



Webinar

ULI Global Sustainability Outlook 2022

Date: January 12, 2022

00:00:00 --> 00:00:03: Hello everyone, thank you for joining today's webinar.
00:00:03 --> 00:00:06: We will be getting started shortly and in the meantime
00:00:06 --> 00:00:09: please get yourself settled while everyone trickles in.
00:00:38 --> 00:00:42: Again, good good afternoon morning or evening depending
where you
00:00:42 --> 00:00:42: are.
00:00:42 --> 00:00:45: Thank you to everyone for joining today's webinar on our
00:00:45 --> 00:00:46: newest publication,
00:00:46 --> 00:00:48: the ULI Global Sustainability Outlook.
00:00:48 --> 00:00:52: For 2022 we will be getting started just momentarily so
00:00:52 --> 00:00:55: hold tight for just a moment or two more and
00:00:55 --> 00:00:56: we'll get going.
00:01:21 --> 00:01:23: Alright, well I think we can begin.
00:01:23 --> 00:01:26: So hello everyone and welcome again to today's webinar on
00:01:26 --> 00:01:30: utilized and Ferguson Partners newest publication you like.
00:01:30 --> 00:01:34: Global Sustainability Outlook 2022. We are very pleased to
bring
00:01:34 --> 00:01:38: together industry leaders on these emerging topics
surrounding sustainability and
00:01:39 --> 00:01:41: real estate to discuss the publications,
00:01:41 --> 00:01:43: findings and what's ahead for the coming year.
00:01:43 --> 00:01:46: A few administrative notes that I'll mention now and also
00:01:46 --> 00:01:47: at the end of the webinar.
00:01:47 --> 00:01:49: This webinar is being recorded.
00:01:49 --> 00:01:52: We will be sharing it on utilized Knowledge Finder website.
00:01:52 --> 00:01:55: After the webinar has been completed,
00:01:55 --> 00:01:57: will also send a link out to to the report
00:01:57 --> 00:02:00: and to the webinar itself to all registered attendees.
00:02:00 --> 00:02:02: So you will have a quick link there.
00:02:02 --> 00:02:04: If you do have any questions,
00:02:04 --> 00:02:06: please go ahead and put them in the Q&A box
00:02:06 --> 00:02:08: and we will respond to those during the discussion.

00:02:08 --> 00:02:12: We plan to have quite a free flowing dialogue today
00:02:12 --> 00:02:15: to cover all of the topics that that we want
00:02:15 --> 00:02:16: to.
00:02:16 --> 00:02:18: I'll let everyone introduce themselves a bit more fully when
00:02:18 --> 00:02:19: they first speak,
00:02:19 --> 00:02:22: but for now a quick overview of today's speakers.
00:02:22 --> 00:02:23: So my name is Marta.
00:02:23 --> 00:02:25: I am your moderator today and I am also the
00:02:26 --> 00:02:29: senior Vice president of Dualized Greenprint Center for
building performance,
00:02:29 --> 00:02:32: which is part of utilized research centers and initiatives.
00:02:32 --> 00:02:35: We focus on climate mitigation and net zero.
00:02:35 --> 00:02:38: We make the business case for green buildings by tying
00:02:38 --> 00:02:41: reductions in carbon emissions to increases in asset value.
00:02:41 --> 00:02:45: In addition to our research and technical assistance work,
00:02:45 --> 00:02:47: we also have a worldwide alliance of leading real estate
00:02:47 --> 00:02:51: owners and developers in the Greenprint community of
practice who
00:02:51 --> 00:02:53: are committed to improving environmental performance,
00:02:53 --> 00:02:56: not just at their own portfolios but of the global
00:02:56 --> 00:02:57: industry writ large.
00:02:57 --> 00:03:00: I'd like to give a special thanks next to Fergus
00:03:00 --> 00:03:04: Ferguson partners for being our global corporate sponsor for
this
00:03:05 --> 00:03:05: publication.
00:03:05 --> 00:03:08: Today we have Linda Isaacson who's a senior managing
director
00:03:08 --> 00:03:10: and the global Head of Innovation,
00:03:10 --> 00:03:13: Sustainability and Technology at Ferguson Partners.
00:03:13 --> 00:03:15: In a moment, she'll be giving a few opening remarks
00:03:15 --> 00:03:17: before we get into the panel discussion.
00:03:17 --> 00:03:20: Linda is a you like global governing trustee and a
00:03:20 --> 00:03:23: board member of the ULI America Executive Committee,
00:03:23 --> 00:03:25: as well as a member of the ULI Global Exchange
00:03:25 --> 00:03:26: Product Council.
00:03:26 --> 00:03:28: So very engaged here at ULI.
00:03:28 --> 00:03:30: There's likely more things that I didn't list off,
00:03:30 --> 00:03:32: but Linda, you are welcome to to add as you
00:03:32 --> 00:03:34: see fit when you when you speak.
00:03:34 --> 00:03:40: R3. Panelists we had today talking through the sustainability
outlooks
00:03:40 --> 00:03:41: takeaways.
00:03:41 --> 00:03:46: Our first Julie hiromoto. She's a principal and the director

00:03:46 --> 00:03:48: of integration at HKS.

00:03:48 --> 00:03:52: Julie is also a member of the Jubilee America Sustainable

00:03:52 --> 00:03:53: Development Council.

00:03:53 --> 00:03:54: We also have JP flirting.

00:03:54 --> 00:03:58: Who's the senior director of sustainability at Tishman Speyer?

00:03:58 --> 00:04:02: JP is a member of the America Sustainable Development Council

00:04:02 --> 00:04:05: as well as a member of the ULI Greenprint Performance

00:04:05 --> 00:04:08: Committee and is also on the ULI New York real

00:04:08 --> 00:04:10: estate Technology and Innovation Council.

00:04:10 --> 00:04:13: So also very engaged and happy to to have everyone

00:04:13 --> 00:04:14: here today.

00:04:14 --> 00:04:17: Last but not least, we have Derek Wilson joining us

00:04:17 --> 00:04:18: for the dialogue.

00:04:18 --> 00:04:21: He's the head of sustainability at Transport for London in

00:04:21 --> 00:04:23: their property development team.

00:04:23 --> 00:04:26: Derek is a member of the Uvula Europe Sustainability Council,

00:04:26 --> 00:04:30: the ULI Europe Urban Regeneration Council and the ULI UK

00:04:30 --> 00:04:32: Sustainability Council.

00:04:32 --> 00:04:36: So with that I will pass pass the microphone off

00:04:36 --> 00:04:39: to Linda to give a few opening remarks.

00:04:39 --> 00:04:41: So thanks so much Martha.

00:04:41 --> 00:04:44: So good afternoon and good evening to all of you

00:04:44 --> 00:04:45: across the globe.

00:04:45 --> 00:04:48: My remarks are very brief 'cause we're much more interested

00:04:48 --> 00:04:51: in hearing from the panelists and the findings of the

00:04:51 --> 00:04:51: report,

00:04:51 --> 00:04:54: then my perspective on the overview.

00:04:54 --> 00:04:57: Which just really want to thank you a lie and

00:04:57 --> 00:05:02: acknowledge the incredible research and the team that's put together

00:05:02 --> 00:05:03: this informative

00:05:04 --> 00:05:04: and

00:05:04 --> 00:05:05: very important

00:05:06 --> 00:05:09: research project. We are proud to sponsor this year and

00:05:10 --> 00:05:12: you were like Global Sustainability Outlook.

00:05:12 --> 00:05:16: I am told in very eager to.

00:05:16 --> 00:05:19: Share with you that this particular document will be shared

00:05:19 --> 00:05:21: in multiple languages,

00:05:21 --> 00:05:24: which is super exciting and the report really does address

00:05:24 --> 00:05:27: so many of the critical concerns in the market,

00:05:27 --> 00:05:31: including creating more resilient buildings in the face of climate

00:05:31 --> 00:05:33: change as well as the quickening pace of action in

00:05:34 --> 00:05:35: scope in the race to net zero.

00:05:35 --> 00:05:38: So thank you all for letting Ferguson be a partner

00:05:38 --> 00:05:39: to you Ally.

00:05:39 --> 00:05:40: We're so

00:05:40 --> 00:05:41: proud of the work

00:05:41 --> 00:05:45: that you publish. Kudos dual monitor back to you.

00:05:45 --> 00:05:48: Thank you Linda terrific. OK,

00:05:48 --> 00:05:51: well, Linda did a lovely job teeing up this publication.

00:05:51 --> 00:05:54: But for those of you who aren't familiar with our

00:05:54 --> 00:05:56: sustainability outlook,

00:05:56 --> 00:05:59: this is the process we followed in in late 2021.

00:05:59 --> 00:06:01: We interviewed members of different dualized,

00:06:01 --> 00:06:04: sustainability related product councils across the globe to inform an

00:06:04 --> 00:06:06: outlook for the coming year.

00:06:06 --> 00:06:09: And we asked a very high level questions.

00:06:09 --> 00:06:12: What sustainability and topics and issues are on the rise?

00:06:12 --> 00:06:16: Why do they matter and what should the industry do

00:06:16 --> 00:06:17: about it?

00:06:17 --> 00:06:20: And so from the ULH Asia Pacific side of things,

00:06:20 --> 00:06:22: we interviewed the Resilient Cities Council.

00:06:22 --> 00:06:25: With ULI Europe, the Sustainability Council and in the Americas,

00:06:25 --> 00:06:29: the Sustainable Development Council. And I highly recommend you go

00:06:29 --> 00:06:32: to our website and you download the report and read

00:06:32 --> 00:06:33: it fully.

00:06:33 --> 00:06:34: But because you're on this webinar,

00:06:34 --> 00:06:37: you'll get quite the sneak peak on the basis of

00:06:37 --> 00:06:40: knowledge shared by all of these experts and our own

00:06:40 --> 00:06:41: knowledge across ULI,

00:06:41 --> 00:06:44: we identified 5 issues that will shape real estate decision

00:06:44 --> 00:06:46: making in the months ahead and beyond.

00:06:46 --> 00:06:51: And oh, excuse me in those five.

00:06:51 --> 00:06:58: Those five topics are. First advancing the net zero agenda.

00:06:58 --> 00:07:02: 2nd navigating the reporting and measurement landscape.

00:07:02 --> 00:07:04: 3rd is confronting climate risk,

00:07:04 --> 00:07:07: both physical and transition risk.

00:07:07 --> 00:07:12: Prioritizing existing buildings. And then last but not least just

00:07:12 --> 00:07:14: the focus on building materials.

00:07:14 --> 00:07:19: So again, I highly recommend that everyone visits suli.org/sustainability outlook to

00:07:19 --> 00:07:21: download the report,

00:07:21 --> 00:07:23: read those results fully all in it's it's a pretty

00:07:23 --> 00:07:25: short publication by ULI standards,

00:07:25 --> 00:07:27: so so worth a read.

00:07:27 --> 00:07:30: Now. Our plan for this webinar is to have a

00:07:30 --> 00:07:34: free flowing discussion that covers these five topic areas from

00:07:34 --> 00:07:37: the perspective of our three panelists here today.

00:07:37 --> 00:07:39: You may notice in these topics there's little overlap.

00:07:39 --> 00:07:41: For example, how do you talk about.

00:07:41 --> 00:07:44: Net 0? Without highlighting the existing building challenge,

00:07:44 --> 00:07:48: how do you weigh the challenges of sustainability reporting without

00:07:48 --> 00:07:52: discussing transition risk from climate policies and so we acknowledge

00:07:52 --> 00:07:54: that there is a lot here and we look forward

00:07:54 --> 00:07:57: to this dialogue. We we hope that webinar attendees as

00:07:57 --> 00:07:59: well will contribute your thoughts in the chat box.

00:07:59 --> 00:08:02: Contribute questions for panelists in the Q&A.

00:08:02 --> 00:08:06: And with that I I'll start with Julie Julie.

00:08:06 --> 00:08:09: Can you give us your thoughts on the expanding at

00:08:09 --> 00:08:12: net zero agenda in the real estate sector?

00:08:13 --> 00:08:17: Yeah, thanks Martha and Linda for that brilliant introduction and

00:08:18 --> 00:08:20: our pleasure to be here with this group.

00:08:20 --> 00:08:24: It was really fun to have those conversations last year

00:08:24 --> 00:08:27: that Mark mentioned that built up into this report.

00:08:27 --> 00:08:30: So such a pleasure to be here and thanks everybody

00:08:30 --> 00:08:31: for joining us today.

00:08:31 --> 00:08:34: I think the net zero agenda is a great place

00:08:34 --> 00:08:35: to start.

00:08:35 --> 00:08:39: I sometimes get confused though when people talk about net

00:08:39 --> 00:08:44: zero because we don't often articulate exactly what we mean

00:08:44 --> 00:08:44: by that.

00:08:44 --> 00:08:48: You know, most people are not intending a fully regenerative

00:08:48 --> 00:08:52: project along the lines of the International Living Future Institute's

00:08:52 --> 00:08:53: Living Building Challenge,

00:08:53 --> 00:08:55: which is net zero energy,

00:08:55 --> 00:09:01: carbon and water, which are all different things but related

00:09:01 --> 00:09:01: goals,

00:09:01 --> 00:09:05: and these are all important given the urgency of you
00:09:05 --> 00:09:05: know.
00:09:05 --> 00:09:09: Climate and the crisis that we're in today.
00:09:09 --> 00:09:12: I think that the first step in each of these
00:09:12 --> 00:09:16: is to understand where you are today by doing an
00:09:16 --> 00:09:19: audit or a budget and then having the courage to
00:09:19 --> 00:09:22: set really ambitious goals. Even if you don't know today
00:09:22 --> 00:09:25: exactly the steps you're going to take on how you're
00:09:25 --> 00:09:26: going to get there,
00:09:26 --> 00:09:29: all the solutions because of safe goal is really not
00:09:29 --> 00:09:32: going to push you as far as a really ambitious
00:09:32 --> 00:09:33: target,
00:09:33 --> 00:09:36: and you'll always achieve more with a with a big
00:09:36 --> 00:09:40: hairy audacious goal than a comfortable one that you know
00:09:40 --> 00:09:41: you can meet.
00:09:41 --> 00:09:44: And even if you don't get all the way there,
00:09:44 --> 00:09:47: you will lay some really solid groundwork and build
knowledge
00:09:47 --> 00:09:50: that will allow you to push even further on the
00:09:50 --> 00:09:52: next project and the next opportunity.
00:09:52 --> 00:09:55: And I think the message that I want to leave
00:09:55 --> 00:09:57: you here with today is that.
00:09:57 --> 00:10:00: Business as usual or this kind of incremental improvement
just
00:10:00 --> 00:10:01: won't cut it anymore.
00:10:01 --> 00:10:06: We've been talking about the climate emergency for the last
00:10:06 --> 00:10:07: 30 some years.
00:10:07 --> 00:10:10: All the scientists agree that this is human caused,
00:10:10 --> 00:10:12: and that there are things that we can do about
00:10:12 --> 00:10:12: it.
00:10:12 --> 00:10:15: And it's not just hugging the planet that's at stake
00:10:15 --> 00:10:15: here,
00:10:15 --> 00:10:17: but it's our business viability,
00:10:17 --> 00:10:22: its communities thriving and flourishing,
00:10:22 --> 00:10:24: and and the future of humanity and civilization as we
00:10:24 --> 00:10:25: know it.
00:10:25 --> 00:10:26: All of this is at stake,
00:10:26 --> 00:10:27: and there's just too much at risk.
00:10:31 --> 00:10:33: Absolutely, that's one of the reasons I think,
00:10:33 --> 00:10:36: Julie why this advancing the net zero agenda made it
00:10:36 --> 00:10:38: to the top of the list it.
00:10:38 --> 00:10:41: It's no longer an option for a lot of folks,
00:10:41 --> 00:10:44: and we're seeing no matter where companies are on their

00:10:44 --> 00:10:45: sustainability journey,
00:10:45 --> 00:10:50: this accelerated. Pressure from from across the industry to act
00:10:50 --> 00:10:51: on that.
00:10:51 --> 00:10:54: It's almost a net zero 2.0 if you will.
00:10:57 --> 00:10:59: Derek, JP, you want to chime in?
00:11:05 --> 00:11:06: Derek, you're welcome to go first,
00:11:06 --> 00:11:07: and I'll jump in right after.
00:11:08 --> 00:11:10: You know, I have to certainly.
00:11:10 --> 00:11:12: I mean I couldn't agree more with Julie.
00:11:12 --> 00:11:15: I mean the the definitions that we have for.
00:11:15 --> 00:11:19: Net zero, even just within the UK context are really
00:11:19 --> 00:11:20: quite varied.
00:11:20 --> 00:11:23: And we have a lot of organizations going out there
00:11:23 --> 00:11:27: saying that they're achieving net zero on their existing
portfolios
00:11:27 --> 00:11:30: on their new development projects or they have a net
00:11:30 --> 00:11:32: zero target in the future.
00:11:32 --> 00:11:34: And one of the big issues that we've got is
00:11:34 --> 00:11:38: the lack of verification and transparency on what that actually
00:11:38 --> 00:11:39: means in practice.
00:11:39 --> 00:11:41: So I think you know that kind of nicely leads
00:11:41 --> 00:11:43: into the the second point,
00:11:43 --> 00:11:46: which is about the reporting and measurement landscape.
00:11:46 --> 00:11:49: Having some kind of unified approach to measuring.
00:11:49 --> 00:11:52: Net 0. And certifying a net zero within the property
00:11:52 --> 00:11:55: sector then it's going to be a really key trend,
00:11:55 --> 00:11:58: something that we're increasingly gonna see emerge as a as
00:11:58 --> 00:11:59: a critical issue,
00:11:59 --> 00:12:02: because there is a very real risk of greenwashing.
00:12:02 --> 00:12:06: We're seeing it already. And and having that verification,
00:12:06 --> 00:12:09: I think it's going to be really quite critical.
00:12:09 --> 00:12:12: And just kind of relating to that.
00:12:12 --> 00:12:16: I think you know the point about prioritizing existing buildings
00:12:16 --> 00:12:17: is really,
00:12:17 --> 00:12:21: really important as well. One of the key issues that
00:12:21 --> 00:12:23: we have as an organization,
00:12:23 --> 00:12:26: and you know, having spoken with quite a few other
00:12:26 --> 00:12:28: organizations here in the UK.
00:12:28 --> 00:12:31: There is a real lack of data on existing buildings
00:12:31 --> 00:12:33: because they weren't designed and built with.
00:12:33 --> 00:12:36: Net zero in mind. They weren't designed and built with

00:12:36 --> 00:12:38: sustainability in mind more generally,
00:12:38 --> 00:12:41: and you know quite often we don't have the data
00:12:41 --> 00:12:44: and and the knowledge on those assets to really make
00:12:45 --> 00:12:48: informed decisions and straight back to Julie's point,
00:12:48 --> 00:12:51: we need to understand where we're at in order to
00:12:51 --> 00:12:54: understand what we need to do to get there and
00:12:54 --> 00:12:57: at the moment I think that understanding is really lacking
00:12:57 --> 00:13:00: in the. Space of existing buildings.
00:13:03 --> 00:13:05: Sure, and I'll just jump in on the back end
00:13:05 --> 00:13:05: of this to say.
00:13:05 --> 00:13:08: First off, I think definitions are hugely important.
00:13:08 --> 00:13:12: We're a global company and we get many different folks
00:13:12 --> 00:13:14: having many different ideas of what.
00:13:14 --> 00:13:18: Net 0 means and that has both for investors from
00:13:18 --> 00:13:20: tenants from all sorts of customers,
00:13:20 --> 00:13:24: and that has created a significant amount of confusion in
00:13:24 --> 00:13:25: the market.
00:13:25 --> 00:13:28: And Julie put it very well that most people do
00:13:28 --> 00:13:33: not actually mean a net zero energy building that meets.
00:13:33 --> 00:13:36: To the conditions that Julie mentioned for a lot of
00:13:36 --> 00:13:37: reasons,
00:13:37 --> 00:13:39: and that is certainly something to aspire to and something
00:13:39 --> 00:13:40: we think a lot about.
00:13:40 --> 00:13:42: But I think one of the things that is often
00:13:43 --> 00:13:43: lost,
00:13:43 --> 00:13:45: at least in the conversation as far as a company
00:13:45 --> 00:13:46: like hers is concerned,
00:13:46 --> 00:13:47: is that at the end of the day,
00:13:47 --> 00:13:50: we lease space to tenants who use energy right?
00:13:50 --> 00:13:54: And so at some level it's not clear how like
00:13:54 --> 00:13:57: it seems like the world would like our company to
00:13:57 --> 00:13:59: stop using energy period,
00:13:59 --> 00:14:02: and that's great. And we're gonna build this efficient buildings
00:14:02 --> 00:14:03: as possible all day long.
00:14:03 --> 00:14:06: Right and we have a huge incentive to do that,
00:14:06 --> 00:14:07: but they're going to use energy.
00:14:07 --> 00:14:09: I got bad news like you know,
00:14:09 --> 00:14:13: 1200 foot tall, 3,000,000 square foot office tower in
downtown
00:14:13 --> 00:14:15: London or New York is gonna use energy.
00:14:15 --> 00:14:19: There's no way that building is gonna not use energy
00:14:19 --> 00:14:20: and even more importantly,

00:14:20 --> 00:14:23: those types of buildings are located in places where you
00:14:23 --> 00:14:26: cannot put on site renewables in a reasonable cost.
00:14:26 --> 00:14:29: And so offsite solutions have to be engaged with.
00:14:29 --> 00:14:32: And so I think it's important to say carbon is
00:14:32 --> 00:14:33: the goal and we are.
00:14:33 --> 00:14:36: Laser like focused on how to get net zero carbon.
00:14:36 --> 00:14:39: We're also very focused on efficiency and we want to
00:14:39 --> 00:14:41: build this efficient buildings as possible.
00:14:41 --> 00:14:46: Today's technological landscape for large buildings does not
necessarily lend
00:14:46 --> 00:14:50: itself to both building highly carbon efficient and energy
efficient
00:14:50 --> 00:14:52: buildings at large size and scale.
00:14:52 --> 00:14:54: I think that's coming and certainly on some different types
00:14:55 --> 00:14:55: of buildings.
00:14:55 --> 00:14:58: It's more practical today, but we don't see a future
00:14:58 --> 00:15:02: where our customers are not using energy in the future.
00:15:02 --> 00:15:04: And by the way, if anybody wants to put in
00:15:04 --> 00:15:04: the chat.
00:15:04 --> 00:15:06: A tenant that pays \$85 a foot in rent and
00:15:06 --> 00:15:07: uses no energy.
00:15:07 --> 00:15:09: I want to talk to that tenant 'cause we are
00:15:09 --> 00:15:11: eager to sign them up for one of our buildings.
00:15:11 --> 00:15:13: So in lieu of that,
00:15:13 --> 00:15:16: I think it's very important to understand that generally
speaking,
00:15:16 --> 00:15:19: not by any means. In all cases people are referring
00:15:19 --> 00:15:22: to net zero carbon and when they say that they
00:15:22 --> 00:15:24: also want a very efficient building.
00:15:24 --> 00:15:27: But it's a very interesting conversation right now that we're
00:15:27 --> 00:15:28: having with lots of folks.
00:15:28 --> 00:15:30: We're actually for a lot of folks.
00:15:30 --> 00:15:33: The assumption is a net zero carbon building is efficient
00:15:33 --> 00:15:34: and that is actually not true.
00:15:34 --> 00:15:37: Right, you can build a highly inefficient net zero carbon
00:15:37 --> 00:15:37: building.
00:15:37 --> 00:15:41: Interestingly enough, and so I think that we have a
00:15:41 --> 00:15:43: major definition problem here,
00:15:43 --> 00:15:45: and people are kind of all over the place on
00:15:45 --> 00:15:46: what that means,
00:15:46 --> 00:15:49: but I will just say from Tishman Speyer's perspective,
00:15:49 --> 00:15:52: we look at it as carbon and efficiency,
00:15:52 --> 00:15:54: and we want to hit both of those as hard

00:15:54 --> 00:15:55: as possible,
00:15:55 --> 00:15:58: but neither of those get you to a zero energy
00:15:58 --> 00:16:02: building in the vast majority of buildings anytime in the
00:16:02 --> 00:16:04: foreseeable future,
00:16:04 --> 00:16:07: and. That's something we all need to address clearly and
00:16:07 --> 00:16:08: focus on.
00:16:08 --> 00:16:10: I personally think the answer to that is efficiency as
00:16:11 --> 00:16:11: much as possible,
00:16:11 --> 00:16:14: but I will just say that for some types of
00:16:14 --> 00:16:15: buildings today,
00:16:15 --> 00:16:18: efficiency and net zero carbon are not necessarily aligned,
00:16:18 --> 00:16:21: and so there's a lot of interesting challenges to try
00:16:21 --> 00:16:24: to explain that more to folks and have them really
00:16:24 --> 00:16:24: absorb that.
00:16:24 --> 00:16:25: That is in fact the case.
00:16:28 --> 00:16:29: While we're on that topic JP,
00:16:29 --> 00:16:31: we had a quick question in the chat to clarify.
00:16:31 --> 00:16:33: Can you give an example of how you could have
00:16:33 --> 00:16:35: an inefficient building that is net zero carbon?
00:16:37 --> 00:16:40: The building with a bunch of electrical baseboard heating and
00:16:40 --> 00:16:41: you plug it into a windmill.
00:16:41 --> 00:16:43: Right? OK, energy is renewable,
00:16:43 --> 00:16:46: but the way you just made heat is highly inefficient,
00:16:46 --> 00:16:49: right? That is not an efficient way of generating heat,
00:16:49 --> 00:16:52: so you could easily have an inefficient heating system that
00:16:52 --> 00:16:54: is powered by windmills.
00:16:58 --> 00:17:00: I I'm trying to navigate the chat box here.
00:17:00 --> 00:17:02: We also do have a Q&A box,
00:17:02 --> 00:17:05: so feel free to use both to to all of
00:17:05 --> 00:17:07: our folks on the line and I will try and
00:17:07 --> 00:17:08: keep track,
00:17:08 --> 00:17:11: but in the meantime, I think we'll we'll just continue
00:17:11 --> 00:17:12: with our dialogue here.
00:17:12 --> 00:17:14: One thing Derek that you mentioned,
00:17:14 --> 00:17:16: which is a bit of a hot button word these
00:17:16 --> 00:17:16: days,
00:17:16 --> 00:17:20: is that term greenwashing and how everyone wants to avoid
00:17:20 --> 00:17:20: greenwashing.
00:17:20 --> 00:17:24: And and there's certainly a risk of over overstating what
00:17:25 --> 00:17:28: what a firm is doing on sustainability and.
00:17:28 --> 00:17:32: Carbon and ESG. But can you speak to what what
00:17:32 --> 00:17:34: your firm is doing too?

00:17:34 --> 00:17:38: Get ahead on that front around transparency or whatnot.
00:17:40 --> 00:17:44: Yeah, absolutely yeah very happy too so.
00:17:44 --> 00:17:48: Many of those on this call won't be aware,
00:17:48 --> 00:17:50: although some might be from the UK,
00:17:50 --> 00:17:55: TfL recently produced and and publicly launched a A
framework
00:17:56 --> 00:17:57: for measuring,
00:17:57 --> 00:18:02: specifying and improving sustainability performance across
our built assets.
00:18:02 --> 00:18:04: Now that cuts across the triple bottom line,
00:18:04 --> 00:18:05: so it's not just environmental.
00:18:05 --> 00:18:08: It covers off social and economic dimensions as well,
00:18:08 --> 00:18:13: but it utilizes roughly 115 key performance indicators to set
00:18:14 --> 00:18:14: out what.
00:18:14 --> 00:18:18: Exactly we mean by sustainability and that's and it sets
00:18:18 --> 00:18:21: hard targets against each and every one of those KP
00:18:21 --> 00:18:21: eyes.
00:18:21 --> 00:18:24: So you know to JP's point,
00:18:24 --> 00:18:26: you know it's not just about hitting that server carbon.
00:18:26 --> 00:18:28: We do have a copy for hitting that sort of
00:18:29 --> 00:18:29: carbon,
00:18:29 --> 00:18:32: but we have targets for energy efficiency,
00:18:32 --> 00:18:34: energy use in our buildings,
00:18:34 --> 00:18:37: how green the energy is that we're generating,
00:18:37 --> 00:18:40: how efficiently we're translating energy into heat,
00:18:40 --> 00:18:43: that sort of thing, and what we're doing now is
00:18:44 --> 00:18:45: using that framework.
00:18:45 --> 00:18:48: To measure and understand the performance of all of our
00:18:48 --> 00:18:49: projects,
00:18:49 --> 00:18:53: and we're going to be releasing publicly the results of
00:18:53 --> 00:18:57: those projects so everybody can understand based on our
framework,
00:18:57 --> 00:19:00: how our products are performing against all of those different
00:19:00 --> 00:19:01: indicators.
00:19:01 --> 00:19:04: So really, really excited for that one thing I would
00:19:04 --> 00:19:04: note,
00:19:04 --> 00:19:07: actually, is that you know we are a public sector
00:19:07 --> 00:19:10: organization and fundamentally we are trying to promote the
public
00:19:10 --> 00:19:12: good in what we're doing.
00:19:12 --> 00:19:15: So we've actually taken our framework and all the guidance
00:19:15 --> 00:19:16: that sits behind.
00:19:16 --> 00:19:20: All 115 KP eyes and made it completely open source.

00:19:20 --> 00:19:24: So if you Google Edfl sustainable development framework,
00:19:24 --> 00:19:26: you'll be able to find the documents and it's really
00:19:26 --> 00:19:27: out there.

00:19:27 --> 00:19:31: So anybody can kind of draw on what we've learned,
00:19:31 --> 00:19:34: make you see approach in some capacity on their own
00:19:34 --> 00:19:36: and it will say it's been a been a tough
00:19:36 --> 00:19:37: slog.

00:19:37 --> 00:19:38: It's not always been easy.

00:19:38 --> 00:19:41: We've had some pretty big stumbles along the way,
00:19:41 --> 00:19:44: but we really want everybody to kind of benefit from
00:19:44 --> 00:19:46: from those hard lessons learned and.

00:19:46 --> 00:19:51: Hopefully promote more uptake around measurement
verification and transparency.

00:19:55 --> 00:19:59: Perfect thanks Derek yeah. We we jumped into it some
00:19:59 --> 00:20:02: tactics and in activities going on.

00:20:02 --> 00:20:04: But I actually like to take a step back momentarily
00:20:04 --> 00:20:07: and talk about the motivation behind these different
sustainability issues

00:20:07 --> 00:20:08: for the coming year.

00:20:11 --> 00:20:14: From what I understand, the motivations have only intensified
in

00:20:15 --> 00:20:17: terms of why real estate firms and in all actors
00:20:17 --> 00:20:19: across the industry,
00:20:19 --> 00:20:21: whether architects, public sector, private sector,
00:20:21 --> 00:20:26: are. Advancing on this so much faster,
00:20:26 --> 00:20:29: so could could any of you give some updates on
00:20:29 --> 00:20:33: on the motivations behind sustainability in in the sector these
00:20:33 --> 00:20:34: days?

00:20:37 --> 00:20:40: I think part of it is tide 2.

00:20:40 --> 00:20:44: Your business is reputation and bottom line through that,
00:20:44 --> 00:20:48: you know we all want to be good citizens and
00:20:48 --> 00:20:52: corporate stewards of the investments that are made within
our

00:20:52 --> 00:20:54: businesses within our clients,
00:20:54 --> 00:21:00: businesses within our tenants, businesses and climate risk is
becoming

00:21:00 --> 00:21:04: a larger part of that larger Ledger sheet.

00:21:04 --> 00:21:07: Even if all of the system costs are not fully
00:21:07 --> 00:21:09: accounted for and attributed.

00:21:09 --> 00:21:12: At this point we're seeing a day of reckoning coming
00:21:12 --> 00:21:13: very shortly.

00:21:13 --> 00:21:17: With a lot of the policies and regulations not only
00:21:17 --> 00:21:19: on a national level,

00:21:19 --> 00:21:22: but also on a local level and through some of
00:21:22 --> 00:21:25: the the work that's been done on an international level
00:21:25 --> 00:21:29: with groups like the United Nations COPS platform and the
00:21:29 --> 00:21:34: and the annual kind of nationally determined contributions
that are
00:21:34 --> 00:21:34: now.
00:21:34 --> 00:21:37: People are looking at and trying to measure some of
00:21:37 --> 00:21:37: these impacts.
00:21:41 --> 00:21:44: Absolutely thanks Julie. JP, do you want to go now?
00:21:44 --> 00:21:47: Sure, I mean, I guess you know we have two
00:21:47 --> 00:21:49: big buckets of customers.
00:21:49 --> 00:21:51: We have tenants and we have investors,
00:21:51 --> 00:21:54: and then the sort of third actor in that space
00:21:54 --> 00:21:55: as governments.
00:21:55 --> 00:21:57: And each of those folks.
00:21:57 --> 00:21:59: And then of course there's our own desire internally to
00:21:59 --> 00:21:59: do these things,
00:21:59 --> 00:22:04: which remains quite large, but just in thinking about external
00:22:04 --> 00:22:06: pressures to drive this agenda,
00:22:06 --> 00:22:08: it's going to come for us from one of those
00:22:08 --> 00:22:09: three stakeholders.
00:22:09 --> 00:22:11: Again, our tenants are investors,
00:22:11 --> 00:22:13: or the governments and communities,
00:22:13 --> 00:22:14: but mainly the governments we work.
00:22:14 --> 00:22:17: Or I'm sorry in the neighborhoods we work for that
00:22:18 --> 00:22:22: the government should regulate those neighborhoods and
you know that
00:22:22 --> 00:22:25: the sort of sequence of who's pushing most five years
00:22:25 --> 00:22:29: ago it was tenants followed by governments and investors
were
00:22:29 --> 00:22:30: kind of farther down.
00:22:30 --> 00:22:33: I will say today it is dramatically different.
00:22:33 --> 00:22:36: Investors are way up here.
00:22:36 --> 00:22:38: Governments are kind of down here,
00:22:38 --> 00:22:39: although very mixed bag there.
00:22:39 --> 00:22:42: You know obviously for a lot of reasons and then
00:22:42 --> 00:22:43: you see tenants down here.
00:22:44 --> 00:22:47: Now I'll say what's interesting is tenant demand is probably
00:22:47 --> 00:22:49: been cruising up at a fairly steady clip for a
00:22:49 --> 00:22:50: long time,
00:22:50 --> 00:22:52: but nothing changed dramatically. One day it remains
something.
00:22:52 --> 00:22:54: Many tenants are very focused on,

00:22:54 --> 00:22:56: not every single one, but they're something that they want
00:22:56 --> 00:22:59: to talk about and and are very interested what has
00:22:59 --> 00:23:02: changed dramatically is the investor side of the equation for
00:23:02 --> 00:23:05: us? And seeing that the people who are investing money
00:23:05 --> 00:23:06: alongside us?
00:23:06 --> 00:23:11: In many of these developments and existing buildings.
00:23:11 --> 00:23:15: Their perception of these issues has changed dramatically,
00:23:15 --> 00:23:17: at least from our perspective,
00:23:17 --> 00:23:20: and we see that folks who are investing with us
00:23:20 --> 00:23:24: have taken this from something that was important and they
00:23:24 --> 00:23:26: wanted to talk about it but was not top of
00:23:26 --> 00:23:28: the list to, you know,
00:23:28 --> 00:23:30: one of the top two issues that need to be
00:23:30 --> 00:23:33: discussed outside of returns which are always of course first
00:23:33 --> 00:23:34: issue,
00:23:34 --> 00:23:36: but outside of that it this has been a very
00:23:36 --> 00:23:40: very important topic and and the investor community in
00:23:40 --> 00:23:41: general
00:23:40 --> 00:23:41: has really woken up.
00:23:41 --> 00:23:42: I think a lot of that,
00:23:42 --> 00:23:44: at least at distance pierside,
00:23:44 --> 00:23:47: we tend to have very long hold period investors,
00:23:47 --> 00:23:50: meaning folks that invest with us minimum seven years,
00:23:50 --> 00:23:52: but often fifteen 2025 years.
00:23:52 --> 00:23:56: And when you're investing in those time frames,
00:23:56 --> 00:23:59: things like Net Zero, 2050 and goals like 2035,
00:23:59 --> 00:24:02: twenty forty, 20-30, those are only it.
00:24:02 --> 00:24:04: Turns out those are nine years away,
00:24:04 --> 00:24:06: right? And suddenly if you're investing in a hold period
00:24:06 --> 00:24:07: with us,
00:24:07 --> 00:24:11: that is, you know 789-1015 years you're now crossing all
00:24:11 --> 00:24:11: those lines.
00:24:11 --> 00:24:13: While you're investing those buildings with us,
00:24:13 --> 00:24:17: and so we're starting to get investors asking us like
00:24:17 --> 00:24:20: it will this building become obsolete.
00:24:20 --> 00:24:21: It's a fascinating question, right?
00:24:21 --> 00:24:23: 'cause no building will not be obsolete from the perspective
00:24:23 --> 00:24:24: of the elevators will work.
00:24:24 --> 00:24:25: The air conditioning will work.
00:24:25 --> 00:24:27: The windows will still have the ability to look out
00:24:28 --> 00:24:29: and see what's going outside,
00:24:29 --> 00:24:32: so the building itself won't be obsolete in the traditional

00:24:32 --> 00:24:33: definition,
00:24:33 --> 00:24:35: but what people are now very focused on is
00:24:35 --> 00:24:38: that building going to be leasable in 12 years?
00:24:38 --> 00:24:41: Is it going to be regulatorily put into pasture as
00:24:41 --> 00:24:42: it were in?
00:24:42 --> 00:24:45: 15 years and how are you going to guarantee me
00:24:45 --> 00:24:48: that that investment that I'm making with you will have
00:24:48 --> 00:24:50: a building that will come out the other end worth
00:24:50 --> 00:24:53: more? And we'll be a good financial investment.
00:24:53 --> 00:24:56: And so again, the big big change on our side
00:24:56 --> 00:25:00: has been the money has changed significantly towards this
being
00:25:00 --> 00:25:03: much higher on their list of things they want to
00:25:03 --> 00:25:06: talk about and want to understand exactly what the plan
00:25:06 --> 00:25:07: is for every asset.
00:25:07 --> 00:25:11: We're investing with them for the next 1520 years.
00:25:14 --> 00:25:18: And I think, JP, what you're describing has multiple layers
00:25:18 --> 00:25:18: to it too,
00:25:18 --> 00:25:22: right? It's like not only will the tenants come,
00:25:22 --> 00:25:24: but you know if I need to sell the property,
00:25:24 --> 00:25:25: will I be able to?
00:25:25 --> 00:25:28: Will I be able to insure the property or will
00:25:28 --> 00:25:31: I be able to manage the cost to maintain it?
00:25:31 --> 00:25:32: And will that still pencil out?
00:25:32 --> 00:25:35: I mean it, there's just so much depth across so
00:25:36 --> 00:25:39: many levels of the business in terms of that viability
00:25:39 --> 00:25:42: and long term valuation of the of the asset
00:25:42 --> 00:25:45: absolutely. And if it isn't going to happen in.
00:25:45 --> 00:25:48: Never hold period. It's gonna happen in the person you
00:25:48 --> 00:25:50: sell to right and so it's gonna be the next
00:25:50 --> 00:25:53: person that owns that asset that will hold the bag
00:25:53 --> 00:25:54: when the bill comes due.
00:25:54 --> 00:25:58: We generally sell buildings to folks that don't want to
00:25:58 --> 00:25:58: do that,
00:25:58 --> 00:26:01: right? I mean the nature of our business is generally
00:26:01 --> 00:26:02: what we call building decor,
00:26:02 --> 00:26:04: right? Which is we're building value,
00:26:04 --> 00:26:06: add assets, or we're renovating assets,
00:26:06 --> 00:26:09: leasing them up and then selling them to somebody who
00:26:09 --> 00:26:10: wants to.
00:26:10 --> 00:26:12: Generally, you know, collect rent checks for 10 years,
00:26:12 --> 00:26:15: so the next owner is not.

00:26:15 --> 00:26:19: Likely to be somebody who's interested in doing that kind
00:26:19 --> 00:26:19: of work,
00:26:19 --> 00:26:23: and so if we don't do that and we look
00:26:23 --> 00:26:24: to sell in 2040,
00:26:24 --> 00:26:27: then likely there will be a significant haircut placed on
00:26:27 --> 00:26:30: the exit price of that investment because the next owner
00:26:30 --> 00:26:33: will realize that they gotta figure out how to deal
00:26:33 --> 00:26:34: with that, or hire somebody to figure out how to
00:26:34 --> 00:26:35: deal with that for themselves.
00:26:37 --> 00:26:40: Haircut is a very nice way of saying brown discount.
00:26:40 --> 00:26:42: Absolutely Derek. Feel free.
00:26:43 --> 00:26:46: Yeah, I mean I I completely completely agree.
00:26:46 --> 00:26:48: And I mean we, we've seen this scene the same
00:26:48 --> 00:26:52: shifts in terms of tenant expectations in terms of investment,
00:26:52 --> 00:26:55: and we've really adapt our game in terms of sustainability
00:26:55 --> 00:26:57: to generate that investment.
00:26:57 --> 00:27:00: You know, we're starting to see green debt come into
00:27:00 --> 00:27:01: play.
00:27:01 --> 00:27:05: Ability to attract tenants is increasingly focused on health and
00:27:05 --> 00:27:07: well being and sustainability.
00:27:07 --> 00:27:11: And you know, in light of the COVID pandemic and
00:27:11 --> 00:27:12: with lots of.
00:27:12 --> 00:27:13: Corporate occupiers shrinking their footprints.
00:27:13 --> 00:27:16: They do think that there is going to be a
00:27:16 --> 00:27:18: big flight to quality and indeed a flight stain ability.
00:27:18 --> 00:27:22: At the same time, so making sure that those assets
00:27:22 --> 00:27:26: are greened and and genuinely perform as they're intended.
00:27:26 --> 00:27:30: It's going to be absolutely essential to attracting and retaining
00:27:30 --> 00:27:30: tenants,
00:27:30 --> 00:27:33: but I think the to some degree the elephant in
00:27:33 --> 00:27:36: the room that we often miss out in these discussions
00:27:36 --> 00:27:39: and often gets missed out in research reports by the
00:27:39 --> 00:27:42: big agencies and in some cases even gets missed out
00:27:42 --> 00:27:43: by policy.
00:27:43 --> 00:27:46: Is the residential sector when we look at the business
00:27:46 --> 00:27:49: case evidence for retrofitting for sustainability?
00:27:49 --> 00:27:52: When we look at, you know,
00:27:52 --> 00:27:55: investor demands on sustainability. Generally speaking,
00:27:55 --> 00:27:57: we're talking about the commercial sector,
00:27:57 --> 00:27:59: whether it's retail or office.
00:27:59 --> 00:28:01: But when you actually go out and talk to volume,
00:28:01 --> 00:28:06: house builders who are building single family homes or

blocks
of flats.
They're looking at a pretty short investment period.
They're looking to get in,
make their profits and get out,
and trying to get a business case built out for
that sector,
which has a huge impact on carbon emissions.
And takes up a really big share of the property
sector.
I don't think we've cracked that yet,
and when you actually look at all the industry research
across the board,
when you look at all the business case evidence I
have come across very,
very negligible. Compelling evidence that actually suggests
that there is
a robust business case for residential property and
residential development
in particular,
and I do think that's gonna change and very,
very rapidly. The markets waking up to it.
But until that shifts the less progressive organizations out
there
that are developing,
and in some cases owning and managing residential
properties are
going to struggle to justify it,
and I think that's a big problem that we gotta
gotta solve.
Great point, Derek, and in the report as well.
We noted that folks had there are a lot of
proactive,
thoughtful, strategic firms that are on top of this and
in thinking about these topics now there are others who
aren't yet bought in and so that ketchup that education
that that motivation hasn't yet sunk in,
especially as you know, for a lot of merchant developers
who don't have that long term interest in the asset.
Right, another topic that that came up is around cost.
Understandably, and particularly, the cost of construction,
but I think writ large the the cost around sustainability
is always a question and so do any of you

00:29:49 --> 00:29:52: have perspectives to share on on this cost concept and
00:29:52 --> 00:29:55: and what it means for sustainability these days?
00:30:01 --> 00:30:04: I mean I I can jump in here very briefly.
00:30:04 --> 00:30:07: I don't want to kind of monopolize the time here,
00:30:07 --> 00:30:11: but from our perspective we have had a lot of
00:30:11 --> 00:30:12: projects run concurrently,
00:30:12 --> 00:30:15: and especially as we we've embedded this framework,
00:30:15 --> 00:30:18: it's been really interesting to see the differential and costs
00:30:18 --> 00:30:22: for projects that were already underway and had already
been
00:30:22 --> 00:30:23: designed up.
00:30:23 --> 00:30:26: And we're trying to retrofit it back onto a kind
00:30:26 --> 00:30:29: of in train project rather than doing it from the
00:30:29 --> 00:30:29: very start.
00:30:29 --> 00:30:32: And we are finding very consistently that projects.
00:30:32 --> 00:30:36: That embed these principles and these objectives right at the
00:30:36 --> 00:30:37: very outset,
00:30:37 --> 00:30:39: right at the beginning of the brief,
00:30:39 --> 00:30:43: and you're appropriately scoping it out and taking an
integrated
00:30:43 --> 00:30:45: design process.
00:30:45 --> 00:30:47: The cost uplift is generally pretty minimal.
00:30:47 --> 00:30:48: It's maybe 1 to 2%.
00:30:48 --> 00:30:52: You more than get that back in terms of increased
00:30:52 --> 00:30:53: sales and rental rates,
00:30:53 --> 00:30:58: you know. Lower lower debt rates,
00:30:58 --> 00:31:02: enhanced yields, etc and. When you compare that to the
00:31:02 --> 00:31:05: other products that have had to retrofit it,
00:31:05 --> 00:31:09: it is expensive and the business case doesn't stack up,
00:31:09 --> 00:31:12: which I think just really kind of emphasizes for us
00:31:12 --> 00:31:12: anyways.
00:31:12 --> 00:31:14: The need to get it in early because it's just
00:31:15 --> 00:31:16: not cost effective to do it.
00:31:16 --> 00:31:18: If you're trying to bolt it on as a as
00:31:18 --> 00:31:20: an add on as a lot of organizations do,
00:31:20 --> 00:31:24: and and when companies say sustainability costs too much,
00:31:24 --> 00:31:27: it's usually because they've waited too late to actually think
00:31:27 --> 00:31:27: about it.
00:31:27 --> 00:31:28: If they had thought about it earlier,
00:31:28 --> 00:31:30: it wouldn't, and they could have made it make sense.
00:31:31 --> 00:31:33: Julie, I imagine you have a project or two or
00:31:33 --> 00:31:35: or more that fit that type of example.
00:31:36 --> 00:31:39: Yeah, I was going to pile on to Derek and

00:31:39 --> 00:31:43: really reinforce this need for a more integrated and holistic
00:31:43 --> 00:31:44: approach.
00:31:44 --> 00:31:47: We've got to get away from this kind of line
00:31:47 --> 00:31:53: item accounting of each independent design strategy or
building technology
00:31:53 --> 00:31:54: or facade system.
00:31:54 --> 00:31:57: And say, does that cost more or less?
00:31:57 --> 00:32:00: You know a where can I scrape off a few
00:32:00 --> 00:32:02: pennies for value engineering to?
00:32:02 --> 00:32:06: You know, simplify this or streamline this when we really
00:32:06 --> 00:32:09: need to be thinking about the bigger picture.
00:32:09 --> 00:32:13: So we were talking earlier about efficiency and one of
00:32:13 --> 00:32:17: the really great ways to get out efficiency is to
00:32:17 --> 00:32:19: think about daylight autonomy,
00:32:19 --> 00:32:22: and that is something that comes through the orientation of
00:32:22 --> 00:32:23: your building.
00:32:23 --> 00:32:25: The massing of your building,
00:32:25 --> 00:32:28: the facade system, the the amount of glazing and you
00:32:28 --> 00:32:31: can easily go too far in the other direction of
00:32:31 --> 00:32:32: having too much.
00:32:32 --> 00:32:35: And then you have a heat game problem and so
00:32:35 --> 00:32:37: it's really this kind of calculus of what are the
00:32:37 --> 00:32:40: priorities and what are you trying to achieve,
00:32:40 --> 00:32:43: and is there something else that has value that's more
00:32:43 --> 00:32:45: than the the dollars in the cents?
00:32:45 --> 00:32:48: So thinking about how we we flip the script and
00:32:48 --> 00:32:51: get away from this line item accounting of return on
00:32:51 --> 00:32:55: investment for each individual building component and
thinking about what's
00:32:55 --> 00:32:58: really valuable to us on a higher level,
00:32:58 --> 00:33:01: is it, you know, occupant health and well being and
00:33:01 --> 00:33:03: productivity and and joy.
00:33:03 --> 00:33:09: Even I mean, how does daylight biofilia connection to nature
00:33:09 --> 00:33:13: start to reinforce some of those concepts?
00:33:13 --> 00:33:17: And how do those system benefits come into the accounting
00:33:17 --> 00:33:20: and the Ledger and the pro forma where we may
00:33:20 --> 00:33:22: be transferring,
00:33:22 --> 00:33:25: you know, dollars and cents from our MVP budget to
00:33:25 --> 00:33:29: our facade budget or from our health and well being
00:33:29 --> 00:33:33: program in an owner occupied or in attendance.
00:33:33 --> 00:33:37: Operations plan into the building when we embed these
things

00:33:37 --> 00:33:40: in our physical and built environment.
00:33:40 --> 00:33:47: These are our passive everyday kind of prompts or positives
00:33:47 --> 00:33:53: in our in our activity and the the impact on
00:33:53 --> 00:33:55: humans and our.
00:33:55 --> 00:33:58: Effectiveness and health and well being that don't require us
00:33:58 --> 00:34:01: to remember to do something or to behave in a
00:34:01 --> 00:34:02: certain way,
00:34:02 --> 00:34:04: and so how are we thinking about this again?
00:34:04 --> 00:34:06: Zooming out into a larger,
00:34:06 --> 00:34:10: more complex, yes. But holistic and integrated scenario.
00:34:13 --> 00:34:14: JP, anything you want to add?
00:34:15 --> 00:34:17: I guess I would just say.
00:34:17 --> 00:34:19: Construction costs are going up across the board.
00:34:19 --> 00:34:21: That's challenged in the country today.
00:34:21 --> 00:34:24: I don't think it's any more related to sustainability than
00:34:24 --> 00:34:25: anything else.
00:34:25 --> 00:34:29: It's not, I mean. You know some materials that that
00:34:29 --> 00:34:30: steel went up first,
00:34:30 --> 00:34:32: but now concrete's going up plenty,
00:34:32 --> 00:34:35: all sorts of problems getting cross laminated timber.
00:34:35 --> 00:34:37: I mean there's issues all over the place from a
00:34:37 --> 00:34:37: cost perspective.
00:34:37 --> 00:34:40: I don't think any of them are particularly related to
00:34:40 --> 00:34:42: sustainability more than anything else.
00:34:42 --> 00:34:44: And you know, I guess what I,
00:34:44 --> 00:34:46: you know from our perspective,
00:34:46 --> 00:34:48: we are looking. I mean,
00:34:48 --> 00:34:49: I, I, I guess Tishman Speyer,
00:34:49 --> 00:34:51: in a way, has it a bit easier.
00:34:51 --> 00:34:53: We're looking to be the Class A most efficient best
00:34:53 --> 00:34:56: building in every market that we build every time.
00:34:56 --> 00:35:00: So the incentive to. Value engineer out things that will
00:35:00 --> 00:35:02: be key to that message is low.
00:35:02 --> 00:35:05: 'cause that's how we're looking to lease our buildings and
00:35:05 --> 00:35:06: market our brand,
00:35:06 --> 00:35:08: so that's not a significant consider.
00:35:08 --> 00:35:11: I mean, there's always value engineering and there's always
00:35:11 --> 00:35:12: budgetary
00:35:11 --> 00:35:12: challenges,
00:35:12 --> 00:35:13: and I'm not gonna pretend we don't have those,
00:35:13 --> 00:35:17: but it is not something that is driving the sustainability
00:35:17 --> 00:35:18: agenda,

00:35:18 --> 00:35:22: principally because, you know, if adding those items to a
00:35:22 --> 00:35:22: building I,
00:35:22 --> 00:35:24: you know it's all about obviously the economics.
00:35:24 --> 00:35:27: But generally speaking, when we want to be the best
00:35:27 --> 00:35:29: building and whatever submarket we're in,
00:35:29 --> 00:35:31: we're going to get that top rent that top rent
00:35:31 --> 00:35:33: is gonna make up for any of that value engineering
00:35:33 --> 00:35:35: that you worried about at the beginning there.
00:35:35 --> 00:35:38: And so I guess that's not something that I think
00:35:38 --> 00:35:40: is specific to sustainability.
00:35:40 --> 00:35:42: I think it's just a problem across the board for
00:35:42 --> 00:35:45: lots of folks right now in terms of cost increases,
00:35:45 --> 00:35:47: but I, you know, I don't.
00:35:47 --> 00:35:49: We don't generally see people saying,
00:35:49 --> 00:35:52: OK, well, if we gotta cut the construction budget by
00:35:52 --> 00:35:52: 10%,
00:35:52 --> 00:35:54: let's go after everything JP put into the budget,
00:35:54 --> 00:35:57: right? I mean, there's plenty of other places to to
00:35:57 --> 00:35:58: look as well.
00:35:58 --> 00:35:59: And so I you know,
00:35:59 --> 00:36:03: I just don't think it's sustainability specific phenomena and
and.
00:36:03 --> 00:36:05: And again, those types of things that we're putting into
00:36:05 --> 00:36:08: buildings are really the baseline for how we build buildings
00:36:08 --> 00:36:08: today.
00:36:10 --> 00:36:10: Awesome
00:36:10 --> 00:36:14: yeah, another thing. For that better building,
00:36:14 --> 00:36:15: and that
00:36:15 --> 00:36:17: that class exactly.
00:36:19 --> 00:36:22: Speaking of JP kind of how you mentioned that sustainability
00:36:22 --> 00:36:25: isn't necessarily the the key driver of cost.
00:36:25 --> 00:36:28: Sustainability also isn't necessarily the key driver of
innovation,
00:36:28 --> 00:36:31: but we're seeing a lot of proptech climate tech.
00:36:31 --> 00:36:35: Smart building solutions that that have some nice synergies
there,
00:36:35 --> 00:36:37: and I'm curious how it came up in in the
00:36:37 --> 00:36:40: chat to to get a little dialogue going on that.
00:36:40 --> 00:36:42: I know we we talk about it in terms of
00:36:42 --> 00:36:42: innovations,
00:36:42 --> 00:36:44: especially on the existing building side.
00:36:44 --> 00:36:46: To get creative on solutions,
00:36:46 --> 00:36:48: but curious if you all want to talk about any

00:36:48 --> 00:36:49: smart building.

00:36:49 --> 00:36:52: Sustainable proptech activities for 2022.

00:36:56 --> 00:36:58: Julie Orderic, you're welcome to jump in there or I

00:36:58 --> 00:37:00: can talk about smart buildings for a moment.

00:37:01 --> 00:37:04: I'll, I guess the thing that I can contribute here

00:37:04 --> 00:37:07: is that there's just so much data and this kind

00:37:07 --> 00:37:10: of goes back to the the measurement and verification topic

00:37:10 --> 00:37:14: that we were talking about earlier that finding your ways

00:37:14 --> 00:37:17: to wrap your heads around all of that data,

00:37:17 --> 00:37:19: separating the signal from the noise and then figuring out

00:37:19 --> 00:37:22: how to apply it is one of the biggest challenges

00:37:22 --> 00:37:24: that we have right now and a part of that

00:37:24 --> 00:37:29: sorting through that mountain of information to translate that

00:37:29 --> 00:37:31: into

00:37:29 --> 00:37:31: action is figuring out what.

00:37:31 --> 00:37:34: Is you know the the priority or the the thing

00:37:34 --> 00:37:38: that's going to provide the most value and then how

00:37:38 --> 00:37:40: do you track that in a way where it leads

00:37:40 --> 00:37:42: to the intended results?

00:37:45 --> 00:37:47: Yeah, and I guess I would just say,

00:37:47 --> 00:37:49: you know, just inspires been active in the prop tech

00:37:49 --> 00:37:50: space we have.

00:37:50 --> 00:37:53: We've got aspac. We've done some funds on VC stuff,

00:37:53 --> 00:37:55: so we're certainly paying attention to this space,

00:37:55 --> 00:37:59: I think. Uhm, I think there's some great innovations out

00:37:59 --> 00:37:59: there.

00:37:59 --> 00:38:01: We're trying a lot of them and I'm excited for

00:38:01 --> 00:38:03: all the things that are happening in that space.

00:38:03 --> 00:38:06: And I don't think there's it's not worth calling out

00:38:06 --> 00:38:07: any particular thing.

00:38:07 --> 00:38:10: I would just say the one caveat to that is.

00:38:10 --> 00:38:13: There's a lot of people out there that believe that

00:38:13 --> 00:38:15: the way that this is all going to go down

00:38:15 --> 00:38:16: is from software.

00:38:16 --> 00:38:19: There's so many people that want to sell many software

00:38:19 --> 00:38:20: that do things,

00:38:20 --> 00:38:22: and that's great. You know lots of good value out

00:38:22 --> 00:38:23: there,

00:38:23 --> 00:38:24: and we've done a number of them.

00:38:24 --> 00:38:26: But software is not going to get you to the

00:38:27 --> 00:38:28: answers to these questions,

00:38:28 --> 00:38:30: and so for all the proptech people listening,

00:38:30 --> 00:38:34: you know I got 12,000 cloud based this that and
00:38:34 --> 00:38:37: the other things that are all very convinced that they
00:38:37 --> 00:38:39: are the bees knees as it were.
00:38:39 --> 00:38:41: I would say that the future is going to look
00:38:41 --> 00:38:43: a lot more like hardware and so for all this
00:38:43 --> 00:38:45: software folks out there,
00:38:45 --> 00:38:47: they're like all I gotta do is do this next
00:38:47 --> 00:38:49: cloud based thing and I'm gonna pay a \$0.12 a
00:38:50 --> 00:38:50: foot maybe.
00:38:50 --> 00:38:53: But 7000 other people are doing that and I think
00:38:53 --> 00:38:54: that the future in that space is.
00:38:54 --> 00:38:56: Much more in the future.
00:38:56 --> 00:38:59: Going to be oriented towards hardware based solutions than
magic
00:38:59 --> 00:39:01: that can plug into the BMS.
00:39:04 --> 00:39:08: Yeah, no. I I totally agree with that and I
00:39:08 --> 00:39:11: as far as innovation is concerned I mean.
00:39:11 --> 00:39:14: It may be different in the in the North American
00:39:14 --> 00:39:14: context,
00:39:14 --> 00:39:18: but it certainly with respect to the UK,
00:39:18 --> 00:39:20: there are a lot of proptech companies out there where
00:39:20 --> 00:39:21: it's mostly smoke and mirrors,
00:39:21 --> 00:39:23: and you're absolutely right, JP.
00:39:23 --> 00:39:26: There's everybody thinks they're under the next big thing,
00:39:26 --> 00:39:28: but in terms of practical application,
00:39:28 --> 00:39:31: they're pretty thin in a lot of cases,
00:39:31 --> 00:39:33: or they just replicate what's already there,
00:39:33 --> 00:39:36: and innovation in the space of building materials in particular,
00:39:36 --> 00:39:38: can I going back to those earlier themes?
00:39:38 --> 00:39:40: I think that is actually a lot more valuable in
00:39:40 --> 00:39:41: something that.
00:39:41 --> 00:39:43: He has an organization or much more interested in.
00:39:46 --> 00:39:47: But let's lean into that building materials.
00:39:47 --> 00:39:51: Then we've gotten a couple of questions about materials and
00:39:51 --> 00:39:51: embodied carbon,
00:39:51 --> 00:39:54: and in in the sustainability outlook,
00:39:54 --> 00:39:56: we. We noticed that folks didn't just talk about the
00:39:56 --> 00:39:58: embodied carbon of building materials,
00:39:58 --> 00:40:01: but also the health. So whether it be a health
00:40:01 --> 00:40:03: product declaration or a,
00:40:03 --> 00:40:08: you know. Environmental product declaration around
different building materials and

00:40:08 --> 00:40:09: innovations they're in.
00:40:09 --> 00:40:11: There's a lot going on and a lot more attention
00:40:11 --> 00:40:12: being paid to this so.
00:40:15 --> 00:40:15: What are you all saying?
00:40:21 --> 00:40:23: You know, I think this is a a new and
00:40:23 --> 00:40:25: emerging topic for some some of us are much further
00:40:25 --> 00:40:26: along than others,
00:40:26 --> 00:40:30: and the complexity of this again mirrors the measurement
and
00:40:30 --> 00:40:33: verification conversation that we were having.
00:40:33 --> 00:40:35: There are so many choices,
00:40:35 --> 00:40:39: so many different standards, so many different things to
prioritize.
00:40:39 --> 00:40:40: And I know I keep going back to this,
00:40:40 --> 00:40:44: but it's really about what are this project specific goals
00:40:44 --> 00:40:47: and the vision and priorities of the team and how
00:40:48 --> 00:40:50: can you find those opportunities to.
00:40:50 --> 00:40:55: Get started, you can't let the enormity or complexity or
00:40:55 --> 00:41:01: uncertainty of the problem you know freeze you into inaction.
00:41:01 --> 00:41:03: But just start. So there might be,
00:41:03 --> 00:41:06: you know, a way that you could target if you.
00:41:06 --> 00:41:08: If you can't say I'm going to ban all Red
00:41:09 --> 00:41:10: List chemicals from this.
00:41:10 --> 00:41:14: Project, you know, find a A finished type or a
00:41:14 --> 00:41:18: specification criteria where you can really dig into that or
00:41:18 --> 00:41:22: a specific class of chemical that you can target and
00:41:22 --> 00:41:24: say, and This is why it's important to us.
00:41:24 --> 00:41:27: You can't have a goal that's not tied to something
00:41:27 --> 00:41:30: that's not important to the investors or to the client
00:41:30 --> 00:41:31: or the tenant or the occupants.
00:41:31 --> 00:41:34: But how do you tie that together?
00:41:34 --> 00:41:36: If you can't, you know if this is your first
00:41:36 --> 00:41:40: foray into whole life carbon and you're thinking about
embodied
00:41:40 --> 00:41:41: carbon for the first time.
00:41:41 --> 00:41:44: You know setting the big nut of the whole thing
00:41:44 --> 00:41:45: might be challenging,
00:41:45 --> 00:41:49: but focusing on big ticket items like.
00:41:49 --> 00:41:53: Car concrete or steel and trying to figure out how
00:41:53 --> 00:41:59: decisions around prioritizing understanding the embodied
carbon of those particular
00:41:59 --> 00:42:01: materials drives,
00:42:01 --> 00:42:05: design decisions, drives flexibility and planning,

00:42:05 --> 00:42:10: or the structural grid or the structural system.
00:42:10 --> 00:42:12: Those are ways to start and then once you have
00:42:12 --> 00:42:13: that foundation again,
00:42:13 --> 00:42:16: being able to continually ratchet up what it is that
00:42:16 --> 00:42:18: we're trying to accomplish and build on the successes and
00:42:19 --> 00:42:19: the knowledge.
00:42:19 --> 00:42:22: Of your previous work with your team,
00:42:22 --> 00:42:26: it is a as a way to move forward and
00:42:26 --> 00:42:31: start into this very complicated and you know.
00:42:31 --> 00:42:34: Data rich part of the of the process that we're
00:42:34 --> 00:42:37: we're being asked to do more and more,
00:42:37 --> 00:42:38: and to consider more things.
00:42:42 --> 00:42:44: Now, I'm not going to add much to this,
00:42:44 --> 00:42:45: but I think that's already been shared,
00:42:45 --> 00:42:48: but I think materials are are one of our biggest
00:42:48 --> 00:42:49: challenges,
00:42:49 --> 00:42:52: and we're thinking a lot about it.
00:42:52 --> 00:42:55: Julie hit some really good points on red lists versus
00:42:55 --> 00:42:56: classes of chemicals.
00:42:56 --> 00:42:58: This is something. Again, we're starting to spend a lot
00:42:58 --> 00:42:59: more time thinking about.
00:42:59 --> 00:43:02: We've had the opportunity to work with some large
universities
00:43:02 --> 00:43:02: lately,
00:43:02 --> 00:43:05: and development projects that we have traditionally taken.
00:43:05 --> 00:43:07: If we have done this,
00:43:07 --> 00:43:08: which we've done many occasions,
00:43:08 --> 00:43:10: we've taken a Red List approach and you know all
00:43:10 --> 00:43:12: of a sudden I've got folks being like no,
00:43:12 --> 00:43:14: no, no. That's the wrong way.
00:43:14 --> 00:43:17: You gotta ban this entire class of chemicals and I'm
00:43:17 --> 00:43:17: like,
00:43:17 --> 00:43:19: OK, great. How do we do that again,
00:43:19 --> 00:43:23: like so we're definitely at a moment on materials where
00:43:23 --> 00:43:26: I think things are changing rapidly and there's lots of
00:43:26 --> 00:43:29: of different ways to look at this.
00:43:29 --> 00:43:32: Unfortunately, this is a space that isn't entirely transparent or
00:43:32 --> 00:43:34: potentially not transparent at all,
00:43:34 --> 00:43:37: and so part of the challenge going forward will be
00:43:37 --> 00:43:40: to be able to make those decisions in a way
00:43:40 --> 00:43:43: that I can truly understand what is in these materials.
00:43:43 --> 00:43:47: And and have a clear understanding of whether or not

00:43:47 --> 00:43:49: doing the activity being presented.

00:43:49 --> 00:43:51: Meaning please ban this class of chemicals.

00:43:51 --> 00:43:53: How important is that and what does that really drive

00:43:53 --> 00:43:54: to?

00:43:54 --> 00:43:56: To Julie's point, those are the things we were thinking

00:43:56 --> 00:43:57: a lot about.

00:43:57 --> 00:44:00: On that front. There are folks out there very deep

00:44:00 --> 00:44:04: into the material science and we're following them as closely

00:44:04 --> 00:44:05: as possible,

00:44:05 --> 00:44:07: because I really do think this is a significant part

00:44:08 --> 00:44:09: of the future puzzle,

00:44:09 --> 00:44:11: but it is also a hazy future out there on

00:44:11 --> 00:44:12: this one.

00:44:12 --> 00:44:13: This is not a clear path.

00:44:13 --> 00:44:16: There's all sorts of stuff going on and on top

00:44:16 --> 00:44:17: of which,

00:44:17 --> 00:44:23: unfortunately there's some pretty. Choose my words

00:44:23 --> 00:44:27: carefully,

00:44:27 --> 00:44:30: but interesting regulations and regulatory differences

00:44:30 --> 00:44:32: between different regions on

00:44:32 --> 00:44:35: this stuff that creates very differential outcomes around the

00:44:35 --> 00:44:37: world

00:44:37 --> 00:44:39: and on different projects.

00:44:39 --> 00:44:41: And there are whole countries where the laws lend

00:44:41 --> 00:44:42: themselves

00:44:42 --> 00:44:44: to making this as clear as mud and making it

00:44:44 --> 00:44:45: as hard as possible to make an intelligent decision.

00:44:45 --> 00:44:48: And I'm not going to point out country number one

00:44:48 --> 00:44:52: on that list,

00:44:48 --> 00:44:52: but it might be. I don't know where most of

00:44:52 --> 00:44:55: us are right now,

00:44:55 --> 00:44:58: and so therefore the challenges in this space are large

00:44:58 --> 00:44:59: and clarity is not really coming from regulatory bodies.

00:44:59 --> 00:45:01: And so we kinda gotta figure it out ourselves here,

00:45:01 --> 00:45:03: which you know I didn't go into chemistry for a

00:45:03 --> 00:45:04: damn good reason.

00:45:04 --> 00:45:06: And so, like you know,

00:45:06 --> 00:45:07: I think we're gonna need additional assistance here to figure

00:45:07 --> 00:45:08: this out.

00:45:08 --> 00:45:10: Eric, I saw a lot of nodding there.

00:45:10 --> 00:45:12: What do you want to add?

00:45:12 --> 00:45:14: Yeah, no, I I completely agree.

00:45:14 --> 00:45:16: I mean it, it is.

00:45:12 --> 00:45:13: It's a bit of a minefield and it's very,
00:45:13 --> 00:45:17: very difficult to see what's below the surface and I
00:45:18 --> 00:45:18: think.
00:45:18 --> 00:45:21: For from our perspective, we we've done a lot of
00:45:21 --> 00:45:24: work around this for the last few years and worked
00:45:24 --> 00:45:25: with some really,
00:45:25 --> 00:45:28: really great consultants who really are at kind of the
00:45:28 --> 00:45:29: cutting edge.
00:45:29 --> 00:45:32: And I think we've gotten to a position where we
00:45:32 --> 00:45:35: are very clear on what we need to be doing,
00:45:35 --> 00:45:39: what kind of information we need from our supply chain,
00:45:39 --> 00:45:41: what requirements we have? I mean,
00:45:41 --> 00:45:43: we're in a, I think a pretty good spot.
00:45:43 --> 00:45:47: The challenge that we've got is that supply chain is
00:45:47 --> 00:45:49: not at all geared up to deliver it.
00:45:49 --> 00:45:52: When we go up out to our contractors and we
00:45:52 --> 00:45:53: say we want 40%
00:45:53 --> 00:45:57: for cycled content and we want epds for.
00:45:57 --> 00:46:00: You know 30% of the products in the building,
00:46:00 --> 00:46:03: which is a fairly basic request when we're talking about
00:46:03 --> 00:46:04: this kind of stuff.
00:46:04 --> 00:46:05: When you think about it,
00:46:05 --> 00:46:06: they're not geared up to do it,
00:46:06 --> 00:46:07: and they turn around and say,
00:46:07 --> 00:46:10: well, we either we can't do it,
00:46:10 --> 00:46:12: or if they say they can Oh well,
00:46:12 --> 00:46:15: add 1010% to your construction cost,
00:46:15 --> 00:46:17: right? So I'm trying to do this in a cost
00:46:17 --> 00:46:18: effective manner at the moment,
00:46:18 --> 00:46:21: even if we do have clarity on what we're trying
00:46:21 --> 00:46:23: to achieve and what we want out of our supply
00:46:23 --> 00:46:23: chain,
00:46:23 --> 00:46:25: I think is really, really difficult.
00:46:25 --> 00:46:27: And it's there's a lot of education that needs to
00:46:27 --> 00:46:28: happen.
00:46:28 --> 00:46:31: And I think you know both client and supply chain
00:46:31 --> 00:46:34: needs to really engage on this issue in a very
00:46:34 --> 00:46:36: collaborative way.
00:46:36 --> 00:46:39: Otherwise we're not gonna get anywhere because you know,
00:46:39 --> 00:46:41: I, I wish the client side could just clue up
00:46:41 --> 00:46:43: and then ask for the supply chain to deliver,
00:46:43 --> 00:46:47: but this is such a complex issue with so many

00:46:47 --> 00:46:48: different,
00:46:48 --> 00:46:50: you know, as JP mentioned,
00:46:50 --> 00:46:53: regulatory issues and barriers and blockers that we really do
00:46:53 --> 00:46:56: need to kind of make it a collaborative effort across
00:46:56 --> 00:46:56: the industry.
00:46:58 --> 00:46:58: Yeah
00:46:58 --> 00:47:01: I wanna touch on speed with this one too because
00:47:01 --> 00:47:05: I think that you know there's there's always this increasing
00:47:05 --> 00:47:07: demand for get it done faster.
00:47:07 --> 00:47:10: Get it done cheaper and you know we need more
00:47:10 --> 00:47:13: housing and the supply chain is delaying construction and
driving
00:47:13 --> 00:47:16: up costs so you know how do we get it
00:47:16 --> 00:47:19: done. And I think for people that are investing in
00:47:19 --> 00:47:24: this kind of thinking about building materials they understand
very
00:47:24 --> 00:47:24: much.
00:47:24 --> 00:47:28: You know the the complexity that JP and Derek talked
00:47:28 --> 00:47:28: about.
00:47:28 --> 00:47:31: And how much time needs to be invested and and
00:47:31 --> 00:47:35: and the the thinking power to understand the information and
00:47:35 --> 00:47:37: then to figure out what to do with it and
00:47:37 --> 00:47:40: understand the impacts during the design phase.
00:47:40 --> 00:47:44: And we really can't just stop it there when the
00:47:44 --> 00:47:46: construction documents are issued.
00:47:46 --> 00:47:49: And then you know, go on our merry way and
00:47:49 --> 00:47:52: keep running down the road as we're moving through the
00:47:52 --> 00:47:55: construction phase because that substitution process,
00:47:55 --> 00:47:58: the value engineering process has a lot of risk to
00:47:58 --> 00:47:58: it.
00:47:58 --> 00:48:01: If the same level of scrutiny and attention to the
00:48:01 --> 00:48:06: material selection and the prioritization established during the
design phase
00:48:06 --> 00:48:09: is not carried through the entire process through delivery,
00:48:09 --> 00:48:12: we just have to be vigilant and can't let our
00:48:12 --> 00:48:12: guard down.
00:48:12 --> 00:48:15: Even despite the the growing pressure and demands.
00:48:20 --> 00:48:21: Right, I'm looking at the clock.
00:48:21 --> 00:48:23: We have a little over 10 minutes left which is
00:48:23 --> 00:48:26: short thick because we haven't really talked too much about
00:48:26 --> 00:48:27: climate risk yet,
00:48:27 --> 00:48:30: so I want to raise that topic to to make
00:48:30 --> 00:48:32: sure that we we touch on that a bit.

00:48:32 --> 00:48:36: And as I alluded to briefly just talking through these
00:48:36 --> 00:48:40: five issues earlier when we talk about climate risk in
00:48:40 --> 00:48:41: in 2022 and beyond it,
00:48:42 --> 00:48:44: it's no longer just the physical climate risk which is
00:48:44 --> 00:48:45: incredibly important.
00:48:45 --> 00:48:48: We think about resilience and climate adaptation,
00:48:48 --> 00:48:50: and that physical climate risk.
00:48:50 --> 00:48:53: There's also this transition risk which some of you you
00:48:53 --> 00:48:56: all have have spoken to briefly is from the regulations
00:48:56 --> 00:49:00: and and stakeholder expectations that economic side of of
transition
00:49:00 --> 00:49:03: risk and. That's kind of new,
00:49:03 --> 00:49:05: what? I I would love to hear your your take
00:49:05 --> 00:49:08: on on what that means for your decision making and
00:49:08 --> 00:49:10: what that means for your clients and the industry.
00:49:13 --> 00:49:14: Derek, do you want to start?
00:49:15 --> 00:49:17: Yeah, I don't have to.
00:49:17 --> 00:49:21: I mean for us it's been an absolute game changer.
00:49:21 --> 00:49:26: The UK Government has recently announced a while last
year
00:49:26 --> 00:49:27: announced at 2015.
00:49:27 --> 00:49:30: Net Zero admits or carbon target.
00:49:30 --> 00:49:35: They put in a bunch of legislation to essentially facilitate
00:49:35 --> 00:49:37: that transition.
00:49:37 --> 00:49:41: And one of those key metrics is that for a
00:49:41 --> 00:49:43: property to be legible,
00:49:43 --> 00:49:46: it needs to be achieving an energy performance certificate.
00:49:49 --> 00:49:53: Of B or higher by 2030,
00:49:53 --> 00:49:55: so that's a substantial improvement,
00:49:55 --> 00:49:59: and from our perspective, when we look at our own
00:49:59 --> 00:49:59: portfolio.
00:49:59 --> 00:50:02: To be fair, I mean it's a legacy portfolio.
00:50:02 --> 00:50:06: You know, a lot of our properties come from legacy
00:50:06 --> 00:50:09: transport infrastructure that is 150 years old.
00:50:09 --> 00:50:12: So no, it's not going to be great,
00:50:12 --> 00:50:17: but you know we're looking at a portfolio that has
00:50:17 --> 00:50:18: 95%
00:50:18 --> 00:50:19: of it. It doesn't meet that regulation,
00:50:19 --> 00:50:22: which means that 95% of our portfolio we're going to
00:50:22 --> 00:50:25: have to retrofit to meet that new regulation.
00:50:25 --> 00:50:26: That's a huge transition risk,
00:50:26 --> 00:50:29: and you know if 95%

00:50:29 --> 00:50:32: of our portfolio is unlivable in nine years unless we
00:50:32 --> 00:50:32: act well,
00:50:32 --> 00:50:34: that is a pretty big transition risk.
00:50:34 --> 00:50:36: You gotta get moving and
00:50:37 --> 00:50:40: quick translation for those who are unfamiliar with the term.
00:50:40 --> 00:50:42: Let that just lease. We use the word,
00:50:42 --> 00:50:44: sorry, yeah, yeah, yeah yeah.
00:50:44 --> 00:50:44: Wanted
00:50:44 --> 00:50:46: to clarify that for everyone.
00:50:46 --> 00:50:48: Can't lease a building in 20-30 in the UK.
00:50:48 --> 00:50:49: It doesn't have a beer higher.
00:50:50 --> 00:50:53: Sorry about that, yeah? So I mean that that's been
00:50:53 --> 00:50:56: an absolute game changer and you know,
00:50:56 --> 00:50:59: I well, we always have kind of taken sustainability as
00:50:59 --> 00:51:02: something that needs to be part and parcel for business.
00:51:02 --> 00:51:06: Even those that were not necessarily as progressive or or
00:51:06 --> 00:51:10: engaged on the issue when they heard that suddenly they,
00:51:10 --> 00:51:13: you know they perked up because they get that it's
00:51:13 --> 00:51:16: going to impact on the business can have major implications
00:51:16 --> 00:51:18: from a commercial perspective,
00:51:18 --> 00:51:20: and we really need to get on top of this
00:51:20 --> 00:51:20: issue.
00:51:20 --> 00:51:23: So transition risk and the.
00:51:23 --> 00:51:26: You know pounds and pence that we can put against
00:51:26 --> 00:51:29: that has been transformative and not just for us,
00:51:29 --> 00:51:31: but for businesses across the entire industry.
00:51:31 --> 00:51:35: It's been a game changer and being able to communicate
00:51:35 --> 00:51:40: that articulate that internally has completely upended our
decision making
00:51:40 --> 00:51:40: process 100%.
00:51:46 --> 00:51:48: Julie, I see you unmuted,
00:51:48 --> 00:51:49: but would you like to add?
00:51:50 --> 00:51:53: Well I was gonna try to end us on a
00:51:53 --> 00:51:54: positive note,
00:51:54 --> 00:51:56: not to skirt your question Marta,
00:51:56 --> 00:52:00: but you were talking about climate risks and the strategy
00:52:00 --> 00:52:01: there and.
00:52:01 --> 00:52:05: I I wanted to, we've been talking a lot about
00:52:05 --> 00:52:05: risk,
00:52:05 --> 00:52:10: challenges, complexity and I wanted to shift it to something
00:52:10 --> 00:52:12: more positive.
00:52:12 --> 00:52:15: Last year I had the opportunity to represent the American

00:52:15 --> 00:52:17: Institute of Architects at Kop 26,
00:52:17 --> 00:52:20: the United Nations International Climate Conference.
00:52:20 --> 00:52:24: And what I saw there was a lot of attention
00:52:24 --> 00:52:24: and hope,
00:52:24 --> 00:52:28: even though we didn't get to all of the goals
00:52:28 --> 00:52:31: that we needed to and we didn't get to the
00:52:31 --> 00:52:34: 1.5 degrees Celsius limit.
00:52:34 --> 00:52:37: There was a lot of recognition that buildings and our
00:52:37 --> 00:52:38: industry,
00:52:38 --> 00:52:41: the built environment is a critical part of the climate
00:52:41 --> 00:52:42: solution.
00:52:42 --> 00:52:47: Approximately 40% of global emissions are attributed to
buildings,
00:52:47 --> 00:52:51: and with that we have a leadership responsibility and for
00:52:51 --> 00:52:53: the first time it cop,
00:52:53 --> 00:52:56: there was a physical buildings pavilion and a lecture hall
00:52:56 --> 00:53:00: dedicated to opportunities within real estate and out of the
00:53:01 --> 00:53:04: 10 day program one was devoted to the built environment.
00:53:04 --> 00:53:08: Along with these critically important topics that you know,
00:53:08 --> 00:53:11: the general public is well aware of finance,
00:53:11 --> 00:53:16: energy, nature, youth, gender, transport and adaptation and
buildings and
00:53:16 --> 00:53:18: the built environment.
00:53:18 --> 00:53:19: We're right there with it.
00:53:19 --> 00:53:24: So with all this media attention and public awareness now
00:53:24 --> 00:53:27: that we have what are we going to do with
00:53:27 --> 00:53:29: this amplified leadership platform?
00:53:29 --> 00:53:34: We have the spotlight now and it's really our opportunity
00:53:34 --> 00:53:35: to start sprinting.
00:53:35 --> 00:53:38: And so a lot of the things that we talked
00:53:39 --> 00:53:40: about here today,
00:53:40 --> 00:53:43: I hope, will get you intrigued in how you can
00:53:43 --> 00:53:47: continue to push the needle within your own organizations,
00:53:47 --> 00:53:50: how we can continue to share knowledge and lessons
learned
00:53:50 --> 00:53:51: with each other,
00:53:51 --> 00:53:55: so that collectively we can get there faster than each
00:53:55 --> 00:53:58: of us individually competing or or fighting to figure it
00:53:58 --> 00:53:59: out on our own.
00:54:03 --> 00:54:05: I love that I love that night.
00:54:05 --> 00:54:06: I appreciate that we need that.
00:54:06 --> 00:54:08: That positive side of things.
00:54:08 --> 00:54:11: We need that. The value outlook of what's going on

00:54:11 --> 00:54:13: and where is the industry going?
00:54:13 --> 00:54:15: You know, it's it's not all gloom and doom.
00:54:15 --> 00:54:18: It's not. It's JP. It looks like you wanted to
00:54:18 --> 00:54:19: add.
00:54:19 --> 00:54:21: Well, I would just add that I think everything that
00:54:21 --> 00:54:23: we spoke earlier about investors is also extremely positive.
00:54:23 --> 00:54:26: I mean, I think that getting the money side of
00:54:26 --> 00:54:29: the equation to focus on this and make it a
00:54:29 --> 00:54:30: priority is again,
00:54:30 --> 00:54:33: I would have thought that would have been a lot
00:54:33 --> 00:54:35: harder than it has turned out to be.
00:54:35 --> 00:54:37: Now appreciate that plenty of people are dealing with
problems.
00:54:37 --> 00:54:39: They're gonna tell me it's a lot harder than I'm
00:54:39 --> 00:54:39: saying.
00:54:39 --> 00:54:42: Nevertheless, I would say that all indications are that the
00:54:42 --> 00:54:45: capital side of the equation is more focused on this
00:54:45 --> 00:54:47: than ever and is only going to be more focused
00:54:47 --> 00:54:48: on this in the future.
00:54:48 --> 00:54:52: So I think the other very positive note is that.
00:54:52 --> 00:54:56: Although tenants driving decisions on renting and then
leasing is
00:54:56 --> 00:55:00: obviously critical to driving the momentum for green
buildings,
00:55:00 --> 00:55:03: having the capital side of the equation come along is
00:55:03 --> 00:55:06: had to happen and the fact that it's beginning to
00:55:06 --> 00:55:09: happen now in significant ways is also really good news
00:55:09 --> 00:55:12: and is likely to bring to the four significant additional
00:55:12 --> 00:55:15: dollars to solve these problems across the board.
00:55:15 --> 00:55:18: And so as much as good intentions and everything else
00:55:18 --> 00:55:20: is absolutely required.
00:55:20 --> 00:55:24: Great ideas, great technology, hardware based solutions.
00:55:24 --> 00:55:28: The overall story is the money cares or is beginning
00:55:28 --> 00:55:31: to care more and is focused on this and will
00:55:31 --> 00:55:35: be sending that capital to solve those problems.
00:55:37 --> 00:55:38: Yeah, I completely agree with that,
00:55:38 --> 00:55:41: and I mean without labouring the point,
00:55:41 --> 00:55:45: the. I mean I, I've always been a bit of
00:55:45 --> 00:55:48: a cynic when it comes to sustainability,
00:55:48 --> 00:55:50: and I always kind of assumed worst intentions.
00:55:50 --> 00:55:54: And they the. The fact that the capital market side
00:55:54 --> 00:55:56: is shifting and now demanding this,
00:55:56 --> 00:55:58: and I am seeing that in practice when we go

00:55:58 --> 00:56:01: and have discussions with banks along side or private sector
00:56:01 --> 00:56:02: joint venture partners,
00:56:02 --> 00:56:05: the banks are saying what are you doing on sustainability?
00:56:05 --> 00:56:06: And if you're doing a lot will give you a
00:56:06 --> 00:56:08: discount on your development finance.
00:56:08 --> 00:56:11: I mean that is what shifts the needle and fundamentally
00:56:11 --> 00:56:15: when you have market players that aren't necessarily
invested in
00:56:15 --> 00:56:18: sustainability or the wider climate agenda,
00:56:18 --> 00:56:20: those discussions push them in the right direction.
00:56:20 --> 00:56:22: And that I think is possibly.
00:56:22 --> 00:56:24: The biggest achievement coming out of cop,
00:56:24 --> 00:56:26: which was a bit of a sideshow,
00:56:26 --> 00:56:28: but ultimately in my view ended up being a lot
00:56:28 --> 00:56:29: more impactful.
00:56:32 --> 00:56:36: Perfect OK. Well, with that we've got 3 minutes left
00:56:36 --> 00:56:39: in our hour at that kind of a nice high
00:56:39 --> 00:56:40: note to end on.
00:56:40 --> 00:56:43: But is there anything else that that we haven't touched
00:56:43 --> 00:56:45: on yet that you want to make sure to share
00:56:45 --> 00:56:47: with our audience before we close out?
00:56:47 --> 00:56:50: I'll pull up the the summary of the five topics
00:56:50 --> 00:56:53: just once more so folks can see that recap of
00:56:53 --> 00:56:56: the five issues and and then we'll close out soon.
00:57:00 --> 00:57:02: Just wanted to do a shout out to the Royal
00:57:02 --> 00:57:04: Institute of British Architects RIBA.
00:57:04 --> 00:57:09: I thought they'd published a really fantastic pricop resource
called
00:57:10 --> 00:57:14: built for the environment that talks about efficiency,
00:57:14 --> 00:57:16: talks about managing whole life,
00:57:16 --> 00:57:21: carbon talks about. The larger global warming potential in the
00:57:21 --> 00:57:26: in the material selections that we make but also pulls
00:57:26 --> 00:57:31: us back to species biodiversity and the equitable approach
that
00:57:31 --> 00:57:35: leaves no one behind because we need all of that
00:57:35 --> 00:57:38: for collective humanity to flourish.
00:57:42 --> 00:57:42: Jackie,
00:57:43 --> 00:57:44: I was just going to give a plug for my
00:57:44 --> 00:57:45: favorite jewel.
00:57:45 --> 00:57:47: I report which although I love Greenprint and this report
00:57:47 --> 00:57:48: is fantastic,
00:57:48 --> 00:57:50: it's that S report Bartow that I don't never remember
00:57:50 --> 00:57:51: the name of.

00:57:51 --> 00:57:54: But you allow Europe did a fantastic report on the
00:57:55 --> 00:57:56: SVS&G that you know,
00:57:56 --> 00:57:58: as as somebody who has.
00:57:58 --> 00:58:00: We're all at our company working to think about how
00:58:00 --> 00:58:03: to incorporate as effectively and appreciate this isn't today's
conversation.
00:58:03 --> 00:58:06: But for this crowd, I highly recommend that piece of
00:58:06 --> 00:58:07: work that was done by ULI Europe.
00:58:07 --> 00:58:10: It is very, very good and I think is the
00:58:10 --> 00:58:13: best that was done on the topic in general and.
00:58:13 --> 00:58:14: And encourage you to download it and read it.
00:58:16 --> 00:58:17: Thanks JP. I added that to the chat.
00:58:18 --> 00:58:20: Great, you anticipated. I might say that Marta,
00:58:20 --> 00:58:22: so I appreciate that since I said it on the
00:58:22 --> 00:58:23: last webinar.
00:58:25 --> 00:58:27: Derek, any any final words?
00:58:31 --> 00:58:32: No, I don't think so.
00:58:32 --> 00:58:35: I just want to say thanks everybody for for joining.
00:58:35 --> 00:58:39: It's been a real pleasure joining and and you know
00:58:39 --> 00:58:41: your contributions.
00:58:41 --> 00:58:42: I think to you a liar.
00:58:42 --> 00:58:44: What makes the organization what it is.
00:58:44 --> 00:58:49: It's fantastic organization. I joined when I was 18.
00:58:49 --> 00:58:51: Way back in my bachelors degree and have been a
00:58:51 --> 00:58:54: member of her since it's fantastic organization.
00:58:54 --> 00:58:56: And yeah, as as JP mentioned,
00:58:56 --> 00:58:59: loads of resources on the website and really encourage
everybody
00:58:59 --> 00:59:00: to go take a look.
00:59:01 --> 00:59:04: Shucks, thanks Derek. Well yeah I want to.
00:59:05 --> 00:59:09: Say I just love the cross disciplinary dialogue here and
00:59:09 --> 00:59:12: how we collectively push each other to get to the
00:59:12 --> 00:59:13: real message.
00:59:13 --> 00:59:16: And, you know, get to the details of you know
00:59:16 --> 00:59:19: the the real deal instead of glossing over some of
00:59:19 --> 00:59:20: these things.
00:59:20 --> 00:59:22: And I and I really appreciate this group and and
00:59:22 --> 00:59:24: the organization for helping us do that.
00:59:25 --> 00:59:29: Awesome, well thank you to to all three of you.
00:59:29 --> 00:59:31: Thank you to Ferguson Partners for for being our corporate
00:59:31 --> 00:59:32: sponsor for this report.
00:59:32 --> 00:59:35: Thank you to everyone for joining and with that.

00:59:35 --> 00:59:38: I will remind everyone that this webinar is recorded.
00:59:38 --> 00:59:41: It will be shared afterwards and posted on you as
00:59:41 --> 00:59:45: Knowledge Finder website as well as the short slides and
00:59:45 --> 00:59:49: everyone highly recommend you you read the full publication
and
00:59:49 --> 00:59:50: and share it with your peers.
00:59:50 --> 00:59:51: Have a good one. Bye everyone.
00:59:52 --> 00:59:53: Thanks so much.

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