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 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 Nashville.
00:00:50 --> 00:00:53: Alright, so the building healthy Places Action Council was 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 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 land
00:01:26 --> 00:01:30: use cohort published a report on its findings, including 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 is on

00:01:43 --> 00:01:47: the resilient Nashville web page of UL I 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

00:05:28 --> 00:05:31: mentioned that because we work very closely with them on

00:05:31 --> 00:05:35: our ESG initiatives and I'll talk a little bit more

00:05:35 --> 00:05:36: about that later.

00:05:37 --> 00:05:39: The other thing that I think is kind of in

00:05:39 --> 00:05:43: this conversation notable for Amily is we are long term

00:05:43 --> 00:05:46: investors. So whatever we build we are going to live

00:05:46 --> 00:05:49: with and it used to be that we would have

00:05:49 --> 00:05:52: maybe a 10 to 12 year old period. We are

00:05:52 --> 00:05:55: actually now holding our assets for much longer than that

00:05:55 --> 00:05:59: even to the point that we are redeveloping them, making

00:05:59 --> 00:06:03: some renovations and even seeing past the initial installation of

00:06:03 --> 00:06:07: all of our equipment. So that's kind of an operational.

00:06:07 --> 00:06:10: Change that's been different for us. That is certainly impacting

00:06:10 --> 00:06:12: also how we think about development and construction.

00:06:13 --> 00:06:17: So for us, when we started thinking about sustainability, we

00:06:17 --> 00:06:22: really focused on getting LEED certification and so that commitment

00:06:22 --> 00:06:25: to lead silver or higher for all of our new

00:06:25 --> 00:06:29: developments started back in 2006. We now have because of

00:06:29 --> 00:06:32: that 65% of our portfolio is lead certified. So while

00:06:32 --> 00:06:36: that is a fantastic step in our sustainability journey, that

00:06:36 --> 00:06:41: does not in fact guarantee performance particularly when it comes

00:06:41 --> 00:06:43: to topics like heat resilience.

00:06:43 --> 00:06:47: Um, so ask recognizing that and also seeing how interconnected

00:06:47 --> 00:06:50: that people and not just the people living in our

00:06:50 --> 00:06:54: building but the people living in our communities and where

00:06:54 --> 00:06:58: we're doing business is so interconnected with everything that we're

00:06:58 --> 00:07:02: doing on the sustainability side. The CESG conversation that is

00:07:02 --> 00:07:05: now so active in the real estate investment community is

00:07:05 --> 00:07:09: something we started to think about differently and internally we

00:07:09 --> 00:07:13: we talk about this environmental, social and governance with this

00:07:13 --> 00:07:14: brand.

00:07:14 --> 00:07:17: Of family impact because we're trying to change the conversation

00:07:17 --> 00:07:19: 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 at
00:09:46 --> 00:09:50: the very, very beginning of land purchase discussing some of
00:09:50 --> 00:09:53: the risks that we could see in the next 1530,
00:09:53 --> 00:09:57: maybe even beyond that years. So we have taken, if
00:09:57 --> 00:10:00: any of you are familiar with TCF D, it's a
00:10:00 --> 00:10:04: reporting structure that that we utilize for climate change and
00:10:04 --> 00:10:08: they kind of have these two different categories of risks.
00:10:08 --> 00:10:12: That they are recognizing for buildings and that's transition risk
00:10:13 --> 00:10:16: and that's really thinking about what kind of risk does
00:10:16 --> 00:10:20: this property have when it comes to a decarbonizing economy,
00:10:20 --> 00:10:24: right. So think of it as building ordinances and requirements
00:10:24 --> 00:10:27: that may be in the future for these buildings.
00:10:27 --> 00:10:30: And then also physical risks. So this is kind of
00:10:30 --> 00:10:33: getting a little bit more into the, you know for
00:10:33 --> 00:10:36: us we're in South Florida, we have to think about
00:10:36 --> 00:10:39: hurricanes, right. What kind of cost is that going to
00:10:39 --> 00:10:43: be increasing, what about flooding, you know the location matters
00:10:43 --> 00:10:46: on all of these. So we start to have those
00:10:46 --> 00:10:49: discussions now very early in the development process and decide
00:10:50 --> 00:10:52: at that point if we're actually going to invest in
00:10:53 --> 00:10:56: any features that we think could lower some of those
00:10:56 --> 00:10:57: risk for either of those and.
00:10:57 --> 00:11:01: And we kind of see the heat discussions, right, as
00:11:01 --> 00:11:04: falling a little bit into both of these categories.
00:11:05 --> 00:11:08: So I mentioned we go for lead certification and hire
00:11:08 --> 00:11:11: for all of our buildings and we've been doing that
00:11:11 --> 00:11:14: for a long time. So it's integrated into how we
00:11:14 --> 00:11:17: do business. So we're trying to take advantage of the
00:11:17 --> 00:11:20: discussions of resilience by just adding them into this existing
00:11:20 --> 00:11:23: process we have about sustainability and how we do it.
00:11:24 --> 00:11:26: So for us, that's been easy because we look at
00:11:26 --> 00:11:30: heat resilience as part of our overall energy efficiency strategy.
00:11:31 --> 00:11:34: 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 remember
00:16:00 --> 00:16:03: on the map, we have you know properties in Seattle
00:16:03 --> 00:16:06: and California which have very different code requirements than what's
00:16:06 --> 00:16:09: kind of happening in Atlanta and South Florida. So we
00:16:09 --> 00:16:13: do a lot of information sharing between these different regions
00:16:13 --> 00:16:16: too to kind of understand what's happening, what may be
00:16:16 --> 00:16:18: coming and some of our other regions and then just
00:16:18 --> 00:16:21: improvements that we can implement related to these.
00:16:21 --> 00:16:22: Topics.
00:16:23 --> 00:16:26: Another I'll kind of skip down to Umm. I want
00:16:26 --> 00:16:28: to mention this integration of a resilience.
00:16:28 --> 00:16:29: Tool.
00:16:30 --> 00:16:32: So this is also new to us, not new to
00:16:32 --> 00:16:36: many of the real estate investment communities, but there's a
00:16:36 --> 00:16:40: lot of predictive analytics and reports. So either dashboards or
00:16:40 --> 00:16:44: you can do one time reports that are predicting, you
00:16:44 --> 00:16:47: know what the transition risk of a property will be
00:16:47 --> 00:16:51: over the next 15 years, what specifically physical risk, right,
00:16:51 --> 00:16:53: what can happen for that property.
00:16:53 --> 00:16:56: As well. And one of the biggest topics on that
00:16:56 --> 00:16:59: is heat resilience. And so it's just kind of been,
00:16:59 --> 00:17:02: I think, a harder topic because we're all used to
00:17:02 --> 00:17:06: talking about things like hurricanes, right? Florida's obvious, 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 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 airports
00:20:27 --> 00:20:32: and national landing is about four mile stretch end to
00:20:32 --> 00:20:36: end with a square footage and density about the same
00:20:36 --> 00:20:41: as Austin TX central business district. Again just to give
00:20:41 --> 00:20:45: you some scale there the yellow buildings that you see
00:20:45 --> 00:20:49: in this picture are attributed to to Amazon part of
00:20:50 --> 00:20:52: their new HQ two and also leased.
00:20:52 --> 00:20:57: Space. And then on the other end, you'll see Virginia
00:20:57 --> 00:21:00: Tech's innovation campus.
00:21:01 --> 00:21:04: So again, just giving giving some context there.
00:21:05 --> 00:21:09: We have an incredible opportunity to not just be able
00:21:09 --> 00:21:15: to influence the development and redevelopment of vertical structures, but
00:21:15 --> 00:21:19: we actually also own much of the horizontal development and
00:21:19 --> 00:21:24: national landing, which presents an amazing opportunity to really.
00:21:27 --> 00:21:30: Please make in a way that will be unmatched from
00:21:30 --> 00:21:35: anywhere in the country. A few of those highlights for
00:21:35 --> 00:21:39: folks is, is the pedestrian bridge that we're actually building
00:21:39 --> 00:21:44: to connect folks from the National Landing neighborhood directly to
00:21:45 --> 00:21:49: the airport. There's only one place in the entire world
00:21:49 --> 00:21:53: that has that kind of connectivity from a community to
00:21:53 --> 00:21:56: an airport, so it's certainly something that.
00:21:56 --> 00:22:00: Burlington County is very excited about and of course we're
00:22:00 --> 00:22:04: excited about too. It really enhances what we think about
00:22:04 --> 00:22:08: as like that 20 minute city and really being able
00:22:08 --> 00:22:11: to kind of bring that added layer of not just
00:22:11 --> 00:22:16: you know, cars, bikes, that intermodal experience and public transportation,
00:22:16 --> 00:22:20: 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

window
00:29:55 --> 00:29:59: to wall ratio. I'm probably going to say Windows a
00:29:59 --> 00:30:03: lot in the next in the next two slides. But
00:30:03 --> 00:30:07: the thing and actually what I should have done here
00:30:08 --> 00:30:12: was was shown a couple of developments that had already
00:30:12 --> 00:30:16: gone through the county approval process.
00:30:16 --> 00:30:20: Prior to actually really working to focus on window to
00:30:20 --> 00:30:23: wall ratio and put those next to each other to
00:30:23 --> 00:30:27: really to really sort of visualize the the impact. But
00:30:27 --> 00:30:32: what you're looking at here are are two multifamily development
00:30:32 --> 00:30:36: projects in Arlington County. Obviously one is more of a
00:30:36 --> 00:30:40: a high rise you know or mid rise situation and
00:30:40 --> 00:30:42: the other is more of a four over two 5
00:30:42 --> 00:30:44: / 2 kind of configuration.
00:30:45 --> 00:30:50: But in conjunction with the development team, what we have
00:30:50 --> 00:30:54: been able to sort of challenge the architects or our
00:30:54 --> 00:30:56: partner architects on is.
00:30:57 --> 00:31:01: How close to the given window to wall ratio of
00:31:02 --> 00:31:08: 40% that is identified in in many minimum energy performance
00:31:08 --> 00:31:11: standards? What does that look?
00:31:11 --> 00:31:11: Like.
00:31:12 --> 00:31:14: You know I'm like if if you were to build
00:31:14 --> 00:31:17: in your mind without seeing pictures of course it's you
00:31:17 --> 00:31:19: know what do you what do you think of 40%
00:31:19 --> 00:31:22: window to wall ratio looks like well you know certainly
00:31:22 --> 00:31:25: had one of my team members actually come to me
00:31:25 --> 00:31:27: and say OK great well we'll do this 40%.
00:31:27 --> 00:31:30: Under the wall ratio. But you know what are we
00:31:30 --> 00:31:34: gonna do we're gonna break up the whole building and
00:31:34 --> 00:31:38: just have pin holes and I'm like that's really extreme
00:31:38 --> 00:31:42: so it's not quite that but but also full 100%
00:31:42 --> 00:31:47: glass isn't the solution either arguably you know passive survival
00:31:47 --> 00:31:52: passive survivability in those particular situations and and and also
00:31:52 --> 00:31:55: to glare is it really good views etcetera and so
00:31:55 --> 00:31:57: forth it's that's not.
00:31:57 --> 00:32:02: Not necessarily the iteration or the the reality that that
00:32:02 --> 00:32:08: people really want to experience. So both of these particular
00:32:08 --> 00:32:13: buildings and we focused very heavily on staying very close
00:32:13 --> 00:32:17: 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 modeling from the
00:33:21 --> 00:33:25: time that massing is set. We ensure that our energy
00:33:26 --> 00:33:31: modeling partner is also building their energy model that base
00:33:31 --> 00:33:35: so that we can iterate through schematic design 50% D,
00:33:35 --> 00:33:38: 100% D, 50% CD's all the way through to a
00:33:39 --> 00:33:42: construction set of documents to ensure that.
00:33:42 --> 00:33:45: We're we're meeting specific objectives.
00:33:46 --> 00:33:47: Umm.
00:33:49 --> 00:33:54: Moving on to existing buildings, again did I say Windows.
00:33:54 --> 00:33:58: So in the process of of really understanding you know
00:33:58 --> 00:34:03: the impact that Windows have on operations because we have
00:34:03 --> 00:34:08: you know we have somewhere in the neighborhood of 45
00:34:08 --> 00:34:13: different buildings, office buildings that that we operate, we do
00:34:13 --> 00:34:18: do technical studies with energy audits etcetera.
00:34:18 --> 00:34:21: And so forth. And those energy auditors will come to
00:34:21 --> 00:34:26: us with a menu of items that that identify opportunities
00:34:26 --> 00:34:29: for us to reduce heat gain in the building and
00:34:29 --> 00:34:34: ultimately reduce our our energy consumption time and time again.
00:34:34 --> 00:34:37: What we found that was one of the number one
00:34:37 --> 00:34:41: items on the list actually even before you get into
00:34:41 --> 00:34:45: LED lighting for for a building is actually window film
00:34:45 --> 00:34:48: 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 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 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. 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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