

# Webinar

## Working Toward Net Zero Best Practices and Examples to Engage Tenants in Sustainability

Date: August 25, 2022

00:00:07 --> 00:00:10: Hello, everyone. Good afternoon or good morning. We look forward

00:00:10 --> 00:00:13: to starting this webinar shortly as folks trickle in. We'll

00:00:13 --> 00:00:15: just give it a moment or two and then we'll

00:00:15 --> 00:00:15: get going.

00:00:48 --> 00:00:51: Hi, everyone. Thank you for joining today's UI webinar on

00:00:51 --> 00:00:54: working toward net zero best practices and examples to engage

00:00:55 --> 00:00:58: tenants and sustainability. We'll just give it one more minute

00:00:58 --> 00:01:00: before we get started, so settle in.

00:01:53 --> 00:01:56: Hello everyone and welcome to today's webinar on you

00:01:56 --> 00:02:00: realize

00:01:56 --> 00:02:00: work regarding working toward net zero, specifically best practices and

00:02:00 --> 00:02:03: examples to engage tenants in sustainability. Now, to achieve whole

00:02:04 --> 00:02:08: building reductions in carbon emissions, property owners and tenants have

00:02:08 --> 00:02:11: to work together and sometimes in new creative ways. So

00:02:11 --> 00:02:14: an upcoming collection of primers that you and I will

00:02:14 --> 00:02:16: be publishing is hoping to share how real estate is

00:02:16 --> 00:02:20: driving sustainability through tenant engagement and plans to dive into

00:02:20 --> 00:02:24: different best practices and examples of how property owners and

00:02:24 --> 00:02:25: developers.

00:02:25 --> 00:02:26: For aligning their own sustainability.

00:02:26 --> 00:02:27: Goals.

00:02:27 --> 00:02:30: With tenant engagement strategies, today's webinar features some of the

00:02:30 --> 00:02:31: strategies.

00:02:31 --> 00:02:35: For tenant engagement, specifically addressing topics on Green Leasing data

00:02:35 --> 00:02:39: collection and beyond. So our panelists today will speak to

00:02:39 --> 00:02:42: their own organizations, experiences and leadership on the topic around

00:02:42 --> 00:02:46: sustainability and tenant engagements. A few administrative notes before we

00:02:46 --> 00:02:50: move into introductions. This webinar will be recorded and will

00:02:50 --> 00:02:53: be sharing both the recording and slides on Dualize Knowledge

00:02:53 --> 00:02:57: Finder website. After the webinar, any questions you have, please

00:02:57 --> 00:02:59: insert them into the Q&A box and will respond during

00:03:00 --> 00:03:02: to them during the Q&A portion of this webinar.

00:03:02 --> 00:03:05: And then just have the heads up, we do have

00:03:05 --> 00:03:08: a tenant engagement primer coming for all of our UI

00:03:08 --> 00:03:11: members and beyond on the knowledge Binder website. And as

00:03:11 --> 00:03:14: soon as that's available, we'll be posting a link in

00:03:14 --> 00:03:17: the chat and and beyond as well. So let's move

00:03:17 --> 00:03:20: on to the next slide. First, some introductions. When each

00:03:20 --> 00:03:23: of our panelists speaks a bit, they'll be able to

00:03:23 --> 00:03:27: give more full introductions of themselves. But I'll start with

00:03:27 --> 00:03:30: some quick introductions of of who's with us today. My

00:03:30 --> 00:03:32: name is Marta chance. I'm your moderator.

00:03:32 --> 00:03:35: I'm the senior vice president of utilized greenprint Center for

00:03:35 --> 00:03:39: building performance, which is part of utilized research centers and

00:03:39 --> 00:03:42: initiatives. We focus on climate mitigation, making that business case

00:03:42 --> 00:03:45: for green buildings by tying carbon reductions to increases in

00:03:45 --> 00:03:46: asset value.

00:03:46 --> 00:03:49: And we cover topics ranging from city and real estate

00:03:49 --> 00:03:52: climate policy to sustainable tenant fit outs to net zero

00:03:52 --> 00:03:55: and everything in between. And in addition to our research

00:03:55 --> 00:03:58: work you will like, green print includes a worldwide community

00:03:58 --> 00:04:02: of practice of leading real estate owners and developers committed

00:04:02 --> 00:04:05: to advancing sustainability of their own portfolios in the broader

00:04:05 --> 00:04:08: global real estate industry. And three of those green print

00:04:08 --> 00:04:12: real estate member companies are represented by our

speakers today.

00:04:12 --> 00:04:14: We have Karen Marus, who's the head of ESG at

00:04:14 --> 00:04:16: Clarion Partners. We have and.

00:04:16 --> 00:04:19: Unpack the vice president and director of ES G +

00:04:19 --> 00:04:21: R at TA Realty and Ben Meyers, the vice president

00:04:21 --> 00:04:25: of sustainability at Boston Properties. So today we'll start with

00:04:25 --> 00:04:28: the overall strategy around real estate decarbonization and

tenants from

00:04:29 --> 00:04:31: each of our speakers. And then we'll flow into a

00:04:31 --> 00:04:34: discussion on examples and other details and deep dives out

00:04:34 --> 00:04:37: of things that could make this challenging, of course with

00:04:37 --> 00:04:41: solutions that these leaders have found in our working

toward.

00:04:41 --> 00:04:43: So with that, I will pass it to Karen to

00:04:43 --> 00:04:43: start us off.

00:04:45 --> 00:04:49: Great. Thanks so much for having me today. Excited to

00:04:49 --> 00:04:52: dive into this topic. Just a little bit about Clarion

00:04:52 --> 00:04:55: partners and we can go to the next slide.

00:04:57 --> 00:05:01: Clarion Partners is a real estate investment manager. We're

headquarter

00:05:01 --> 00:05:04: in the US and we also operate in Europe.

00:05:05 --> 00:05:08: We've been in business for about 40 years and have

00:05:08 --> 00:05:13: approximately 80 billion assets under management. A

majority of that

00:05:13 --> 00:05:17: is our industrial portfolio and that's really where I'll focus

00:05:17 --> 00:05:19: for today's purposes.

00:05:21 --> 00:05:22: And.

00:05:22 --> 00:05:24: We and we'll just go to the next slide please,

00:05:25 --> 00:05:25: Ben.

00:05:26 --> 00:05:26: Thank you.

00:05:27 --> 00:05:31: In fall of last year, we did announce our alignment

00:05:31 --> 00:05:34: with the ULI Green Print Net 0 by 2050 goal.

00:05:34 --> 00:05:38: This goal does focus on scope one and two emissions,

00:05:39 --> 00:05:44: which primarily means our landlord controlled emissions, but

we certainly

00:05:44 --> 00:05:49: see the need and the case for including tenant emissions

00:05:49 --> 00:05:53: as part of our overall process. So we are continuing

00:05:53 --> 00:05:57: to collect data on tenant emissions and work with our

00:05:57 --> 00:05:58: tenants.

00:05:58 --> 00:06:01: To help them meet their goals and meet you know

00:06:01 --> 00:06:04: what we think will eventually be asked of us as

00:06:04 --> 00:06:04: well?

00:06:06 --> 00:06:10: Engagement activities vary and will spend a lot of time

00:06:10 --> 00:06:13: talking about that today. But you know we we do  
00:06:13 --> 00:06:17: issue Green Lease language. We we have been recognized  
as  
00:06:17 --> 00:06:21: a Green Lease leader. We partner on ESG initiatives with  
00:06:21 --> 00:06:25: our tenants and again we'll we'll spend quite a bit  
00:06:25 --> 00:06:29: of time talking about that today. We issue SG surveys  
00:06:29 --> 00:06:33: to property managers and or tenants where it's appropriate.  
We  
00:06:33 --> 00:06:36: work with our properties to plan.  
00:06:36 --> 00:06:41: To do business planning and make recommendations around  
sustainability initiatives  
00:06:41 --> 00:06:45: that can be implemented using the data we collect, we  
00:06:45 --> 00:06:49: pilot technologies and then we also offer, you know,  
educational  
00:06:49 --> 00:06:51: messaging and other events at our assets.  
00:06:54 --> 00:06:59: Our net zero program consists of seven key strategies. And  
00:06:59 --> 00:07:03: you know, all of these really do require the collaboration  
00:07:03 --> 00:07:08: of our tenants, our property managers and our broader  
communities  
00:07:09 --> 00:07:13: to be able to help us achieve these. They're focused  
00:07:13 --> 00:07:17: in carbon measurement, which you know, it focuses a lot  
00:07:17 --> 00:07:22: on data management and data collection, so just even having  
00:07:22 --> 00:07:23: enough data.  
00:07:23 --> 00:07:26: To be able to analyze and use and make decisions  
00:07:26 --> 00:07:31: to improve performance, energy efficiency and conservation  
on site renewables  
00:07:31 --> 00:07:36: and we're looking into some off-site strategies as well. We're  
00:07:36 --> 00:07:38: looking into how to incorporate.  
00:07:39 --> 00:07:43: Energy efficiency and net 0 targets into our new development  
00:07:43 --> 00:07:47: and major renovation program moving towards electrification  
or you know  
00:07:47 --> 00:07:51: obviously kind of reducing the reliance on fossil fuels and  
00:07:51 --> 00:07:55: then of course engagement as its own category, but really  
00:07:55 --> 00:07:59: it's kind of interwoven throughout each of our key areas  
00:07:59 --> 00:08:02: of our net zero road map. So with that I  
00:08:02 --> 00:08:04: will pass it back, I will pass it on to  
00:08:04 --> 00:08:07: Ann to talk about her program at TA Realty.  
00:08:08 --> 00:08:09: Thank you, Karen.  
00:08:11 --> 00:08:15: Hi, everyone. Good afternoon. My name is Ann Peck. I  
00:08:15 --> 00:08:19: am the vice president of Marta, said. I'm vice president,  
00:08:19 --> 00:08:23: head of ESG&RATTA reality TV. Reality is a real estate  
00:08:23 --> 00:08:28: investment manager. We are headquartered in Boston. We  
also have  
00:08:28 --> 00:08:32: offices in Dallas, at Newport Beach and and a small

00:08:32 --> 00:08:36: office in Florida. We've been around since 1982 and we're

00:08:36 --> 00:08:40: actually celebrating our 40th anniversary this year.

00:08:41 --> 00:08:45: So with that 40 years of experience, we have acquired,

00:08:45 --> 00:08:50: invested and more managed 37 billion in assets under management

00:08:50 --> 00:08:55: and commercial real estate for our value add for strategies

00:08:55 --> 00:09:00: and strategic separate accounts. So our assets are located all

00:09:00 --> 00:09:05: across the major metropolitan areas in the US also known

00:09:05 --> 00:09:08: as the Smile. A lot of times people refer to

00:09:08 --> 00:09:11: it. We currently manage about 14 billion.

00:09:12 --> 00:09:17: Assets under management and majority of those assets are industrial

00:09:17 --> 00:09:21: and multifamily. We have a little bit of office and

00:09:21 --> 00:09:25: grocery anchored retail, but most of what I'm going to

00:09:25 --> 00:09:30: talk about today reflects about our multi, multi family and

00:09:30 --> 00:09:34: our triple net that triple net industrial buildings that are

00:09:34 --> 00:09:37: hard to kind of get connections to.

00:09:39 --> 00:09:42: With that, if you want to flip slides, then.

00:09:43 --> 00:09:47: So our I started at TA last September just under

00:09:47 --> 00:09:51: a year ago and we started with initially creating a

00:09:51 --> 00:09:54: target, a net zero target. We didn't. I do. I

00:09:54 --> 00:09:58: still don't have a good handle on all of our

00:09:58 --> 00:10:02: utility information and our our KPI's, but with knowing that

00:10:02 --> 00:10:05: we have to set a target and then try to

00:10:05 --> 00:10:09: achieve it. To start with we set a target of

00:10:09 --> 00:10:13: 25% reduction in greenhouse gas emissions and energy.

00:10:13 --> 00:10:18: Consumption over the next 10 years, these targets are actually

00:10:18 --> 00:10:21: in line with the the 2050 Net zero goal. But

00:10:21 --> 00:10:24: I need to get a better handle on what we're

00:10:24 --> 00:10:29: doing and what we're producing before we can really strengthen

00:10:29 --> 00:10:33: those targets which is the plan. Hopefully within the next

00:10:33 --> 00:10:37: year we can strengthen those. But in order to do

00:10:37 --> 00:10:40: this we we really need that that scope three and

00:10:40 --> 00:10:44: and tenants engagement we need to figure out how we

00:10:44 --> 00:10:44: can.

00:10:44 --> 00:10:49: Talk to tenants better and get them to participate as

00:10:49 --> 00:10:53: much as we want to participate in trying to reduce

00:10:53 --> 00:10:57: energy, greenhouse gas emissions and save water.

00:10:59 --> 00:11:01: We these are all examples of.

00:11:02 --> 00:11:06: Ideas and and actually initiatives that we have implemented

00:11:06 --> 00:11:09: this

00:11:09 --> 00:11:12: year and we can go into this further in a

00:11:16 --> 00:11:19: little bit if Ben wants to introduce himself.

00:11:20 --> 00:11:23: Well, everybody, it's great to see so many people listening

00:11:23 --> 00:11:26: live and concurrent. At the moment, I'm I'm Ben Meyers.

00:11:27 --> 00:11:27: I lead sustainability for Boston properties. Been the company

00:11:28 --> 00:11:31: for

00:11:31 --> 00:11:36: 10 years.

00:11:36 --> 00:11:38: And and my team is focused on healthy, high performance

00:11:40 --> 00:11:43: workspaces while mitigating the externalities associated with

00:11:44 --> 00:11:49: energy emissions, water

00:11:49 --> 00:11:54: waste, and and climate change.

00:11:54 --> 00:11:58: We have a team that's focused on really three things,

00:11:58 --> 00:12:02: implementation of our program reporting and stakeholder

00:12:02 --> 00:12:06: engagement. And our

00:12:06 --> 00:12:11: stakeholders include customers, investors, the communities

00:12:11 --> 00:12:14: where we operate in

00:12:14 --> 00:12:17: our own employees, our customers, which we like to say

00:12:17 --> 00:12:21: our clients, also our tenants. We we tend to say

00:12:21 --> 00:12:25: clients more BXP are a primary stakeholder that is absolutely

00:12:25 --> 00:12:27: essential in meeting our sustainability goals. We have 193

00:12:27 --> 00:12:31: properties.

00:12:31 --> 00:12:32: About 54 million square feet, the way we run our

00:12:34 --> 00:12:35: our program across over half of our square feet. Total

00:12:37 --> 00:12:40: square footage is LEED certified at the highest gold and

00:12:40 --> 00:12:44: platinum levels and we have Green Leasing adopted

00:12:44 --> 00:12:47: throughout our

00:12:47 --> 00:12:52: portfolio. I'm going to cover off a few of the

00:12:52 --> 00:12:56: key initiatives and themes related to tenant engagement at

00:12:56 --> 00:13:00: Boston

00:13:00 --> 00:13:04: Properties.

00:13:04 --> 00:13:07: Let's let's go. Let's move on to the next slide.

00:13:07 --> 00:13:10: So first I'd like to go over the framework of

00:13:10 --> 00:13:13: our SG program includes 3 pillars, Climate action, resilience

00:13:13 --> 00:13:16: and

00:13:16 --> 00:13:19: social good. And on climate action, we have a long

00:13:19 --> 00:13:22: history dating back to 2008 of benchmarking and measuring

00:13:22 --> 00:13:25: energy

00:13:25 --> 00:13:28: and water performance. Across the portfolio. We've cut our

00:13:28 --> 00:13:31: emissions

00:13:31 --> 00:13:34: scope one and two emissions over 80% since since 2008.

00:13:34 --> 00:13:37: Green building development and management is also super

00:13:37 --> 00:13:40: important to

00:13:40 --> 00:13:43: the company. We have a green building.

00:13:07 --> 00:13:11: Standard and environmental management system that sets targets and priorities

00:13:11 --> 00:13:14: for all of our new development projects and TI work.

00:13:15 --> 00:13:19: Renewable energy and on site development off-site procurement is a

00:13:19 --> 00:13:22: is a big piece of what my team manages it

00:13:22 --> 00:13:26: Boston properties and carbon neutrality. We have a science based

00:13:26 --> 00:13:29: emissions reduction target that 1 1/2 degree level and we

00:13:29 --> 00:13:33: have also a commitment to carbon neutral operations by 2025

00:13:33 --> 00:13:36: that we're moving towards and on target to hit.

00:13:37 --> 00:13:40: A resilience. We're spending a lot of time on climate

00:13:40 --> 00:13:43: risk awareness, doing modeling and disclosure aligned with the task

00:13:43 --> 00:13:46: force on climate related financial disclosure of the T CFD

00:13:46 --> 00:13:49: and a variety of activities related to risk management and

00:13:49 --> 00:13:52: climate change they were engaged in and we work across

00:13:52 --> 00:13:55: the organization on social good. Our teams primarily focused on

00:13:55 --> 00:13:59: healthy buildings and high performance buildings, which is even more

00:13:59 --> 00:14:02: important in the post pandemic era. But we also work

00:14:02 --> 00:14:06: closely with our Diversity Inclusion Committee, Co chairs, community involvement

00:14:06 --> 00:14:07: groups and initiatives.

00:14:07 --> 00:14:11: In our employee programs and benefits administered by our human

00:14:11 --> 00:14:12: resources department.

00:14:14 --> 00:14:16: So a few things I want to touch on. I

00:14:16 --> 00:14:19: know we're going to do a deeper dive here in

00:14:19 --> 00:14:21: the Q&A and discussion today, but I think these are

00:14:21 --> 00:14:25: the the most important elements of our tenant engagement program

00:14:25 --> 00:14:27: at the moment that are helping us move the needle

00:14:27 --> 00:14:31: towards carbon neutral operations. First is green leasing. We've been

00:14:31 --> 00:14:34: a Green Lease leader since 2015, have worked closely with

00:14:34 --> 00:14:37: IT and DOE and better buildings on our green leasing

00:14:37 --> 00:14:40: adoption. We've integrated Green lease clauses into our master lease

00:14:41 --> 00:14:44: form and again adopted that across our entire portfolio and

00:14:44 --> 00:14:45: that helps us collect.

00:14:45 --> 00:14:48: Better data that helps us pass through costs made to

00:14:48 --> 00:14:52: improve energy efficiency and that's really important for the implementation

00:14:52 --> 00:14:55: of our program on energy and carbon management support. Our

00:14:55 --> 00:14:58: teams are meeting regularly with our tenants to discuss energy

00:14:58 --> 00:15:02: and carbon performance as a fully integrated real estate investment

00:15:02 --> 00:15:05: trust. We have this, this touch point with the tenants.

00:15:05 --> 00:15:07: We're in front of them, we're engaging them. So part

00:15:07 --> 00:15:10: of my job is working with our property management teams

00:15:10 --> 00:15:14: to make sure we're addressing proactively the sustainability needs of

00:15:14 --> 00:15:15: our clients.

00:15:15 --> 00:15:18: We pilot, we're piloting right now an extension of real

00:15:18 --> 00:15:21: time energy management to our tenants. So we're adding more

00:15:21 --> 00:15:24: meters and buildings. And I think this is going to

00:15:24 --> 00:15:27: be a big movement from for the industry where once

00:15:27 --> 00:15:30: we were focused on whole building interval data for energy

00:15:30 --> 00:15:33: and carbon management moving towards more granular sub metering of

00:15:33 --> 00:15:37: tenant spaces in real time management and then providing access

00:15:37 --> 00:15:40: to that data to tenants. So big opportunity there for

00:15:40 --> 00:15:42: our company and I think a lot of real estate

00:15:42 --> 00:15:45: companies we have a growing focus from tenants on green

00:15:45 --> 00:15:45: power.

00:15:45 --> 00:15:48: It used to be that we would market our green

00:15:48 --> 00:15:51: power to tenants. Now they're asking us about where their

00:15:51 --> 00:15:54: energy comes from, and we procure about \$120 million, give

00:15:54 --> 00:15:56: or take, of energy every year. So how we buy

00:15:56 --> 00:15:59: that energy is a very important component of our tenant

00:15:59 --> 00:16:03: engagement and communicating on to tenants where their energy comes

00:16:03 --> 00:16:06: from. Renewable energy on site, we have 13 projects totaling

00:16:06 --> 00:16:10: 8 megawatts. It's not Prologis scale, but it's very respectable

00:16:10 --> 00:16:13: for an office company and we're growing that with more

00:16:13 --> 00:16:16: garage canopy, surface parking canopies and some rooftop.

00:16:16 --> 00:16:19: Projects which don't have as high yield but are very

00:16:19 --> 00:16:22: impactful from a visibility perspective. Our tenants directly off take

00:16:22 --> 00:16:25: the energy and generally receive a lower cost of power

00:16:25 --> 00:16:28: where they're receiving the energy directly. So it's at the



00:16:28 --> 00:16:31: lighter for them, it lowers their utility bills, they're able  
00:16:31 --> 00:16:35: to show off and showcase their own commitments to sustainability  
00:16:35 --> 00:16:38: at their property. With the the solar PV installations, it's  
00:16:38 --> 00:16:42: becoming increasingly important to our clients and we're integrating renewable  
00:16:42 --> 00:16:44: energy on the on the vast majority of our new  
00:16:44 --> 00:16:45: development projects.  
00:16:46 --> 00:16:49: Green building partnerships have also been an important part of  
00:16:49 --> 00:16:52: our tenant engagement. We're going to talk about a project  
00:16:52 --> 00:16:55: we're doing right now with Wellington, a net zero conversion  
00:16:55 --> 00:16:58: and a bit more detail. But I'll just say that  
00:16:58 --> 00:17:01: the highest performance, greenest projects we've delivered have been for  
00:17:01 --> 00:17:05: great clients like Akamai, Google, Microsoft, that Texas Salesforce. These  
00:17:05 --> 00:17:09: projects have really defined, I think green building state-of-the-art when  
00:17:09 --> 00:17:12: they were placed in service. Now those, those goal posts  
00:17:12 --> 00:17:15: keep moving and we're looking forward to continuing to deliver  
00:17:15 --> 00:17:17: these high performance.  
00:17:17 --> 00:17:20: Buildings for our great clients. And we're shifting from what  
00:17:20 --> 00:17:24: I think was once like an Evergreen lead certification, LEED  
00:17:24 --> 00:17:29: Platinum certification that would stand for that building sustainability to  
00:17:29 --> 00:17:33: more of a performance based paradigm. Where a building's greenness  
00:17:33 --> 00:17:36: is sustainability is going to be judged not by a  
00:17:36 --> 00:17:39: certificate that it earned several years ago, but how it  
00:17:39 --> 00:17:43: performed the last month, the last 12 months. And so  
00:17:43 --> 00:17:47: this shift to performance based certifications really underscores the need  
00:17:47 --> 00:17:48: for tenant.  
00:17:48 --> 00:17:52: Engagement and tenant participation, you can't get a core shell  
00:17:52 --> 00:17:56: platinum certification, say this is a green building. You have  
00:17:56 --> 00:18:00: to demonstrate the building's performing with the tenants engaged towards  
00:18:00 --> 00:18:03: net zero. And so this is a really exciting and  
00:18:03 --> 00:18:06: also a challenge, a challenging moment for the real estate  
00:18:06 --> 00:18:11: community to bring tenants into the day-to-day operations of buildings.  
00:18:11 --> 00:18:14: So I'm, I'm thrilled that we're here talking about this

00:18:14 --> 00:18:17: important subject and look forward to more discussion.

00:18:18 --> 00:18:19: Perfect. Thanks, Ben.

00:18:20 --> 00:18:23: We we were thinking that one of the first topics

00:18:23 --> 00:18:25: we would dig into is that net 0 project that

00:18:25 --> 00:18:28: you had mentioned that that conversion with Wellington. Do you

00:18:28 --> 00:18:30: want to speak to that a little bit then about

00:18:30 --> 00:18:33: how Boston Properties is working with with the tenant to

00:18:33 --> 00:18:34: make that happen?

00:18:35 --> 00:18:38: I'm happy to. So we own a 20 year old

00:18:38 --> 00:18:41: office building in Needham, MA, which is right outside of

00:18:41 --> 00:18:45: of 128. And we have this great client, Wellington. We

00:18:45 --> 00:18:49: built the first Boston's first green skyscraper for them over

00:18:49 --> 00:18:52: 10 years ago at Atlantic Wharf, who came to us

00:18:52 --> 00:18:55: looking for a satellite office space in the Needham area.

00:18:55 --> 00:18:59: And we happen to have this property and we brought

00:18:59 --> 00:19:02: them three options, a green option, a deep green option

00:19:02 --> 00:19:06: and a net zero option for renovating and retrofitting.

00:19:06 --> 00:19:09: The building and and when we went through the components

00:19:10 --> 00:19:14: of Net Zero which included electrification of the building so

00:19:14 --> 00:19:18: eliminating natural gas fired morning warm up systems on the

00:19:18 --> 00:19:21: on the rooftop air handling units and better heat recovery

00:19:22 --> 00:19:25: and solar on site and re insulating the walls and

00:19:25 --> 00:19:28: roof up to an R30 level. They they love that

00:19:28 --> 00:19:31: and so we're we're in the process of building that

00:19:31 --> 00:19:35: out for them the building which is about 106,000 feet

00:19:35 --> 00:19:36: gross will have.

00:19:36 --> 00:19:39: 1.4 megawatts of on site solar which will exceed the

00:19:39 --> 00:19:42: energy consumption for the building on an annual basis. So

00:19:42 --> 00:19:46: we're producing all of the energy on site. We've built

00:19:46 --> 00:19:49: a much tighter envelope for the building with the insulation

00:19:49 --> 00:19:53: I was talking about and we've upgraded all the ventilation

00:19:53 --> 00:19:56: systems with heat recovery, which is about 95% efficient with

00:19:57 --> 00:20:00: the Super block technology. And so the the catch phrase

00:20:00 --> 00:20:03: for the team because our leasing guys love catchphrases was

00:20:03 --> 00:20:06: build tight, ventilate right, energized.

00:20:06 --> 00:20:09: The sunlight and that's precisely what we're doing at 140

00:20:09 --> 00:20:12: Kendrick to achieve net zero on site, not with Rex

00:20:12 --> 00:20:15: or offsets or off-site procurement, but on site, which is

00:20:15 --> 00:20:17: a real challenge and and and sets I think.

00:20:18 --> 00:20:21: A standard that that we're going to be very proud

00:20:21 --> 00:20:25: of for for net zero certification, which we will, we

00:20:25 --> 00:20:28: will achieve through the lead 0 program. I will just

00:20:29 --> 00:20:34: mention the tenant engagement piece was critical. Wellington is absolutely

00:20:34 --> 00:20:38: a partner in getting this project done. They're absorbing some

00:20:38 --> 00:20:42: of the premium costs. They've agreed to very low plug

00:20:42 --> 00:20:46: load densities in their space, very low lighting densities. For

00:20:46 --> 00:20:48: example, they want to add a kitchen.

00:20:49 --> 00:20:51: To the the project, we need to talk a lot

00:20:51 --> 00:20:53: about what that kitchen would do to the energy model.

00:20:53 --> 00:20:55: We're trying to get to like a UI of 30

00:20:55 --> 00:20:58: at an existing building that's 20 years old. So that's

00:20:58 --> 00:21:00: a, that's a respectable site UI for the Boston area

00:21:00 --> 00:21:03: and our climate zone. And so when something like a

00:21:03 --> 00:21:05: kitchen comes up, you have to work with that tenant

00:21:05 --> 00:21:08: on an all electric kitchen design or eliminating a kitchen

00:21:08 --> 00:21:10: because of what it will do. The energy model, of

00:21:11 --> 00:21:13: course we want them to have the kitchen if that's

00:21:13 --> 00:21:15: what they want. So we're going with an all electric

00:21:15 --> 00:21:16: system.

00:21:17 --> 00:21:20: And so all of the, all the things they agreed

00:21:20 --> 00:21:24: to around data transparency, performance standards for their space lighting

00:21:24 --> 00:21:27: and plug load is integrated into the lease. So it's

00:21:27 --> 00:21:29: very much a commitment from us to do the solar,

00:21:29 --> 00:21:32: to do the insulating, to do all the heat recovery

00:21:32 --> 00:21:36: and mechanical improvements. But it's also a commitment from them

00:21:36 --> 00:21:38: to design and operate their space to hit targets that

00:21:38 --> 00:21:42: allow us to achieve net zero. So absolutely a partnership

00:21:42 --> 00:21:45: could not have happened without them and I think that's

00:21:45 --> 00:21:47: that's the new era, right where, where tenants.

00:21:47 --> 00:21:51: Clients like Wellington, which have leading ESG programs, are connecting

00:21:51 --> 00:21:54: the dots between the statements they're making about ESG being

00:21:54 --> 00:21:57: core to their business, fundamentally their business, and the real

00:21:57 --> 00:21:59: estate decisions they make, which represent their values.

00:22:01 --> 00:22:03: Awesome. Thanks, Ben. I think that that ties into a

00:22:03 --> 00:22:06: broader green lease discussion. So Karen or and do either

00:22:06 --> 00:22:08: of you want to chime in around the green leases

00:22:08 --> 00:22:11: that you're working on with your tenants and not just  
00:22:11 --> 00:22:14: the lease creation but also the follow through to ensure  
00:22:14 --> 00:22:15: that those clauses are actually?  
00:22:16 --> 00:22:16: Followed.  
00:22:20 --> 00:22:23: I I can go quickly. Thank Karen can talk about  
00:22:23 --> 00:22:26: it. So like I said, I started here in just  
00:22:26 --> 00:22:30: under a year ago and one of the first things  
00:22:30 --> 00:22:34: we tried to do is implement Greenlease language into our  
00:22:34 --> 00:22:36: standard use contract that was.  
00:22:37 --> 00:22:40: It took a lot more work than it should have  
00:22:40 --> 00:22:44: because trying to do anything when you're not vertically  
integrated  
00:22:44 --> 00:22:47: is a lot harder. But trying to explain to tenants,  
00:22:47 --> 00:22:51: some tenants just didn't understand what it meant and  
crossed  
00:22:51 --> 00:22:55: it out automatically. But being able to sit down and  
00:22:55 --> 00:22:58: actually have a conversation as to why this is important  
00:22:58 --> 00:23:02: and what we're asking of them, which is not necessarily  
00:23:02 --> 00:23:06: a big lift, sharing information, sharing data, understanding  
back and  
00:23:06 --> 00:23:07: forth, sharing.  
00:23:08 --> 00:23:12: It's it's very important and explaining how easy it is  
00:23:12 --> 00:23:16: and how effortless it really is on their part was  
00:23:16 --> 00:23:19: a huge part of it. So creating the the template  
00:23:19 --> 00:23:23: for the language implementing that in a handful of leases,  
00:23:23 --> 00:23:27: the hardest part now is trying to collect that information  
00:23:27 --> 00:23:31: after we've agreed to share. So I don't know if  
00:23:31 --> 00:23:34: Karen, if you want to talk a little bit more  
00:23:34 --> 00:23:35: about that part.  
00:23:36 --> 00:23:39: Yeah, I mean I I tend to agree we similar  
00:23:39 --> 00:23:44: to some of the specific lease clause language that that  
00:23:44 --> 00:23:48: Ben talked about at the beginning in his intro. You  
00:23:48 --> 00:23:51: know we have a lot of that same language in  
00:23:51 --> 00:23:55: our standard lease forms and we also kind of set  
00:23:55 --> 00:23:59: try to make it nuance based on asset type as  
00:23:59 --> 00:24:04: well industrial different than office different the multifamily.  
00:24:06 --> 00:24:09: You know and and we have been recognized as Green  
00:24:09 --> 00:24:13: Lease leader gold and that's very exciting and I think  
00:24:13 --> 00:24:16: there continues to be work to be done in this  
00:24:16 --> 00:24:20: space. One is making sure that we're really working towards  
00:24:20 --> 00:24:24: not letting that language get cut out during lease  
negotiations,  
00:24:24 --> 00:24:27: which is always kind of a, you know a a

00:24:27 --> 00:24:31: conversation piece and there's a variety of reasons things like

00:24:31 --> 00:24:35: that happen. You know something as simple that we think

00:24:35 --> 00:24:37: of as simple as data sharing.

00:24:37 --> 00:24:40: Isn't that simple to in some industries, some of our,

00:24:40 --> 00:24:42: you know, warehouse tenants?

00:24:43 --> 00:24:47: Have a lot of privacy and confidentiality concerns around their

00:24:47 --> 00:24:50: data. If you know their neighbor next door finds out

00:24:50 --> 00:24:54: how much energy they're using, maybe it could provide some

00:24:54 --> 00:24:57: insights into the way there's their operations work inside the

00:24:57 --> 00:25:01: building and and so there are some privacy issues that

00:25:01 --> 00:25:03: we try to be really conscious of and just try

00:25:04 --> 00:25:06: to really work with them and and with some of

00:25:06 --> 00:25:09: our kind of larger scale tenants we try to work

00:25:09 --> 00:25:12: with their head of sustainability or their head of ESG

00:25:12 --> 00:25:13: to really.

00:25:13 --> 00:25:17: Kind of work through data needs or other programs.

00:25:19 --> 00:25:22: So that's one of the challenges, but I also think

00:25:22 --> 00:25:25: you know, Marty you were mentioning and Anne was mentioning

00:25:25 --> 00:25:29: actually doing the data collection. It requires a lot of

00:25:29 --> 00:25:33: follow-ups. So tracking what leases have, which Green Lease language

00:25:33 --> 00:25:35: clauses in it is, is a challenge.

00:25:36 --> 00:25:40: Making sure that we're acting on those. So every year

00:25:40 --> 00:25:43: making sure that we're reaching out to collect data or

00:25:43 --> 00:25:47: when we have special projects really reading through those leases

00:25:47 --> 00:25:50: and making sure that we can do that cost share

00:25:50 --> 00:25:54: with our tenants. Those things require a lot of manpower

00:25:54 --> 00:25:57: and time and it requires a tremendous amount of coordination

00:25:57 --> 00:26:00: between our asset managers in a lot of cases our

00:26:01 --> 00:26:04: third party property managers and then of course the tenants.

00:26:04 --> 00:26:06: So you know I think there's also.

00:26:08 --> 00:26:12: The first step is getting that language built into the

00:26:12 --> 00:26:16: standard lease language and then making sure that that you

00:26:16 --> 00:26:19: track that. This. The next step is really making sure

00:26:20 --> 00:26:24: that you follow through the asset managers and property managers

00:26:24 --> 00:26:28: understand you know what, what needs to be done when

00:26:28 --> 00:26:31: according to that lease language. And and you know we

00:26:31 --> 00:26:35: we continue to work through that with our tenants as

00:26:35 --> 00:26:35: well.

00:26:38 --> 00:26:41: One theme that I'm hearing throughout here is that importance

00:26:41 --> 00:26:45: of property management to to reach the tenants and ensure

00:26:45 --> 00:26:45: that.

00:26:46 --> 00:26:49: That tenants are are supporting net zero goals or or

00:26:49 --> 00:26:52: that decarbonization goal at a property level or a portfolio

00:26:52 --> 00:26:54: level. So can any of you speak to how you

00:26:54 --> 00:26:58: you work with your property management teams to to facilitate

00:26:58 --> 00:26:58: this?

00:26:59 --> 00:27:01: Karen, it looks like you want to start perhaps?

00:27:01 --> 00:27:04: Well, I guess I can start quickly. Say I think

00:27:04 --> 00:27:08: you know we're all slightly different I think and I

00:27:08 --> 00:27:12: both utilize third party property managers for the most part

00:27:12 --> 00:27:17: Clarion Partners also does some some in-house property management and

00:27:17 --> 00:27:21: in some specific cases you know we work really closely

00:27:21 --> 00:27:25: with our property managers as liaison. So you know we

00:27:25 --> 00:27:28: issue ESG surveys that have become over the past year

00:27:29 --> 00:27:30: or so have become.

00:27:30 --> 00:27:34: Quite sophisticated. So we actually try to offer back some

00:27:34 --> 00:27:39: performance information through those CESG surveys, make sure property managers

00:27:39 --> 00:27:43: understand compliance regulation and then at the same time ask

00:27:43 --> 00:27:48: them to acknowledge the performance and the compliance regulations while

00:27:48 --> 00:27:51: we collect the data that we need in order to

00:27:51 --> 00:27:55: analyze, we get property managers and suggestions on.

00:27:56 --> 00:28:01: ESG initiatives that they can incorporate into their business plans

00:28:01 --> 00:28:04: each year. So we kind of we're, we're actually going

00:28:04 --> 00:28:07: through it now as we approach budget season. But we

00:28:07 --> 00:28:11: undergo a tremendous effort to analyze the data that our

00:28:11 --> 00:28:14: team has in a scalable way because we still have

00:28:14 --> 00:28:17: about 1400 assets and try to give back, give that

00:28:17 --> 00:28:20: feedback back to our asset managers and our property managers

00:28:21 --> 00:28:25: to help incorporate energy efficiency measures or other measures into

00:28:25 --> 00:28:26: their into their budgets.

00:28:27 --> 00:28:30: And then the other thing too that we do when

00:28:30 --> 00:28:33: we do use our third party property managers, again I

00:28:33 --> 00:28:36: really try I and the rest of the our SG

00:28:36 --> 00:28:40: team, our extended EG team really try to connect with

00:28:40 --> 00:28:44: the sustainability teams at our property management firms and partner

00:28:44 --> 00:28:47: with them. I think that gets us a long way

00:28:47 --> 00:28:51: because for some of those larger ones where we have

00:28:51 --> 00:28:54: many assets we work on together, you can kind of.

00:28:55 --> 00:28:59: You know, tackle many buildings with like one or two

00:28:59 --> 00:29:03: conversations or tap into their Energy Star, whatever platforms that

00:29:03 --> 00:29:07: they're using and and be able to work together that

00:29:07 --> 00:29:11: way. And that's tremendously easier than reaching out to, you

00:29:11 --> 00:29:15: know, individual property managers at each building. So that's been

00:29:15 --> 00:29:17: a successful program as well.

00:29:20 --> 00:29:20: Umm.

00:29:21 --> 00:29:24: I would just add to that. So, so like Karen

00:29:24 --> 00:29:27: said we we started with a lot of surveys of

00:29:27 --> 00:29:30: our property managers and similar to Karen we we have

00:29:30 --> 00:29:35: a large industrial portfolio. So triple net leases property managers,

00:29:35 --> 00:29:38: they're kind of hands off a lot of the times

00:29:38 --> 00:29:43: because they're they're not dealing with the tenant as often

00:29:43 --> 00:29:46: as you would in an office building or multifamily. So

00:29:46 --> 00:29:51: educating property managers on things they could be doing to

00:29:51 --> 00:29:52: better their own.

00:29:52 --> 00:29:57: Property was actually part of the educational process. So telling

00:29:57 --> 00:30:01: them, asking them, have you ever created a disaster recovery

00:30:01 --> 00:30:05: plan? Do you have one for your property? As far

00:30:05 --> 00:30:08: as a climate event to is going to occur, what

00:30:08 --> 00:30:12: are you going to do? What is the response? Having

00:30:12 --> 00:30:17: asked that question, we actually had some responses from property

00:30:17 --> 00:30:21: managers saying I never even thought of that, I should

00:30:21 --> 00:30:22: have one so.

00:30:22 --> 00:30:25: Just kind of bringing some of the questions to the

00:30:25 --> 00:30:26: forefront which.

00:30:26 --> 00:30:29: Us on the panel and a lot of people here

00:30:29 --> 00:30:32: in the audience think of every day. It's not necessarily

00:30:32 --> 00:30:33: top of mind.

00:30:33 --> 00:30:34: For.

00:30:34 --> 00:30:37: The the property team. So things like that were very

00:30:38 --> 00:30:41: helpful. One other thing to mention was you know again

00:30:41 --> 00:30:45: education, right? So asking all of our property managers to

00:30:45 --> 00:30:48: have annual events, have an Earth Day event every year,

00:30:48 --> 00:30:53: talk about something having to do with sustainability and emphasize

00:30:53 --> 00:30:56: what's going on at the property to educate people as

00:30:56 --> 00:30:57: to what?

00:30:57 --> 00:31:00: They're doing or what's going on around them and then

00:31:00 --> 00:31:04: that affects how they live, work and breathe so it

00:31:04 --> 00:31:08: becomes more realistic and more tangible to individual people.

00:31:10 --> 00:31:14: Again, like Karen said, one of our our property managers

00:31:14 --> 00:31:17: is, you know, manages several properties and what they chose

00:31:17 --> 00:31:20: to do to help us was to help us create

00:31:20 --> 00:31:23: a quarterly newsletter that has just random tips and tricks

00:31:23 --> 00:31:26: on how to save water, how to save energy, things

00:31:26 --> 00:31:29: like that. Every quarter it's going to be a different

00:31:29 --> 00:31:32: topic, but the idea is to share this with every

00:31:32 --> 00:31:35: single tenant so people can take it home and they

00:31:35 --> 00:31:38: can do it at their house, they can do it

00:31:38 --> 00:31:41: in their office, they can do it where they live.

00:31:41 --> 00:31:44: Everything is kind of tied together, so if they're trying

00:31:44 --> 00:31:47: to help here, then maybe at our at our properties,

00:31:47 --> 00:31:50: maybe they'll try to help their own properties so it's

00:31:50 --> 00:31:50: just.

00:31:51 --> 00:31:55: Kind of all about educating everyone on what they can

00:31:55 --> 00:31:56: possibly do.

00:31:57 --> 00:31:59: Often invent anything from your side on on property management

00:32:00 --> 00:32:00: and their role.

00:32:01 --> 00:32:04: Yeah. So alignment is really important and being a fully

00:32:04 --> 00:32:09: integrated company where we have construction development and property management

00:32:09 --> 00:32:13: and leasing all under one umbrella is is definitely helpful,

00:32:13 --> 00:32:17: but it doesn't happen naturally that you have property managers

00:32:17 --> 00:32:20: that buy into your goals that you may be setting.

00:32:20 --> 00:32:23: So surveys sort of helped us get off the starting

00:32:23 --> 00:32:27: line, but I realized that the relationship building and trust

00:32:27 --> 00:32:30: building was really necessary in the in the in person



00:32:30 --> 00:32:32: contact. So we do a lot of.

00:32:32 --> 00:32:35: Face to face meetings, we do 2 summits with all

00:32:35 --> 00:32:38: of our senior property managers in each of our six

00:32:38 --> 00:32:41: regions every year at least we try to bundle some

00:32:41 --> 00:32:44: of the West Coast together, so not having to go

00:32:44 --> 00:32:47: Seattle, LA and San Francisco, reduce the carbon emissions

00:32:47 --> 00:32:50: from

00:32:47 --> 00:32:50: flights, but we do we we really try to get

00:32:50 --> 00:32:52: in and I'm here in Boston where we have the

00:32:52 --> 00:32:55: largest chunk of our our portfolio and I came up

00:32:55 --> 00:32:58: in construction management. I was in at Boston Properties

00:32:59 --> 00:33:03: for

00:32:59 --> 00:33:03: two years in construction management, working closely with

00:33:03 --> 00:33:07: property management.

00:33:03 --> 00:33:07: Executing projects. So really learning the attitudes and

00:33:07 --> 00:33:11: perspectives and

00:33:07 --> 00:33:11: and sometimes the baggage that property management

00:33:11 --> 00:33:14: brings to these

00:33:11 --> 00:33:14: discussions is super helpful for me and in communicating

00:33:14 --> 00:33:16: back

00:33:14 --> 00:33:16: to them why we're doing some of the things we're

00:33:16 --> 00:33:19: doing and and and so the alignment occurs also through

00:33:19 --> 00:33:23: our Sustainability Committee. So we have a standing

00:33:23 --> 00:33:27: sustainability committee

00:33:23 --> 00:33:27: of 35 of our senior property management decision makers

00:33:27 --> 00:33:30: across

00:33:27 --> 00:33:30: the entire company where we share best practices and set

00:33:30 --> 00:33:33: goals and and the alignment again happens through buy in

00:33:33 --> 00:33:33: so.

00:33:33 --> 00:33:36: And we set our goals, our science based emissions reduction

00:33:36 --> 00:33:39: target, our carbon neutral operations target and the two

00:33:39 --> 00:33:43: carbon

00:33:39 --> 00:33:43: reduction targets we've already hit, including energy and

00:33:43 --> 00:33:46: waste goals.

00:33:43 --> 00:33:46: All of those were formulated and created with property

00:33:46 --> 00:33:49: management

00:33:46 --> 00:33:49: at the table. So they they don't feel like these

00:33:49 --> 00:33:52: goals are being foisted upon them from a central authority

00:33:52 --> 00:33:55: that's issuing surveys. They've very much set the goals and

00:33:55 --> 00:33:59: the intentionality behind those goals comes from our property

00:33:59 --> 00:34:02: management

00:33:59 --> 00:34:02: engineering teams. So I I think that's been super important

00:34:02 --> 00:34:03: also I should emphasize.

00:34:03 --> 00:34:06: A tone from the top is very important. Our CEO,

00:34:06 --> 00:34:10: Owen Thomas, who's behind the net zero imperative with

green

00:34:10 --> 00:34:14: print and Doug Lindy, who's effectively our President and CEO

00:34:14 --> 00:34:19: have been hugely supportive of sustainability initiatives. And I think

00:34:19 --> 00:34:23: property management likes the recognition they get from, you know,

00:34:23 --> 00:34:27: celebrating their successes. And so when we do something well,

00:34:27 --> 00:34:30: we really try to raise it up. When we are

00:34:30 --> 00:34:33: not doing as well, we try to drive more competition.

00:34:34 --> 00:34:37: Between regions and assets, and if we fail at celebration

00:34:37 --> 00:34:40: and competition, we move on to shame. And and sometimes

00:34:40 --> 00:34:42: shame is a powerful motivator, but we try not to

00:34:42 --> 00:34:43: go there.

00:34:45 --> 00:34:47: All right. So one thing that I'm going to move

00:34:47 --> 00:34:49: to the next aspect of, of tenant engagement and that's

00:34:49 --> 00:34:52: around building a relationship with tenants. And and then you

00:34:52 --> 00:34:55: spoke to this a little bit with some of your

00:34:55 --> 00:34:58: premier buildings with Salesforce and Wellington and others and Karen

00:34:58 --> 00:35:00: and and we want to hear from you too in

00:35:00 --> 00:35:03: terms of how are, how are your firms establishing relationships

00:35:03 --> 00:35:07: with these tenants to facilitate that engagement and persistent collaboration?

00:35:11 --> 00:35:12: Go ahead.

00:35:12 --> 00:35:14: Karen, I guess I can start. You know, I think

00:35:15 --> 00:35:18: a few things. One, we already have relationships with our

00:35:18 --> 00:35:22: tenants, right? So part of my role is tapping into

00:35:22 --> 00:35:26: those relationships with, you know, our asset managers have relationships,

00:35:27 --> 00:35:31: other team members have existing relationships with our tenants. So

00:35:31 --> 00:35:35: I'm relatively new to Clarion partners. I've been here about

00:35:35 --> 00:35:38: a year and have really been kind of stepping in

00:35:38 --> 00:35:42: to meet those tenants as well, especially when they do

00:35:42 --> 00:35:42: have.

00:35:42 --> 00:35:45: Shared goals again.

00:35:46 --> 00:35:49: We find it to be efficient when we can work

00:35:49 --> 00:35:53: with kind of a sustainability leader within that tenant organization

00:35:53 --> 00:35:56: if they, if we have you know, many shared properties.

00:35:58 --> 00:36:03: But typically, you know, we are working with tenants on

00:36:03 --> 00:36:07: kind of that their specific assets they occupy, what goals  
00:36:07 --> 00:36:12: they have. One recent example actually something that's  
kind of

00:36:12 --> 00:36:13: in progress right now.

00:36:15 --> 00:36:19: Is we are working on piloting shadow meters. So we're  
00:36:19 --> 00:36:24: working on piloting kind of whole building meters at our  
00:36:24 --> 00:36:29: industrial assets right now. And one of our tenants during  
00:36:29 --> 00:36:33: this process said, hey, I'm actually looking to meter.  
00:36:34 --> 00:36:37: You know my building equipment get much more granular  
data

00:36:37 --> 00:36:40: so that I can better manage my energy and you  
00:36:40 --> 00:36:43: know help me meet my energy efficiency goals as well.  
00:36:43 --> 00:36:46: So we were actually able to connect them with, with  
00:36:46 --> 00:36:50: our metering company that we're working with and there's,  
there's

00:36:50 --> 00:36:53: a, there's a nice kind of synergy there, right. So  
00:36:53 --> 00:36:56: we already kind of have, we have our goals, we  
00:36:56 --> 00:36:59: just need whole building data, but they also have their  
00:36:59 --> 00:37:02: goals which will support, they support each other.  
00:37:03 --> 00:37:06: And you know, that's just one example of many. We,  
00:37:07 --> 00:37:10: we partner with ten and two ask about renewables, building  
00:37:10 --> 00:37:15: certifications, Wellness certifications. There's kind of a wide  
variety of

00:37:15 --> 00:37:17: asks that we get. We really just try to work  
00:37:17 --> 00:37:21: with them to meet their their needs and requests too.  
00:37:22 --> 00:37:24: And then you know on the flip side as well,  
00:37:24 --> 00:37:27: we also have tenants that we have some tenants that  
00:37:27 --> 00:37:29: can be more resistant. With those we try to see  
00:37:29 --> 00:37:31: just what makes sense and where we can.  
00:37:32 --> 00:37:37: Continue to push our strategy and our goals without.  
00:37:38 --> 00:37:39: You know without.  
00:37:41 --> 00:37:45: Damaging that relationship or or frustrating those tenants.  
00:37:45 --> 00:37:47: That makes sense. You want to just do the right  
00:37:47 --> 00:37:48: amount, right?  
00:37:48 --> 00:37:50: And it's a balance, yeah.  
00:37:50 --> 00:37:53: Thank you, Karen. So and from the multifamily side you  
00:37:53 --> 00:37:56: said you you got some industrial and multifamily at TA  
00:37:56 --> 00:37:59: Realty. Can you speak to to the residents and how,  
00:37:59 --> 00:38:01: how those relationships are coming along?  
00:38:03 --> 00:38:07: Yes. So I can, I can tell you Greenlease language  
00:38:07 --> 00:38:11: is not in a multifamily lease at this time. There's  
00:38:11 --> 00:38:13: it's really hard to.  
00:38:14 --> 00:38:18: Need legal requirements to not go step beyond what, what

00:38:18 --> 00:38:23: our boundaries are with that, but just educating people. And  
 00:38:23 --> 00:38:26: like I, I was talking about we had a bunch  
 00:38:26 --> 00:38:30: of events, so having an annual Earth Day event explaining  
 00:38:30 --> 00:38:34: to everyone why we're having it, what it's benefiting and  
 00:38:34 --> 00:38:38: provide some educational piece whether it was, you know.  
 00:38:39 --> 00:38:42: Talking about bees, how much? How?  
 00:38:43 --> 00:38:47: Adding bees to a CBD area can actually improve the  
 00:38:47 --> 00:38:53: biodiversity you're you're increasing pollination at around  
 your area and  
 00:38:53 --> 00:38:58: these are in shortage. So it's it's actually a great  
 00:38:58 --> 00:39:02: attribute to add that to your property and explaining why.  
 00:39:02 --> 00:39:07: So educating everyone at these events and through Flyers  
 and  
 00:39:07 --> 00:39:11: through social media even it it just kind of helps  
 00:39:12 --> 00:39:15: make what we're doing more tangible.  
 00:39:15 --> 00:39:18: To residents and that's kind of when when it affects  
 00:39:18 --> 00:39:22: them and they can make an actual difference, I think  
 00:39:22 --> 00:39:26: it's it's just more powerful and it's more accepting, but  
 00:39:26 --> 00:39:29: it is it's still hard to track utility data in  
 00:39:29 --> 00:39:34: certain areas and and for multifamily assets where they get  
 00:39:34 --> 00:39:37: their own bill and they don't have to share until  
 00:39:37 --> 00:39:42: everything and regulations require benchmarking across the  
 entire US that's  
 00:39:43 --> 00:39:44: going to be a problem, but.  
 00:39:45 --> 00:39:47: And we're trying to manage it by just talking to  
 00:39:47 --> 00:39:51: them and and bringing out. And honestly, there are so  
 00:39:51 --> 00:39:53: many people. I think the one good thing about our  
 00:39:54 --> 00:39:57: current climate change situation is that everyone is aware of  
 00:39:57 --> 00:40:00: what's going on, whether they accept it as climate change  
 00:40:01 --> 00:40:04: or something else. Everyone knows that, you know, the third  
 00:40:04 --> 00:40:07: storms that we're all in a drought essentially right now,  
 00:40:07 --> 00:40:08: right?  
 00:40:09 --> 00:40:10: Everyone can.  
 00:40:11 --> 00:40:15: Put this in and take this climate issue and actually  
 00:40:15 --> 00:40:20: feel that it's important and someone has to do something.  
 00:40:20 --> 00:40:20: So I think.  
 00:40:21 --> 00:40:25: Everyone is very interested in anything having to do with  
 00:40:25 --> 00:40:30: ESG and sustainability and climate change and giving  
 residents and  
 00:40:30 --> 00:40:33: a way to actually make a difference is very important.  
 00:40:35 --> 00:40:37: I like that a lot can be empowering residents to,  
 00:40:37 --> 00:40:40: you know, have that responsibility and then collaborate. That  
 makes

00:40:40 --> 00:40:41: a lot of sense.

00:40:42 --> 00:40:45: Ben, from your side of things that at Boston Properties,

00:40:45 --> 00:40:47: what are you, what else are you seeing on that,

00:40:47 --> 00:40:50: on that relationship side of things with tenants to facilitate

00:40:50 --> 00:40:52: decarbonization and moving toward net zero?

00:40:54 --> 00:40:57: So one of the interesting things that came out of

00:40:57 --> 00:41:00: the pandemic was that a focus on indoor air quality

00:41:00 --> 00:41:04: that resulted in our installation of 500 real time indoor

00:41:04 --> 00:41:07: air quality monitoring devices across our portfolio.

00:41:08 --> 00:41:11: And I I I think it's a interesting because we

00:41:11 --> 00:41:15: can see just how effective ventilation is in a Class

00:41:15 --> 00:41:20: A office building. So we own operate prime office buildings

00:41:20 --> 00:41:24: and typically HVAC systems are over designed frankly for, for

00:41:24 --> 00:41:30: particularly today's occupancy, but even very high density

00:41:30 --> 00:41:33: occupancy. So

00:41:30 --> 00:41:33: I'm interested in how we can use now this IQ

00:41:33 --> 00:41:38: data to do more occupancy based setbacks of tenant spaces.

00:41:38 --> 00:41:41: I mean if we're maintaining CO2 concentration of 450 parts

00:41:41 --> 00:41:44: per million from the supply to the return is, is

00:41:44 --> 00:41:47: that a signal that we can turn down some fans,

00:41:47 --> 00:41:50: is there a way to use occupancy sensing and monitoring

00:41:50 --> 00:41:54: to work more closely with tenants on better demand control

00:41:54 --> 00:41:57: ventilation strategies? So I think there's that really is the

00:41:57 --> 00:42:01: technology first that helps drive that engagement, but the

00:42:01 --> 00:42:05: tenants

00:42:01 --> 00:42:05: have to buy in to some of those operational changes.

00:42:05 --> 00:42:08: So we're working on that. Another area I think is

00:42:08 --> 00:42:10: really interesting is with overtime.

00:42:10 --> 00:42:13: HVAC, we were running buildings just on a time clock

00:42:13 --> 00:42:16: through the weekend in some cases for law firms and

00:42:16 --> 00:42:20: we we started a partnership with Janaya where tenants can

00:42:20 --> 00:42:23: control whether or not they they have the overtime HVAC

00:42:23 --> 00:42:26: available. And that seems to me like a much more

00:42:26 --> 00:42:29: intelligent way to manage overtime HVAC than just setting a

00:42:30 --> 00:42:33: schedule and always having overtime HVAC and buildings

00:42:33 --> 00:42:37: which is

00:42:33 --> 00:42:37: particularly an issue in New York City where you just

00:42:37 --> 00:42:39: see longer runtime and as we know local law 97

00:42:39 --> 00:42:40: doesn't care.

00:42:40 --> 00:42:43: If you want your building 12 hours or or 10

00:42:43 --> 00:42:45: hours or 14 hours or 10 hours, it's a it's

00:42:45 --> 00:42:49: one carbon cap for office building, so managing overtime

runtime

00:42:49 --> 00:42:53: is particularly important in the age of building performance standards

00:42:53 --> 00:42:54: like local law 97.

00:42:56 --> 00:42:58: So I I think other things like.

00:42:59 --> 00:43:02: Occupancy sensors and lighting, I think it's really, it's, it's

00:43:02 --> 00:43:05: been a huge driver of energy savings and buildings. There's

00:43:05 --> 00:43:08: no secret there. And I will say like cynically as

00:43:08 --> 00:43:11: an engineer and I have a civil engineering background and

00:43:11 --> 00:43:12: civil environmental.

00:43:12 --> 00:43:16: The best solution to tenant behavior modification is often designing

00:43:17 --> 00:43:19: the tenant out of the solution. So the more we

00:43:19 --> 00:43:23: can leverage technology to not rely on tenant behavior, the

00:43:23 --> 00:43:26: better. And I think that extends from like this issue

00:43:26 --> 00:43:29: of that data collection, right? Needing to communicate with a

00:43:30 --> 00:43:32: tenant to have them turn over data to a pulse

00:43:32 --> 00:43:35: meter output on their energy meter that you can just

00:43:35 --> 00:43:39: collect it silently with their with their consent. Once Will

00:43:39 --> 00:43:42: will I think reduce some of these obstructions like that's

00:43:42 --> 00:43:43: too private.

00:43:43 --> 00:43:46: For you to have, I think that's just obstructionist behavior

00:43:46 --> 00:43:49: from a lot of tenants with the exception of some

00:43:49 --> 00:43:52: government contractors that may have highly secretive work. I think

00:43:52 --> 00:43:55: that's been used as a way to escape having to

00:43:55 --> 00:43:57: turn over the information. But if you we enable the

00:43:57 --> 00:44:01: turnover seamlessly with pulse meters, then I think it just

00:44:01 --> 00:44:03: happens and it occurs and and and landlords can collect

00:44:04 --> 00:44:06: the data. So I don't, I don't say that.

00:44:06 --> 00:44:10: I'd say continue on the effort to modify behavior, but

00:44:10 --> 00:44:15: where that fails, seek technology technological solutions that remove humans

00:44:15 --> 00:44:16: from the equation.

00:44:18 --> 00:44:21: Yeah, go ahead. Yeah and I want to like piggyback

00:44:21 --> 00:44:25: on something Ben said which I know wasn't necessarily the

00:44:25 --> 00:44:28: the overall point of what he he wanted to speak

00:44:28 --> 00:44:31: through. But we we've also you know we're really focused

00:44:31 --> 00:44:35: in this conversation on kind of energy efficiency and net

00:44:35 --> 00:44:38: zero. But we've seen changes in our tenant asks in

00:44:38 --> 00:44:41: other ways as well in the industrial warehouse space. We

00:44:41 --> 00:44:44: are also getting a lot of Wellness asks as well

00:44:44 --> 00:44:48: and that even includes very simple things like HVAC systems.

00:44:48 --> 00:44:53: In industrial warehouses, which wasn't always a common request in

00:44:53 --> 00:44:56: that space, but we're seeing it come more and more

00:44:56 --> 00:45:00: as those tenants are also in this huge competition for

00:45:00 --> 00:45:04: talent these days like like every other company. And you

00:45:04 --> 00:45:08: know I think it's it's interesting because we also work

00:45:08 --> 00:45:12: with our tenants on those Wellness needs, on social needs,

00:45:13 --> 00:45:16: right like what the out we get asked for outdoor

00:45:16 --> 00:45:18: space we've been asked for.

00:45:18 --> 00:45:22: Basketball courts, all kinds of stuff in in that industrial

00:45:22 --> 00:45:23: warehouse space.

00:45:24 --> 00:45:24: And.

00:45:25 --> 00:45:28: You know, I don't necessarily see that at odds with

00:45:28 --> 00:45:31: our energy efficiency goals. I actually see it as just

00:45:31 --> 00:45:34: kind of, to Ben's point, like we need to now

00:45:34 --> 00:45:36: work with that and and rethink how we.

00:45:37 --> 00:45:41: Build our buildings and and our piece of control of

00:45:41 --> 00:45:44: those buildings or what systems we can help our tenants

00:45:44 --> 00:45:49: implement to mitigate the evolving needs of the occupants

00:45:49 --> 00:45:50: inside

00:45:49 --> 00:45:50: those buildings.

00:45:52 --> 00:45:53: Because you know it.

00:45:55 --> 00:45:58: For many reasons the weather is changing and you know

00:45:58 --> 00:46:02: those occupants do have do have the opportunity and right

00:46:02 --> 00:46:06: to be comfortable and and protected in their spaces as

00:46:06 --> 00:46:08: well. So I think that there's.

00:46:09 --> 00:46:12: Many changing needs that we're seeing from our tenants and

00:46:12 --> 00:46:15: it and it's not zero, but it's also Wellness and

00:46:15 --> 00:46:18: other things that need to find ways to work together.

00:46:20 --> 00:46:22: Absolutely. It is that bigger picture these days, right?

00:46:23 --> 00:46:25: With sustainability, it's not just net zero, it's not just

00:46:25 --> 00:46:29: decarbonization. There's a a broader appreciation and

00:46:29 --> 00:46:31: understanding of of

00:46:29 --> 00:46:31: what that means today for our occupants.

00:46:32 --> 00:46:34: We talked about a couple of different technologies and I

00:46:35 --> 00:46:37: think a number of the questions in the Q&A have

00:46:37 --> 00:46:40: leaned in on that panelists as as your fellow speakers

00:46:40 --> 00:46:42: are speaking, feel free to jump into the Q&A. There

00:46:42 --> 00:46:45: are more questions than we will be able to address

00:46:45 --> 00:46:47: this hour. But in the meantime, I I do want

00:46:47 --> 00:46:49: to talk and hear from you all a little bit

00:46:49 --> 00:46:53: more on some innovative technologies you've been using,

00:46:49 --> 00:46:53: whether that's

00:46:53 --> 00:46:56: around metering and renewables and otherwise if you are willing

00:46:56 --> 00:46:57: to share some details.

00:47:01 --> 00:47:04: So, so Karen touched on shadow metering a little bit,

00:47:04 --> 00:47:04: I think.

00:47:06 --> 00:47:08: Life I know she did in the in the chat

00:47:08 --> 00:47:12: as well, but that's something that we've been looking into

00:47:12 --> 00:47:16: for a while or I've been personally looking into it

00:47:16 --> 00:47:19: for a few years now but still hadn't found the

00:47:19 --> 00:47:23: right solution. It it it does come down to what

00:47:23 --> 00:47:26: type of meter and who you're getting the information or

00:47:27 --> 00:47:30: who's controlling the meter, if they own the meter, if

00:47:30 --> 00:47:34: it's a standard meter, but just trying to find it

00:47:34 --> 00:47:37: from tenants that do not want to share their.

00:47:37 --> 00:47:40: Energy Star account with us trying to find the information

00:47:40 --> 00:47:43: from just putting a meter on the front end of

00:47:43 --> 00:47:46: the house and trying to track the information so we

00:47:46 --> 00:47:50: know what's going in and what's going on. That's probably

00:47:50 --> 00:47:50: one of the the.

00:47:51 --> 00:47:55: Top of mind things I'm working on right now, but

00:47:55 --> 00:47:59: also not just for electricity, also water and gas and

00:47:59 --> 00:48:02: trying to be able to control, not control it, but

00:48:02 --> 00:48:06: to understand the use of it. So we can then

00:48:06 --> 00:48:09: the next steps would then be to work with the

00:48:09 --> 00:48:13: tenants and see if there's anything we could potentially split

00:48:13 --> 00:48:17: as an incentive to reduce their use and save both

00:48:17 --> 00:48:18: of our costs, so.

00:48:19 --> 00:48:22: That's probably, it's not very high tech, it's literally just

00:48:22 --> 00:48:25: putting a meter on, but that's kind of where I'm

00:48:25 --> 00:48:25: at right now.

00:48:28 --> 00:48:30: It's foundational. Go ahead, Karen.

00:48:30 --> 00:48:33: Yeah and where I'll just say you know with the

00:48:33 --> 00:48:37: meters I I also saw a lot of questions pop

00:48:37 --> 00:48:41: up on that. We're currently running a 40 building a

00:48:41 --> 00:48:44: 40 asset pilot of the metering solution and.

00:48:45 --> 00:48:49: You know, it's, it's, it's, it's still ongoing. We aren't

00:48:49 --> 00:48:53: done with that pilot yet, we hope to add.

00:48:54 --> 00:48:58: Quite a few more assets into that program in towards

00:48:58 --> 00:49:02: the end of this year and and going into 2023.

00:49:03 --> 00:49:07: And it's it's all very new and it's complicated, right.

00:49:07 --> 00:49:10: You know, there's all kinds of considerations. Again have to

00:49:10 --> 00:49:13: work with our tenants closely. Can they do a shutdown



00:49:14 --> 00:49:17: of their electric for us to install the meters? We,

00:49:17 --> 00:49:19: you know, it requires audits prior, so it's.

00:49:20 --> 00:49:20: Umm.

00:49:21 --> 00:49:25: It you know it's a complex process like all of

00:49:25 --> 00:49:28: these things are. We're also kind of doing a a

00:49:28 --> 00:49:33: scaled up lighting retrofit program right now we're doing that.

00:49:33 --> 00:49:38: We currently have about 60 assets undergoing that program again

00:49:38 --> 00:49:42: with many more planned for the end of this year

00:49:42 --> 00:49:46: and next year. So what we really focus on or

00:49:46 --> 00:49:50: what my team really focuses on is which projects or

00:49:50 --> 00:49:52: technologies can we employ.

00:49:52 --> 00:49:56: That scale because of just the sheer size of the

00:49:56 --> 00:50:01: portfolio, you know, that's where we can make. It's difficult

00:50:01 --> 00:50:04: for, for the SG team to go one by one,

00:50:04 --> 00:50:06: but then in our business plans.

00:50:07 --> 00:50:11: In our business planning and budgeting process each year during

00:50:11 --> 00:50:15: the budget cycle, we also recommend other types of

00:50:15 --> 00:50:19: technologies to our asset managers and our property managers. We prevent

00:50:19 --> 00:50:22: the vendors so that they have kind of a curated

00:50:22 --> 00:50:25: vendor list to make it as easy as possible for

00:50:25 --> 00:50:29: individual assets to deploy those measures as well. And I

00:50:29 --> 00:50:32: think you know the kind of that prop tech space

00:50:32 --> 00:50:36: is somewhere we're continuously trying to evolve.

00:50:37 --> 00:50:40: And and we have to balance you know for for

00:50:40 --> 00:50:44: Clarion specifically we really do have to balance scale with.

00:50:46 --> 00:50:48: And the solution, the solution that can meet that scale.

00:50:48 --> 00:50:50: Just because of just because.

00:50:50 --> 00:50:51: Of the volume we need to work at.

00:50:52 --> 00:50:54: That makes a lot of sense. Then you talked a

00:50:54 --> 00:50:57: little bit about renewables and we got some questions in

00:50:57 --> 00:51:00: the chat about that too. So how, how are you

00:51:00 --> 00:51:03: engaging with renewable energy on site or off site with

00:51:03 --> 00:51:05: tenants? What's your strategy there?

00:51:06 --> 00:51:08: And then after this I want to ask everyone about

00:51:08 --> 00:51:10: regulations, so prepare yourself.

00:51:11 --> 00:51:15: Right. So on site we've had a couple tenants actually

00:51:15 --> 00:51:18: I think 3IN in recent history that have had renewable

00:51:19 --> 00:51:23: energy on site development as a condition of their renewal

00:51:23 --> 00:51:26: or you know first generation lease at a new property.

00:51:26 --> 00:51:31: So we're integrating commercially reasonable efforts to add solar on

00:51:31 --> 00:51:34: site into some of our our lease forms.

00:51:35 --> 00:51:39: And and we, we do pass through all the savings

00:51:39 --> 00:51:43: associated with those projects to the tenants and their operating

00:51:43 --> 00:51:47: budgets. And so they've had, I think very positive response

00:51:47 --> 00:51:52: to those projects. Even companies like Akamai who've done tremendous

00:51:52 --> 00:51:57: things in renewable energy will stand beside, you know, rather

00:51:57 --> 00:52:01: small rooftop solar array and be extremely proud that it's

00:52:01 --> 00:52:04: on their building. So I, I can't like overstate the

00:52:04 --> 00:52:06: importance of tangibility.

00:52:06 --> 00:52:12: Visibility and sustainability, particularly in the era of greenwash paranoia

00:52:12 --> 00:52:16: having on site solar is a very tangible thing. I

00:52:16 --> 00:52:19: mean, you can do all the VPA's off site in

00:52:19 --> 00:52:23: the world and it's not as representative as an on

00:52:23 --> 00:52:27: site demonstration like solar PV and and we're able to

00:52:27 --> 00:52:31: get real scale on garages so we can we can

00:52:31 --> 00:52:35: offset 20 to 50% of the buildings energy use through

00:52:35 --> 00:52:37: a garage installation.

00:52:37 --> 00:52:40: In surface parking arrays where we have suburban office parks

00:52:41 --> 00:52:44: in particular and we have more surface parking, we can

00:52:44 --> 00:52:48: offset the entirety of the buildings use with surface parking

00:52:48 --> 00:52:52: solar. So I'm really excited about garages and surface parking

00:52:52 --> 00:52:56: because you aren't developing Greenfield sites, right. So it's it's

00:52:56 --> 00:53:00: it has that added benefit of of already developing developed

00:53:00 --> 00:53:02: land and and not disrupting new land.

00:53:03 --> 00:53:06: On the green power front, we do a variety of

00:53:06 --> 00:53:09: green power procurement. We try to source green power from

00:53:09 --> 00:53:12: specific generating assets. So we have a story. So while

00:53:12 --> 00:53:15: it's not always possible to source it at scale in

00:53:15 --> 00:53:18: markets like Massachusetts for a variety of reasons, we try

00:53:18 --> 00:53:22: to have generating assets. And right now our largest procurement

00:53:22 --> 00:53:24: is with a wind farm in West TX. So we

00:53:24 --> 00:53:26: talk about the origin of the Recs and we give

00:53:26 --> 00:53:29: them we we transfer the Recs to them if we

00:53:29 --> 00:53:32: can. And there's still some legal questions about that. Iron  
00:53:32 --> 00:53:33: Mountains developed a.  
00:53:33 --> 00:53:36: A green power pass that I would have people take  
00:53:36 --> 00:53:39: a look at that allows you to transfer the environmental  
00:53:40 --> 00:53:45: attributes of renewable energy, preferably additionality,  
source renewable energy onto  
00:53:45 --> 00:53:47: clients and I think there'll be a lot more of  
00:53:47 --> 00:53:50: that. I I really do think of us as in  
00:53:50 --> 00:53:53: the service business and green power, when you are the  
00:53:53 --> 00:53:57: power procurement authority, the fiduciary is going to  
become an  
00:53:57 --> 00:54:00: expectation of more and more clients. We're certainly picking  
up  
00:54:01 --> 00:54:03: the phone and talking with more of our.  
00:54:03 --> 00:54:07: Clients about green power every, every year, every month  
and  
00:54:07 --> 00:54:10: we do, we think that there's a real appetite for  
00:54:10 --> 00:54:14: locally sourced green generation. So where we can do that  
00:54:14 --> 00:54:17: on site, we absolutely try. And like I said, we've  
00:54:17 --> 00:54:20: done 13 projects totaling 8 megawatts. We have another 5  
00:54:20 --> 00:54:25: megawatts in the pipeline actually waiting on an  
interconnection service  
00:54:25 --> 00:54:29: agreement to come through from Eversource. Hopefully  
today, the the  
00:54:29 --> 00:54:32: projects are still very hard to interconnect and I'm not  
00:54:32 --> 00:54:34: going to say it's not without.  
00:54:34 --> 00:54:39: Challenges, but I do think that the Inflation Reduction Act  
00:54:39 --> 00:54:43: is going to have very positive impact. We're already seeing  
00:54:43 --> 00:54:47: the impact in our the deals we're negotiating where this  
00:54:47 --> 00:54:50: this step up of the ITC to 30% and the  
00:54:50 --> 00:54:54: ability for solar to qualify under the PTC versus ITC  
00:54:54 --> 00:54:58: has a real economic impact on solar PV development  
economics.  
00:54:58 --> 00:55:01: So, so we are we are going to continue to  
00:55:01 --> 00:55:04: do more on site and we expect that the.  
00:55:05 --> 00:55:08: 10 year extension under the Inflation Reduction Act is going  
00:55:08 --> 00:55:10: to help us do a lot more solar development.  
00:55:11 --> 00:55:14: Speaking of regulation and policy, a couple of things. Thank  
00:55:14 --> 00:55:17: you Ben. A couple of things on the a couple  
00:55:17 --> 00:55:20: of questions on the topic of regulations whether it's New  
00:55:20 --> 00:55:24: York local law 97 benchmarking ordinances or other building  
performance  
00:55:24 --> 00:55:27: standards continue to to come up in the in the  
00:55:27 --> 00:55:31: questions and just an overall discussions around the

importance of  
engaging with tenants to.  
00:55:31 --> 00:55:32: Comply and and succeed in those topics, so.  
00:55:33 --> 00:55:37: Who, who can speak to that? Just what your strategy  
00:55:38 --> 00:55:41: is to to get tenants on board as you work  
00:55:41 --> 00:55:43: to comply with regulations?  
00:55:43 --> 00:55:44: I'll just say we're looking at the legal aspects of  
00:55:47 --> 00:55:50: each one independently and local law needs 97, which is  
00:55:50 --> 00:55:53: a a fine. There's still question marks around how that  
00:55:53 --> 00:55:56: can be passed through, if it can be passed through.  
00:55:57 --> 00:56:00: I think what we're looking at now is certainly on  
00:56:00 --> 00:56:03: new development, trying to make sure that all of our  
00:56:03 --> 00:56:06: buildings are compliant or there's a pathway to compliance  
00:56:06 --> 00:56:10: through  
00:56:10 --> 00:56:13: electrification on site to avoid any of these fines and  
00:56:13 --> 00:56:14: penalties.  
00:56:15 --> 00:56:17: The the question really is like is there a new  
00:56:17 --> 00:56:21: lease, is there new lease language for these performance  
standards  
00:56:21 --> 00:56:25: that allocates back to tenants in the building their fair  
00:56:25 --> 00:56:28: share of these costs to comply with potential penalties down  
00:56:28 --> 00:56:31: the road. And I, I don't we don't have that  
00:56:31 --> 00:56:34: fully baked at the moment. We're working on it and  
00:56:34 --> 00:56:37: there's a lot of thoughts out there on how that  
00:56:37 --> 00:56:40: should be papered, but I don't want to speak prematurely  
00:56:40 --> 00:56:42: on on the the the legal language.  
00:56:44 --> 00:56:47: Yeah, I mean I think for us too, we, we  
00:56:47 --> 00:56:50: are obviously working on it. I think it's a case  
00:56:50 --> 00:56:53: by case, especially in in those places where there is  
00:56:53 --> 00:56:56: kind of a GH, a greenhouse gas or carbon limit  
00:56:56 --> 00:56:57: for each asset.  
00:56:58 --> 00:57:01: And I think you know the other place that Ben  
00:57:01 --> 00:57:04: also mentioned where we're focused on regulation is in our  
00:57:04 --> 00:57:07: new development side. So you know in in some places  
00:57:07 --> 00:57:10: in the country there was requirements around a certain  
amount  
00:57:11 --> 00:57:12: of renewable energy.  
00:57:13 --> 00:57:16: I personally, because of my role, love the love that  
00:57:16 --> 00:57:18: I love them. It makes it my job. I mean  
00:57:18 --> 00:57:21: you know, it just takes away any case making required  
00:57:21 --> 00:57:23: if you ever needed it.  
00:57:24 --> 00:57:27: But you know, as a firm though, we are also  
00:57:27 --> 00:57:30: trying to be proactive about that. So in places like

00:57:30 --> 00:57:35: California where there is, you know, requirements around new development,

00:57:35 --> 00:57:39: we're trying to be proactive about meeting and exceeding those

00:57:39 --> 00:57:43: requirements where we can and trying to be proactive about

00:57:43 --> 00:57:46: kind of looking down the pipeline to see where we

00:57:46 --> 00:57:49: think regulation will continue to evolve. We work with our

00:57:50 --> 00:57:54: consultants to help us determine where we think regulation will

00:57:54 --> 00:57:54: evolve.

00:57:54 --> 00:57:58: And where we need to start piloting newer programs that

00:57:58 --> 00:58:03: can support when the regulation does hit, you know, truly

00:58:03 --> 00:58:06: we see that as kind of a risk mitigation effort

00:58:07 --> 00:58:10: as well. So I guess I'll say the regulation piece

00:58:10 --> 00:58:11: is.

00:58:12 --> 00:58:15: It it it, you know, helps us achieve our goals

00:58:15 --> 00:58:17: in some ways and also pushes us forward in some

00:58:17 --> 00:58:20: ways that that maybe we wouldn't have gotten to on

00:58:20 --> 00:58:22: our own. So I think it's it's good stuff.

00:58:22 --> 00:58:25: All right. And any closing thoughts on regulations?

00:58:26 --> 00:58:30: Just in less than a minute, you know, it's obviously

00:58:30 --> 00:58:34: something that's serious in New York, in DC and Boston,

00:58:34 --> 00:58:38: Boston, Verto 2.0 and and the fines that are going

00:58:38 --> 00:58:41: to come are going to be real. So we are

00:58:41 --> 00:58:43: currently trying to get a handle on.

00:58:44 --> 00:58:47: All of those regulations and and modeling all of our

00:58:47 --> 00:58:50: assets on a decarbonization path to show us where we

00:58:50 --> 00:58:54: really need to start focusing and trying to use that

00:58:54 --> 00:58:57: path, that same path across the entire US because it

00:58:57 --> 00:59:00: may not be today, it may not be next year,

00:59:00 --> 00:59:03: but sooner or later everywhere is going to have some

00:59:03 --> 00:59:06: kind of a regulation. So trying to evaluate where we

00:59:06 --> 00:59:10: need to start focusing and then start engaging tenants. So

00:59:10 --> 00:59:13: first, first working on the problem and then trying to.

00:59:13 --> 00:59:14: Figure out how to.

00:59:15 --> 00:59:17: That makes sense. OK. Well, we are at time clearly

00:59:17 --> 00:59:21: tenant engagement working toward net zero and sustainability. It's a

00:59:21 --> 00:59:24: very detailed, very thorough, very complicated topic and I just

00:59:24 --> 00:59:27: want to thank our our three speakers today for talking

00:59:27 --> 00:59:30: through their strategies to address it and show some leadership

00:59:30 --> 00:59:33: and innovation on that front. Ben and Karen, thank you

**00:59:33 --> 00:59:36:** so much for joining us. Thank you to everyone for  
**00:59:36 --> 00:59:39:** joining today's webinar. And as a reminder, the slides and  
**00:59:39 --> 00:59:42:** the recording will be posted on utilized knowledge Binder  
website  
**00:59:42 --> 00:59:45:** shortly after the webinar completes. We'll also.  
**00:59:45 --> 00:59:48:** Follow up with an e-mail survey as well as a  
**00:59:48 --> 00:59:52:** link to utilize forthcoming tenant engagement resources and  
thank you  
**00:59:52 --> 00:59:54:** again everyone. Have a great day.  
**00:59:55 --> 00:59:56:** Thank you. Thank you.

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