

# Webinar

## ULI Global Sustainability Outlook 2024

Date: January 10, 2024

00:00:21 --> 00:00:22: Welcome.

00:00:23 --> 00:00:24: I'll give a few minutes while people join us, then

00:00:24 --> 00:00:25: we'll get started.

00:00:33 --> 00:00:35: If you're just joining us, welcome.

00:00:35 --> 00:00:37: I'll get started in a few minutes here.

00:00:38 --> 00:00:39: We're waiting for folks to join us.

00:00:39 --> 00:00:42: I see the numbers jumping up, which is exciting.

00:00:54 --> 00:00:55: Hi and welcome.

00:00:55 --> 00:00:58: It's two after the hour, so we're going to get

00:00:58 --> 00:00:59: started.

00:01:00 --> 00:01:05: Welcome to today's webinar on the newest ULI publication,  
 ULI

00:01:05 --> 00:01:08: Global Sustainability Outlook 2024.

00:01:08 --> 00:01:11: In partnership with Ferguson Partners, we are so happy to

00:01:12 --> 00:01:16: bring together industry leaders on emerging topics  
 surrounding sustainability in

00:01:16 --> 00:01:19: real estate to discuss the findings of the report.

00:01:20 --> 00:01:24: Before we jump into our panel introductions, just a quick

00:01:24 --> 00:01:25: few administrative notes.

00:01:26 --> 00:01:29: This webinar will be recorded and we will be sharing

00:01:29 --> 00:01:32: that on Utilized Knowledge Finder website after the webinar.

00:01:32 --> 00:01:34: It usually takes a few hours to a few days,

00:01:34 --> 00:01:36: but please look for that if you miss it or

00:01:36 --> 00:01:38: you want to share it with any of your colleagues

00:01:38 --> 00:01:38: or friends.

00:01:39 --> 00:01:42: If you have any questions, please put your questions in

00:01:42 --> 00:01:45: the Q&A box and our panel today will do our

00:01:45 --> 00:01:49: best to respond to those questions during the discussion  
 during

00:01:49 --> 00:01:52: our Q&A session at the end, either verbally or by

00:01:52 --> 00:01:55: just typing or responding to you directly in the Q&A  
00:01:55 --> 00:01:56: chat.  
00:01:57 --> 00:02:00: Now, because we have so many great panelists today, I'll  
00:02:00 --> 00:02:04: let everyone introduce themselves when they first start  
talking.  
00:02:04 --> 00:02:07: But a really quick set of introductions and if we  
00:02:07 --> 00:02:09: can go to the next slide, please.  
00:02:14 --> 00:02:15: My name is Kara Kokernac.  
00:02:15 --> 00:02:18: I am a Senior Director at ULI in the Randall  
00:02:18 --> 00:02:21: Lewis Center for Sustainability in Real Estate.  
00:02:21 --> 00:02:25: I worked with my colleague, Victoria Ostreich on facilitating  
the  
00:02:25 --> 00:02:28: global sustainability outlook, process and report  
development.  
00:02:28 --> 00:02:30: It's been a labor of love.  
00:02:31 --> 00:02:34: I'd like to give a special thanks to Ferguson Partners  
00:02:34 --> 00:02:37: for being our globe, our global corporate sponsor for this  
00:02:37 --> 00:02:37: publication.  
00:02:38 --> 00:02:42: Sarah Collins, Managing Director at Ferguson Partners is  
going to  
00:02:42 --> 00:02:45: be moderating the panel discussion today.  
00:02:45 --> 00:02:48: And then we have our four amazing panelists who all  
00:02:48 --> 00:02:52: participated in the round table discussions that informed this  
publication.  
00:02:52 --> 00:02:54: And I'll talk a little bit more about that in  
00:02:54 --> 00:02:54: a few minutes.  
00:02:55 --> 00:03:00: But please welcome Philippa Gill, Executive Director of Aura  
Global,  
00:03:00 --> 00:03:04: Onay Payne, Senior Many Managing Director and Portfolio  
Manager of  
00:03:04 --> 00:03:10: Manulife Investment Management, Judy Schweitzer, owner  
of Schweitzer and Associates  
00:03:10 --> 00:03:15: and Peter Tomai, Managing Partner and Chief Sustainability  
Officer of  
00:03:15 --> 00:03:17: Specific Performance.  
00:03:18 --> 00:03:20: So I'm going to talk to you a little bit  
00:03:20 --> 00:03:23: about what the ULI global sustainability outlook is.  
00:03:23 --> 00:03:28: So in late 2023 in the fall timeline, ULI interviewed  
00:03:28 --> 00:03:32: members of our ULI Product Councils across the globe to  
00:03:32 --> 00:03:36: inform an outlook for the coming year.  
00:03:36 --> 00:03:38: This is not an emerging trends report.  
00:03:38 --> 00:03:40: It's really focused on sustainability topics.  
00:03:41 --> 00:03:44: Victoria and I made made good promise to go through  
00:03:44 --> 00:03:47: the entire report and search and find for any word

00:03:47 --> 00:03:48: that said trend.

00:03:48 --> 00:03:50: We removed it and replaced it.

00:03:50 --> 00:03:51: It's not an emerging trend report.

00:03:52 --> 00:03:56: It's topics and themes really focused on what's happening in 2024 and that specific timeline.

00:03:56 --> 00:03:58:

00:03:58 --> 00:04:01: So we talked to three of our product councils on

00:04:01 --> 00:04:05: what sustainability topics and issues are on the rise, why

00:04:05 --> 00:04:08: they matter and what actions should the industry pursue moving

00:04:09 --> 00:04:09: forward.

00:04:09 --> 00:04:13: So we spoke with our ULI Asia Pacific newly named

00:04:13 --> 00:04:14: Net Zero Council.

00:04:14 --> 00:04:19: We spoke with ULI Europe's Sustainability Council and we spoke

00:04:19 --> 00:04:22: with the ULI America's Sustainable Development Council.

00:04:23 --> 00:04:26: So we had these three conversations, they were an hour

00:04:26 --> 00:04:26: plus long.

00:04:26 --> 00:04:29: Sometimes we had to extend the meeting discussion a little

00:04:29 --> 00:04:33: bit longer because the the conversation was so exciting and

00:04:33 --> 00:04:33: fiery.

00:04:34 --> 00:04:37: And then based on those recordings and all the notes

00:04:37 --> 00:04:41: we took during those discussions, you and I and Ferguson

00:04:42 --> 00:04:46: Partners identified five key issues for the upcoming year

00:04:46 --> 00:04:51: and beyond to really talk about this, this sustainability outlook

00:04:51 --> 00:04:51: in 2024.

00:04:52 --> 00:04:53: So we move to the next slide.

00:04:53 --> 00:04:57: I'll briefly go over what those five topics were and

00:04:57 --> 00:04:59: then I'll pass it on to Sarah to start the

00:04:59 --> 00:05:01: panel discussion.

00:05:02 --> 00:05:06: So our first topic for 2024 is linking sustainability performance

00:05:06 --> 00:05:08: and financial performance.

00:05:08 --> 00:05:11: Real estate should expect to make material connections if

00:05:11 --> 00:05:12: they

00:05:12 --> 00:05:17: haven't already.

00:05:12 --> 00:05:17: Between their sustainability efforts and financial

00:05:17 --> 00:05:21: performance, #2 is going

00:05:21 --> 00:05:24: back to the basics to make progress on decarbonization.

00:05:24 --> 00:05:26: This is really a theme of what does it actually

00:05:26 --> 00:05:26: mean for a building to be net zero?

00:05:26 --> 00:05:28: What does it really mean for a building to be

00:05:28 --> 00:05:29: sustainable?

00:05:29 --> 00:05:33: The sheer volume of topics under the ESG and sustainability

00:05:33 --> 00:05:37: umbrella has left a lot of companies feeling overwhelmed and

00:05:37 --> 00:05:40: and unclear on what to prioritize and how to set  
00:05:40 --> 00:05:42: up their progress and process.  
00:05:42 --> 00:05:45: Real estate leaders can get in front in front of  
00:05:45 --> 00:05:49: this by really focusing on fundamental sustainability practices  
like making  
00:05:49 --> 00:05:52: sure their operational efficiency is up to par and taking  
00:05:52 --> 00:05:55: advantage of tools that are already on the market.  
00:05:55 --> 00:05:57: So it's really an an education.  
00:05:57 --> 00:06:03: Theme #3 is Complying with an Evolving Regulatory  
Landscape.  
00:06:04 --> 00:06:09: I'm really focusing here on the new policies and financial  
00:06:09 --> 00:06:14: rules that make what were previously voluntary ESG  
disclosures now  
00:06:14 --> 00:06:20: mandatory, but also often establishing systemic methods for  
really reporting  
00:06:20 --> 00:06:23: on ESG performance transparently.  
00:06:23 --> 00:06:27: So real estate companies really have to quickly adapt to  
00:06:27 --> 00:06:32: an evolving regulatory landscape that emphasizes this  
transparency #4 is  
00:06:32 --> 00:06:37: prioritizing resilience as extreme weather intensifies.  
00:06:37 --> 00:06:39: I know we have folks all over the globe on  
00:06:39 --> 00:06:39: this call.  
00:06:40 --> 00:06:41: I'm in the DC area.  
00:06:41 --> 00:06:45: We had a nasty storm blow through yesterday flowing out  
00:06:45 --> 00:06:48: power across the the Eastern seaboard.  
00:06:48 --> 00:06:51: I know lots of schools were cancelled and real estate  
00:06:52 --> 00:06:55: leaders across the globe are really ramping up their efforts  
00:06:55 --> 00:06:59: to understand these extreme storm events and these  
extreme weather  
00:06:59 --> 00:07:01: events more in particular.  
00:07:01 --> 00:07:04: Particular the resilience of the utility utility grid is a  
00:07:04 --> 00:07:07: growing area of concern as these weather events are, you  
00:07:07 --> 00:07:09: know, hitting us left and right.  
00:07:10 --> 00:07:15: Real estate leaders are exploring on site renewables, battery  
storage  
00:07:15 --> 00:07:19: and a range of other solutions to support energy resilience  
00:07:19 --> 00:07:24: in light of these challenges and #5 approaching sustainability  
holistically.  
00:07:24 --> 00:07:27: So there is a growing recognition that we've seen that  
00:07:28 --> 00:07:31: health and the environment are linked and that investing in  
00:07:31 --> 00:07:34: one will often result in Co benefits for the other.  
00:07:34 --> 00:07:39: Real estate leaders that embrace that connection and build  
spaces  
00:07:39 --> 00:07:43: that are good for people and communities and the planet

00:07:43 --> 00:07:47: are really better positioned for success in 2024 and beyond.  
00:07:48 --> 00:07:51: I highly recommend that everyone on the webinar today also  
00:07:51 --> 00:07:56: goes and visits [suli.org](https://suli.org) back slash sustainability outlook and we'll drop  
00:07:56 --> 00:07:58: that in the chat or the Q&A to download the  
00:07:59 --> 00:08:01: report and read the results fully.  
00:08:01 --> 00:08:04: But now we'll we'll move on to the panel discussion.  
00:08:04 --> 00:08:06: Our plan for this webinar is really to have a  
00:08:06 --> 00:08:10: free flowing discussion with our panelists that covers those  
00:08:10 --> 00:08:11: five  
00:08:11 --> 00:08:15: topic areas.  
00:08:11 --> 00:08:15: From the perspective of our moderator from Ferguson  
00:08:15 --> 00:08:17: Partners, Sarah  
00:08:18 --> 00:08:20: and our four expert panelists, we really look forward to  
00:08:20 --> 00:08:21: hearing what everyone has to say and look forward to  
00:08:22 --> 00:08:22: hearing your questions.  
00:08:22 --> 00:08:22: Sarah.  
00:08:24 --> 00:08:25: Thank you, Kara.  
00:08:25 --> 00:08:26: Much appreciated.  
00:08:27 --> 00:08:30: As we're starting off here, I thought it would be  
00:08:30 --> 00:08:33: a good idea to allow each of the panelists to  
00:08:33 --> 00:08:37: provide a bit more of an introduction on their organization  
00:08:37 --> 00:08:40: as well as their, their company's priorities as it relates  
00:08:41 --> 00:08:44: to sustainability initiatives and approach in 2024.  
00:08:44 --> 00:08:46: So just to suck the stage and and provide a  
00:08:46 --> 00:08:49: little bit more context in terms of everyone's perspective is  
00:08:49 --> 00:08:52: coming from as we approach these different topics.  
00:08:52 --> 00:08:55: Judy, do you mind kicking us off in that regard  
00:08:55 --> 00:08:56: and sharing a bit more?  
00:08:57 --> 00:08:57: Sure.  
00:08:57 --> 00:09:00: Thank you for inviting me and thank you for everybody  
00:09:00 --> 00:09:02: for joining for joining us.  
00:09:03 --> 00:09:06: I founded Schweitzer and Associates to be a strategic real  
00:09:06 --> 00:09:11: estate development consulting firm to help clients optimize  
00:09:11 --> 00:09:15: the overall  
00:09:15 --> 00:09:18: value of their properties, projects and portfolios throughout  
00:09:18 --> 00:09:21: the real  
00:09:22 --> 00:09:25: estate life cycle and life cycle and move the needle  
00:09:22 --> 00:09:25: of business as usual in the built environment.  
00:09:25 --> 00:09:27: I call this applied sustainability or optimizing value from  
00:09:28 --> 00:09:30: concept  
00:09:25 --> 00:09:27: to the boardroom to the triple bottom line.  
00:09:28 --> 00:09:30: And the only thing we can count on in life

00:09:30 --> 00:09:30: is change.

00:09:30 --> 00:09:34: So we continue to evolve to help our clients ourselves.

00:09:34 --> 00:09:39: We challenge ourselves to think differently, designed sustainably in order

00:09:39 --> 00:09:42: to build prosperity in the near and long terms.

00:09:44 --> 00:09:46: Thank you and Onay, how about you please?

00:09:47 --> 00:09:48: Sure.

00:09:48 --> 00:09:48: Good morning.

00:09:48 --> 00:09:51: It's good to see all of you or be with

00:09:51 --> 00:09:52: you here today.

00:09:53 --> 00:09:54: My name is Onay Payne.

00:09:54 --> 00:09:59: I am a portfolio manager at Many Life Investment Management,

00:09:59 --> 00:10:04: specifically tasked with building out our impact platform.

00:10:04 --> 00:10:08: I want to make it clear that I'm a an

00:10:08 --> 00:10:12: investor, not a sustainability practitioner.

00:10:13 --> 00:10:17: I'm a return driven investment manager and an advocate of

00:10:18 --> 00:10:20: conscious inclusive capital.

00:10:21 --> 00:10:25: I really look to leverage the expertise of internal and

00:10:25 --> 00:10:30: external sustainability practitioners like Judy like the rest of my

00:10:31 --> 00:10:34: fellow practitioner panelists here today.

00:10:34 --> 00:10:38: Because I believe and we believe that Manulife that really

00:10:38 --> 00:10:45: thinking about actively integrating both environmentally and socially sustainable considerations

00:10:45 --> 00:10:49: into our investment decisions is going to help one, mitigate

00:10:49 --> 00:10:53: risks and then to improve risk adjusted returns over long

00:10:53 --> 00:10:54: and medium term horizons.

00:10:55 --> 00:10:59: If you're not familiar with the Manulife name, the company's

00:10:59 --> 00:11:02: based in Toronto, but we have a presence in the

00:11:02 --> 00:11:06: US We bought the John Hancock business a couple of

00:11:06 --> 00:11:09: decades ago and and then we have a strong presence

00:11:09 --> 00:11:10: in Asia.

00:11:10 --> 00:11:13: But Manulife Investment Management is the investment management arm of

00:11:13 --> 00:11:17: Manulife Financial Corporation, so excited to be here with you

00:11:17 --> 00:11:17: today.

00:11:19 --> 00:11:19: Perfect.

00:11:19 --> 00:11:21: Thanks So May and Peter.

00:11:22 --> 00:11:23: Hi, good morning.

00:11:23 --> 00:11:26: My name is Peter Tomi, I'm with specific performance really

00:11:26 --> 00:11:29: thrilled to be here and and thrilled about UL is

00:11:29 --> 00:11:31: efforts on the sustainability front.

00:11:32 --> 00:11:37: As performance we we lead our our partners, property owners

00:11:37 --> 00:11:42: and investors towards sustainable low carbon, low carbon growth.

00:11:43 --> 00:11:46: Real take we take a kind of a comprehensive view

00:11:46 --> 00:11:50: of of projects new and and proposed plus existing occupancy

00:11:50 --> 00:11:54: for our for our clients and partners to really look

00:11:54 --> 00:11:58: where we can materially improve what we call their net

00:11:58 --> 00:11:59: operating performance.

00:12:00 --> 00:12:04: So we're looking at you know improved NOI through efficiency

00:12:04 --> 00:12:10: and and resource utilization efficiency generally there's attractive ROI on

00:12:10 --> 00:12:14: on some really great retrofits that we can do in

00:12:14 --> 00:12:15: the in the new space.

00:12:16 --> 00:12:21: These things yield reduce climate impacts, enhanced community impacts and

00:12:21 --> 00:12:25: really improve the operating resiliency of the operations And all

00:12:25 --> 00:12:28: of those really at the end of the day, future

00:12:28 --> 00:12:33: proof and investment to help eliminate transition risk and and

00:12:33 --> 00:12:34: avoid stranded assets.

00:12:36 --> 00:12:37: OK.

00:12:37 --> 00:12:37: Thank you, Philippa.

00:12:39 --> 00:12:42: And to round off, greetings from Europe, just to just

00:12:42 --> 00:12:45: to balance the regional focus here, my name is Philippa

00:12:45 --> 00:12:48: Gill, I'm an Executive Director at Evora Global.

00:12:48 --> 00:12:50: For those who don't know us, we are a real

00:12:50 --> 00:12:54: asset and I say that intentionally real asset focused advisor

00:12:54 --> 00:12:56: with our own in house software called Sierra.

00:12:57 --> 00:12:59: We've been around for about 11 or 12 years and

00:12:59 --> 00:13:02: have always focused on kind of the real estate and

00:13:02 --> 00:13:03: wider real asset market.

00:13:04 --> 00:13:07: We also focus on financial clients which is for a

00:13:08 --> 00:13:11: reason that you might not expect because they tend to

00:13:11 --> 00:13:13: own most of the real estate.

00:13:13 --> 00:13:16: And as a mission LED organization, the way for us

00:13:16 --> 00:13:18: to have a biggest impact is to go to talk

00:13:18 --> 00:13:20: to the people who own all the real estate.

00:13:21 --> 00:13:23: So we work for a lot of people on the

00:13:23 --> 00:13:24: call.

00:13:24 --> 00:13:28: We have very strong and deep relationships, many of them

00:13:28 --> 00:13:31: heading for a decade old and work really in a  
00:13:31 --> 00:13:35: collaborative way with our with our clients on a whole  
00:13:35 --> 00:13:39: number of holistic issues, obviously Net 0 Carbon, but also  
00:13:39 --> 00:13:43: really driving the kind of value creation piece and risk  
00:13:43 --> 00:13:46: mitigation across their portfolios.  
00:13:46 --> 00:13:47: Delighted to be here.  
00:13:49 --> 00:13:50: Thank you all.  
00:13:51 --> 00:13:53: I think that's a great way to transition into our  
00:13:54 --> 00:13:57: first theme and and sort of getting into the discussion  
00:13:57 --> 00:13:58: for the topics at hand.  
00:13:58 --> 00:14:01: So as Karen noted, you know his first topic being  
00:14:01 --> 00:14:06: linking sustainability performance and financial performance  
and the expectation that  
00:14:06 --> 00:14:09: going forward real estate companies are going to be  
expected  
00:14:09 --> 00:14:12: to demonstrate how far they are along on the path  
00:14:12 --> 00:14:15: to decarbonization and how they will achieve their goals in  
00:14:16 --> 00:14:19: terms of being able to access additional capital in the  
00:14:19 --> 00:14:20: future etcetera.  
00:14:22 --> 00:14:25: That being the case, Philippa, maybe starting with you, how  
00:14:25 --> 00:14:30: is the shift impacting your firm's approach to securing  
financing?  
00:14:32 --> 00:14:34: I mean, I think it's interesting because we are increasingly  
00:14:34 --> 00:14:37: supporting a lot of clients in the debt and and  
00:14:37 --> 00:14:38: that kind of credit markets.  
00:14:38 --> 00:14:42: Obviously, it's been an interesting and very quiet couple of  
00:14:42 --> 00:14:45: years on our transaction side, but we know that there's  
00:14:45 --> 00:14:48: an enormous amount of debt to be refinanced over the  
00:14:49 --> 00:14:52: next two years, both well globally, but you know particularly  
00:14:52 --> 00:14:55: in the US and Europe and particularly in the in  
00:14:55 --> 00:14:58: the in the next two years, you know, there's talks  
00:14:58 --> 00:15:01: of like \$1.3 trillion or EUR, pretty much the same  
00:15:01 --> 00:15:02: thing as at today.  
00:15:04 --> 00:15:07: What's really interesting is traditionally the debt markets are  
seen  
00:15:07 --> 00:15:09: as a bit behind the curve maybe on sustainability and  
00:15:10 --> 00:15:12: the argument has always been, well, we have no operational  
00:15:12 --> 00:15:13: control and very little influence.  
00:15:13 --> 00:15:15: So it's not really up to us.  
00:15:16 --> 00:15:18: I can tell you our debt team is pretty busy  
00:15:18 --> 00:15:19: writing frameworks for people.  
00:15:20 --> 00:15:23: So I'm fascinated to see what happens at the real  
00:15:23 --> 00:15:26: front end of the capital flow and how that starts



00:15:26 --> 00:15:27: to tighten.

00:15:27 --> 00:15:30: Obviously in Europe we expect that to tighten more, but

00:15:30 --> 00:15:32: we're working with a lot of US lenders who are

00:15:32 --> 00:15:36: lending obviously into global markets and into the European markets

00:15:36 --> 00:15:38: starting to put frameworks in place.

00:15:38 --> 00:15:41: And even although we can't ever mention any names, starting

00:15:41 --> 00:15:44: to hear our equity clients complaining that their debt and

00:15:44 --> 00:15:47: their lenders are asking for things and then we have

00:15:47 --> 00:15:48: to apologise.

00:15:48 --> 00:15:50: Yes, say yes, that's because we advise them to ask

00:15:50 --> 00:15:52: those pretty tricky questions.

00:15:52 --> 00:15:53: But to me that's really important.

00:15:54 --> 00:15:57: You know, you don't want to lend to climate risk

00:15:57 --> 00:16:00: and you want to obviously get positive returns on the

00:16:00 --> 00:16:02: kind of forward thinking in the same way that an

00:16:02 --> 00:16:05: equity portfolio doesn't want to be managing that either.

00:16:08 --> 00:16:08: Sure.

00:16:08 --> 00:16:11: And then, oh, Nate, how does your firm approach ESG

00:16:11 --> 00:16:14: investments and strategy and and how do you think about

00:16:14 --> 00:16:16: these from the investor perspective?

00:16:18 --> 00:16:18: Sure.

00:16:19 --> 00:16:19: Yeah.

00:16:19 --> 00:16:23: I think the reality is that as investors, we no

00:16:23 --> 00:16:26: longer have the luxury of ignoring climate change.

00:16:26 --> 00:16:30: We'd be absolutely fooling ourselves if we didn't have an

00:16:30 --> 00:16:36: expectation really of direct and positive correlation between a proactive

00:16:36 --> 00:16:41: integration of resilience and adaptation strategies and portfolio values over

00:16:41 --> 00:16:45: a long time over, you know, longer term periods.

00:16:45 --> 00:16:48: We know, you know, it was the hottest year on

00:16:48 --> 00:16:49: record in 2023.

00:16:50 --> 00:16:55: We know that the number of billion dollar climate related

00:16:55 --> 00:17:00: events in 2023 alone was more than four times as

00:17:00 --> 00:17:04: you saw in the 80s and 90s combined, right.

00:17:05 --> 00:17:08: So we don't have the luxury of ignoring climate change.

00:17:09 --> 00:17:11: So the way that we think about it from the

00:17:11 --> 00:17:16: equity perspective or portfolio perspective is really in alignment with

00:17:16 --> 00:17:18: a lot of the themes that Peter posited in his

00:17:18 --> 00:17:20: introduction, right.

00:17:20 --> 00:17:22: We have to think about one how do we from  
00:17:22 --> 00:17:27: a very practical perspective, even removing the moral imperative of  
00:17:27 --> 00:17:30: doing the right thing, there is an economic imperative.  
00:17:31 --> 00:17:36: We can operate buildings much more efficiently and that translates  
00:17:36 --> 00:17:37: into higher NOI.  
00:17:38 --> 00:17:42: If we think about energy consumption in our in, in  
00:17:42 --> 00:17:47: a strategic way, there could be and there appears to  
00:17:47 --> 00:17:52: be an increased level of willingness from tenants to pay  
00:17:52 --> 00:17:56: higher rents green buildings and healthy buildings.  
00:17:56 --> 00:17:58: I some of that is a little bit hard to  
00:17:58 --> 00:18:01: parse out fully because you know maybe it's just all  
00:18:01 --> 00:18:03: the Class A stock that is LEED certified is going  
00:18:03 --> 00:18:04: to get that tendency.  
00:18:04 --> 00:18:09: But it there appears to be increased willingness for tenants  
00:18:09 --> 00:18:13: to pay for green and healthy buildings.  
00:18:13 --> 00:18:17: Longer term we expect to see more green premiums in  
00:18:18 --> 00:18:19: the future years.  
00:18:20 --> 00:18:23: And then on the converse more brown discounts as well.  
00:18:24 --> 00:18:27: So not just the increases in rents, in decreases in  
00:18:27 --> 00:18:33: operating expenses translating into higher NOI, thinking very efficiently about  
00:18:33 --> 00:18:38: return on investment for capital investments that we make in  
00:18:38 --> 00:18:39: the buildings.  
00:18:39 --> 00:18:43: But we think also we'll see adjustments in cap rates,  
00:18:43 --> 00:18:47: what buyers are willing to pay for buildings that are  
00:18:47 --> 00:18:51: healthy Green and that have obtained all of these efficiencies.  
00:18:51 --> 00:18:54: So that's the way that we're thinking about it.  
00:18:54 --> 00:18:56: From the equity perspective, we got to be on the  
00:18:56 --> 00:18:58: forefront in order to make sure we don't have the  
00:18:58 --> 00:19:00: stranded assets that Peter was talking about.  
00:19:04 --> 00:19:04: Absolutely.  
00:19:04 --> 00:19:07: And and Jenny, you had sort of made an interesting  
00:19:07 --> 00:19:10: observation this morning about how kind of relevant and topical  
00:19:10 --> 00:19:11: this subject is.  
00:19:11 --> 00:19:13: Is there anything you would add in on this subject  
00:19:13 --> 00:19:16: in terms of some of your recent observations?  
00:19:16 --> 00:19:16: Yeah.  
00:19:16 --> 00:19:21: There was an interesting Wall Street Journal article over the  
00:19:21 --> 00:19:25: last week regarding ESG reporting and basically

stakeholders pushing back  
on the term.  
There's a lot of, there's not a lot of standardization,  
there's a lot of confusion in the marketplace.  
And so the push back is to be calling it  
responsible investing.  
And there's been a trajectory of evolution of terms of  
green building to sustainability to ESG reporting to now the  
push back is to responsible investing, which is a little  
bit even more nebulous and I think that that's probably  
the intention.  
But 30 years ago I developed a triple bottom line  
accounting framework and now 30 years later, finally, if you  
know folks, real estate and development.  
Helpers in the United States want to get any kind  
of capital, attract capital either domestically or internationally.  
That transparency is, is essential whatever you call it, which  
is I think that that's a a positive move forward.  
Yeah, I I think it's you know, it's well known  
that ESG at least again the politicization of ESG in  
the in the United States domestic market is is really  
unfortunate.  
But you know the actions are what is measurable and  
there's measurable improvements to reducing business  
interruption improving you know  
building you know building and Environmental Quality both  
interior and  
exterior and building those resiliency, reducing use of  
resources ends  
up in improving NOI.  
So it's just good business.  
It doesn't.  
It doesn't have to.  
It doesn't have to have an ESG label to be  
the right thing to do and to advance and minimize  
carbon emissions.  
I.  
Think that's an excellent point and that maybe is a  
logical place to transition to our discussion around the  
second  
theme, the going back to basics and decarbonization and just  
helping.  
Focusing on the fact that historically sustainability terms have

been

00:21:26 --> 00:21:30: so nebulous and and have had broad interpretations, which means

00:21:30 --> 00:21:33: that it could be unclear to organizations what they should

00:21:33 --> 00:21:36: be prioritizing and and how to approach these things.

00:21:36 --> 00:21:39: Peter, going back to you, what does back to basics

00:21:39 --> 00:21:42: mean to you and your firm and and how is

00:21:42 --> 00:21:45: this theme showing up in your sector of the industry?

00:21:46 --> 00:21:49: You know in our sector where we're really trying to

00:21:50 --> 00:21:55: influence some you know decisions, major capital decisions around around

00:21:55 --> 00:21:57: investments, efficiency is key.

00:21:57 --> 00:22:00: You know no one can argue that doing more with

00:22:00 --> 00:22:00: less.

00:22:01 --> 00:22:01: You know you don't.

00:22:01 --> 00:22:04: You know for a long time sustainability meant sacrifice.

00:22:04 --> 00:22:08: It meant you know that we were doing without something

00:22:08 --> 00:22:11: it that that does not, that is not the idea

00:22:11 --> 00:22:11: here.

00:22:11 --> 00:22:14: The idea is how we can do what we've been

00:22:14 --> 00:22:18: doing but do it more efficiently with utilization or less

00:22:18 --> 00:22:22: resources and and better and better finished results.

00:22:22 --> 00:22:25: So you know the the the fundamentals on on on

00:22:25 --> 00:22:30: working with nature as opposed to against nature Efficiency is

00:22:30 --> 00:22:34: really key really fundamental design issues can can make massive

00:22:34 --> 00:22:39: issues massive improvements both in existing portfolios and and new

00:22:39 --> 00:22:40: portfolios.

00:22:40 --> 00:22:43: So we see a a huge impact on that.

00:22:43 --> 00:22:46: And then on knowledge, you know it's I think it

00:22:46 --> 00:22:47: was called the Prius effect.

00:22:47 --> 00:22:50: You know when you have that that little sign in

00:22:50 --> 00:22:53: your dashboard that tells you what your energy, you know

00:22:53 --> 00:22:55: your your MPG is as you're driving you tend to

00:22:55 --> 00:22:57: drive more responsibly.

00:22:57 --> 00:23:00: So giving tenants and building owners really good data with

00:23:01 --> 00:23:04: which to change and give them actionable data to to

00:23:04 --> 00:23:08: change kind of the way they operate their business buildings

00:23:08 --> 00:23:10: can can have a huge impact as well on on

00:23:10 --> 00:23:11: bottom lines.

00:23:12 --> 00:23:15: And just jumping on that point with respect to knowledge

00:23:15 --> 00:23:17: at Manulife have been so impressed and I've only been  
00:23:17 --> 00:23:18: here for five months.  
00:23:18 --> 00:23:21: I spent most of my career at another firm, but  
00:23:21 --> 00:23:24: really moved in order to because I was so excited  
00:23:24 --> 00:23:28: about the articulation of the impact agenda here at Manulife  
00:23:28 --> 00:23:32: and the resources that have been dedicated already  
internally and  
00:23:32 --> 00:23:36: externally to not just integrate ESG, but thinking about  
moving  
00:23:36 --> 00:23:37: beyond ESG to impact.  
00:23:38 --> 00:23:41: But we have for example a sustainability training platform.  
00:23:41 --> 00:23:46: So it's company wide training for asset managers, portfolio  
managers  
00:23:47 --> 00:23:52: and property managers focused on greenhouse gas emission  
management and  
00:23:52 --> 00:23:55: physical climate change resilience.  
00:23:55 --> 00:23:57: So what does that mean on a very tactical basis?  
00:23:57 --> 00:24:02: So education, we have an existing set of propriety proprietary  
00:24:02 --> 00:24:05: sustainable building standards.  
00:24:05 --> 00:24:10: In the past couple of years, we have included additional  
00:24:10 --> 00:24:15: guidance on climate change management and climate risk  
and resilience  
00:24:15 --> 00:24:20: to meet portfolio one level 1 targets across the portfolio.  
00:24:21 --> 00:24:24: So those are a couple of very tangible ways in  
00:24:24 --> 00:24:28: which we're trying to move forward with a higher level  
00:24:28 --> 00:24:33: of integration, codifying IT processes and education with both  
internal  
00:24:33 --> 00:24:35: and external stakeholders.  
00:24:38 --> 00:24:38: That's great.  
00:24:38 --> 00:24:41: And and Philip, I'd be curious to hear your perspective  
00:24:41 --> 00:24:42: on this subject as well.  
00:24:43 --> 00:24:46: Very biased on this subject because I spent eight years  
00:24:46 --> 00:24:48: at Tishman Spire and we used to call it University  
00:24:48 --> 00:24:50: Boot camp for real estate.  
00:24:50 --> 00:24:51: There's not a lot you don't learn.  
00:24:52 --> 00:24:55: And I spent a lot of time in the basement  
00:24:55 --> 00:24:58: with the engineers trying to work out how we implemented  
00:24:58 --> 00:25:01: our great, you know, sustainability strategies.  
00:25:01 --> 00:25:03: It was well then called and back to a previous  
00:25:03 --> 00:25:05: point, Can we just go back to sustainable?  
00:25:06 --> 00:25:07: I don't know what was wrong with that word.  
00:25:07 --> 00:25:09: You know, it worked.  
00:25:09 --> 00:25:12: I felt it was pretty obvious what it was trying

00:25:12 --> 00:25:15: to do and you know I I repeatedly say this  
00:25:15 --> 00:25:18: but I do think this is the era of the  
00:25:18 --> 00:25:20: of the true real estate.  
00:25:20 --> 00:25:22: You know investors and property owners.  
00:25:23 --> 00:25:25: It's not actually that complicated.  
00:25:25 --> 00:25:28: I'm I'm constantly amazed by how much low hanging fruit  
00:25:28 --> 00:25:30: hasn't actually been done.  
00:25:31 --> 00:25:33: You know, I kind of assume after this long of  
00:25:33 --> 00:25:36: talking about this and other people talking about it that,  
00:25:36 --> 00:25:39: you know, everybody has changed their light bulbs to, you  
00:25:39 --> 00:25:42: know, efficient light bulbs and then you still see, you  
00:25:42 --> 00:25:45: know, Judaulence reports and would like how can this not  
00:25:45 --> 00:25:45: have been done.  
00:25:46 --> 00:25:48: So, you know, I think we, we get asked a  
00:25:48 --> 00:25:51: lot what, what is good, what does good look like?  
00:25:51 --> 00:25:54: You know, interesting what Ono was saying about they have  
00:25:54 --> 00:25:56: their own, you know, kind of checklists of what good  
00:25:56 --> 00:25:57: looks like.  
00:25:58 --> 00:26:01: If you really understand real estate, that's not complicated.  
00:26:02 --> 00:26:03: Is the building efficient?  
00:26:03 --> 00:26:03: Do people like it?  
00:26:03 --> 00:26:06: Because it could be a net positive building.  
00:26:06 --> 00:26:08: But if people don't like it, it's empty and therefore  
00:26:08 --> 00:26:09: a waste of space.  
00:26:10 --> 00:26:13: And I think as an industry, we forget that buildings  
00:26:14 --> 00:26:17: are made for people, whether it's to store our one  
00:26:17 --> 00:26:20: click online goods as they come to us in the  
00:26:20 --> 00:26:24: warehouse industry or to make things that we use everyday  
00:26:24 --> 00:26:26: or to live in and sleep in and eat in.  
00:26:27 --> 00:26:29: So there's a big piece here about, you know, good  
00:26:29 --> 00:26:32: asset management, what do people like, What do people  
00:26:33 --> 00:26:36: want?  
00:26:33 --> 00:26:36: And then I just think there's truth that there's nothing,  
00:26:36 --> 00:26:38: nothing better than a good dose of truth.  
00:26:38 --> 00:26:39: What does work?  
00:26:39 --> 00:26:40: What doesn't work?  
00:26:41 --> 00:26:42: What has worked.  
00:26:42 --> 00:26:45: So some great reports starting to come out by some  
00:26:45 --> 00:26:48: some, you know, peers of mine in the industry who  
00:26:48 --> 00:26:49: it's it's total open book.  
00:26:49 --> 00:26:51: Here's what we tried and worked.  
00:26:51 --> 00:26:53: You know, you should come and learn from us Here's

00:26:53 --> 00:26:54: what really didn't work.

00:26:55 --> 00:26:56: So let's all learn from that.

00:26:56 --> 00:26:59: And I think that level of openness and sharing is,

00:26:59 --> 00:27:03: is hugely important and people's willingness to to just say,

00:27:03 --> 00:27:06: well, it turns out that if you, you know, put

00:27:06 --> 00:27:10: solar panels on certain buildings in certain locations, the hail

00:27:10 --> 00:27:12: storms burn them down.

00:27:12 --> 00:27:14: So you know, I I, as I said on our

00:27:14 --> 00:27:17: on our preparation call, I have days when I'm deeply

00:27:17 --> 00:27:20: depressed by the fact that they're still starting to see

00:27:20 --> 00:27:21: these things in there.

00:27:22 --> 00:27:25: But then days when I think actually the level of

00:27:25 --> 00:27:29: openness now and and whether it's regulation or you know,

00:27:29 --> 00:27:34: just the industry deciding to openly share common metrics that

00:27:34 --> 00:27:38: do actually drive change, not metrics that just tell us

00:27:38 --> 00:27:42: all how good we're doing, we're clearly not doing well.

00:27:42 --> 00:27:45: You know we've reached 1.5 S Anyone who's underwriting a

00:27:45 --> 00:27:49: 1.5?? needs to shift their entire business model because we've

00:27:49 --> 00:27:51: just hit it, I don't know how many years early.

00:27:52 --> 00:27:53: So what does that mean?

00:27:53 --> 00:27:56: You know, we have to mitigate now what does that

00:27:56 --> 00:27:59: mean for our portfolios And I don't think it needs

00:27:59 --> 00:28:02: to be hugely dramatic or over complicated to me as

00:28:02 --> 00:28:03: an ex asset manager.

00:28:03 --> 00:28:04: It's just good asset management.

00:28:05 --> 00:28:07: How do I look after this building or build it

00:28:07 --> 00:28:08: better than it was?

00:28:08 --> 00:28:11: And how do I make sure that people still want

00:28:11 --> 00:28:13: to be in, it can still be comfortable, but it

00:28:13 --> 00:28:14: it's sustainable.

00:28:16 --> 00:28:20: And then unfortunately you know what Philippa just just alluded

00:28:21 --> 00:28:23: to as well and in some cases you know is,

00:28:23 --> 00:28:27: is working a little bit against your, your efficiency demand

00:28:27 --> 00:28:31: because we have huge areas of the world where suddenly

00:28:31 --> 00:28:36: air conditioning that wasn't that wasn't prevalent is becoming compulsory

00:28:36 --> 00:28:39: and you won't be able to lease a building for

00:28:39 --> 00:28:42: instance, that doesn't have air conditioning.

00:28:42 --> 00:28:46: Well, that's a massive energy use that didn't exist previously.

00:28:46 --> 00:28:49: So how do you factor that in, look at doing

00:28:49 --> 00:28:54: it most efficiently and minimize those kinds of cooling loads  
00:28:54 --> 00:28:58: in order to to do so on a sustainable basis.  
00:28:58 --> 00:29:01: But if you don't, you're going to end up with  
00:29:01 --> 00:29:04: an empty building, because people can't work at 40?? C.  
00:29:08 --> 00:29:11: The next one point and I think again a good  
00:29:11 --> 00:29:15: segue in transition to our third theme, which really talks  
00:29:15 --> 00:29:20: about the changes in evolving regulatory landscape and how  
there  
00:29:20 --> 00:29:24: have been major changes in reporting frameworks with new  
policies  
00:29:24 --> 00:29:29: and rules where mandatory disclosures or other methods for  
reporting  
00:29:29 --> 00:29:30: on ESG performance.  
00:29:31 --> 00:29:34: Judy, how much of your sustainability work was being done  
00:29:34 --> 00:29:37: prior to some of this influx in government influence?  
00:29:38 --> 00:29:42: Well, I've been pioneering sustainability for about 30 years,  
but  
00:29:42 --> 00:29:44: the California and I'm located in California.  
00:29:45 --> 00:29:49: So I'm going to talk about California primarily in this  
00:29:49 --> 00:29:54: space, but the California building code went into effect in  
00:29:54 --> 00:29:58: 1978 and since then in California energy use per capita  
00:29:58 --> 00:29:59: is flatlined.  
00:29:59 --> 00:30:02: So it it was trending up and it is flatlined  
00:30:02 --> 00:30:06: doesn't mean that we're where we need to be but  
00:30:06 --> 00:30:10: so that was before I started And then California had  
00:30:10 --> 00:30:14: the AB 32, the California Global Warming's Act and that  
00:30:14 --> 00:30:18: led to the California Green Building Standards Code of which  
00:30:18 --> 00:30:21: I had been a part of the Code Advisory Committee  
00:30:22 --> 00:30:26: appointed by Governor Schwarzenegger and then  
reappointed by Brown.  
00:30:27 --> 00:30:30: So for 12 years I helped to advance the California  
00:30:30 --> 00:30:33: Green Building code and according to CARB so the I'm  
00:30:33 --> 00:30:34: sorry let me backtrack.  
00:30:34 --> 00:30:38: The point of AB 32 was to reduce greenhouse gas  
00:30:38 --> 00:30:42: emissions to 1990 levels in the in the non mobile  
00:30:42 --> 00:30:46: sources meaning buildings and that was a accomplished and  
the  
00:30:46 --> 00:30:50: conclusion is that was you know a result of the  
00:30:50 --> 00:30:54: Cal Green Code, California Green building standards code.  
00:30:55 --> 00:30:58: So I'm really proud of that Cal Green Code is  
00:30:58 --> 00:31:02: continuing to advance beyond sort of mainstream.  
00:31:03 --> 00:31:06: I would love to see demand pull from throughout the  
00:31:06 --> 00:31:10: life cycle or throughout stakeholders in the life cycle of



00:31:10 --> 00:31:13: real estate, but at least in California it's had a  
00:31:13 --> 00:31:15: very positive effect.  
00:31:16 --> 00:31:22: There's some new new mandatory codes coming into effect  
in  
00:31:22 --> 00:31:28: July requiring for non residential buildings to do a life  
00:31:28 --> 00:31:33: cycle assessment based on ISO 1400 standards.  
00:31:34 --> 00:31:38: That proves that there's a 10% reduction of greenhouse  
warming  
00:31:39 --> 00:31:44: potential according to the baseline of the California Energy  
Code.  
00:31:44 --> 00:31:47: It's, you know, technical, But the good news is this  
00:31:47 --> 00:31:51: is going to be a mandatory mandatory measure starting July  
00:31:52 --> 00:31:52: of this year.  
00:31:53 --> 00:31:55: And this is part of an intervening cycle.  
00:31:55 --> 00:31:59: The, the code in California is updated in a triennial  
00:31:59 --> 00:32:03: cycle every three years and then every 18 months there's  
00:32:03 --> 00:32:08: an intervening cycle and usually there's non significant  
changes that  
00:32:08 --> 00:32:11: happen in this intervening cycle.  
00:32:11 --> 00:32:15: Well, this is an example of pretty significant changes and  
00:32:15 --> 00:32:18: California is very serious about doing what they can, you  
00:32:19 --> 00:32:21: know in the in the building sector as well as  
00:32:22 --> 00:32:23: in mobile sources.  
00:32:24 --> 00:32:27: Aside you know aside from the impact in in California  
00:32:27 --> 00:32:30: obviously a a massive state you know the economy of  
00:32:30 --> 00:32:32: of many of many countries.  
00:32:33 --> 00:32:35: I think that the benefit of that you see as  
00:32:35 --> 00:32:38: a leader is that it you know those those are  
00:32:38 --> 00:32:43: then referenced by other by other jurisdictions at least  
domestically.  
00:32:43 --> 00:32:46: So you know providing that leadership and a path that  
00:32:46 --> 00:32:49: it can be done has resulted in a in a  
00:32:49 --> 00:32:53: regulatory environment throughout the United States that that  
in in  
00:32:53 --> 00:32:57: some cases is trying to follow California and that that  
00:32:57 --> 00:33:00: tends to be kind of rising, you know rising all  
00:33:00 --> 00:33:01: boats if you will.  
00:33:05 --> 00:33:06: And and Philippa, from your perspective?  
00:33:06 --> 00:33:08: Oh, sorry, my apologies, No.  
00:33:08 --> 00:33:12: No, no, I was just going to mention something that  
00:33:12 --> 00:33:16: and tag on to what Philippa had said earlier about,  
00:33:16 --> 00:33:19: you know, true true value.  
00:33:19 --> 00:33:21: And I wanted to bring up the the issue of

00:33:21 --> 00:33:24: avoided costs and what Peter was saying about certain areas  
00:33:24 --> 00:33:28: now needing air conditioning that didn't need it before.  
00:33:28 --> 00:33:32: If we do certain things and we are future proofing  
00:33:32 --> 00:33:36: and thinking ahead and we are avoiding those needs to  
00:33:36 --> 00:33:40: offset or mitigate our impacts, there is value to that.  
00:33:40 --> 00:33:43: That's typically not part of the ESG framework.  
00:33:43 --> 00:33:47: But there is value in those I would call non  
00:33:47 --> 00:33:52: use value, There's use value and non use value.  
00:33:52 --> 00:33:55: So the opportunity benefits of not consuming certain  
resources and  
00:33:55 --> 00:33:59: emitting additional greenhouse gas emissions, there's value  
to that.  
00:33:59 --> 00:34:04: It's typically not, you know, it's typically not recognized and  
00:34:04 --> 00:34:08: it's not necessarily part of the regulatory landscape.  
00:34:08 --> 00:34:10: But I think in decision making and real estate we  
00:34:10 --> 00:34:12: should be thinking about that.  
00:34:12 --> 00:34:14: What can we do to avoid those those impacts so  
00:34:14 --> 00:34:17: we don't have to mitigate for them later?  
00:34:19 --> 00:34:19: Great.  
00:34:19 --> 00:34:20: No, I appreciate that.  
00:34:21 --> 00:34:24: You know, I think from, yeah, from a European point  
00:34:24 --> 00:34:28: of view, you know, everyone's watching what's happening  
over here,  
00:34:28 --> 00:34:31: reporting and regular regulation seems or feels like some  
most  
00:34:31 --> 00:34:32: of the months.  
00:34:32 --> 00:34:33: That's actually all we do.  
00:34:35 --> 00:34:36: It's really interesting.  
00:34:36 --> 00:34:38: You know, I I have a very split personality when  
00:34:38 --> 00:34:39: it comes to everything that's going on.  
00:34:39 --> 00:34:42: I have days when I'm super enthused by it and  
00:34:42 --> 00:34:44: then days usually when I'm at the end of writing  
00:34:44 --> 00:34:47: one of those reports that I'm like this just all  
00:34:47 --> 00:34:49: needs to go away because it's not actually helping us,  
00:34:50 --> 00:34:52: you know, improve, improve the 1.5?? issue.  
00:34:53 --> 00:34:55: But actually, you know, I'd like to take a step  
00:34:55 --> 00:34:57: back and look at what regulation does holistically.  
00:34:58 --> 00:35:00: So trying to put the positive spin on it, it  
00:35:00 --> 00:35:02: doesn't really matter to me if it's broken or not.  
00:35:03 --> 00:35:05: You know, when I was Co Global had a sustainability  
00:35:05 --> 00:35:08: Tishman, we got to a certain point and we're like  
00:35:08 --> 00:35:10: the only thing that's going to help move the needle  
00:35:10 --> 00:35:12: further is, is regulation.

00:35:12 --> 00:35:15: Because a lot of the obstacles in our place, for  
00:35:15 --> 00:35:17: example, data sharing or you know, the way the way  
00:35:18 --> 00:35:20: lots of things are structured was just prevented by the  
00:35:20 --> 00:35:23: various, you know, legislative structures.  
00:35:23 --> 00:35:26: And what Europe is trying to do, if you look  
00:35:26 --> 00:35:29: at what what's hitting the real estate market, is part  
00:35:29 --> 00:35:30: of a much bigger plan.  
00:35:30 --> 00:35:33: It's really a plan to not only drive the top  
00:35:33 --> 00:35:36: level regulation, and I call it the Piranha effect, you  
00:35:36 --> 00:35:39: know, over the top you have these big juggernaut legislative  
00:35:39 --> 00:35:40: drivers coming in.  
00:35:40 --> 00:35:43: But it's not just on emissions, for example, and tracking  
00:35:43 --> 00:35:44: and disclosure.  
00:35:44 --> 00:35:47: If you actually look behind the scenes, it's part of  
00:35:47 --> 00:35:50: a holistic approach to how do we try to to  
00:35:50 --> 00:35:53: really create a future for those of us living on  
00:35:53 --> 00:35:57: the planet, but also in this case on the European  
00:35:57 --> 00:35:59: landmass that that is more sustainable.  
00:35:59 --> 00:36:02: And they really mean sustainable in the sense that we're  
00:36:02 --> 00:36:05: already, you know, approaching a free planet lifestyle.  
00:36:05 --> 00:36:07: So we're going to run out of resources.  
00:36:07 --> 00:36:10: Everyone knows development costs going up because stuff  
00:36:10 --> 00:36:12: is less available and therefore much more expensive.  
00:36:13 --> 00:36:16: So it's part of a much wider plan that is  
00:36:16 --> 00:36:20: quite holistic and and really along the top, yes, everyone's  
00:36:20 --> 00:36:24: feeling the pain of those disclosure requirements, but what's  
00:36:24 --> 00:36:29: happening underneath at asset level, building level is an efficiency driver  
00:36:29 --> 00:36:32: that is quietly driving a revolution and it is the  
00:36:32 --> 00:36:36: right metric finally, which is kilowatts per square meter.  
00:36:36 --> 00:36:39: So how is your actual building running now to Peter's  
00:36:39 --> 00:36:41: point about, yeah, the north of Germany never used to  
00:36:42 --> 00:36:44: have and most of the UK never had air conditioning  
00:36:44 --> 00:36:47: because we didn't need it, but we do now.  
00:36:47 --> 00:36:49: So if you let that sink in, in terms of  
00:36:49 --> 00:36:52: that's how much it's changed, at least in my adult  
00:36:52 --> 00:36:55: lifetime between not needing it and needing it.  
00:36:56 --> 00:36:58: I laughed when my mother told me in West London  
00:36:58 --> 00:37:01: that I'd need air conditioning until last year, which point  
00:37:01 --> 00:37:02: I'm like I actually can't cope.  
00:37:03 --> 00:37:06: So those costs are going up, you know and and

00:37:06 --> 00:37:08: the air conditioning efficiency is going up.

00:37:08 --> 00:37:11: How are we going to decarbonize the supply chain behind

00:37:11 --> 00:37:13: that, but also the resources that go behind that as

00:37:13 --> 00:37:14: well.

00:37:14 --> 00:37:16: So at asset level we are seeing you know and

00:37:16 --> 00:37:20: I know California has a very similar mirror hitting from

00:37:20 --> 00:37:23: both, but both of those teeth are really starting to

00:37:23 --> 00:37:26: hit and it doesn't really matter if you call it

00:37:26 --> 00:37:29: ESG or you call it whatever, it's its resource and

00:37:29 --> 00:37:32: energy efficiency and we need to attack it from all

00:37:32 --> 00:37:32: sides.

00:37:33 --> 00:37:35: So to those, I mean we have one client based

00:37:35 --> 00:37:38: in New York, he spends nine months of the year

00:37:38 --> 00:37:40: filling in reports and is hugely frustrated.

00:37:40 --> 00:37:43: You know it is an enormous burden to people.

00:37:44 --> 00:37:47: It will get better because it will consolidate and there

00:37:48 --> 00:37:51: will be benchmarks and it will improve, but I'm afraid

00:37:51 --> 00:37:53: there's going to be a bit more pain for the

00:37:53 --> 00:37:55: next few years ahead.

00:37:55 --> 00:37:58: Just jumping on that a little bit, Philip, Philip.

00:37:58 --> 00:38:02: So if we talk about SFDR, to use one specific

00:38:02 --> 00:38:07: example, it's not just, well, it might be frustrating and

00:38:07 --> 00:38:09: it might be European focused.

00:38:09 --> 00:38:13: We recognise that capital is global right.

00:38:13 --> 00:38:17: And so as my firm or other firms think about

00:38:17 --> 00:38:22: raising capital and aligning it with the interests and focus

00:38:23 --> 00:38:27: of other investors who are typically not just in the

00:38:27 --> 00:38:32: US or not just in Canada, we're thinking about how

00:38:32 --> 00:38:35: do we understand this regulation.

00:38:36 --> 00:38:40: And yes, the reporting may be cumbersome.

00:38:40 --> 00:38:45: The interpretation of the regulation may also it takes some

00:38:45 --> 00:38:49: time and and this is in discussion with the private

00:38:49 --> 00:38:52: sector, you know what is I want to be part

00:38:52 --> 00:38:56: of a a group that helps to think through transitional

00:38:56 --> 00:38:57: strategies.

00:38:58 --> 00:39:01: Is that does that not qualify for Article 9.

00:39:02 --> 00:39:06: There's going to be some, a little bit of appropriate

00:39:06 --> 00:39:11: communication that is will work itself out over time at

00:39:11 --> 00:39:13: a communication discussion.

00:39:13 --> 00:39:16: But the other positive that I see is that it

00:39:16 --> 00:39:18: is an incentive to positive behaviour.

00:39:19 --> 00:39:22: If I as an investor want to raise capital from

00:39:22 --> 00:39:25: Europeans, I cannot think that I'm going to just be  
00:39:25 --> 00:39:26: Article 6, right?  
00:39:27 --> 00:39:31: And so there is influence in terms of the public  
00:39:31 --> 00:39:36: private marriage here that has to be part of the  
00:39:36 --> 00:39:42: solution to address these issues because the government  
cannot do  
00:39:42 --> 00:39:43: it on on its own.  
00:39:44 --> 00:39:46: Tax dollars do need to be part of the solution  
00:39:47 --> 00:39:49: like we have in UR in the US the Inflation  
00:39:49 --> 00:39:52: Reduction Act and incentives have to be part of the  
00:39:52 --> 00:39:55: solution, but the private sector has to be part of  
00:39:55 --> 00:39:56: the solution.  
00:39:56 --> 00:40:01: We need clarity on on the guidelines so that we're  
00:40:01 --> 00:40:04: all talking the same language.  
00:40:04 --> 00:40:08: But the other positive of the regulatory changes that we're  
00:40:09 --> 00:40:13: seeing are that they incent additional capital flows from the  
00:40:13 --> 00:40:17: private sector into solutions that hopefully are longer term  
and  
00:40:17 --> 00:40:19: in collaboration.  
00:40:19 --> 00:40:21: Operation with the public sector.  
00:40:21 --> 00:40:22: I couldn't agree more.  
00:40:23 --> 00:40:25: And I, I mean, you know, I like to think  
00:40:25 --> 00:40:29: that the, the bankers who sat around and wrote the  
00:40:29 --> 00:40:33: SFDR regulations were were hoping exactly what is  
happening would  
00:40:33 --> 00:40:37: be, would be the additional impact of the SFDR, call  
00:40:37 --> 00:40:40: it, you know, European financial airspace.  
00:40:40 --> 00:40:43: If you want to cross European financial airspace, you're  
going  
00:40:43 --> 00:40:44: to have to do SFDR.  
00:40:44 --> 00:40:47: And in fact, one of the reasons we opened an  
00:40:47 --> 00:40:49: office in New York just over a year ago was  
00:40:49 --> 00:40:52: because so many of our global clients were like, what  
00:40:52 --> 00:40:54: is this S thing that I now have to do  
00:40:54 --> 00:40:56: for my European funds Like these come and help me  
00:40:56 --> 00:40:59: and and that's a lot of what we're doing now.  
00:41:00 --> 00:41:00: The.  
00:41:01 --> 00:41:03: We're going to have to find a way and I  
00:41:03 --> 00:41:06: think it's really frustrating for a lot of our clients  
00:41:06 --> 00:41:09: who are trying to manage global capital flows and portfolios.  
00:41:09 --> 00:41:11: But I do believe that will emerge and I have  
00:41:11 --> 00:41:12: to hand it to the European Commission.  
00:41:13 --> 00:41:15: I have never seen so much legislation pushed through so

00:41:15 --> 00:41:16: quickly.

00:41:16 --> 00:41:18: If they'd waited for it to be more perfect, we

00:41:18 --> 00:41:20: would never have got it done ever.

00:41:21 --> 00:41:22: And you know, I mean the speed is just we

00:41:23 --> 00:41:24: can barely keep up on this is what we do

00:41:24 --> 00:41:25: all day.

00:41:26 --> 00:41:26: So.

00:41:26 --> 00:41:28: So part of me is like, I don't care if

00:41:28 --> 00:41:29: it's wrong.

00:41:29 --> 00:41:31: It's not perfect for real estate.

00:41:31 --> 00:41:32: It doesn't quite work.

00:41:32 --> 00:41:34: They don't actually understand the fact that we have literal

00:41:35 --> 00:41:35: bricks and mortar.

00:41:35 --> 00:41:38: So it is, you know, it's an asset class, but

00:41:38 --> 00:41:41: it's actually a building with people in it and trying

00:41:41 --> 00:41:44: to smush this big kind of asset management tool on

00:41:44 --> 00:41:47: top of buildings doesn't quite work and it's frustrating and

00:41:47 --> 00:41:48: annoying.

00:41:49 --> 00:41:50: It will improve.

00:41:50 --> 00:41:52: I I agree with you on that, you know, with

00:41:53 --> 00:41:56: collaboration and they possibly might wash the whole article

00:41:56 --> 00:41:58: away because it doesn't work.

00:41:58 --> 00:42:01: But part of me is like, it doesn't matter.

00:42:01 --> 00:42:03: We have moved so far because of that.

00:42:03 --> 00:42:06: And we've already seen some of the very large global

00:42:06 --> 00:42:10: insurance companies refuse to invest in other regions in the

00:42:10 --> 00:42:14: world because they won't comply with either SFDR or basic

00:42:14 --> 00:42:15: climate mitigation tasks.

00:42:16 --> 00:42:20: You know when when real global capital starts to choose

00:42:20 --> 00:42:24: regions or you know, I suppose managers who won't comply

00:42:24 --> 00:42:25: with that.

00:42:26 --> 00:42:28: You know, congratulations to anyone who's managed to

00:42:28 --> 00:42:28: make that

00:42:28 --> 00:42:28: happen.

00:42:31 --> 00:42:34: That, that leveling of the playing field is, is the

00:42:34 --> 00:42:37: key element here because it you know, the reality is

00:42:37 --> 00:42:41: that there are always going to be laggards either intentional

00:42:41 --> 00:42:42: or otherwise.

00:42:42 --> 00:42:45: And it it really helps, you know that regulatory and

00:42:45 --> 00:42:48: investment push, you know it's kind of coming from both

00:42:48 --> 00:42:49: sides.

00:42:49 --> 00:42:50: It helps level the playing field.

00:42:53 --> 00:42:53: Perfect.

00:42:54 --> 00:42:56: And I think just being mindful of time and wanting

00:42:56 --> 00:42:59: to make sure we have an opportunity to touch on

00:42:59 --> 00:43:01: the last two themes before we switch to the Q&A

00:43:01 --> 00:43:01: section.

00:43:02 --> 00:43:06: And also would remind all of the participants, please enter

00:43:06 --> 00:43:08: any questions you have for the Q&A session in the

00:43:08 --> 00:43:11: Q&A box, so we can try to incorporate those in

00:43:11 --> 00:43:12: the discussion at the tail end.

00:43:13 --> 00:43:18: But pivoting over to thinking about prioritizing resilience in the

00:43:18 --> 00:43:20: face of extreme weather challenges.

00:43:21 --> 00:43:24: You know, I I guess would want to touch on

00:43:24 --> 00:43:28: quickly how these extreme weather events are increasing in

00:43:28 --> 00:43:31: frequency

00:43:32 --> 00:43:36: and severity and there's this need to ramp up efforts

00:43:36 --> 00:43:38: to better understand the impact of physical climate related

00:43:39 --> 00:43:42: hazards

00:43:42 --> 00:43:43: and the that are could affect assets.

00:43:44 --> 00:43:47: Judy, how are you currently measuring physical climate risk

00:43:48 --> 00:43:51: and

00:43:52 --> 00:43:55: and responding to that?

00:43:56 --> 00:43:59: Well, I wouldn't say we are measuring necessary.

00:44:00 --> 00:44:03: We're using envision sustainable infrastructure system.

00:44:04 --> 00:44:07: I'm going to step back though when you said prioritizing

00:44:08 --> 00:44:11: resilience in extreme weather intensities.

00:44:12 --> 00:44:15: We prioritize horizontal infrastructure before we look at

00:44:16 --> 00:44:19: vertical buildings

00:44:20 --> 00:44:23: because it's really the framework.

00:44:24 --> 00:44:27: And in California, the majority of the emissions are coming

00:44:28 --> 00:44:31: from mobile sources, not from buildings.

00:44:32 --> 00:44:35: The rest of the country is different, the East Coast

00:44:36 --> 00:44:39: is different, Europe is different.

00:44:40 --> 00:44:43: So our we're working with LA Metro on helping them

00:44:44 --> 00:44:47: future proof their infrastructure and apply sustainability in a

00:44:48 --> 00:44:51: way

00:44:52 --> 00:44:55: that is cost effective.

00:44:56 --> 00:44:59: Help helping them get ready for the Olympics in 2028

00:45:00 --> 00:45:03: and inform them of code changes before you know they're

00:45:04 --> 00:45:07: actually codified and helping them to adapt their their

00:45:08 --> 00:45:11: specifications

00:45:12 --> 00:45:15: and their design criteria in a way that works for

00:45:16 --> 00:45:19: public, private and NGO sector.

00:44:56 --> 00:44:58: So I don't just look at public and private.  
00:44:58 --> 00:45:01: I think NGO sector and when I say NGO sector,  
00:45:01 --> 00:45:05: there's a number of of industries that would fall in  
00:45:05 --> 00:45:08: that category, but utilities fall in that category.  
00:45:08 --> 00:45:12: So I look at public, private and NGO sector solutions  
00:45:12 --> 00:45:18: and really prioritizing horizontal infrastructure solutions that  
00:45:18 --> 00:45:18: have long lasting  
00:45:18 --> 00:45:18: benefits.  
00:45:22 --> 00:45:26: Our, you know our investment and and underwriting criteria  
00:45:26 --> 00:45:30: have  
00:45:26 --> 00:45:30: really shifted where you know historically we've been able to  
00:45:30 --> 00:45:32: like here in the United States.  
00:45:32 --> 00:45:37: You look at you looked at insurance premiums and used  
00:45:37 --> 00:45:41: FEMA maps and all of this was historic was historic  
00:45:41 --> 00:45:45: data points that was used to assess that was used  
00:45:45 --> 00:45:49: to assess kind of the insurable risk or exposure of  
00:45:49 --> 00:45:53: assets to to natural to natural disasters if you will  
00:45:53 --> 00:45:58: that's no longer relevant because we're seeing this  
00:45:58 --> 00:46:02: acceleration of  
00:45:58 --> 00:46:02: you know as as Anya pointed out you know what  
00:46:02 --> 00:46:06: it was a four times increase in you know billion  
00:46:06 --> 00:46:10: plus you know dollar climate impacts in 2023 that trend  
00:46:10 --> 00:46:14: there's no sign that that trend is going to show  
00:46:14 --> 00:46:15: slow down.  
00:46:15 --> 00:46:18: So what we're trying to do is use, you know  
00:46:19 --> 00:46:23: now there's with with big data and AI, there's tremendous  
00:46:23 --> 00:46:27: forecasting tools at very granular levels to assess risks for  
00:46:27 --> 00:46:31: whether it's climate, you know, whether it's wildfires in in  
00:46:31 --> 00:46:33: California or flood risks.  
00:46:33 --> 00:46:37: So in the coastal areas and and inland backwaters to  
00:46:37 --> 00:46:41: really I identify those kinds of risks and then try  
00:46:41 --> 00:46:45: to design around them to avoid the business interruptions  
00:46:45 --> 00:46:49: and  
00:46:45 --> 00:46:49: the things that end up impairing assets over the long  
00:46:49 --> 00:46:49: term.  
00:46:50 --> 00:46:54: And just to give one practical example of that that  
00:46:54 --> 00:46:56: Peter, Peter posited.  
00:46:56 --> 00:47:01: So we conducted a climate change scenario analysis for our  
00:47:01 --> 00:47:07: portfolio to better understand how climate change will impact  
00:47:07 --> 00:47:12: specific  
00:47:07 --> 00:47:12: specific assets and then what actions we could potentially  
00:47:12 --> 00:47:16: take.  
00:47:12 --> 00:47:16: So the scenario and the analysis was you know, very



00:47:16 --> 00:47:19: simple scenario one, failure to act, we do nothing.

00:47:19 --> 00:47:21: What happens to our portfolio?

00:47:21 --> 00:47:26: Scenario two, we're Paris aligned and we take specific steps

00:47:26 --> 00:47:29: to overcome transition risks.

00:47:30 --> 00:47:32: So just one very tangible way of how we're thinking

00:47:32 --> 00:47:32: through it.

00:47:32 --> 00:47:35: We don't have all of the answers right, but we're

00:47:35 --> 00:47:38: working through scenario analysis to understand where we can potentially

00:47:39 --> 00:47:40: lean in to address some of the issues.

00:47:43 --> 00:47:47: And then maybe just to summarize all this and think

00:47:47 --> 00:47:52: about our final theme, approaching sustainability holistically and the need

00:47:52 --> 00:47:57: to integrate climate, nature, human health into our sustainability efforts.

00:47:57 --> 00:48:00: Judy, might you be able to provide an example of

00:48:00 --> 00:48:02: how you are taking this more holistic approach?

00:48:04 --> 00:48:05: Sure.

00:48:06 --> 00:48:11: We're always taking a holistic approach, but an example that

00:48:11 --> 00:48:15: we're working on a large master plan community and we're

00:48:16 --> 00:48:20: looking at net positive ecosystems and part of the decision

00:48:20 --> 00:48:23: making is what is it going to cost.

00:48:23 --> 00:48:25: It's always, you know what is it going to cost,

00:48:25 --> 00:48:26: what is the return.

00:48:27 --> 00:48:32: But what we're finding is when you look at sustainability

00:48:32 --> 00:48:37: holistically and you combine project design features such as green

00:48:37 --> 00:48:44: streets, complete streets, distributed generation, etcetera, the the benefits and

00:48:44 --> 00:48:49: the the benefits are exponential and the cost effectiveness is

00:48:49 --> 00:48:51: also exponential.

00:48:51 --> 00:48:54: Meaning if you look at them one measure at a

00:48:54 --> 00:48:58: time versus combining them, how do you put a value

00:48:58 --> 00:49:00: on safe routes to school?

00:49:00 --> 00:49:04: I mean it's intangible, right, But there are other, you

00:49:04 --> 00:49:08: know, environmental benefits, reduced heat island effect.

00:49:08 --> 00:49:12: So by combining some of these solutions in a systems

00:49:12 --> 00:49:17: approach, we're able to help our clients understand that we

00:49:17 --> 00:49:22: can create these net positive ecosystems to develop projects in

00:49:22 --> 00:49:26: a better way than, you know, business as usual.

00:49:29 --> 00:49:32: Can I clear time before we, I'm sorry, go ahead

00:49:32 --> 00:49:32: Peter.

00:49:32 --> 00:49:35: Sorry, just you know we we were working with a  
00:49:35 --> 00:49:38: with a mid sized private equity firm kind of a  
00:49:39 --> 00:49:42: just on their on their occupancy you know essentially the  
00:49:42 --> 00:49:47: built environment of their portfolio companies and in the  
process  
00:49:47 --> 00:49:48: of of doing so.  
00:49:48 --> 00:49:52: And we did a you know kind of 23% reduction  
00:49:52 --> 00:49:55: in occupancy cost just from pure efficiency.  
00:49:56 --> 00:50:00: But in identifying those things and looking again to this  
00:50:00 --> 00:50:05: holistic that Judy referred to, we realized that just sometimes  
00:50:06 --> 00:50:11: the organization of process and operations could be modified  
just  
00:50:11 --> 00:50:15: a little bit to to yield tremendous reduction in operating  
00:50:15 --> 00:50:18: costs and fixed cost from operations.  
00:50:18 --> 00:50:22: So there's there's a lot of a lot of benefit  
00:50:22 --> 00:50:25: out there available and and a lot of a lot  
00:50:25 --> 00:50:28: of return available from a a real focus on on  
00:50:28 --> 00:50:33: on fundamentals and basics of of efficient design and  
operations.  
00:50:34 --> 00:50:38: And that's to, you know, just to add on to  
00:50:38 --> 00:50:42: multiple stakeholders, not just to the investor and the tenant,  
00:50:43 --> 00:50:47: but this holistic approach of sort of net positive ecosystems  
00:50:47 --> 00:50:53: and combining sustainable solutions benefit, you know, not  
only the,  
00:50:53 --> 00:50:58: you know, the actor or the investor, but multiple stakeholders.  
00:50:58 --> 00:51:02: And that has long lasting value and is an easier  
00:51:02 --> 00:51:07: an easier scenario to embrace than looking at one project  
00:51:07 --> 00:51:09: design feature at a time.  
00:51:12 --> 00:51:14: And then I think with the few minutes, we'd love  
00:51:14 --> 00:51:16: to touch on a few of the questions that were  
00:51:16 --> 00:51:18: put in the Q&A chat and and pose a few  
00:51:18 --> 00:51:19: questions to the panelists.  
00:51:20 --> 00:51:22: 1 interesting question that came through.  
00:51:22 --> 00:51:26: You know, appreciating that there's multiple different types of  
commercial  
00:51:26 --> 00:51:30: real estate assets maybe for simplification, talking about  
office industrial,  
00:51:30 --> 00:51:33: multi family retail, it appears there are different levels of  
00:51:33 --> 00:51:36: attention to sustainability across product types.  
00:51:36 --> 00:51:38: Why do you think that is and what can we  
00:51:38 --> 00:51:41: as a group or an industry be doing to create  
00:51:41 --> 00:51:45: more sustainability consistently across the board for all asset  
types?  
00:51:45 --> 00:51:47: I'm not sure if anyone sort of has a a

00:51:47 --> 00:51:48: point of view on that.

00:51:50 --> 00:51:51: Sure, Sarah.

00:51:51 --> 00:51:55: You know I I think you see a great sophistication

00:51:55 --> 00:51:59: in the, in the office market, you know large singly

00:51:59 --> 00:52:04: owned assets, you know your Class A buildings, you know

00:52:04 --> 00:52:05: core core real estate.

00:52:06 --> 00:52:09: It's very easy there's it it you know there there's

00:52:09 --> 00:52:13: a been a huge institutional focus to drive those toward

00:52:13 --> 00:52:17: towards sustainability because it it helps in in marketing and

00:52:18 --> 00:52:21: the long term value of that building where you see

00:52:21 --> 00:52:26: other asset types with distributed ownership and tremendous carbon footprints.

00:52:26 --> 00:52:29: But less sophisticated owners.

00:52:29 --> 00:52:33: You know whether it's the manufactured housing sector for instance

00:52:33 --> 00:52:37: or you know it's very difficult sometimes in multifamily to

00:52:37 --> 00:52:40: trace savings and efficiencies back to the end users and

00:52:40 --> 00:52:41: the tenants.

00:52:41 --> 00:52:45: So there are there's barriers at these different at these

00:52:45 --> 00:52:49: different levels but where you see institutional ownership like an

00:52:49 --> 00:52:52: industrial and office those those are getting the most but

00:52:53 --> 00:52:55: now they now they I think our focus is is

00:52:55 --> 00:52:58: trying to show people the the light if you will

00:52:58 --> 00:53:01: available on these other asset types where there is a

00:53:01 --> 00:53:04: tremendous amount of low hanging fruit.

00:53:04 --> 00:53:07: And as Philippa said, sometimes you look at these and

00:53:07 --> 00:53:11: you go wow, is, is it possible you haven't done

00:53:11 --> 00:53:14: this because they they can just save a tremendous amount

00:53:14 --> 00:53:18: of money and at least here domestically now with with

00:53:18 --> 00:53:23: the incentive or excuse me inflation reduction act, there's incentives

00:53:23 --> 00:53:25: out there and and rebates from utilities.

00:53:25 --> 00:53:29: I mean there's just tremendous push to to do these

00:53:29 --> 00:53:33: things that can really result in great returns on investment

00:53:33 --> 00:53:38: and huge to Judy's point, community benefit, you know, improved

00:53:38 --> 00:53:42: air, local air quality, improved community, you know environment.

00:53:42 --> 00:53:46: So there's just a a huge amount of of opportunity

00:53:46 --> 00:53:48: in front of the real estate sector.

00:53:49 --> 00:53:50: If I may explain.

00:53:51 --> 00:53:52: To you go ahead, go ahead.

00:53:53 --> 00:53:56: Honey, just to say, in certain building types it's easier  
00:53:56 --> 00:53:59: to translate into what the owner can monetize, right?  
00:53:59 --> 00:54:03: So in office if especially if it's a gross lease  
00:54:03 --> 00:54:06: right, I know that as the owner of the building  
00:54:06 --> 00:54:09: I can capture the benefit of moving to or increase  
00:54:09 --> 00:54:14: decarbonization because that's improving my energy  
efficiency.  
00:54:14 --> 00:54:18: In other property types it's not necessarily as clear multi  
00:54:18 --> 00:54:22: family we don't have time to do for example, you  
00:54:22 --> 00:54:26: know just transition affair, we don't, we don't have enough  
00:54:26 --> 00:54:30: time to do a robust around discussion around that.  
00:54:30 --> 00:54:35: But the potential for collaboration which requires a lot more  
00:54:35 --> 00:54:39: work and is direct trans, it doesn't directly translate to  
00:54:39 --> 00:54:42: NOY in the same way is another influencing factor.  
00:54:42 --> 00:54:47: I think hopefully societally we're working towards more  
collaborative, more  
00:54:47 --> 00:54:51: partnership, recognizing that in order to achieve the  
outcomes we  
00:54:51 --> 00:54:54: want, we need to have them be more equitable outcomes,  
00:54:54 --> 00:54:56: but that is an influencing factor as well.  
00:54:59 --> 00:55:01: Both of those are are spot on.  
00:55:01 --> 00:55:03: I just wanted to bring up the the reason why  
00:55:03 --> 00:55:07: residential is lagging is because of the split incentive  
dilemma,  
00:55:07 --> 00:55:10: the business model of you know, short term investment and  
00:55:11 --> 00:55:12: long term return.  
00:55:12 --> 00:55:16: So tweaking the business model with multi family for example  
00:55:16 --> 00:55:20: is one way to advance that and you know Peter  
00:55:20 --> 00:55:24: you're spot on with there's a more sophisticated owner or  
00:55:24 --> 00:55:29: investor, it's much easier for it to have that conversation  
00:55:29 --> 00:55:32: and feel like there is a result, you know there  
00:55:32 --> 00:55:33: is an impact.  
00:55:36 --> 00:55:38: One of the one of the questions in the Q&A  
00:55:39 --> 00:55:43: is talking about some of these difficult to decarbonize areas.  
00:55:43 --> 00:55:47: You know they refer to heat, hot water and kitchens  
00:55:47 --> 00:55:51: you know being largely natural gas and fired.  
00:55:52 --> 00:55:56: Those are the, you know that's where capital planning really  
00:55:56 --> 00:55:57: comes in on.  
00:55:57 --> 00:56:00: On existing, you know for new builds at sea it's  
00:56:00 --> 00:56:02: relatively easy because there are alternatives.  
00:56:02 --> 00:56:08: But on existing properties, existing assets that's that's that's  
where  
00:56:08 --> 00:56:12: you know really detailed trend, you know capital plans that

00:56:12 --> 00:56:15: that plan on equipment replacements.

00:56:15 --> 00:56:18: So you have time to design and engineer the necessary

00:56:18 --> 00:56:22: changes to the building and the utility providers necessary to

00:56:22 --> 00:56:26: service a a building going from a hybrid situation to

00:56:26 --> 00:56:28: an all to an all electric building.

00:56:30 --> 00:56:31: Fantastic.

00:56:31 --> 00:56:33: And I think there will will transition it back to

00:56:33 --> 00:56:35: Cara to wrap us up at the last few minutes.

00:56:35 --> 00:56:36: But thank you everyone.

00:56:36 --> 00:56:39: It was a very active and an interesting, engaging discussion.

00:56:42 --> 00:56:44: Thank you, everyone.

00:56:44 --> 00:56:45: We just have a couple minutes left.

00:56:45 --> 00:56:50: I wanted to thank all of the panelists, Judy, Onay,

00:56:50 --> 00:56:55: Peter, Philippa and of course Sarah for moderating today and

00:56:55 --> 00:56:58: the rest of Ferguson Partners.

00:56:58 --> 00:57:01: I also wanted to thank all of the Product Council

00:57:01 --> 00:57:05: members that contributed to the discussion, either in those

00:57:05 --> 00:57:11: three

00:57:11 --> 00:57:13: discussion groups or afterwards reviewing drafts, adding

00:57:13 --> 00:57:17: commentary, or otherwise

00:57:17 --> 00:57:21: helping the report move along.

00:57:21 --> 00:57:24: I want to remind everyone on the webinar today to

00:57:24 --> 00:57:27: download the report for free on Utilize Knowledge Finder.

00:57:27 --> 00:57:32: The link is in the chat, I posted it when

00:57:32 --> 00:57:34: we first started and I will post it again.

00:57:34 --> 00:57:37: We will also be posting a feedback survey.

00:57:37 --> 00:57:40: We're going to post that in the chat as well.

00:57:40 --> 00:57:42: So please fill that out, know what you think, what

00:57:42 --> 00:57:46: other ideas you have, what other questions you have.

00:57:46 --> 00:57:49: I know we didn't get to all the Q&A, but

00:57:49 --> 00:57:53: we will review that with the panelists and the folks

00:57:53 --> 00:57:58: here today and respond to you individually if need be.

00:57:58 --> 00:58:00: We are really excited to see what 2024 brings and

00:58:00 --> 00:58:03: work with the panelists with Sarah and Ferguson Partners.

00:58:03 --> 00:58:06: Please read the report and let us know what you

00:58:06 --> 00:58:07: think.

00:58:07 --> 00:58:08: And with that, have a great day everyone.

00:58:08 --> 00:58:09: Thank you.

00:58:09 --> 00:58:10: Thank you.

*This video transcript has been machine-generated, so it may not be accurate. It is for personal use only. Reproduction or use without written permission is prohibited. If you have a correction or for permission inquiries, please contact [\[email protected\]](#).*