Webinar

ULI Net Zero Exchange: Energy Efficiency
Date: March 01, 2023

00:00:04 --> 00:00:08: So we'll get started here. Again, welcome to the first
00:00:08 --> 00:00:11: of many net zero exchange series and and then if
00:00:12 --> 00:00:14: you can move to the next slide, please.
00:00:15 --> 00:00:18: A little bit of what we're going to talk about
00:00:18 --> 00:00:20: today, we do have an hour and a half scheduled
00:00:20 --> 00:00:23: for this meeting. If we don't take the whole time,
00:00:23 --> 00:00:26: no problem. But we wanted to to save that whole
00:00:26 --> 00:00:29: time in case that the conversation gets really good and
00:00:29 --> 00:00:31: needy. We wanted to make sure that you could all
00:00:31 --> 00:00:34: attend for that that big chunk of time. I'm going
00:00:34 --> 00:00:37: to start with an introduction to you, Ali and the
00:00:37 --> 00:00:40: decarbonization program and also what the intention of the
00:00:40 --> 00:00:43: net exchange series is. This particular day is going to
00:00:43 --> 00:00:45: be longer up front to the introduction.
00:00:45 --> 00:00:48: Since it is our first, but the follow on meetings
00:00:48 --> 00:00:52: that are scheduled in bimonthly, which I hope you all
00:00:52 --> 00:00:55: are registered for, will be a little bit shorter up
00:00:55 --> 00:00:59: front and jumping right into the guest speaker presentations. So
00:00:59 --> 00:01:02: after the introduction, Becca, Tim is from Jamestown LP will
00:01:03 --> 00:01:06: be giving a presentation on energy efficiency and then we'll
00:01:06 --> 00:01:09: take a quick break and have some Q&A for Becca
00:01:09 --> 00:01:12: directly on her presentation. After that we'll do a few
00:01:13 --> 00:01:15: breakout groups, we'll we'll break the team up.
00:01:15 --> 00:01:18: Um, depending on how many folks are on the call
00:01:18 --> 00:01:22: into groups of five or six, well, you'll introduce yourselves
00:01:22 --> 00:01:25: to folks in your breakout group and then answer some
00:01:25 --> 00:01:28: questions that will have up on the screen after a
00:01:28 --> 00:01:31: couple of breakout group sessions where you get to know
Each other, get to know some of your pain points, some of your success stories, some of your experiences, we'll jump into an open discussion at the end and we'll follow with some information about the next net zero exchange date and topic and.

A bit of an open call for some of our later topics. If anyone has any ideas or wants to present, we're open to ideas and volunteers. Next slide please,

So what are we talking about today? Why did we reschedule this net zero campaign series? So I'm sure many folks on the call know buildings are responsible for 40% of global greenhouse gas emissions and up to 70% of emissions in urban cities. Real estate has a responsibility and an opportunity to address the climate crisis and reach net zero.

So what is net zero? You Alli defines a net zero building portfolio as highly efficient and fully powered by on site and off site renewable energy sources and offsets. Currently though there are less than 1000 net 0 carbon buildings in the US and most are single occupant low rise buildings in temperate climates.

Next slide, please.

So the challenge is giving this climate need and growing global mandate for 0 carbon buildings, how can we ultimately and those on the call accelerate market transformation towards a net zero built environment?

So for one, we have the UID carbonization program and we have three different pieces of that program that helps accelerate our progress to net zero. So we have our research and thought leadership. This is events like this that we're on right now. This net zero exchange series, convenings,

Our fallen spring meetings, our publications and reports, all the information that we put out on net zero fits into that that First circle that first.

Intent to hit decarbonization. We also have our green print community of practice, which is a collaborative of over 75
real estate owners that meet monthly and sometimes more than
monthly to talk about progress and to collaborate on methods
and success stories. Then we also have local technical
assistance
panels where we have on site.
Look in private local level assistant panels and meetings to
help folks on their journey to Netzero.
Next slide, please.
So that brings us to the net zero energy exchange.
So we were thinking of different ways to engage more
than our regular audience. So more than our green print
members, even more than our UI members, we wanted to
have a collaborative exchange where we had programming
for for
all Members to engage on net zero in a meaningful
way. So not just sitting either virtually or in a
live meeting chair and listening and asking questions at the
end, but being able to have the chance to to
talk to your.
Colleagues go back and forth a bit, ask questions and
really, really hit on that collaboration piece so that we
can learn from each other. So this will be a
regularly scheduled series of meetings.
To facilitate those conversations, it's intended to promote and promote
innovation and best, best practices for net zero. So we
really want to be talking about high level activities, innovative
ideas and really help folks that maybe are at a
different level than you get to that top tier.
We also want this to serve as an opportunity to
share and exchange ideas with that one piece of a
presentation on a net zero topic. And I'll go on
to those topics in a little bit and then some
project or program updates from any district councils that are
involved, and then again, a conversation between attendees at the
end.
You can register for the remainder of the series at
that link. We'll also put that in the chat and
I'll be talking about that later on in our our
exchange today. Next slide please.
So going back to defining net zero, when we were
talking about, well, what should our topics be for the exchange series? I mean obviously the topic list could be huge. We could have topics that range from any sustainability topic, any decarbonization topic. But we looked back to our, our pathway to defining and reaching net zero and this is our, our UI pathway here for net net zero that focuses on these six topic areas and that's how we strategized. Our series topic events. So today we're going to be talking about energy efficiency sort of that step one as the most cost effective solution for carbon reductions. And then our next series will be on to on site renewables followed by utility grid interactivity coupled with building electrification. Next is balancing those remaining emissions with off-site renewables, renewable energy credits or wrecks and offsets. And then at the end piece there is the, the, the additional more innovative strategies that can really hit our net zero target that includes engaging tenants to reduce their emissions and then exploring embodied carbon reductions in your building materials. So I almost see it as a line that also circle back, circles back and connects to each other, but that makes it a little bit complicated to explain it makes it a bit messier of a slide. So we'll stick to this this 6th Circle pathway and you'll be seeing our. Our net zero exchange series topics go along with these six bubbles. Next topic please or. And again, here we go, here's our schedule. The next one is scheduled for April 20th on renewable energy and we do have a speaker lined up for that event, but we do have some open spots for our June, August and December topic. So if you have any ideas or projects or policies that you want to highlight, please reach out to me. My e-mail is in right underneath the call and we'd love to hear from you and
Next slide, please.

So let's jump into it. I want to introduce Becca Tims from Jamestown. She's going to talk about some energy efficiency measures and some projects at Jamestown.

Thank you. Can you hear me OK?

OK, great. First of all, thank you for not reading my bio and thank you for having me. I think these slides are going to be distributed as well. So if that helps for anyone on the line in terms of taking notes, don't worry about capturing everything here. I think you go to the next slide then.

So excited to chat with you all today. And for those of you that aren't familiar with Jamestown, I'm going to share a little bit just about our firm. We've been around for over 40 years. We've got about 13.2 billion in assets under management and we're really interested in kind of place making, you know, transforming spaces into places where people want to be. And so when I think about our SG and G and and my work in particular, I think a lot about how I can integrate you know kind of ESG goals into the things that mix Jamestown unique and kind of, you know how we do business more generally, you can go to the next slide.

This is just a little bit about how we approach value creation at Jamestown. And again, I, you know, I think when you think about placemaking, there's a really big opportunity to incorporate ESG principles into that. A lot of what happens with energy efficiency is really like behind the scenes we used to call it, you know, invisible green and invisible green. But you know, at the same time there's a big opportunity to share what you're buildings are doing.

And you know what has worked for your assets and communicate that and and make it part of your brand. We found that it's something that our our tenants and clients and investors are all very interested in and even you know certain topics like electrification and electric...
You know that impacts our food and beverage program. I think the kind of inch deep or I like to say like 6 inch deep and mile wide nature of sustainability and energy efficiency work. Provides a lot of opportunities to tap into kind of other values that your company holds. You can go to the next slide. This is just a little bit in terms of Jamestown's portfolio to help frame it. This is as of you know December 31st, we are concentrated mainly in the US but also have a growing European business. And I think this is really important to think about my approach to energy efficiency and and some of the drivers would be really different if all of our properties were let's just say like grocery anchored retail centers in South Florida as opposed to you know. Class A office buildings kind of scattered through major coastal cities and I'll get into a little bit more detail on some of that here in a bit. Also for those of you with you know global portfolios, it's been really interesting to kind of see some of the nuances between other countries and and what they're kind of legislative expectations are as well as just kind of general stakeholder expectations related to energy efficiency. You can go to the next slide. Yeah. So I'm going to start a little bit just by talking about kind of where we've ended up today. Thank you. So we've been at this for a really long time. Jamestown, when we established our SG program was doing a lot of development. This was kind of towards the end of the recession and we were very focused on developing sustainable properties, right. And then what happened when we launched our first open-ended fund? We've had Jim, Premier property fund, we started to get a lot more questions about our standing assets and so it was less of a focus on kind of new development and and what you were doing for new construction.
and more about you know kind of benchmarking and ongoing performance of our buildings. I'll say it probably multiple times today, but you can't manage what you don't measure right and it took a really long time to just really get the measurement.

East down, I don't want to glaze over that. I think it's gotten easier and I'll talk a little bit about why. But certainly the, the most important starting point is just benchmark your buildings. And so when we launched the Premier fund, those institutional investors started asking questions, right, like are you reporting to Griz and then over the years the questions have gotten a lot more detailed. So not just are you reporting, you know, now it's like we want you to report, we want to see your scores. Um, we'd like you know updates on your Energy Star certifications or ratings and other certifications on a quarterly basis.

So I would just say generally speaking the environment has gotten a lot more transparent and detailed in terms of building performance and the focus is less on one time actions and more on ongoing performance over time. I think what's interesting about this and and again I'll dive in, in a little bit more detail.

Is that there are other drivers that that support this work. So for example, legislative drivers whether it's energy or carbon standards and in most of our markets all of those things along align really nicely with what stakeholders are asking for and also with Jamestown's publicly stated goals and targets around energy and carbon specifically. And of course you know we win some awards, we get some recognition on our Investor relations. Teens love that, but you know it. At the end of the day, a lot of this is particularly on just kind of the the tracking and recording is really mandatory. You can go to the next slide. I'll point anyone that's looking For more information to the Jamestown website. We could probably hyperlink it in the
up, but one of the big parts of my responsibility is kind of compiling all of the work that happens throughout the year into an annual report. Anyone that works kind of full time on ESG will tell you that there's a tension between the time that practitioners spend reporting versus the time that we spend getting projects implemented and one of the things that I really want to. I think it's an important take away is that the more you can kind of narrow the gap between those activities, the more successful that that you'll be. And so you can go to our website where this report is linked if you want to learn more about anything that I'm talking about today.

You can go to the next slide. So I'm going to talk a little bit about just our impact areas and targets. I'm also going to be you know, really transparent. I've been at Jamestown over 10 years and when we first set our targets back in 2012, 2013, that was back in the day where everyone had like a 20% by 2020 type commitment including us. But I'll say, you know at the time, I don't think.

Many firms had a really strong had strong data to back up their ability to achieve those targets. I think you know there was a lot of low hanging fruit and there's a couple of reasons that we were able to hit those targets a couple years ahead of schedule. But all of these targets are iterative. An example is even with our kind of nine different ESG impact areas, we've tweaked over the years kind of how we categorize them. Right now they're organized into ESG as you can see, but also, you know, our short-term targets are through 2024, medium through 2034, long term through 2050. I can't really sit here and tell you today what a reasonable, you know, 2050 energy efficiency target might be. So these are really meant to to be iterative and that's just something to keep in mind when you're doing your own target setting. You can go to the next slide. Another thing that I just wanted to point out briefly is that we thought it was important to align our
targets with the UN Sustainable Development Goals. You know, it's
like sometimes you look at these goals and you think
role in ending hunger worldwide. But if you dig into the SDG's there are kind of more specific sub targets and we have these kind of cross referenced in our.
2020 report Reference guide, but I I found that the sub targets provided some concrete pathways and and really
kind of demonstrated to our teams how much of an impact our work on the built environment has. So it's been helpful for us to to have that alignment and now the next slide you you'll see I'm going to dig in specifically to to energy efficiency. This is from our 2021 report you know.
I I at one point when I was working on these slides had a had the carbon emission section as well just because obviously you know energy and carbon or are very much linked but just for the purpose of today's workshop thought it would be best to to focus on efficiency. What I've included here are just the the short term targets you know we we look at energy efficiency in a couple of different ways what you see in the the table down at the bottom right you see. Power and it's really small on my screen even, but you can see our.
There are various targets are 2030 targets as well as our 2024 targets. The the kind of trend downward, it's obviously what we like to see in terms of our energy used per square foot. We also look at our like for like energy consumption. So we kind of slice and dice our energy performance in a couple of different ways. So you know we look at buildings owned.
In both years, the two year. And that's how we get kind of our our annual energy reduction. So that 3.56 reduction that you see from 2020 to 2021. But then you know we're also tracking performance against that 2014 baseline which is what you see in in that chart, the carbon emissions chart. You know one of my favorite
things about the carbon chart if you if you happen
to reference that is that net.
There is really easy, right? Zero is 0. But certainly
you know when you're setting energy efficiency targets, I've noticed
that there's a couple of nuances that can make it
a little bit complicated. You know, one of those things
is your baseline year. So we have been collecting benchmarking
and performance data going back until at least 2008. But
what I found when I really dug in and that
was my first like really not glamorous job when I
started at Jamestown.
I was a coordinator at the time, really eager to
like clean everything up and and get it nice and
tidy. And it was super overwhelming both in terms of,
you know, trying to make sure that these buildings were
set up according to the Energy Star guidelines and that
we were getting whole building data. You know, at that
time it was less common to be requesting utility bills,
but I do think the the local energy disclosure.
And performance standards have really helped normalize
that. We're we're
working on a deal right now where the buildings don't
have Energy Star accounts already. And I don't know if
those in the audience have experienced this as well. But
it's it's less and less common that that we look
at assets these days for for acquisition that don't have
Energy Star accounts in place. But at the same time
just because there is an account in place doesn't mean
it's correct, right. So I know.
And harping a lot on benchmarking, but it's really important
you know that you're measuring and also kind of testing
the veracity of your data. It really stinks to brag
on like a big, you know, 25% energy reduction only
to find out that, you know, you forgot to add
in fuel oil or one of the tenants didn't provide
bills. And so we actually started getting our benchmarking
and
performance data, third party assured I think back in like
2015.
And that's been a great process just in terms of
overall kind of discipline and also really just like legitimizing
the the importance of this data.

I'll stop right now on this slide. I do have a a note on America Square and and I'll say I'll I'll elaborate on this in a little bit.

But I think one of the the things that that I've kind of witnessed is there's a lot more regulation around energy efficiency. There are various opinions on those types of regulations, but what I've seen in practice is that you know having a law on the books has really been like another tool. In our toolbox, it's given us more flexibility and and structure I would say around how we prioritize projects.

And so generally speaking, you know, I'm supportive of these regulations as long as they make sense for the owners.

I think pepson DC is a great example. You know we had a historic building with some facade restrictions and that building had a major tenant renovation happening this year. And.

So what we decided to do was you know, we looked at kind of the timeline of BEPS compliance and we said wow, OK, if we wait until you know our our time is up for compliance here, we're not going to have any opportunity to make any meaningful change.

So we decided to engage with the building performance team and kind of go ahead and choose the pathway, do a deep energy audit so that we are essentially planning you know like five years ahead of time.

Just so that we can take advantage of like having the ceilings open and having this renovation opportunity. So 20272030

you know choose your year, it might seem kind of far off, but for those of us that are buying buildings today, it's really crucially important to to get this stuff underwritten and and into your capital budget you go to the next slide.

So I know we're eager to get to the discussion. And Cara, I'm. I'm watching the clock. I think I've got like 5 more minutes. Is that ish?

You can take some more time. That's OK. We're we're.

I went a little over. You can go a little
over. Not a problem.

OK. Like I said a lot of this I'm including for reference this is from I believe our our 29th no, this would be our 2020 report because it references COVID, I believe wolf I I wanted just to provide just some examples of energy efficiency wins that that we've had across the portfolio. You know one thing that I've noticed is. People talk a lot about the portfolio approach and I think this is something that really depends on, you know, how diversified your portfolio is both in terms of use type and geography, age of the buildings, kind of all of the above it Jamestown, we have a lot of mixed-use or adaptive reuse assets. You know we've got a lot of old buildings, they're all over the country and so we kind of use a couple of different filters to prioritize.

Like which buildings need the most attention and part of it comes down to you know what resources are available, what are the laws in place, where do we have you know a lot of tenant turnover where we're going in and and doing build outs or where do we have a really strong and engaged engineering team. So there's a couple of kind of case studies featured here. Umm, you know, one of these was industry city. This is a huge campus, like 5.4 million square feet and they realized a 20% reduction in energy efficiency, really kind of focusing on boiler upgrades and and other MEP adjustments. Similarly with one Times Square, I really couldn't choose a better building to illustrate. That some buildings are just weird. So one Times Square is covered in digital signage. It's under redevelopment currently, but you know, we were still able to find efficiency opportunities there. So for example, these signs were updated to include unified LED signage when we did our, I think it's local law 8784. I'm blanking on the the law. Number, but we were able to use that audit opportunity which was required to find some really simple energy efficiency measures like insulating pipes. And so I can tell you from experience that even in your weirdest building there's
probably going to be some opportunities for energy efficiency and oftentimes
you know some of those are low or no cost.
And the other thing that we've been doing since about 2012 is experimenting with different types of.
Energy management technology, we used inoc back in the day.
We've got a number of properties now that are utilizing aquafor and what was really interesting with Aquafors essentially this was kind of real time energy management where we're getting interval data and what we were able to do was in a time where you know, I think, I think COVID kind of proved that it's not just the tenants that are driving energy.
Consumption in our buildings, I think a lot of owners will say that they were a little bit surprised at the lack of energy reduction, you know, during reduced occupancy with COVID, but we were actually able to use aquafor to help validate some of the measures that our engineers were doing to further find. Efficiency.
During COVID.
And thanks for monitoring them. The mute button, I appreciate.
So you can see some of these charts, you know, we were able to compare our buildings to kind of other buildings and in the region and that just helped kind of give our property team some credit for being very hands-on during those kind of odd, odd times. And we were able to get other projects done during COVID as well. So at 88 Leonard, it's a multifamily building in New York. We've been working with logical buildings and they were able to deploy their energy management technology. Completely remotely, which was really great. It was a really light lift from me. From a corporate perspective, you know, you've got to imagine and I guess every team structure is a little bit different, but there's there's a balance, right? Like I I'm always careful not to overwhelm the
property teams with a ton of new stuff and was really impressed with how easy that rollout was. And we've also further engaged the tenants so that the tenants can actually opt into their own demand response program and we have some, you know, apartment. Residents that are earning, you know, 100 bucks or so through this, I forget what it's called, but it's essentially a demand response program for those of you with buildings on the West Coast. PG&E has a ton of programs that we were able to take advantage of. I know they've got a rebate program, but we also participated in their free retro commissioning program. So that was a great way to kind of give us an efficiency road map for each of our properties. You know, again, these are properties where you know we have to report our energy performance annually. There's a periodic requirement to to do an energy audit. So we found this kind of really synergistic. We were able to complete the load of no cost measures and then we were able to achieve incentives through that commercial custom incentives program.

And I know there's a whole section on solar, but you know I got to say solar has been really tough for us. We really like to amenitized our rooftops. And so when I think back through that kind of priority waterfall or the URL I pathway for decarbonization, I would just say you know be realistic about the things that are kind of less attainable. You know solar is not really where I focused my efforts primarily and and the. Another early years, but now for example, we're working, you know, on our first kind of internal Jamestown LED solar project, which I'll share a little bit more about. I got a couple more slides here if you don't mind going to the next one. So this is some fresher information from 2021. You know, my approach is really, you know, I want to make sure that we're doing something at each of our properties to promote energy efficiency. But as I kind of mentioned earlier, it's going to look very different depending on the type of asset and there's some assets that just have so much going
on, it might be potential multifamily.
Conversion or something else where it's like totally fine to
something until a later date where it's more appropriate.
More recently, we've partnered with prescriptive data
specifically for some
of our West Coast properties to use their Nanton platform
to integrate occupancy sensors and actually use their
software to
control our building automation system. We've seen some
great early
results on that pilot and we're looking at expansion
opportunities.
But one of the most interesting things was the platform
essentially told us.
How it really demonstrated how much our engineer was
having
to do to keep that building running and you know,
it might have just been that you know, he was
making things work and and didn't want to be too
squeaky. But once we saw the data and kind of
had that third party validation of like wow, you know,
there's some upgrades that are needed to really make the
system run more efficiently. We were able to use the
data and and the controllability to actually, you know.

Shave our operating times and save some money. But I
think some of the most valuable benefits have been just
like the transparency in terms of how your building is
actually operating. I don't want to get too technical, but
like the building was designed for a drop ceiling, that
drop ceiling was removed. It has a mix of pneumatic
and DC. It's got one side that has a lot
of solar heat gain. So we added some additional sensors.

So I really feel like it's beefed up.
The tools that that engineer has to to operate, we
also have a pretty robust technology network. I we've actually
recently combined our innovation and sustainability teams
because we saw
that like so much of our work had a lot
of overlap. So when we look at a potential technology
partner, we're looking at it from a variety of perspectives
in terms of you know where that partner can fit
within our portfolio for deployment but also.

You know, how healthy is that firm from a capital
perspective and you know all of those kind of broader things that are really not my area of expertise or interest, but it is important you know when you're when you're looking at partnerships. Another model that that we've used is a project that we pursued with carbon lighthouse. So for one of our DC assets we were less interested in kind of day-to-day controllability through the building automation system.

And more interested in ensuring that the efficiency projects we were implementing were going to be the most effective and save us the most money. And so we essentially had carbon lighthouse do a digital energy audit and they came up with a list of measures including a shovel ready scope for each of those projects. We kind of self ran the projects and then once those projects are completed we had our commercial operation date.

And now Carbon Lighthouse monitors all of those projects. It's essentially like ongoing commissioning for a specific set of efficiency projects. What's nice about that is you know we we have essentially some fault detection. So if some of the projects included like supplied air temperature resets or even operating schedule adjustments, if we fall out of the parameters and kind of what those projects were set towards, they they alert us.

And so we can monitor those savings on an ongoing basis. So this is just to say that, you know, I think especially today, you know, I'm one of those curmudgions that doesn't think I'm ever going to have one vendor that's a good fit for all of my buildings and I'm OK with that. I find that there's a lot of software providers that want to do everything for everyone and that's always a little alarming for me. I'd rather have a group that comes in and and does what they do really well, even if it means I have to log into. Like two different platforms. But I'll also say that there's a ton of movement in this space. You know, it's really hard to like pick a winner. And I think
you just have to be realistic about, you know, what
you need and and also invest in the partnership. All
right, we can go to the next section. I'm going
to talk briefly about Levi Plaza because I think it's
worth mentioning and then we can get to the discussion
part. So I find that when you have a win
and when you have momentum.
It's so important to take advantage of it. So Levi's
Plaza is a building that we acquired, I want to
say 2018 or 2019 and it was actually the asset
manager that was thinking through their business plan and said,
you know what, Becca, I really want to put a
stake in the ground for an existing building campus. You
know, I want to be a net zero operational carbon
campus by 2025. You know, I want to use this
commitment to really, you know, drive our leasing and find
tenants that are aligned with these goals.
And then from a portfolio perspective, I was really excited
about this because I felt like it could help us
prove the concept and support our broader portfolio target of
net zero operational carbon by 2050. You know, obviously in
California the code drives things a little more aggressively
than
in other markets, but this is a building where we
had done a lot of that PG&E retro commissioning that
I mentioned we had energy management in place.
They had green leases in place, so we really had
kind of like all the tools to execute efficiency projects
there. And if you go to the next slide, Kara,
I'll just kind of talk through a little bit what
this looks like. So again, this is very similar to
the ULI pathway. I don't think there's like a perfect
way, as you said, to kind of lay this stuff
out. It's always a little bit iterative. One of my,
my peers bid Meyers at BXP, he said.
Months on a on a panel. The thing about low
hanging fruit is that it always grows back and I
find that to be so true.
So 10 years ago, you know, we were changing light
bulbs. Today we're still changing light bulbs sometimes. And
I don't think any of this work is ever
like 100% done, but this just kind of shows how
we're approaching that full, you know, pathway to
decarbonization. We
don't touch on embodied carbon here, but it is certainly
something we think about. But like I said, you know
for energy efficiency we're using energy management, we're
doing.
Audits and retro commissioning and then we're also using
standards and green Leasing as part of our tenant
construction.
Uh, let's see. Well, I've got some advice and just
to kind of kick off the discussion so you can
go to the the next slide.
Sorry, one more.
So I was thinking a little bit just to kind
of get us going. You know, I think one of
the most important things is to start this work during
due diligence. That was certainly the case with Levis. We
knew we were going to be updating our HVAC and
essentially we were able to do a natural gas boiler
to electric heat pump conversion that never would have been
possible if it were an afterthought. So start early, find
your people right, make friends. I think you all is
a great example of that. We collaborate a ton.
Both internally and externally, especially if this isn't your full
time job, you don't have a full team. There's so
many free resources available and I would encourage you to
use those.
Again, data, you've got to manage it. Energy Star is
a free tool. It's, you know, really good, and in
my opinion, it only gets better. So I would, you
know, if you're not benchmarking already, you know, that
should
really be step one. And I would find alignment, you
know, I would use those investor questionnaires, those DQ's,
use
all of the local standards to kind of figure out
where your buildings should be prioritized, you know, even in
times of economic stress.
I find that our teams really respond well to potential
fines. That's nothing that anybody wants, right? And so it
can help prioritize when things might seem a little bit
One of the big things that I've noticed lately is that there is somewhat of a disconnect between ESG reporting and financial performance. And what I mean by that is, you know, when I report to Gretz, no one's asking me about my utility spend or how much my tenants are spending on energy. And so for example, we automated all of our landlord paid utility bills. So we have a standalone portal through Schneider Electric where we can see that. And I think, you know, I make sure that whenever I'm doing anything for reporting, we're also kind of integrating it into our operations. I talked about technology, oops, sorry, I have a typo there, but really this kind of low carbon transition it's, it's going to be tech enabled and so I would start to get comfortable with it. You know it impacts all departments from your compliance and security like data privacy person to your IT team to your legal team. So I would, you know, start to get more comfortable with that. Today especially there's a ton of alternative financing whether it's performance contracting or commercial. I think this is only going to get more attention in the coming months. If you're getting pushback, talk about what your peers are doing. You know, I oftentimes will come up against the challenge and say, well, you know, so and so is doing it and you can find out how they're doing it or sometimes just, you know, showing that that it's happening with your competitors is helpful. You know, celebrate everything, share it widely. That's great. Definitely start. With the, with the win, you know, one of my peers was asked one time, you know, what do you do when you like face resistance or you have someone that's not supporting you and she's like ignore them. Duh. And I I wouldn't, you know, I wouldn't suggest ignoring your colleagues. But on the other hand, you know, start
where you've got a good relationship so that you can, you know, have some wins. And I would just say like, you know, stay resilient, that you know, not every project is going to work out. You feel like you spin your wheels. Sometimes, but I find that all of them are learning opportunities. And you know, like I said, there's a there's a lot to be gained, a lot of NOI to be captured and I think you just have to kind of get creative to do it. So I'm excited for the discussion. Carol, I'll hand it back over to you, but I think we're going to take some questions first, right? Yes, I thank you, Becca. That was great. And I have to say we might pull your line that zero is easy for the tagline for the series. So appreciate that. I just meant it's easy because it's absolute. I didn't. Mean it was easy. Right. Well, we'll help make it easy and that's the intention. So I really love that. And then I wanted to mention before we jump into Q&A from the folks on the call that it's really great to see how, you know, Jamestown strategy evolved. I like how you mentioned how your innovation group and your sustainability group merged and that you know also coupled with the low hanging fruit comment where yeah, you're still going to be changing light bulbs because technology is always going to be on the up and up and you have to be ahead of that with your. Innovation team and your sustainability team because they are so linked, so really appreciated hearing that. But I do want to open it up to Q&A from the group directly to Becca before we go into some small breakout rooms. If anyone on the meeting wants to unmute yourself or raise your hand, we can jump into some Q&A. You can put your your question in the chat or you can unmute yourself, and if not then we'll jump
I would say it's really all of the above not
to give you a vague answer and I think it's
evolving, right. Like at this point, you know I'd say
10 years ago we were getting you know questions from
investors that were more exploratory. I think now investors are
are a lot more sophisticated in terms of you know
their expectations and how they kind of measure. Like I
said there is a disconnect between in my opinion financial
performance and ESG performance and so.
For example, you know most real estate companies are
probably
not doing integrated ESG reporting along with their financial reporting.
So it really started with our investors, but now our
lenders are also asking questions. Certainly when we have you
know joint ventures, they're asking questions. What's also kind of
an interesting is we have some deals that might not
be an hour open-ended fund where we do a little
bit more reporting, but it might be in our partners
open-ended fund.
And so one of the things that's kind of served
me the best is it used to be kind of
easy to ignore assets, right, like a High Street retail
asset that's totally triple net or a grocery anchored retail
center. You know we didn't start with those, we started
with our office, then our office mixed-use, then residential, but
it's right now it's like I I really do the
same thing for all of our buildings. I saw that
there was a question about ROI from from Marta.
There's no like hard and fast rule. You know we're
always considering things like where the building is and lease up you know do we have a disposition on the table. So we kind of weigh a variety of factors. You know I love used to love anything with the payback under three years this month. You know I'm really looking at things that cost me nothing today frankly. And so I hope that answers your, your question.

Yeah, totally. Thank.

All right. Kara, can you help me? They're coming in kind of fast and I'm doing a bad job of.

Absolutely. So we have a question from Brittany Ryan, is Jamestown underwriting costs to decarbonize on new acquisitions? What about underwriting the value gain loss associated with the green premium or brown discount?

Yeah, that's a great question. I used to get asked a ton and it was like I did all this research on you know what is the premium to be green, what is the extra cost. You know at this point I think the non green discount is much more important. I mean I think it depends what market you're in. For example I mean if you're in Kansas City versus San Francisco, you know kind of your comps are going to be different, but yes, we have a pretty robust due diligence acquisitions.

Process, we often engage third parties kind of specifically on ESG so that we can not only get new capital projects identified, but even in the case of Levi's Plaza for example, we were able to say like OK, we have some really big HVAC work, you know, how can we use this to pursue a fully electric campus, for example. You know, I think there's obviously a little bit more of a premium the less integrated you are, but I think that's where the creativity comes in. I mean, I always.

I joke with my asset managers. I'm like, look, we do financial gymnastics all the time. We take risks on tenants all the time. And I think psychologically there's like something about an energy efficiency project where you feel this,

like, strong urge to to make it pencil. But I think it's important to take a step back, right? Like,
what's it going to be like to lease the building in San Francisco that has higher utility bills or isn't certified when all of your competitors are? So I don't just try to dodge the question, but I try to. Kind of reframe it a little bit just to reflect like what we're seeing in the market. All right, Paul's question next, Cara? I was going to call on Alistair, who's raised his hand. Hi. Perfect. Firstly, I wanted to apologize for being one of those people that was unmuted. For a second there, I assumed we were on mute by default. So sorry. Your presentation. I work with Bentyl greenodd by the way and my questions about. The ESA evaluating ESG within your acquisitions due diligence and I wondered if you could elaborate a little bit more on what your process looks like, particularly whether you rely on certain third party consultants to specifically evaluate? Sort of the opportunities for energy efficiency upgrades within potential acquisitions and whether seller sellers are providing meaningful data to help you in that evaluation? Thank you. Yeah, it's a great question. I love when we buy from another institutional owner just because they likely have an account set up. If I'm really lucky, I know their SG person and I can kind of do some friendly reconnaissance. You know, really when one of the first questions we ask when we're doing our diligence is just, you know, trying to get that benchmarking data. Like I said, right now I'm working on a deal where I'm flying blind. None of the buildings are benchmarks. I don't even have utility bills yet. And it's like super overwhelming compared to where you have some way to. Kind of prioritize. It also depends on like when the building is built, right, like our approach for a building that was built in the last five years is going
to be different than you know a collection of buildings built in the 90s. And so we really look at kind of the really the, the full spectrum, right. So we start with energy. We also look at plumbing and how we do that kind of depends on our diligence. You know what consultants we have on it. There's times when we wrote kind of ESG scope into the PCA consultant scope. Sometimes that works. Sometimes on larger projects the timing doesn't work out or kind of the resources needed don't really match up. So we'll hire a kind of more of a sustainability consulting firm to look into it. And then more recently there's even specialized firms, you know, air up and others that you can bring in to look at resilience factors, so.

You know whether it's physical climate risk or even transition risk meaning you know how is your property going to perform and kind of a low carbon transition we we try to incorporate everything but you know it's it's really not the same deal to deal. So we have a checklist that we use we make sure we hit the same topics but like I said sometimes that's integrated into the PCA scope sometimes it's a standalone apport report. But all of that work really serves to serve as like Asset sustainability plan, once the the property is acquired, I find that the more I can do during diligence the better just because you know then you go into the onboarding phase and and sometimes you can be like you know six months out post acquisition before you're really able to dig in. So I I just find the the earlier the better and it's a little bit like you know trial and error right. Like what does my team like what worked well in the last deal? Do we want to do it this way again?

So that's just kind of how we've approached it. Thank you. OK. And then we're going to do a couple more questions before we go into the the breakout rooms and get to know each other a little bit more. I'm going to go to Paul Rabinowitch. Question, question on
are you utilizing or planning to utilize the Inflation Reduction Act credits or other benefits?

So my answer to this is going to be a little bit specific to us and like our fund structure, we have a number of what we call our German retail funds. So I think it's something like 30,000 German investors that we do tax returns for every year. And essentially, you know, while I think the inflation Reduction Act is great in terms of, you know, unlocking incentives for some of these projects, we found that for example 179 D is not very beneficial to us.

It's essentially very little juice for a lot of squeeze is the best way that I could put it. So you know once these benefits are kind of shared amongst our investors it could actually increase the tax liability for some of our partners. But again you know I really think it depends on your fund structure. I think there's some really we've seen some cost come down for example on some of our solar projects there's some prevailing wage things that. That could negate that. But in general that is something that we've seen in practice. I expect something similar on other ways. And then certainly like I think what's happening with kind of the smart glass and kind of windows is another real opportunity. I think the Inflation Reduction Act will probably Dr. adoption of that technology and and kind of reduce the risk that owners have been a little wary of in the past.

Great, agree. And then our last question here, I'm going to go back to Brittany, is Jamestown using an EUI or energy use intensity standard for buildings to meet a level of energy efficiency first?

Yeah. So we have a number of ways that that we look at it. The other thing that I I failed to mention a little bit and in some ways this is a little bit more tied to carbon. But you know whether it's the UI net zero goal or science based targets which were signed on to using the small medium enterprise pathway or our own goals. Think it can be very nuanced in terms of you know are you covering scope 1/2 and three emissions or just scope
one and two. What is your baseline year are you looking at?

Like for like performance or UI, we do utilize UI, we use ULI GREENPRINT for example to compare our buildings like by geography and use type. We also are a better buildings partner and so right now we're kind of in the thick of collecting our our data and getting it processed and assured for 2022. But once that that data is kind of baked, we look at it from a variety of different ways we also through our utility bill.

Management software, we look at kind of like dollar per square foot, dollar per occupant, kind of other metrics just because it can be a little bit of a complicated story to tell depending on what type of asset you're working with.

And I'll also say that I use a third party energy engineer that supports our whole portfolio for benchmarking and data collection. Look, I know a lot, I'm a certified energy manager, I get pretty deep in this stuff. But I found that having, you know, one firm, one individual that's really supports all of our assets has really helped the consistency. You know, ten years ago we had property managers entering utility bills, we had data entry errors, it was hard to maintain consistency.

So that's been really helpful as well.

Can I answer that last question about Rex? You'll find a lot of different, you'll find a lot of different opinions on Rex and offsets. You know we utilize them when there's a reason to. So if I've got a building that's really struggling for whatever reason, you know that's a building that I'll consider for rexer offsets. A lot of times when we do utility supply contracts or when there is a program available through the utility, we'll do 100% wind rec add-on or we'll.

You know, participate in the green Power program, I think you know and I'd say 2024-2025, you know, that's when we'll start more seriously considering offsets like as a practice.

So for properties with an EI higher than, you know,
the median, maybe that's where we'll do it. One of the unique things about Jamestown is that we also own timberlands. So we're in the process of getting our first offsets actually on the market and I throw that out there. Just because it's a great example where we've kind of tapped into something that's kind of unique to Jamestown. And I'll just kind of close by saying like gone are the days where you know, hat it's like unique or special to have to be focused on sustainability, right? Like, you're a loser if you're not. You know, I really don't know how you're doing business if you're not doing something right because like I said, it's very highly regulated. But I still think there is a ton of room for creativity and market differentiation. And for us it's like, you know. We're building a, a building out of mass timber that's partially sourced from our own forest, right. And then we're taking those forest and trying to you know, get those offsets on the market. And you know that's a lot more interesting to my C-Suite than, you know, I'm just going to write a check and you know, offset our missions. So I I think what's most important there is just transparency and kind of being authentic about like what you're doing and why and what you're not doing and why I think that's important too.

Thank you, Becca. I think that's great to close out and pull us into our our breakout rooms. I have to say that I just hopped on this webinar from another webinar where we were talking about in in sort of our market first you get comfortable and then you get creative, right. So we're at that point now where we do have to go above and beyond to be the innovators and the movers. And I wanted to also mention this is just that first step, that First circle in in the journey to net zero. So we will have other exchange series about racks. Offsets and electrification, so great questions. We will address some of those on our later our later series events, but fantastic overview, Becca, I really appreciate it. Right now we
are going to try something a little bit new for this series. We are going to break out into breakout rooms. The questions are listed up here. This screen will go away when you go into your breakout room. So I'll put it in the chat to everyone. The groups will be about five or six people. I want you to all introduce yourselves your experience. With net zero in terms of current projects, current programs, we could have a variety of different professionals on the call ranging from from studios to C-Suite. So would really like folks of of different levels of expertise to meet and get to learn from each other. And then jumping into some conversation about how you are currently tracking your energy data, what are some of your successful methods of incorporating energy efficiency measures or metrics. And the last question if you all are still chatting is. Are you familiar with your local net zero energy or carbon building code reporting requirements? And then we'll we'll answer that before we jump into another breakout session. Hopefully this works well. Ben is going to go ahead and press the button now to put people into breakout rooms, so please accept the breakout room you go into and enjoy getting to know each other. Rage about energy topics. I was getting taunted about the nice weather in the US when we're under snow squaw warnings in Toronto, so I was OK to end at that time. One thing I'll say to finish that thought Brittany is that we've started outsourcing some of our like acquisitions due diligence work. Just kind of to your point like it's a lot to to really kind of get in there and and dive deep. But we're we're integrating like we're asking them to kind of help formulate like a net road map as part of that report. I think that's where maybe you were going with. That, yeah, yeah. And that was exactly like we've contracted someone to help us build out what that net.
00:59:35 --> 00:59:38: 0 scoping plan would look like. So we're hoping to
00:59:38 --> 00:59:41: really get that in the way we want to get
00:59:41 --> 00:59:44: it in the next couple of months. And then that
00:59:44 --> 00:59:48: would just now get embedded in the due diligence, ESG,
00:59:48 --> 00:59:52: due diligence checklist and scope that we. And that goes
00:59:52 --> 00:59:55: back to what I was saying like we define the
00:59:55 --> 00:59:58: scope now go do it. So ideally that provider helps
00:59:58 --> 01:00:01: build that assets plan rough more or less and then
01:00:01 --> 01:00:04: that gets put into the D checklist and the asset
01:00:05 --> 01:00:05: team say, OK.
01:00:05 --> 01:00:08: So we have this, do we have this, do we
01:00:08 --> 01:00:11: have that, whatever. But I think it and especially what
01:00:11 --> 01:00:15: you're talking before Becca, it's going to be a mix
01:00:15 --> 01:00:18: like some things can be maybe just put into the
01:00:18 --> 01:00:22: PCA scope especially with different PCA providers now
having climate
01:00:22 --> 01:00:26: and resilience etcetera service offerings. So some of these
pieces
01:00:26 --> 01:00:29: will put that list together. So some of it can
01:00:29 --> 01:00:32: come from the PCA, some of it comes from an
01:00:32 --> 01:00:34: added scope of the PCA, some of it maybe the
01:00:34 --> 01:00:36: on site engineer.
01:00:36 --> 01:00:38: Answer some of it. You're just going to have to
01:00:38 --> 01:00:40: maybe get a third party to now do a deeper
01:00:40 --> 01:00:43: dive, you know, on site audit or whatever. Like, and
01:00:43 --> 01:00:45: I think that's kind of what you're saying too, Becca.
01:00:45 --> 01:00:48: Like it's a mishmash of where you're getting it, getting
01:00:48 --> 01:00:50: it. But here's the list of what we need so.
01:00:50 --> 01:00:53: Yeah. And it's funny because it's like I hate to
01:00:53 --> 01:00:55: give those types of answers and you know, for the
01:00:55 --> 01:00:58: benefit of the broader group, one of the things that
01:00:58 --> 01:01:00: Brittany and I were talking about was just like the
01:01:01 --> 01:01:03: scale of like her $150 billion portfolio versus my $13
01:01:03 --> 01:01:06: billion portfolio and you know, whether it's.
01:01:06 --> 01:01:09: Portfolio size, team size, deal size. Like there's a lot
01:01:09 --> 01:01:12: of different dynamics to consider and you know what works
01:01:12 --> 01:01:14: for me or what works for Brittany might not be
01:01:14 --> 01:01:17: applicable to to your firm, but you got to just
01:01:17 --> 01:01:18: kind of try things.
01:01:20 --> 01:01:21: Which is always interesting.
01:01:21 --> 01:01:24: No, and this is this conversation is what what the
01:01:24 --> 01:01:26: intention of this series is meant to be. So I
think and feel free to send us feedback on if
the breakout rooms worked. I got some feedback that the
questions weren't coming through, but I could tell that folks
were chatting because I could see the microphones like
hopping
and being active between participants. So I know you all
were chatting, hopefully you were chatting, getting to know
each other and and learning about you know, where what your
current projects are, what some successes have been, and if
everyone is OK with it, we're going to go into
another.
Breakout room. But if then if you flip through the
next slide and keep going, keep going all the way
to the end there. We want to spend too much
time lecturing here. I just wanted to to know, you
know, it is there are a lot of local climate
policies and that are accelerating building decarbonization. If
you all
didn't get a chance to chat about this in your
breakout room, we will be sharing these webinar slides
afterwards
and if you move on Ben to the next slide.
And also we do have REI global green policy dashboard,
so this is a quick reference guide allowing practitioners to
filter by specific location. We don't have every single location
in there yet, but you see a summary of key
requirements related to building certifications requirements,
carbon emission, embodied carbon
and all the other net 0 topics.
But with that, I did want to go into our
next breakout room if we flip to the next slide.
And again, these are flexible questions. They're really just
conversation
starters. But if I want, I want you to introduce
yourselves briefly to the folks on on your new breakout
group and then talk about any obstacles. So what are
the technical obstacles that you found to achieving net zero
on a building or a project? And what support do
you need and what are those things that you need
from the industry? What kind of signals do you need
from the industry? What kind of information or research do
you need?
In the industry and focus that that conversation on around obstacles and gaps and see if anyone on your your breakout room has any solutions that will be useful. So Ben, if you wanna. Put people in their new breakout room. That'd be great. Alright, I think everyone's back if you commute yourselves. That'd be great. And let's go. This is so cool. I'm glad you all are enjoying the the net zero exchange and are having some meaningful conversations. I am going to quickly note the time that we have 5 minutes left. I'm so glad that everyone's been having great conversation and wants to keep it going. Does anyone want to share from their second second breakout group about in particular any obstacles you're facing or any gaps in the industry that you're looking to fill with information from you, Ali, your stakeholders internally, externally, I'm looking to see you know, what you all chatted about and what what. Advice you have or what you're looking for. And you can raise your hand or you can unmute yourself and jump in. Well, I was going to say training, I'm very new in this, you know, aspect of energy efficiency and that's zero and you know, just having. You know, this mean today definitely helped me. Like I said, I wasn't considering, you know, tracking and you know, just collecting as much data. So we're actually working on a multifamily in Memphis, TN and you know we're we're pretty much trying to figure out how to make this as efficient as possible and it is an older building but I think it's a perfect opportunity and our breakout room she you know just informed me about some financing. So I think if you guys just keep doing what you are doing I think you're going to definitely change the world so. Thank you, Kimberly. That's always nice to hear. Towards the end of a webinar, you know maybe not the intention of the webinar, but certainly the intention of
the collaboration of our industry on a whole. So I
I put up here on the slides just a link
to our resources at uknowledge.ui.org to find some of our
our research tools, trainings, convenings and reports to to help
you learn more.
And then next slide please, Ben.
I have this. Perfect. Let's go back to the
schedule because as we close out, feel free to send
us any other questions or comments, any feedback on the
setup of this series. Again, this is the first one
of multiple. Our next one is set for April 20th.
The registration link is there on the bottom and we'll
drop it into the chat and also include it when
we e-mail all the attendees for today. So please register
for each event if you can and if you have
any thoughts or feedbacks on how to make this better,
more interactive, less interactive.
Which is I don't want to hear, but hey, feedback
is welcome of all all shapes and sizes and if
you have any suggestions or would like to speak or
present at any of the upcoming topics.
Grid interactivity, electrification, or tenant alignment. We also
have an
in person event scheduled for our UI fall meeting in
October, so keep looking for information about our fall meeting.
If you're in intending to attend our fall meeting, we'd
love to get together, live in a group, and discuss
all of the topics. One topic in particular, we're still
trying to figure out what would make sense for our
in person group, but we're really excited to keep this
moving forward and the intent is to collaborate and learn
and.
That's for us as well. So please send us any
feedback, share any thoughts and and we really appreciate your
time today.
Thanks all.
Thanks, everyone. Bye. Thank you.