54:30 --> 00:54:34: and make sure that we're aligned that we are interested

00:54:34 --> 00:54:39: in understanding the actual performance versus just getting the points.

00:54:39 --> 00:54:42: I mean, we want the points to right because we

00:54:42 --> 00:54:43: want the certification.

00:54:43 --> 00:54:45: But like we need this to be a.

00:54:45 --> 00:54:46: Tool for us.

00:54:46 --> 00:54:50: Um, so. But yeah, they're not always right. As much

00:54:50 --> 00:54:52: as we lean on them as a tool, they can

00:54:52 --> 00:54:57: be corrupted. They can be, you know, intentionally, unintentionally or

00:54:57 --> 00:55:02: right. So having kind of that expectation from the beginning

00:55:02 --> 00:55:05: though with your team is is also important, right. So

00:55:05 --> 00:55:08: you guys are like, oh, you're not going to be

00:55:08 --> 00:55:09: one of those.

00:55:10 --> 00:55:13: This is fun, right? Like our design teams are interested

00:55:13 --> 00:55:14: then too, so.

00:55:14 --> 00:55:18: That's that's where we, you know, where it became important

00:55:18 --> 00:55:20: to use some kind of you know what what is

00:55:20 --> 00:55:24: the going predictor for operational energy consumption. That's why it

00:55:24 --> 00:55:27: became important to sort of take what was coming out

00:55:27 --> 00:55:30: of a predictive tool that doesn't include human behavior to

00:55:30 --> 00:55:33: you know, to try to translate it into something that

00:55:33 --> 00:55:36: could be a better predictor of, you know, of that

00:55:36 --> 00:55:40: operations. Because there is a difference. You're, you're you're never

00:55:40 --> 00:55:42: going to be able to make that.

00:55:42 --> 00:55:43: Digital twin.

00:55:43 --> 00:55:45: Before the building.

00:55:45 --> 00:55:46: The building actually is.

00:55:46 --> 00:55:48: Operating, yeah, exactly. Yeah.

00:55:49 --> 00:55:53: Just handling this elevated highway and turning it into a

00:55:53 --> 00:55:56: Blvd. And one, that's amazing. But two, I wanted to

00:55:56 --> 00:55:59: hear more about how on Earth you guys made that

00:55:59 --> 00:56:04: actually happen, what sort of like pushback or community support

00:56:04 --> 00:56:05: you received?

00:56:05 --> 00:56:10: Right, definitely this is something actually the nature based solutions

00:56:10 --> 00:56:14: that I talked about with respect to the parks and

00:56:14 --> 00:56:17: you know and and also looking at anything on that

00:56:17 --> 00:56:19: horizontal scale 100%.

00:56:19 --> 00:56:25: Is being done in conjunction with Arlington County with neighborhood

00:56:25 --> 00:56:30: support and and also with the National Landing Business district

00:56:30 --> 00:56:36: as well. So it's a very collaborative collaborative planning process

00:56:36 --> 00:56:41: etcetera and so forth. So ultimately we're we're partnering with

00:56:41 --> 00:56:46: Arlington County really on the dollars and the investment on

00:56:46 --> 00:56:49: that because it is so critical.

00:56:49 --> 00:56:53: To the sustainability and resilience of the community being able

00:56:53 --> 00:56:57: to sort of connect you know, cause that highway and

00:56:57 --> 00:57:00: it's you know, I call it a highway light because

00:57:00 --> 00:57:03: it's not like, you know, it's not like an Interstate,

00:57:03 --> 00:57:07: right. But it does have a very clear separation that

00:57:07 --> 00:57:11: runs, you know, down the middle of of national landing.

00:57:11 --> 00:57:14: So bringing that down to Blvd. Blvd. Grade will actually

00:57:14 --> 00:57:18: be safer in the community as they're, you know, crossing,

00:57:18 --> 00:57:19: crossing streets.

00:57:19 --> 00:57:23: And, you know, making it actually more more walkable. Does

00:57:23 --> 00:57:25: that answer your your question? Yeah.

00:57:28 --> 00:57:32: Um, so this is actually a great kind of transition

00:57:32 --> 00:57:36: and segue. So we've talked a lot about sustainability,

resilience,

00:57:36 --> 00:57:39: urban heat. It strikes me that equity is a huge

00:57:39 --> 00:57:42: part of this conversation as well. And so I was

00:57:42 --> 00:57:45: curious if either of you could comment on how equity

00:57:45 --> 00:57:49: is perhaps factored into our layered into development processes within

00:57:50 --> 00:57:52: within each of your organizations?

00:57:53 --> 00:57:58: So we actually we're we're a big believer in from

00:57:58 --> 00:58:04: a social value perspective of incorporating you know equity as

00:58:04 --> 00:58:10: part of our our placemaking strategy. So we very specifically

00:58:10 --> 00:58:16: look to local business, local minority businesses etcetera and so

00:58:16 --> 00:58:20: forth should be a part of the of that you

00:58:20 --> 00:58:23: know police making strategy of.

00:58:23 --> 00:58:26: You know that street level experience.

00:58:27 --> 00:58:31: Um, in addition to that, you know we are, you

00:58:31 --> 00:58:33: know we we ensure that that we're.

00:58:34 --> 00:58:39: Developing places of respite and including services for the underserved,

00:58:39 --> 00:58:43: if that makes sense. So, you know, at the same

00:58:43 --> 00:58:46: time that we may be having to put in a,

00:58:46 --> 00:58:50: you know, a grocery store, we're also putting in, you

00:58:50 --> 00:58:55: know, medical facilities and clinics and things like that that

00:58:55 --> 00:58:58: can, you know, help serve the public in, in a

00:58:58 --> 00:59:02: way that has not traditionally been present.

00:59:02 --> 00:59:03: So.

00:59:04 --> 00:59:07: Yeah. And I think 2 two things come to mind

00:59:07 --> 00:59:10: on that. One is the opportunities we have as a

00:59:10 --> 00:59:14: as a builder to just be building a healthier place

00:59:14 --> 00:59:17: for residents to live in. And then taking what we've

00:59:17 --> 00:59:21: been learning from the lead buildings, applying it on some

00:59:21 --> 00:59:24: of our non lead buildings and just getting that to

00:59:24 --> 00:59:28: be more of like an operational expectation has been has

00:59:28 --> 00:59:32: been something for us. And then we've also been trying

00:59:32 --> 00:59:33: to figure out.

00:59:33 --> 00:59:37: And you know the markets where there's a intention to

00:59:37 --> 00:59:41: transition to all electric. We have a lot of concerns

00:59:41 --> 00:59:45: about what that may look like for the utility bills

00:59:45 --> 00:59:49: for people and and kind of are trying to elevate

00:59:49 --> 00:59:52: that to be part of the discussion in all of

00:59:52 --> 00:59:56: this is like how how do we address that because

00:59:56 --> 01:00:00: we don't again, we don't want to be transferring that

01:00:00 --> 01:00:03: on on to the residents and and we do care.
 01:00:03 --> 01:00:06: About their bills, right, because even though, you know we
 01:00:06 --> 01:00:09: a lot of times talk about split incentives in the
 01:00:09 --> 01:00:12: building industry, but it really is kind of integrated in
 01:00:12 --> 01:00:15: the cost of living at our properties, right. That's how
 01:00:15 --> 01:00:19: the resident thinks about it. That's how they're going to
 01:00:19 --> 01:00:21: think about renting with us too. So this is just
 01:00:21 --> 01:00:24: another area you know, kind of in the social initiatives
 01:00:25 --> 01:00:27: that we we think about is so easily integrated and
 01:00:27 --> 01:00:30: directly connected with what we're doing.
 01:00:30 --> 01:00:33: Here there was definitely you know in looking at sort
 01:00:33 --> 01:00:33: of that.
 01:00:33 --> 01:00:37: That street level you know retail very large discussions with
 01:00:37 --> 01:00:41: respect to restaurant tours and electrification for restaurant
 tours and
 01:00:41 --> 01:00:46: what that means you know certainly technology is always
 developing
 01:00:46 --> 01:00:48: right. And so we're we're now at a stage where
 01:00:48 --> 01:00:53: there are commercial grade, there is commercial grade
 equipment that
 01:00:53 --> 01:00:56: induction cooking and things like that that that can actually
 01:00:56 --> 01:01:00: get the job done. There still are high premiums associated
 01:01:00 --> 01:01:03: with that and so to the point of you know
 01:01:03 --> 01:01:04: just inclusion.
 01:01:04 --> 01:01:07: There just are you know a local restaurant versus a
 01:01:07 --> 01:01:10: chain just is not going to be able to bear
 01:01:10 --> 01:01:13: that particular cost and so that's that's been a big.
 01:01:13 --> 01:01:15: Concern and ultimately.
 01:01:15 --> 01:01:19: Why DC you know had proposed this electrification which
 would
 01:01:19 --> 01:01:22: have impacted retail as well and you know, put the
 01:01:22 --> 01:01:26: kibosh on it, you know, stepped on the brakes on
 01:01:26 --> 01:01:29: that to to do more research and consideration on that
 01:01:29 --> 01:01:30: topic.
 01:01:32 --> 01:01:33: OK, we've got one more question.
 01:01:33 --> 01:01:34: Audience and then.
 01:01:35 --> 01:01:38: So I guess my question is like you all are
 01:01:38 --> 01:01:43: working in unique markets with you know clientele and
 investors
 01:01:43 --> 01:01:47: that have these certain, you know, higher standards. So do
 01:01:47 --> 01:01:51: you have any advice for developers and people in maybe
 01:01:51 --> 01:01:55: more rural areas or developing areas that don't have that
 01:01:55 --> 01:01:59: buy in. How would you go about getting that buy

01:01:59 --> 01:02:02: in because things cost more on the front end and
01:02:02 --> 01:02:05: obviously you're you know, residents and.
01:02:06 --> 01:02:11: Investors see the long-term benefits, So what would you recommend
01:02:11 --> 01:02:11: for?
01:02:12 --> 01:02:15: In an area where you may not have.
01:02:15 --> 01:02:19: That buy in on the front end to justify the
01:02:19 --> 01:02:23: upfront costs that have that longer ROI for resilience and
01:02:23 --> 01:02:24: those things.
01:02:26 --> 01:02:27: Yeah, I think.
01:02:27 --> 01:02:27: Um.
01:02:28 --> 01:02:32: Depending on our audience, you know, when we're having these
01:02:32 --> 01:02:35: discussions because as much as I sit up there and
01:02:35 --> 01:02:38: talk about it, we still have to, you know, get
01:02:38 --> 01:02:41: that buy in, right. Because some of the some of
01:02:41 --> 01:02:44: the teams that we are working with, they hear me
01:02:44 --> 01:02:47: say that, they hear our CEO talk about this, right.
01:02:47 --> 01:02:50: But they're also like at the end of the day,
01:02:50 --> 01:02:53: I know my job is to get this done. We're
01:02:53 --> 01:02:56: talking about on time, on budget, right, and have that
01:02:56 --> 01:02:59: incentive. Well, sometimes we kind of switch.
01:02:59 --> 01:03:04: That conversation to talk about quality and stop using words
01:03:04 --> 01:03:09: about sustainability because building a better product means it's more
01:03:09 --> 01:03:13: valuable and taking that spin on things and you know
01:03:13 --> 01:03:16: how you can then turn to sell the building or
01:03:17 --> 01:03:20: rent right at a higher rent, that perception, a lot
01:03:20 --> 01:03:25: of the sustainability features serve that purpose. So that's kind
01:03:26 --> 01:03:29: of been an angle that we have taken before.
01:03:29 --> 01:03:29: And.
01:03:29 --> 01:03:32: And there's truth to it too, right? We do believe
01:03:32 --> 01:03:35: that we're building better quality buildings and we're finding out
01:03:35 --> 01:03:37: that to be true. So it's been a better engagement
01:03:37 --> 01:03:39: point when we when we don't have that buy in
01:03:39 --> 01:03:40: that we had hoped.
01:03:40 --> 01:03:41: For.
01:03:42 --> 01:03:46: Yeah, I think it's, I think it's an interesting discussion.
01:03:46 --> 01:03:50: I mean we, we certainly, we don't necessarily develop in
01:03:50 --> 01:03:54: suburban you know or or rural locations, but I've been
01:03:54 --> 01:03:58: just a part of various groups specifically there was a

01:03:58 --> 01:04:02: Group A handful of years ago talking about the green
01:04:02 --> 01:04:03: New Deal.
01:04:04 --> 01:04:08: And and it brought together a lot of different stakeholders
01:04:08 --> 01:04:12: in the room of both real estate development folks who
01:04:12 --> 01:04:16: were very much in that urban environment and then you
01:04:17 --> 01:04:21: know those from rural communities. And it was, it was
01:04:21 --> 01:04:25: really interesting to sort of hear the the dynamics. I
01:04:25 --> 01:04:29: think when I think about that, I think it's always
01:04:29 --> 01:04:31: best to go back to basics.
01:04:32 --> 01:04:36: Conserving energy is always going to be a great business
01:04:36 --> 01:04:41: case and a business strategy no matter the economic climate
01:04:41 --> 01:04:44: situation et cetera. So so you know that that buy
01:04:44 --> 01:04:49: in to help people understand how that energy conservation
and
01:04:49 --> 01:04:54: really understanding you know the the simple technological
like things
01:04:54 --> 01:04:57: as simple as if you have to replace a particular
01:04:57 --> 01:05:02: system don't replace in kind really consider that higher
efficiency.
01:05:03 --> 01:05:06: Hear that? That may hold a premium for the efficiency,
01:05:06 --> 01:05:09: but you're already spending, you know, the money to replace
01:05:09 --> 01:05:10: the system.
01:05:11 --> 01:05:15: So it's it's like keeping that simple, you know we're
01:05:15 --> 01:05:19: talking about things here that arguably are are complex and
01:05:20 --> 01:05:24: have taken years of you know planning, engagement
etcetera and
01:05:24 --> 01:05:29: so forth. But maybe that's like my basketball speak coming
01:05:29 --> 01:05:29: in like.
01:05:30 --> 01:05:33: Stick to the, stick to the to the basics you
01:05:33 --> 01:05:33: know.
01:05:36 --> 01:05:40: Thank our speakers Aaron Hatcher and Kimberly Pexton and
our
01:05:40 --> 01:05:43: moderators Dr. Kendra Abkhaz and Erica weeks. And thanks
to
01:05:43 --> 01:05:47: you all for attending this Member roundtable hosted by the
01:05:47 --> 01:05:51: building Healthy Places Action Committee and underwritten
by the Kreski
01:05:51 --> 01:05:52: Foundation.

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