Webinar

ULI Global Sustainability Outlook 2022

Date: January 12, 2022

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

00:02:04 --> 00:02:06: please go ahead and put them in the Q&A box
00:02:06 --> 00:02:08: and we will respond to those during the discussion.
00:02:08 --> 00:02:12: We plan to have quite a free flowing dialogue today
00:02:12 --> 00:02:15: to cover all of the topics that that we want
00:02:15 --> 00:02:16: to.
00:02:16 --> 00:02:18: I'll let everyone introduce themselves a bit more fully when
00:02:18 --> 00:02:19: they first speak,
00:02:19 --> 00:02:22: but for now a quick overview of today's speakers.
00:02:22 --> 00:02:23: So my name is Marta.
00:02:23 --> 00:02:25: I am your moderator today and I am also the
00:02:26 --> 00:02:29: senior Vice president of Dualized Greenprint Center for building performance,
00:02:29 --> 00:02:32: which is part of utilized research centers and initiatives.
00:02:32 --> 00:02:35: We focus on climate mitigation and net zero.
00:02:35 --> 00:02:38: We make the business case for green buildings by tying
00:02:38 --> 00:02:41: reductions in carbon emissions to increases in asset value.
00:02:41 --> 00:02:45: In addition to our research and technical assistance work,
00:02:45 --> 00:02:47: we also have a worldwide alliance of leading real estate
00:02:47 --> 00:02:51: owners and developers in the Greenprint community of practice who
00:02:51 --> 00:02:53: are committed to improving environmental performance,
00:02:53 --> 00:02:56: not just at their own portfolios but of the global
00:02:56 --> 00:02:57: industry writ large.
00:02:57 --> 00:03:00: I'd like to give a special thanks next to Fergus
00:03:00 --> 00:03:04: Ferguson partners for being our global corporate sponsor for this
00:03:05 --> 00:03:05: publication.
00:03:05 --> 00:03:08: Today we have Linda Isaacson who's a senior managing director
00:03:08 --> 00:03:10: and the global Head of Innovation,
00:03:10 --> 00:03:13: Sustainability and Technology at Ferguson Partners.
00:03:13 --> 00:03:15: In a moment, she'll be giving a few opening remarks
00:03:15 --> 00:03:17: before we get into the panel discussion.
00:03:17 --> 00:03:20: Linda is a you like global governing trustee and a
00:03:20 --> 00:03:23: board member of the ULI America Executive Committee,
00:03:23 --> 00:03:25: as well as a member of the ULI Global Exchange
00:03:25 --> 00:03:26: Product Council.
00:03:26 --> 00:03:28: So very engaged here at ULI.
00:03:28 --> 00:03:30: There's likely more things that I didn't list off,
00:03:30 --> 00:03:32: but Linda, you are welcome to to add as you
00:03:32 --> 00:03:34: see fit when you when you speak.
00:03:34 --> 00:03:40: R3. Panelists we had today talking through the sustainability outlooks

00:03:40 --> 00:03:41: takeaways.
00:03:41 --> 00:03:46: Our first Julie hiromoto. She's a principal and the director
00:03:46 --> 00:03:48: of integration at HKS.
00:03:48 --> 00:03:52: Julie is also a member of the Jubilee America Sustainable
00:03:52 --> 00:03:53: Development Council.
00:03:53 --> 00:03:54: We also have JP flirting.
00:03:54 --> 00:03:58: Who's the senior director of sustainability at Tishman Speyer?
00:03:58 --> 00:04:02: JP is a member of the America Sustainable Development Council
00:04:02 --> 00:04:05: as well as a member of the ULI Greenprint Performance
00:04:05 --> 00:04:08: Committee and is also on the ULI New York real
00:04:08 --> 00:04:10: estate Technology and Innovation Council.
00:04:10 --> 00:04:13: So also very engaged and happy to to have everyone
00:04:13 --> 00:04:14: here today.
00:04:14 --> 00:04:17: Last but not least, we have Derek Wilson joining us
00:04:17 --> 00:04:18: for the dialogue.
00:04:18 --> 00:04:21: He's the head of sustainability at Transport for London in
00:04:21 --> 00:04:23: their property development team.
00:04:23 --> 00:04:26: Derek is a member of the Uvula Europe Sustainability Council,
00:04:26 --> 00:04:30: the ULI Europe Urban Regeneration Council and the ULI UK
00:04:30 --> 00:04:32: Sustainability Council.
00:04:32 --> 00:04:36: So with that I will pass pass the microphone off
00:04:36 --> 00:04:39: to Linda to give a few opening remarks.
00:04:39 --> 00:04:41: So thanks so much Martha.
00:04:41 --> 00:04:44: So good afternoon and good evening to all of you
00:04:44 --> 00:04:45: across the globe.
00:04:45 --> 00:04:48: My remarks are very brief 'cause we're much more interested
00:04:48 --> 00:04:51: in hearing from the panelists and the findings of the
00:04:51 --> 00:04:51: report,
00:04:51 --> 00:04:54: then my perspective on the overview.
00:04:54 --> 00:04:57: Which just really want to thank you a lie and
00:04:57 --> 00:05:02: acknowledge the incredible research and the team that's put together
00:05:02 --> 00:05:03: this informative
00:05:04 --> 00:05:04: and
00:05:04 --> 00:05:05: very important
00:05:06 --> 00:05:09: research project. We are proud to sponsor this year and
00:05:10 --> 00:05:12: you were like Global Sustainability Outlook.
00:05:12 --> 00:05:16: I am told in very eager to.
00:05:16 --> 00:05:19: Share with you that this particular document will be shared
00:05:19 --> 00:05:21: in multiple languages,

00:05:21 --> 00:05:24: which is super exciting and the report really does address
00:05:24 --> 00:05:27: so many of the critical concerns in the market,
00:05:27 --> 00:05:31: including creating more resilient buildings in the face of climate
00:05:31 --> 00:05:33: change as well as the quickening pace of action in
00:05:34 --> 00:05:35: scope in the race to net zero.
00:05:35 --> 00:05:38: So thank you all for letting Ferguson be a partner
00:05:38 --> 00:05:39: to you Ally.
00:05:39 --> 00:05:40: We're so
00:05:40 --> 00:05:41: proud of the work
00:05:41 --> 00:05:45: that you publish. Kudos dual monitor back to you.
00:05:45 --> 00:05:48: Thank you Linda terrific. OK,
00:05:48 --> 00:05:51: well, Linda did a lovely job teeing up this publication.
00:05:51 --> 00:05:54: But for those of you who aren't familiar with our
00:05:54 --> 00:05:56: sustainability outlook,
00:05:56 --> 00:05:59: this is the process we followed in in late 2021.
00:05:59 --> 00:06:01: We interviewed members of different dualized,
00:06:01 --> 00:06:04: sustainability related product councils across the globe to inform an
00:06:04 --> 00:06:06: outlook for the coming year.
00:06:06 --> 00:06:09: And we asked a very high level questions.
00:06:09 --> 00:06:12: What sustainability and topics and issues are on the rise?
00:06:12 --> 00:06:16: Why do they matter and what should the industry do
00:06:16 --> 00:06:17: about it?
00:06:17 --> 00:06:20: And so from the ULH Asia Pacific side of things,
00:06:20 --> 00:06:22: we interviewed the Resilient Cities Council.
00:06:22 --> 00:06:25: With ULI Europe, the Sustainability Council and in the Americas,
00:06:25 --> 00:06:29: the Sustainable Development Council. And I highly recommend you go
00:06:29 --> 00:06:32: to our website and you download the report and read
00:06:32 --> 00:06:33: it fully.
00:06:33 --> 00:06:34: But because you're on this webinar,
00:06:34 --> 00:06:37: you'll get quite the sneak peak on the basis of
00:06:37 --> 00:06:40: knowledge shared by all of these experts and our own
00:06:40 --> 00:06:41: knowledge across ULI,
00:06:41 --> 00:06:44: we identified 5 issues that will shape real estate decision
00:06:44 --> 00:06:46: making in the months ahead and beyond.
00:06:46 --> 00:06:51: And oh, excuse me in those five.
00:06:51 --> 00:06:58: Those five topics are. First advancing the net zero agenda.
00:06:58 --> 00:07:02: 2nd navigating the reporting and measurement landscape.
00:07:02 --> 00:07:04: 3rd is confronting climate risk,
00:07:04 --> 00:07:07: both physical and transition risk.

00:07:07 --> 00:07:12: Prioritizing existing buildings. And then last but not least just
00:07:12 --> 00:07:14: the focus on building materials.
00:07:14 --> 00:07:19: So again, I highly recommend that everyone visitsuli.org/sustainability outlook to
00:07:19 --> 00:07:21: download the report,
00:07:21 --> 00:07:23: read those results fully all in it's it's a pretty
00:07:23 --> 00:07:25: short publication by ULI standards,
00:07:25 --> 00:07:27: so so worth a read.
00:07:27 --> 00:07:30: Now. Our plan for this webinar is to have a
00:07:30 --> 00:07:34: free flowing discussion that covers these five topic areas from
00:07:34 --> 00:07:37: the perspective of our three panelists here today.
00:07:37 --> 00:07:39: You may notice in these topics there's little overlap.
00:07:39 --> 00:07:41: For example, how do you talk about.
00:07:41 --> 00:07:44: Net 0? Without highlighting the existing building challenge,
00:07:44 --> 00:07:48: how do you weigh the challenges of sustainability reporting without
00:07:48 --> 00:07:52: discussing transition risk from climate policies and so we acknowledge
00:07:52 --> 00:07:54: that there is a lot here and we look forward
00:07:54 --> 00:07:57: to this dialogue. We we hope that webinar attendees as
00:07:57 --> 00:07:59: well will contribute your thoughts in the chat box.
00:07:59 --> 00:08:02: Contribute questions for panelists in the Q&A.
00:08:02 --> 00:08:06: And with that I I'll start with Julie Julie.
00:08:06 --> 00:08:09: Can you give us your thoughts on the expanding at
00:08:09 --> 00:08:12: net zero agenda in the real estate sector?
00:08:13 --> 00:08:17: Yeah, thanks Martha and Linda for that brilliant introduction and
00:08:18 --> 00:08:20: our pleasure to be here with this group.
00:08:20 --> 00:08:24: It was really fun to have those conversations last year
00:08:24 --> 00:08:27: that Mark mentioned that built up into this report.
00:08:27 --> 00:08:30: So such a pleasure to be here and thanks everybody
00:08:30 --> 00:08:31: for joining us today.
00:08:31 --> 00:08:34: I think the net zero agenda is a great place
00:08:34 --> 00:08:35: to start.
00:08:35 --> 00:08:39: I sometimes get confused though when people talk about net
00:08:39 --> 00:08:44: zero because we don't often articulate exactly what we mean
00:08:44 --> 00:08:44: by that.
00:08:44 --> 00:08:48: You know, most people are not intending a fully regenerative
00:08:48 --> 00:08:52: project along the lines of the International Living Future Institute's
00:08:52 --> 00:08:53: Living Building Challenge,
00:08:53 --> 00:08:55: which is net zero energy,

00:08:55 --> 00:09:01: carbon and water, which are all different things but related
00:09:01 --> 00:09:01: goals,
00:09:01 --> 00:09:05: and these are all important given the urgency of you
00:09:05 --> 00:09:05: know.
00:09:05 --> 00:09:09: Climate and the crisis that we're in today.
00:09:09 --> 00:09:12: I think that the first step in each of these
00:09:12 --> 00:09:16: is to understand where you are today by doing an
00:09:16 --> 00:09:19: audit or a budget and then having the courage to
00:09:19 --> 00:09:22: set really ambitious goals. Even if you don't know today
00:09:22 --> 00:09:25: exactly the steps you're going to take on how you're
00:09:25 --> 00:09:26: going to get there,
00:09:26 --> 00:09:29: all the solutions because of safe goal is really not
00:09:29 --> 00:09:32: going to push you as far as a really ambitious
00:09:32 --> 00:09:33: target,
00:09:33 --> 00:09:36: and you'll always achieve more with a with a big
00:09:36 --> 00:09:40: hairy audacious goal than a comfortable one that you know
00:09:40 --> 00:09:41: you can meet.
00:09:41 --> 00:09:44: And even if you don't get all the way there,
00:09:44 --> 00:09:47: you will lay some really solid groundwork and build knowledge
00:09:47 --> 00:09:50: that will allow you to push even further on the
00:09:50 --> 00:09:52: next project and the next opportunity.
00:09:52 --> 00:09:55: And I think the message that I want to leave
00:09:55 --> 00:09:57: you here with today is that.
00:09:57 --> 00:10:00: Business as usual or this kind of incremental improvement just
00:10:00 --> 00:10:01: won't cut it anymore.
00:10:01 --> 00:10:06: We've been talking about the climate emergency for the last
00:10:06 --> 00:10:07: 30 some years.
00:10:07 --> 00:10:10: All the scientists agree that this is human caused,
00:10:10 --> 00:10:12: and that there are things that we can do about
00:10:12 --> 00:10:12: it.
00:10:12 --> 00:10:15: And it's not just hugging the planet that's at stake
00:10:15 --> 00:10:15: here,
00:10:15 --> 00:10:17: but it's our business viability,
00:10:17 --> 00:10:22: its communities thriving and flourishing,
00:10:22 --> 00:10:24: and and the future of humanity and civilization as we
00:10:24 --> 00:10:25: know it.
00:10:25 --> 00:10:26: All of this is at stake,
00:10:26 --> 00:10:27: and there's just too much at risk.
00:10:31 --> 00:10:33: Absolutely, that's one of the reasons I think,
00:10:33 --> 00:10:36: Julie why this advancing the net zero agenda made it
00:10:36 --> 00:10:38: to the top of the list it.

00:10:38 --> 00:10:41: It's no longer an option for a lot of folks,
00:10:41 --> 00:10:44: and we're seeing no matter where companies are on their
00:10:44 --> 00:10:45: sustainability journey,
00:10:45 --> 00:10:50: this accelerated. Pressure from from across the industry to act
00:10:50 --> 00:10:51: on that.
00:10:51 --> 00:10:54: It's almost a net zero 2.0 if you will.
00:10:57 --> 00:10:59: Derek, JP, you want to chime in?
00:11:05 --> 00:11:06: Derek, you're welcome to go first,
00:11:06 --> 00:11:07: and I'll jump in right after.
00:11:08 --> 00:11:10: You know, I have to certainly.
00:11:10 --> 00:11:12: I mean I couldn't agree more with Julie.
00:11:12 --> 00:11:15: I mean the the definitions that we have for.
00:11:15 --> 00:11:19: Net zero, even just within the UK context are really
00:11:19 --> 00:11:20: quite varied.
00:11:20 --> 00:11:23: And we have a lot of organizations going out there
00:11:23 --> 00:11:27: saying that they're achieving net zero on their existing portfolios
00:11:27 --> 00:11:30: on their new development projects or they have a net
00:11:30 --> 00:11:32: zero target in the future.
00:11:32 --> 00:11:34: And one of the big issues that we've got is
00:11:34 --> 00:11:38: the lack of verification and transparency on what that actually
00:11:38 --> 00:11:39: means in practice.
00:11:39 --> 00:11:41: So I think you know that kind of nicely leads
00:11:41 --> 00:11:43: into the the second point,
00:11:43 --> 00:11:46: which is about the reporting and measurement landscape.
00:11:46 --> 00:11:49: Having some kind of unified approach to measuring.
00:11:49 --> 00:11:52: Net 0. And certifying a net zero within the property
00:11:52 --> 00:11:55: sector then it's going to be a really key trend,
00:11:55 --> 00:11:58: something that we're increasingly gonna see emerge as a as
00:11:58 --> 00:11:59: a critical issue,
00:11:59 --> 00:12:02: because there is a very real risk of greenwashing.
00:12:02 --> 00:12:06: We're seeing it already. And and having that verification,
00:12:06 --> 00:12:09: I think it's going to be really quite critical.
00:12:09 --> 00:12:12: And just kind of relating to that.
00:12:12 --> 00:12:16: I think you know the point about prioritizing existing buildings
00:12:16 --> 00:12:17: is really,
00:12:17 --> 00:12:21: really important as well. One of the key issues that
00:12:21 --> 00:12:23: we have as an organization,
00:12:23 --> 00:12:26: and you know, having spoken with quite a few other
00:12:26 --> 00:12:28: organizations here in the UK.
00:12:28 --> 00:12:31: There is a real lack of data on existing buildings

00:12:31 --> 00:12:33: because they weren't designed and built with.
00:12:33 --> 00:12:36: Net zero in mind. They weren't designed and built with
00:12:36 --> 00:12:38: sustainability in mind more generally,
00:12:38 --> 00:12:41: and you know quite often we don't have the data
00:12:41 --> 00:12:44: and and the knowledge on those assets to really make
00:12:45 --> 00:12:48: informed decisions and straight back to Julie's point,
00:12:48 --> 00:12:51: we need to understand where we're at in order to
00:12:51 --> 00:12:54: understand what we need to do to get there and
00:12:54 --> 00:12:57: at the moment I think that understanding is really lacking
00:12:57 --> 00:13:00: in the. Space of existing buildings.
00:13:03 --> 00:13:05: Sure, and I'll just jump in on the back end
00:13:05 --> 00:13:05: of this to say.
00:13:05 --> 00:13:08: First off, I think definitions are hugely important.
00:13:08 --> 00:13:12: We're a global company and we get many different folks
00:13:12 --> 00:13:14: having many different ideas of what.
00:13:14 --> 00:13:18: Net 0 means and that has both for investors from
00:13:18 --> 00:13:20: tenants from all sorts of customers,
00:13:20 --> 00:13:24: and that has created a significant amount of confusion in
00:13:24 --> 00:13:25: the market.
00:13:25 --> 00:13:28: And Julie put it very well that most people do
00:13:28 --> 00:13:33: not actually mean a net zero energy building that meets.
00:13:33 --> 00:13:36: To the conditions that Julie mentioned for a lot of
00:13:36 --> 00:13:37: reasons,
00:13:37 --> 00:13:39: and that is certainly something to aspire to and something
00:13:39 --> 00:13:40: we think a lot about.
00:13:40 --> 00:13:42: But I think one of the things that is often
00:13:43 --> 00:13:43: lost,
00:13:43 --> 00:13:45: at least in the conversation as far as a company
00:13:45 --> 00:13:46: like hers is concerned,
00:13:46 --> 00:13:47: is that at the end of the day,
00:13:47 --> 00:13:50: we lease space to tenants who use energy right?
00:13:50 --> 00:13:54: And so at some level it's not clear how like
00:13:54 --> 00:13:57: it seems like the world would like our company to
00:13:57 --> 00:13:59: stop using energy period,
00:13:59 --> 00:14:02: and that's great. And we're gonna build this efficient buildings
00:14:02 --> 00:14:03: as possible all day long.
00:14:03 --> 00:14:06: Right and we have a huge incentive to do that,
00:14:06 --> 00:14:07: but they're going to use energy.
00:14:07 --> 00:14:09: I got bad news like you know,
00:14:09 --> 00:14:13: 1200 foot tall, 3,000,000 square foot office tower in downtown
00:14:13 --> 00:14:15: London or New York is gonna use energy.

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

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

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

00:19:15 --> 00:19:16: that sits behind.
00:19:16 --> 00:19:20: All 115 KP eyes and made it completely open source.
00:19:20 --> 00:19:24: So if you Google Edfl sustainable development framework,
00:19:24 --> 00:19:26: you'll be able to find the documents and it's really
00:19:26 --> 00:19:27: out there.
00:19:27 --> 00:19:31: So anybody can kind of draw on what we've learned,
00:19:31 --> 00:19:34: make you see approach in some capacity on their own
00:19:34 --> 00:19:36: and it will say it's been a been a tough
00:19:36 --> 00:19:37: slog.
00:19:37 --> 00:19:38: It's not always been easy.
00:19:38 --> 00:19:41: We've had some pretty big stumbles along the way,
00:19:41 --> 00:19:44: but we really want everybody to kind of benefit from
00:19:44 --> 00:19:46: from those hard lessons learned and.
00:19:46 --> 00:19:51: Hopefully promote more uptake around measurement verification and transparency.
00:19:55 --> 00:19:59: Perfect thanks Derek yeah. We we jumped into it some
00:19:59 --> 00:20:02: tactics and in activities going on.
00:20:02 --> 00:20:04: But I actually like to take a step back momentarily
00:20:04 --> 00:20:07: and talk about the motivation behind these different sustainability issues
00:20:07 --> 00:20:08: for the coming year.
00:20:11 --> 00:20:14: From what I understand, the motivations have only intensified in
00:20:15 --> 00:20:17: terms of why real estate firms and in all actors
00:20:17 --> 00:20:19: across the industry,
00:20:19 --> 00:20:21: whether architects, public sector, private sector,
00:20:21 --> 00:20:26: are. Advancing on this so much faster,
00:20:26 --> 00:20:29: so could could any of you give some updates on
00:20:29 --> 00:20:33: on the motivations behind sustainability in in the sector these
00:20:33 --> 00:20:34: days?
00:20:37 --> 00:20:40: I think part of it is tide 2.
00:20:40 --> 00:20:44: Your business is reputation and bottom line through that,
00:20:44 --> 00:20:48: you know we all want to be good citizens and
00:20:48 --> 00:20:52: corporate stewards of the investments that are made within our
00:20:52 --> 00:20:54: businesses within our clients,
00:20:54 --> 00:21:00: businesses within our tenants, businesses and climate risk is becoming
00:21:00 --> 00:21:04: a larger part of that larger Ledger sheet.
00:21:04 --> 00:21:07: Even if all of the system costs are not fully
00:21:07 --> 00:21:09: accounted for and attributed.
00:21:09 --> 00:21:12: At this point we're seeing a day of reckoning coming
00:21:12 --> 00:21:13: very shortly.

00:21:13 --> 00:21:17: With a lot of the policies and regulations not only
00:21:17 --> 00:21:19: on a national level,
00:21:19 --> 00:21:22: but also on a local level and through some of
00:21:22 --> 00:21:25: the the work that's been done on an international level
00:21:25 --> 00:21:29: with groups like the United Nations COPS platform and the
00:21:29 --> 00:21:34: and the annual kind of nationally determined contributions that are
00:21:34 --> 00:21:34: now.
00:21:34 --> 00:21:37: People are looking at and trying to measure some of
00:21:37 --> 00:21:37: these impacts.
00:21:41 --> 00:21:44: Absolutely thanks Julie. JP, do you want to go now?
00:21:44 --> 00:21:47: Sure, I mean, I guess you know we have two
00:21:47 --> 00:21:49: big buckets of customers.
00:21:49 --> 00:21:51: We have tenants and we have investors,
00:21:51 --> 00:21:54: and then the sort of third actor in that space
00:21:54 --> 00:21:55: as governments.
00:21:55 --> 00:21:57: And each of those folks.
00:21:57 --> 00:21:59: And then of course there's our own desire internally to
00:21:59 --> 00:21:59: do these things,
00:21:59 --> 00:22:04: which remains quite large, but just in thinking about external
00:22:04 --> 00:22:06: pressures to drive this agenda,
00:22:06 --> 00:22:08: it's going to come for us from one of those
00:22:08 --> 00:22:09: three stakeholders.
00:22:09 --> 00:22:11: Again, our tenants are investors,
00:22:11 --> 00:22:13: or the governments and communities,
00:22:13 --> 00:22:14: but mainly the governments we work.
00:22:14 --> 00:22:17: Or I'm sorry in the neighborhoods we work for that
00:22:18 --> 00:22:22: the government should regulate those neighborhoods and you know that
00:22:22 --> 00:22:25: the sort of sequence of who's pushing most five years
00:22:25 --> 00:22:29: ago it was tenants followed by governments and investors were
00:22:29 --> 00:22:30: kind of farther down.
00:22:30 --> 00:22:33: I will say today it is dramatically different.
00:22:33 --> 00:22:36: Investors are way up here.
00:22:36 --> 00:22:38: Governments are kind of down here,
00:22:38 --> 00:22:39: although very mixed bag there.
00:22:39 --> 00:22:42: You know obviously for a lot of reasons and then
00:22:42 --> 00:22:43: you see tenants down here.
00:22:44 --> 00:22:47: Now I'll say what's interesting is tenant demand is probably
00:22:47 --> 00:22:49: been cruising up at a fairly steady clip for a
00:22:49 --> 00:22:50: long time,
00:22:50 --> 00:22:52: but nothing changed dramatically. One day it remains

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

00:24:28 --> 00:24:29: and see what's going outside,
00:24:29 --> 00:24:32: so the building itself won't be obsolete in the traditional
00:24:32 --> 00:24:33: definition,
00:24:33 --> 00:24:35: but what people are now very focused on is is
00:24:35 --> 00:24:38: that building going to be leasable in 12 years?
00:24:38 --> 00:24:41: Is it going to be regulatorily put into pasture as
00:24:41 --> 00:24:42: it were in?
00:24:42 --> 00:24:45: 15 years and how are you going to guarantee me
00:24:45 --> 00:24:48: that that investment that I'm making with you will have
00:24:48 --> 00:24:50: a building that will come out the other end worth
00:24:50 --> 00:24:53: more? And we'll be a good financial investment.
00:24:53 --> 00:24:56: And so again, the big big change on our side
00:24:56 --> 00:25:00: has been the money has changed significantly towards this being
00:25:00 --> 00:25:03: much higher on their list of things they want to
00:25:03 --> 00:25:06: talk about and want to understand exactly what the plan
00:25:06 --> 00:25:07: is for every asset.
00:25:07 --> 00:25:11: We're investing with them for the next 1520 years.
00:25:14 --> 00:25:18: And I think, JP, what you're describing has multiple layers
00:25:18 --> 00:25:18: to it too,
00:25:18 --> 00:25:22: right? It's like not only will the tenants come,
00:25:22 --> 00:25:24: but you know if I need to sell the property,
00:25:24 --> 00:25:25: will I be able to?
00:25:25 --> 00:25:28: Will I be able to insure the property or will
00:25:28 --> 00:25:31: I be able to manage the cost to maintain it?
00:25:31 --> 00:25:32: And will that still pencil out?
00:25:32 --> 00:25:35: I mean it, there's just so much depth across so
00:25:36 --> 00:25:39: many levels of the business in terms of that viability
00:25:39 --> 00:25:42: and long term valuation of the of the asset
00:25:42 --> 00:25:45: absolutely. And if it isn't going to happen in.
00:25:45 --> 00:25:48: Never hold period. It's gonna happen in the person you
00:25:48 --> 00:25:50: sell to right and so it's gonna be the next
00:25:50 --> 00:25:53: person that owns that asset that will hold the bag
00:25:53 --> 00:25:54: when the bill comes due.
00:25:54 --> 00:25:58: We generally sell buildings to folks that don't want to
00:25:58 --> 00:25:58: do that,
00:25:58 --> 00:26:01: right? I mean the nature of our business is generally
00:26:01 --> 00:26:02: what we call building decor,
00:26:02 --> 00:26:04: right? Which is we're building value,
00:26:04 --> 00:26:06: add assets, or we're renovating assets,
00:26:06 --> 00:26:09: leasing them up and then selling them to somebody who
00:26:09 --> 00:26:10: wants to.

00:26:10 --> 00:26:12: Generally, you know, collect rent checks for 10 years,
00:26:12 --> 00:26:15: so the next owner is not.
00:26:15 --> 00:26:19: Likely to be somebody who's interested in doing that kind
00:26:19 --> 00:26:19: of work,
00:26:19 --> 00:26:23: and so if we don't do that and we look
00:26:23 --> 00:26:24: to sell in 2040,
00:26:24 --> 00:26:27: then likely there will be a significant haircut placed on
00:26:27 --> 00:26:30: the exit price of that investment because the next owner
00:26:30 --> 00:26:33: will realize that they gotta figure out how to deal
00:26:33 --> 00:26:34: with that, or hire somebody to figure out how to
00:26:34 --> 00:26:35: deal with that for themselves.
00:26:37 --> 00:26:40: Haircut is a very nice way of saying brown discount.
00:26:40 --> 00:26:42: Absolutely Derek. Feel free.
00:26:43 --> 00:26:46: Yeah, I mean I I completely completely agree.
00:26:46 --> 00:26:48: And I mean we, we've seen this scene the same
00:26:48 --> 00:26:52: shifts in terms of tenant expectations in terms of investment,
00:26:52 --> 00:26:55: and we've really adapt our game in terms of sustainability
00:26:55 --> 00:26:57: to generate that investment.
00:26:57 --> 00:27:00: You know, we're starting to see green debt come into
00:27:00 --> 00:27:01: play.
00:27:01 --> 00:27:05: Ability to attract tenants is increasingly focused on health and
00:27:05 --> 00:27:07: well being and sustainability.
00:27:07 --> 00:27:11: And you know, in light of the COVID pandemic and
00:27:11 --> 00:27:12: with lots of.
00:27:12 --> 00:27:13: Corporate occupiers shrinking their footprints.
00:27:13 --> 00:27:16: They do think that there is going to be a
00:27:16 --> 00:27:18: big flight to quality and indeed a flight stain ability.
00:27:18 --> 00:27:22: At the same time, so making sure that those assets
00:27:22 --> 00:27:26: are greened and and genuinely perform as they're intended.
00:27:26 --> 00:27:30: It's going to be absolutely essential to attracting and retaining
00:27:30 --> 00:27:30: tenants,
00:27:30 --> 00:27:33: but I think the to some degree the elephant in
00:27:33 --> 00:27:36: the room that we often miss out in these discussions
00:27:36 --> 00:27:39: and often gets missed out in research reports by the
00:27:39 --> 00:27:42: big agencies and in some cases even gets missed out
00:27:42 --> 00:27:43: by policy.
00:27:43 --> 00:27:46: Is the residential sector when we look at the business
00:27:46 --> 00:27:49: case evidence for retrofitting for sustainability?
00:27:49 --> 00:27:52: When we look at, you know,
00:27:52 --> 00:27:55: investor demands on sustainability. Generally speaking,
00:27:55 --> 00:27:57: we're talking about the commercial sector,
00:27:57 --> 00:27:59: whether it's retail or office.

00:27:59 --> 00:28:01: But when you actually go out and talk to volume,
00:28:01 --> 00:28:06: house builders who are building single family homes or blocks
00:28:06 --> 00:28:06: of flats.
00:28:06 --> 00:28:08: They're looking at a pretty short investment period.
00:28:08 --> 00:28:10: They're looking to get in,
00:28:10 --> 00:28:12: make their profits and get out,
00:28:12 --> 00:28:14: and trying to get a business case built out for
00:28:15 --> 00:28:15: that sector,
00:28:15 --> 00:28:19: which has a huge impact on carbon emissions.
00:28:19 --> 00:28:22: And takes up a really big share of the property
00:28:22 --> 00:28:23: sector.
00:28:23 --> 00:28:24: I don't think we've cracked that yet,
00:28:24 --> 00:28:27: and when you actually look at all the industry research
00:28:27 --> 00:28:28: across the board,
00:28:28 --> 00:28:30: when you look at all the business case evidence I
00:28:30 --> 00:28:31: have come across very,
00:28:31 --> 00:28:37: very negligible. Compelling evidence that actually suggests that there is
00:28:37 --> 00:28:44: a robust business case for residential property and residential development
00:28:44 --> 00:28:45: in particular,
00:28:45 --> 00:28:48: and I do think that's gonna change and very,
00:28:48 --> 00:28:50: very rapidly. The markets waking up to it.
00:28:50 --> 00:28:56: But until that shifts the less progressive organizations out there
00:28:56 --> 00:28:58: that are developing,
00:28:58 --> 00:29:01: and in some cases owning and managing residential properties are
00:29:01 --> 00:29:03: going to struggle to justify it,
00:29:03 --> 00:29:05: and I think that's a big problem that we gotta
00:29:05 --> 00:29:05: gotta solve.
00:29:07 --> 00:29:09: Great point, Derek, and in the report as well.
00:29:09 --> 00:29:12: We noted that folks had there are a lot of
00:29:12 --> 00:29:13: proactive,
00:29:13 --> 00:29:16: thoughtful, strategic firms that are on top of this and
00:29:16 --> 00:29:19: in thinking about these topics now there are others who
00:29:19 --> 00:29:22: aren't yet bought in and so that ketchup that education
00:29:22 --> 00:29:25: that that motivation hasn't yet sunk in,
00:29:25 --> 00:29:28: especially as you know, for a lot of merchant developers
00:29:28 --> 00:29:30: who don't have that long term interest in the asset.
00:29:36 --> 00:29:40: Right, another topic that that came up is around cost.
00:29:40 --> 00:29:44: Understandably, and particularly, the cost of construction,

00:29:44 --> 00:29:47: but I think writ large the the cost around sustainability
00:29:47 --> 00:29:49: is always a question and so do any of you
00:29:49 --> 00:29:52: have perspectives to share on on this cost concept and
00:29:52 --> 00:29:55: and what it means for sustainability these days?
00:30:01 --> 00:30:04: I mean I I can jump in here very briefly.
00:30:04 --> 00:30:07: I don't want to kind of monopolize the time here,
00:30:07 --> 00:30:11: but from our perspective we have had a lot of
00:30:11 --> 00:30:12: projects run concurrently,
00:30:12 --> 00:30:15: and especially as we we've embedded this framework,
00:30:15 --> 00:30:18: it's been really interesting to see the differential and costs
00:30:18 --> 00:30:22: for projects that were already underway and had already been
00:30:22 --> 00:30:23: designed up.
00:30:23 --> 00:30:26: And we're trying to retrofit it back onto a kind
00:30:26 --> 00:30:29: of in train project rather than doing it from the
00:30:29 --> 00:30:29: very start.
00:30:29 --> 00:30:32: And we are finding very consistently that projects.
00:30:32 --> 00:30:36: That embed these principles and these objectives right at the
00:30:36 --> 00:30:37: very outset,
00:30:37 --> 00:30:39: right at the beginning of the brief,
00:30:39 --> 00:30:43: and you're appropriately scoping it out and taking an integrated
00:30:43 --> 00:30:45: design process.
00:30:45 --> 00:30:47: The cost uplift is generally pretty minimal.
00:30:47 --> 00:30:48: It's maybe 1 to 2%.
00:30:48 --> 00:30:52: You more than get that back in terms of increased
00:30:52 --> 00:30:53: sales and rental rates,
00:30:53 --> 00:30:58: you know. Lower lower debt rates,
00:30:58 --> 00:31:02: enhanced yields, etc and. When you compare that to the
00:31:02 --> 00:31:05: other products that have had to retrofit it,
00:31:05 --> 00:31:09: it is expensive and the business case doesn't stack up,
00:31:09 --> 00:31:12: which I think just really kind of emphasizes for us
00:31:12 --> 00:31:12: anyways.
00:31:12 --> 00:31:14: The need to get it in early because it's just
00:31:15 --> 00:31:16: not cost effective to do it.
00:31:16 --> 00:31:18: If you're trying to bolt it on as a as
00:31:18 --> 00:31:20: an add on as a lot of organizations do,
00:31:20 --> 00:31:24: and and when companies say sustainability costs too much,
00:31:24 --> 00:31:27: it's usually because they've waited too late to actually think
00:31:27 --> 00:31:27: about it.
00:31:27 --> 00:31:28: If they had thought about it earlier,
00:31:28 --> 00:31:30: it wouldn't, and they could have made it make sense.
00:31:31 --> 00:31:33: Julie, I imagine you have a project or two or

00:31:33 --> 00:31:35: or more that fit that type of example.
00:31:36 --> 00:31:39: Yeah, I was going to pile on to Derek and
00:31:39 --> 00:31:43: really reinforce this need for a more integrated and holistic
00:31:43 --> 00:31:44: approach.
00:31:44 --> 00:31:47: We've got to get away from this kind of line
00:31:47 --> 00:31:53: item accounting of each independent design strategy or building technology
00:31:53 --> 00:31:54: or facade system.
00:31:54 --> 00:31:57: And say, does that cost more or less?
00:31:57 --> 00:32:00: You know a where can I scrape off a few
00:32:00 --> 00:32:02: pennies for value engineering to?
00:32:02 --> 00:32:06: You know, simplify this or streamline this when we really
00:32:06 --> 00:32:09: need to be thinking about the bigger picture.
00:32:09 --> 00:32:13: So we were talking earlier about efficiency and one of
00:32:13 --> 00:32:17: the really great ways to get out efficiency is to
00:32:17 --> 00:32:19: think about daylight autonomy,
00:32:19 --> 00:32:22: and that is something that comes through the orientation of
00:32:22 --> 00:32:23: your building.
00:32:23 --> 00:32:25: The massing of your building,
00:32:25 --> 00:32:28: the facade system, the the amount of glazing and you
00:32:28 --> 00:32:31: can easily go too far in the other direction of
00:32:31 --> 00:32:32: having too much.
00:32:32 --> 00:32:35: And then you have a heat game problem and so
00:32:35 --> 00:32:37: it's really this kind of calculus of what are the
00:32:37 --> 00:32:40: priorities and what are you trying to achieve,
00:32:40 --> 00:32:43: and is there something else that has value that's more
00:32:43 --> 00:32:45: than the the dollars in the cents?
00:32:45 --> 00:32:48: So thinking about how we we flip the script and
00:32:48 --> 00:32:51: get away from this line item accounting of return on
00:32:51 --> 00:32:55: investment for each individual building component and thinking about what's
00:32:55 --> 00:32:58: really valuable to us on a higher level,
00:32:58 --> 00:33:01: is it, you know, occupant health and well being and
00:33:01 --> 00:33:03: productivity and and joy.
00:33:03 --> 00:33:09: Even I mean, how does daylight biofilia connection to nature
00:33:09 --> 00:33:13: start to reinforce some of those concepts?
00:33:13 --> 00:33:17: And how do those system benefits come into the accounting
00:33:17 --> 00:33:20: and the Ledger and the pro forma where we may
00:33:20 --> 00:33:22: be transferring,
00:33:22 --> 00:33:25: you know, dollars and cents from our MVP budget to
00:33:25 --> 00:33:29: our facade budget or from our health and well being
00:33:29 --> 00:33:33: program in an owner occupied or in attendance.

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

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

00:36:46 --> 00:36:48: but curious if you all want to talk about any
00:36:48 --> 00:36:49: smart building.
00:36:49 --> 00:36:52: Sustainable proptech activities for 2022.
00:36:56 --> 00:36:58: Julie Orderic, you're welcome to jump in there or I
00:36:58 --> 00:37:00: can talk about smart buildings for a moment.
00:37:01 --> 00:37:04: I'll, I guess the thing that I can contribute here
00:37:04 --> 00:37:07: is that there's just so much data and this kind
00:37:07 --> 00:37:10: of goes back to the the measurement and verification topic
00:37:10 --> 00:37:14: that we were talking about earlier that finding your ways
00:37:14 --> 00:37:17: to wrap your heads around all of that data,
00:37:17 --> 00:37:19: separating the signal from the noise and then figuring out
00:37:19 --> 00:37:22: how to apply it is one of the biggest challenges
00:37:22 --> 00:37:24: that we have right now and a part of that
00:37:24 --> 00:37:29: sorting through that mountain of information to translate that into
00:37:29 --> 00:37:31: action is figuring out what.
00:37:31 --> 00:37:34: Is you know the the priority or the the thing
00:37:34 --> 00:37:38: that's going to provide the most value and then how
00:37:38 --> 00:37:40: do you track that in a way where it leads
00:37:40 --> 00:37:42: to the intended results?
00:37:45 --> 00:37:47: Yeah, and I guess I would just say,
00:37:47 --> 00:37:49: you know, just inspires been active in the prop tech
00:37:49 --> 00:37:50: space we have.
00:37:50 --> 00:37:53: We've got aspac. We've done some funds on VC stuff,
00:37:53 --> 00:37:55: so we're certainly paying attention to this space,
00:37:55 --> 00:37:59: I think. Uhm, I think there's some great innovations out
00:37:59 --> 00:37:59: there.
00:37:59 --> 00:38:01: We're trying a lot of them and I'm excited for
00:38:01 --> 00:38:03: all the things that are happening in that space.
00:38:03 --> 00:38:06: And I don't think there's it's not worth calling out
00:38:06 --> 00:38:07: any particular thing.
00:38:07 --> 00:38:10: I would just say the one caveat to that is.
00:38:10 --> 00:38:13: There's a lot of people out there that believe that
00:38:13 --> 00:38:15: the way that this is all going to go down
00:38:15 --> 00:38:16: is from software.
00:38:16 --> 00:38:19: There's so many people that want to sell many software
00:38:19 --> 00:38:20: that do things,
00:38:20 --> 00:38:22: and that's great. You know lots of good value out
00:38:22 --> 00:38:23: there,
00:38:23 --> 00:38:24: and we've done a number of them.
00:38:24 --> 00:38:26: But software is not going to get you to the
00:38:27 --> 00:38:28: answers to these questions,

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

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

00:42:01 --> 00:42:05: design decisions, drives flexibility and planning,
00:42:05 --> 00:42:10: or the structural grid or the structural system.
00:42:10 --> 00:42:12: Those are ways to start and then once you have
00:42:12 --> 00:42:13: that foundation again,
00:42:13 --> 00:42:16: being able to continually ratchet up what it is that
00:42:16 --> 00:42:18: we're trying to accomplish and build on the successes and
00:42:19 --> 00:42:19: the knowledge.
00:42:19 --> 00:42:22: Of your previous work with your team,
00:42:22 --> 00:42:26: it is a as a way to move forward and
00:42:26 --> 00:42:31: start into this very complicated and you know.
00:42:31 --> 00:42:34: Data rich part of the of the process that we're
00:42:34 --> 00:42:37: we're being asked to do more and more,
00:42:37 --> 00:42:38: and to consider more things.
00:42:42 --> 00:42:44: Now, I'm not going to add much to this,
00:42:44 --> 00:42:45: but I think that's already been shared,
00:42:45 --> 00:42:48: but I think materials are are one of our biggest
00:42:48 --> 00:42:49: challenges,
00:42:49 --> 00:42:52: and we're thinking a lot about it.
00:42:52 --> 00:42:55: Julie hit some really good points on red lists versus
00:42:55 --> 00:42:56: classes of chemicals.
00:42:56 --> 00:42:58: This is something. Again, we're starting to spend a lot
00:42:58 --> 00:42:59: more time thinking about.
00:42:59 --> 00:43:02: We've had the opportunity to work with some large universities
00:43:02 --> 00:43:02: lately,
00:43:02 --> 00:43:05: and development projects that we have traditionally taken.
00:43:05 --> 00:43:07: If we have done this,
00:43:07 --> 00:43:08: which we've done many occasions,
00:43:08 --> 00:43:10: we've taken a Red List approach and you know all
00:43:10 --> 00:43:12: of a sudden I've got folks being like no,
00:43:12 --> 00:43:14: no, no. That's the wrong way.
00:43:14 --> 00:43:17: You gotta ban this entire class of chemicals and I'm
00:43:17 --> 00:43:17: like,
00:43:17 --> 00:43:19: OK, great. How do we do that again,
00:43:19 --> 00:43:23: like so we're definitely at a moment on materials where
00:43:23 --> 00:43:26: I think things are changing rapidly and there's lots of
00:43:26 --> 00:43:29: of different ways to look at this.
00:43:29 --> 00:43:32: Unfortunately, this is a space that isn't entirely transparent or
00:43:32 --> 00:43:34: potentially not transparent at all,
00:43:34 --> 00:43:37: and so part of the challenge going forward will be
00:43:37 --> 00:43:40: to be able to make those decisions in a way
00:43:40 --> 00:43:43: that I can truly understand what is in these materials.

00:43:43 --> 00:43:47: And and have a clear understanding of whether or not
00:43:47 --> 00:43:49: doing the activity being presented.
00:43:49 --> 00:43:51: Meaning please ban this class of chemicals.
00:43:51 --> 00:43:53: How important is that and what does that really drive
00:43:53 --> 00:43:54: to?
00:43:54 --> 00:43:56: To Julie's point, those are the things we were thinking
00:43:56 --> 00:43:57: a lot about.
00:43:57 --> 00:44:00: On that front. There are folks out there very deep
00:44:00 --> 00:44:04: into the material science and we're following them as closely
00:44:04 --> 00:44:05: as possible,
00:44:05 --> 00:44:07: because I really do think this is a significant part
00:44:08 --> 00:44:09: of the future puzzle,
00:44:09 --> 00:44:11: but it is also a hazy future out there on
00:44:11 --> 00:44:12: this one.
00:44:12 --> 00:44:13: This is not a clear path.
00:44:13 --> 00:44:16: There's all sorts of stuff going on and on top
00:44:16 --> 00:44:17: of which,
00:44:17 --> 00:44:23: unfortunately there's some pretty. Choose my words carefully,
00:44:23 --> 00:44:27: but interesting regulations and regulatory differences between different regions on
00:44:27 --> 00:44:30: this stuff that creates very differential outcomes around the world
00:44:30 --> 00:44:32: and on different projects.
00:44:32 --> 00:44:35: And there are whole countries where the laws lend themselves
00:44:35 --> 00:44:37: to making this as clear as mud and making it
00:44:37 --> 00:44:39: as hard as possible to make an intelligent decision.
00:44:39 --> 00:44:41: And I'm not going to point out country number one
00:44:41 --> 00:44:42: on that list,
00:44:42 --> 00:44:44: but it might be. I don't know where most of
00:44:44 --> 00:44:45: us are right now,
00:44:45 --> 00:44:48: and so therefore the challenges in this space are large
00:44:48 --> 00:44:52: and clarity is not really coming from regulatory bodies.
00:44:52 --> 00:44:55: And so we kinda gotta figure it out ourselves here,
00:44:55 --> 00:44:58: which you know I didn't go into chemistry for a
00:44:58 --> 00:44:59: damn good reason.
00:44:59 --> 00:45:01: And so, like you know,
00:45:01 --> 00:45:03: I think we're gonna need additional assistance here to figure
00:45:03 --> 00:45:04: this out.
00:45:06 --> 00:45:07: Eric, I saw a lot of nodding there.
00:45:07 --> 00:45:08: What do you want to add?
00:45:09 --> 00:45:10: Yeah, no, I I completely agree.

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

00:46:43 --> 00:46:47: but this is such a complex issue with so many
00:46:47 --> 00:46:48: different,
00:46:48 --> 00:46:50: you know, as JP mentioned,
00:46:50 --> 00:46:53: regulatory issues and barriers and blockers that we really do
00:46:53 --> 00:46:56: need to kind of make it a collaborative effort across
00:46:56 --> 00:46:56: the industry.
00:46:58 --> 00:46:58: Yeah
00:46:58 --> 00:47:01: I wanna touch on speed with this one too because
00:47:01 --> 00:47:05: I think that you know there's there's always this increasing
00:47:05 --> 00:47:07: demand for get it done faster.
00:47:07 --> 00:47:10: Get it done cheaper and you know we need more
00:47:10 --> 00:47:13: housing and the supply chain is delaying construction and driving
00:47:13 --> 00:47:16: up costs so you know how do we get it
00:47:16 --> 00:47:19: done. And I think for people that are investing in
00:47:19 --> 00:47:24: this kind of thinking about building materials they understand very
00:47:24 --> 00:47:24: much.
00:47:24 --> 00:47:28: You know the the complexity that JP and Derek talked
00:47:28 --> 00:47:28: about.
00:47:28 --> 00:47:31: And how much time needs to be invested and and
00:47:31 --> 00:47:35: and the the thinking power to understand the information and
00:47:35 --> 00:47:37: then to figure out what to do with it and
00:47:37 --> 00:47:40: understand the impacts during the design phase.
00:47:40 --> 00:47:44: And we really can't just stop it there when the
00:47:44 --> 00:47:46: construction documents are issued.
00:47:46 --> 00:47:49: And then you know, go on our merry way and
00:47:49 --> 00:47:52: keep running down the road as we're moving through the
00:47:52 --> 00:47:55: construction phase because that substitution process,
00:47:55 --> 00:47:58: the value engineering process has a lot of risk to
00:47:58 --> 00:47:58: it.
00:47:58 --> 00:48:01: If the same level of scrutiny and attention to the
00:48:01 --> 00:48:06: material selection and the prioritization established during the design phase
00:48:06 --> 00:48:09: is not carried through the entire process through delivery,
00:48:09 --> 00:48:12: we just have to be vigilant and can't let our
00:48:12 --> 00:48:12: guard down.
00:48:12 --> 00:48:15: Even despite the the growing pressure and demands.
00:48:20 --> 00:48:21: Right, I'm looking at the clock.
00:48:21 --> 00:48:23: We have a little over 10 minutes left which is
00:48:23 --> 00:48:26: short thick because we haven't really talked too much about
00:48:26 --> 00:48:27: climate risk yet,
00:48:27 --> 00:48:30: so I want to raise that topic to to make

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

00:50:26 --> 00:50:29: and you know if 95%
00:50:29 --> 00:50:32: of our portfolio is unlivable in nine years unless we
00:50:32 --> 00:50:32: act well,
00:50:32 --> 00:50:34: that is a pretty big transition risk.
00:50:34 --> 00:50:36: You gotta get moving and
00:50:37 --> 00:50:40: quick translation for those who are unfamiliar with the term.
00:50:40 --> 00:50:42: Let that just lease. We use the word,
00:50:42 --> 00:50:44: sorry, yeah, yeah, yeah yeah.
00:50:44 --> 00:50:44: Wanted
00:50:44 --> 00:50:46: to clarify that for everyone.
00:50:46 --> 00:50:48: Can't lease a building in 20-30 in the UK.
00:50:48 --> 00:50:49: It doesn't have a beer higher.
00:50:50 --> 00:50:53: Sorry about that, yeah? So I mean that that's been
00:50:53 --> 00:50:56: an absolute game changer and you know,
00:50:56 --> 00:50:59: I well, we always have kind of taken sustainability as
00:50:59 --> 00:51:02: something that needs to be part and parcel for business.
00:51:02 --> 00:51:06: Even those that were not necessarily as progressive or or
00:51:06 --> 00:51:10: engaged on the issue when they heard that suddenly they,
00:51:10 --> 00:51:13: you know they perked up because they get that it's
00:51:13 --> 00:51:16: going to impact on the business can have major implications
00:51:16 --> 00:51:18: from a commercial perspective,
00:51:18 --> 00:51:20: and we really need to get on top of this
00:51:20 --> 00:51:20: issue.
00:51:20 --> 00:51:23: So transition risk and the.
00:51:23 --> 00:51:26: You know pounds and pence that we can put against
00:51:26 --> 00:51:29: that has been transformative and not just for us,
00:51:29 --> 00:51:31: but for businesses across the entire industry.
00:51:31 --> 00:51:35: It's been a game changer and being able to communicate
00:51:35 --> 00:51:40: that articulate that internally has completely upended our decision making
00:51:40 --> 00:51:40: process 100%.
00:51:46 --> 00:51:48: Julie, I see you unmuted,
00:51:48 --> 00:51:49: but would you like to add?
00:51:50 --> 00:51:53: Well I was gonna try to end us on a
00:51:53 --> 00:51:54: positive note,
00:51:54 --> 00:51:56: not to skirt your question Marta,
00:51:56 --> 00:52:00: but you were talking about climate risks and the strategy
00:52:00 --> 00:52:01: there and.
00:52:01 --> 00:52:05: I I wanted to, we've been talking a lot about
00:52:05 --> 00:52:05: risk,
00:52:05 --> 00:52:10: challenges, complexity and I wanted to shift it to something
00:52:10 --> 00:52:12: more positive.

00:52:12 --> 00:52:15: Last year I had the opportunity to represent the American
00:52:15 --> 00:52:17: Institute of Architects at Kop 26,
00:52:17 --> 00:52:20: the United Nations International Climate Conference.
00:52:20 --> 00:52:24: And what I saw there was a lot of attention
00:52:24 --> 00:52:24: and hope,
00:52:24 --> 00:52:28: even though we didn't get to all of the goals
00:52:28 --> 00:52:31: that we needed to and we didn't get to the
00:52:31 --> 00:52:34: 1.5 degrees Celsius limit.
00:52:34 --> 00:52:37: There was a lot of recognition that buildings and our
00:52:37 --> 00:52:38: industry,
00:52:38 --> 00:52:41: the built environment is a critical part of the climate
00:52:41 --> 00:52:42: solution.
00:52:42 --> 00:52:47: Approximately 40% of global emissions are attributed to buildings,
00:52:47 --> 00:52:51: and with that we have a leadership responsibility and for
00:52:51 --> 00:52:53: the first time it cop,
00:52:53 --> 00:52:56: there was a physical buildings pavilion and a lecture hall
00:52:56 --> 00:53:00: dedicated to opportunities within real estate and out of the
00:53:01 --> 00:53:04: 10 day program one was devoted to the built environment.
00:53:04 --> 00:53:08: Along with these critically important topics that you know,
00:53:08 --> 00:53:11: the general public is well aware of finance,
00:53:11 --> 00:53:16: energy, nature, youth, gender, transport and adaptation and buildings and
00:53:16 --> 00:53:18: the built environment.
00:53:18 --> 00:53:19: We're right there with it.
00:53:19 --> 00:53:24: So with all this media attention and public awareness now
00:53:24 --> 00:53:27: that we have what are we going to do with
00:53:27 --> 00:53:29: this amplified leadership platform?
00:53:29 --> 00:53:34: We have the spotlight now and it's really our opportunity
00:53:34 --> 00:53:35: to start sprinting.
00:53:35 --> 00:53:38: And so a lot of the things that we talked
00:53:39 --> 00:53:40: about here today,
00:53:40 --> 00:53:43: I hope, will get you intrigued in how you can
00:53:43 --> 00:53:47: continue to push the needle within your own organizations,
00:53:47 --> 00:53:50: how we can continue to share knowledge and lessons learned
00:53:50 --> 00:53:51: with each other,
00:53:51 --> 00:53:55: so that collectively we can get there faster than each
00:53:55 --> 00:53:58: of us individually competing or or fighting to figure it
00:53:58 --> 00:53:59: out on our own.
00:54:03 --> 00:54:05: I love that I love that night.
00:54:05 --> 00:54:06: I appreciate that we need that.
00:54:06 --> 00:54:08: That positive side of things.

00:54:08 --> 00:54:11: We need that. The value outlook of what's going on
00:54:11 --> 00:54:13: and where is the industry going?
00:54:13 --> 00:54:15: You know, it's it's not all gloom and doom.
00:54:15 --> 00:54:18: It's not. It's JP. It looks like you wanted to
00:54:18 --> 00:54:19: add.
00:54:19 --> 00:54:21: Well, I would just add that I think everything that
00:54:21 --> 00:54:23: we spoke earlier about investors is also extremely positive.
00:54:23 --> 00:54:26: I mean, I think that getting the money side of
00:54:26 --> 00:54:29: the equation to focus on this and make it a
00:54:29 --> 00:54:30: priority is again,
00:54:30 --> 00:54:33: I would have thought that would have been a lot
00:54:33 --> 00:54:35: harder than it has turned out to be.
00:54:35 --> 00:54:37: Now appreciate that plenty of people are dealing with problems.
00:54:37 --> 00:54:39: They're gonna tell me it's a lot harder than I'm
00:54:39 --> 00:54:39: saying.
00:54:39 --> 00:54:42: Nevertheless, I would say that all indications are that the
00:54:42 --> 00:54:45: capital side of the equation is more focused on this
00:54:45 --> 00:54:47: than ever and is only going to be more focused
00:54:47 --> 00:54:48: on this in the future.
00:54:48 --> 00:54:52: So I think the other very positive note is that.
00:54:52 --> 00:54:56: Although tenants driving decisions on renting and then leasing is
00:54:56 --> 00:55:00: obviously critical to driving the momentum for green buildings,
00:55:00 --> 00:55:03: having the capital side of the equation come along is
00:55:03 --> 00:55:06: had to happen and the fact that it's beginning to
00:55:06 --> 00:55:09: happen now in significant ways is also really good news
00:55:09 --> 00:55:12: and is likely to bring to the four significant additional
00:55:12 --> 00:55:15: dollars to solve these problems across the board.
00:55:15 --> 00:55:18: And so as much as good intentions and everything else
00:55:18 --> 00:55:20: is absolutely required.
00:55:20 --> 00:55:24: Great ideas, great technology, hardware based solutions.
00:55:24 --> 00:55:28: The overall story is the money cares or is beginning
00:55:28 --> 00:55:31: to care more and is focused on this and will
00:55:31 --> 00:55:35: be sending that capital to solve those problems.
00:55:37 --> 00:55:38: Yeah, I completely agree with that,
00:55:38 --> 00:55:41: and I mean without labouring the point,
00:55:41 --> 00:55:45: the. I mean I, I've always been a bit of
00:55:45 --> 00:55:48: a cynic when it comes to sustainability,
00:55:48 --> 00:55:50: and I always kind of assumed worst intentions.
00:55:50 --> 00:55:54: And they the. The fact that the capital market side
00:55:54 --> 00:55:56: is shifting and now demanding this,

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

00:57:50 --> 00:57:51: the name of.
00:57:51 --> 00:57:54: But you allow Europe did a fantastic report on the
00:57:55 --> 00:57:56: SVS&G that you know,
00:57:56 --> 00:57:58: as as somebody who has.
00:57:58 --> 00:58:00: We're all at our company working to think about how
00:58:00 --> 00:58:03: to incorporate as effectively and appreciate this isn't today's conversation.
00:58:03 --> 00:58:06: But for this crowd, I highly recommend that piece of
00:58:06 --> 00:58:07: work that was done by ULI Europe.
00:58:07 --> 00:58:10: It is very, very good and I think is the
00:58:10 --> 00:58:13: best that was done on the topic in general and.
00:58:13 --> 00:58:14: And encourage you to download it and read it.
00:58:16 --> 00:58:17: Thanks JP. I added that to the chat.
00:58:18 --> 00:58:20: Great, you anticipated. I might say that Marta,
00:58:20 --> 00:58:22: so I appreciate that since I said it on the
00:58:22 --> 00:58:23: last webinar.
00:58:25 --> 00:58:27: Derek, any any final words?
00:58:31 --> 00:58:32: No, I don't think so.
00:58:32 --> 00:58:35: I just want to say thanks everybody for for joining.
00:58:35 --> 00:58:39: It's been a real pleasure joining and and you know
00:58:39 --> 00:58:41: your contributions.
00:58:41 --> 00:58:42: I think to you a liar.
00:58:42 --> 00:58:44: What makes the organization what it is.
00:58:44 --> 00:58:49: It's fantastic organization. I joined when I was 18.
00:58:49 --> 00:58:51: Way back in my bachelors degree and have been a
00:58:51 --> 00:58:54: member of her since it's fantastic organization.
00:58:54 --> 00:58:56: And yeah, as as JP mentioned,
00:58:56 --> 00:58:59: loads of resources on the website and really encourage everybody
00:58:59 --> 00:59:00: to go take a look.
00:59:01 --> 00:59:04: Shucks, thanks Derek. Well yeah I want to.
00:59:05 --> 00:59:09: Say I just love the cross disciplinary dialogue here and
00:59:09 --> 00:59:12: how we collectively push each other to get to the
00:59:12 --> 00:59:13: real message.
00:59:13 --> 00:59:16: And, you know, get to the details of you know
00:59:16 --> 00:59:19: the the real deal instead of glossing over some of
00:59:19 --> 00:59:20: these things.
00:59:20 --> 00:59:22: And I and I really appreciate this group and and
00:59:22 --> 00:59:24: the organization for helping us do that.
00:59:25 --> 00:59:29: Awesome, well thank you to to all three of you.
00:59:29 --> 00:59:31: Thank you to Ferguson Partners for for being our corporate
00:59:31 --> 00:59:32: sponsor for this report.

00:59:32 --> 00:59:35: Thank you to everyone for joining and with that.
00:59:35 --> 00:59:38: I will remind everyone that this webinar is recorded.
00:59:38 --> 00:59:41: It will be shared afterwards and posted on you as
00:59:41 --> 00:59:45: Knowledge Finder website as well as the short slides and
00:59:45 --> 00:59:49: everyone highly recommend you you read the full publication and
00:59:49 --> 00:59:50: and share it with your peers.
00:59:50 --> 00:59:51: Have a good one. Bye everyone.
00:59:52 --> 00:59:53: Thanks so much.

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