Webinar

ULI Global Sustainability Outlook 2024

Date: January 10, 2024

00:00:21 --> 00:00:22:	Welcome.
00:00:23 --> 00:00:24:	I'll give a few minutes while people join us, then
00:00:24 --> 00:00:25:	we'll get started.
00:00:33 --> 00:00:35:	If you're just joining us, welcome.
00:00:35 --> 00:00:37:	I'll get started in a few minutes here.
00:00:38 --> 00:00:39:	We're waiting for folks to join us.
00:00:39 --> 00:00:42:	I see the numbers jumping up, which is exciting.
00:00:54 --> 00:00:55:	Hi and welcome.
00:00:55 --> 00:00:58:	It's two after the hour, so we're going to get
00:00:58 --> 00:00:59:	started.
00:01:00 --> 00:01:05:	Welcome to today's webinar on the newest ULI publication, ULI
00:01:05 --> 00:01:08:	Global Sustainability Outlook 2024.
00:01:08 --> 00:01:11:	In partnership with Ferguson Partners, we are so happy to
00:01:12 --> 00:01:16:	bring together industry leaders on emerging topics surrounding sustainability in
00:01:16 --> 00:01:19:	real estate to discuss the findings of the report.
00:01:20 --> 00:01:24:	Before we jump into our panel introductions, just a quick
00:01:24 --> 00:01:25:	few administrative notes.
00:01:26 --> 00:01:29:	This webinar will be recorded and we will be sharing
00:01:29 --> 00:01:32:	that on Utilized Knowledge Finder website after the webinar.
00:01:32 --> 00:01:34:	It usually takes a few hours to a few days,
00:01:34 --> 00:01:36:	but please look for that if you miss it or
00:01:36 --> 00:01:38:	you want to share it with any of your colleagues
00:01:38 --> 00:01:38:	or friends.
00:01:39 --> 00:01:42:	If you have any questions, please put your questions in
00:01:42 --> 00:01:45:	the Q&A box and our panel today will do our
00:01:45 --> 00:01:49:	best to respond to those questions during the discussion during
00:01:49 --> 00:01:52:	our Q&A session at the end, either verbally or by

00:01:52 --> 00:01:55: just typing or responding to you directly in the Q&A
00:01:55 --> 00:01:56: chat.
00:01:57 --> 00:02:00: Now, because we have so many great panelists today, I'll
00:02:00 --> 00:02:04: let everyone introduce themselves when they first start talking.
00:02:04 --> 00:02:07: But a really quick set of introductions and if we
00:02:07 --> 00:02:09: can go to the next slide, please.
00:02:14 --> 00:02:15: My name is Kara Kokernac.
00:02:15 --> 00:02:18: I am a Senior Director at ULI in the Randall
00:02:18 --> 00:02:21: Lewis Center for Sustainability in Real Estate.
00:02:21 --> 00:02:25: I worked with my colleague, Victoria Ostreich on facilitating the
00:02:25 --> 00:02:28: global sustainability outlook, process and report development.
00:02:28 --> 00:02:30: It's been a labor of love.
00:02:31 --> 00:02:34: I'd like to give a special thanks to Ferguson Partners
00:02:34 --> 00:02:37: for being our globe, our global corporate sponsor for this
00:02:37 --> 00:02:37: publication.
00:02:38 --> 00:02:42: Sarah Collins, Managing Director at Ferguson Partners is going to
00:02:42 --> 00:02:45: be moderating the panel discussion today.
00:02:45 --> 00:02:48: And then we have our four amazing panelists who all
00:02:48 --> 00:02:52: participated in the round table discussions that informed this publication.
00:02:52 --> 00:02:54: And I'll talk a little bit more about that in
00:02:54 --> 00:02:54: a few minutes.
00:02:55 --> 00:03:00: But please welcome Philippa Gill, Executive Director of Aura Global,
00:03:00 --> 00:03:04: Onay Payne, Senior Many Managing Director and Portfolio Manager of
00:03:04 --> 00:03:10: Manulife Investment Management, Judy Schweitzer, owner of Schweitzer and Associates
00:03:10 --> 00:03:15: and Peter Tomai, Managing Partner and Chief Sustainability Officer of
00:03:15 --> 00:03:17: Specific Performance.
00:03:18 --> 00:03:20: So I'm going to talk to you a little bit
00:03:20 --> 00:03:23: about what the ULI global sustainability outlook is.
00:03:23 --> 00:03:28: So in late 2023 in the fall timeline, ULI interviewed
00:03:28 --> 00:03:32: members of our ULI Product Councils across the globe to
00:03:32 --> 00:03:36: inform an outlook for the coming year.
00:03:36 --> 00:03:38: This is not an emerging trends report.
00:03:38 --> 00:03:40: It's really focused on sustainability topics.
00:03:41 --> 00:03:44: Victoria and I made made good promise to go through
00:03:44 --> 00:03:47: the entire report and search and find for any word

00:03:47 --> 00:03:48: that said trend.
00:03:48 --> 00:03:50: We removed it and replaced it.
00:03:50 --> 00:03:51: It's not an emerging trend report.
00:03:52 --> 00:03:56: It's topics and themes really focused on what's happening in
00:03:56 --> 00:03:58: 2024 and that specific timeline.
00:03:58 --> 00:04:01: So we talked to three of our product councils on
00:04:01 --> 00:04:05: what sustainability topics and issues are on the rise, why
00:04:05 --> 00:04:08: they matter and what actions should the industry pursue moving
00:04:09 --> 00:04:09: forward.
00:04:09 --> 00:04:13: So we spoke with our ULI Asia Pacific newly named
00:04:13 --> 00:04:14: Net Zero Council.
00:04:14 --> 00:04:19: We spoke with ULI Europe's Sustainability Council and we spoke
00:04:19 --> 00:04:22: with the ULI America's Sustainable Development Council.
00:04:23 --> 00:04:26: So we had these three conversations, they were an hour
00:04:26 --> 00:04:26: plus long.
00:04:26 --> 00:04:29: Sometimes we had to extend the meeting discussion a little
00:04:29 --> 00:04:33: bit longer because the the conversation was so exciting and
00:04:33 --> 00:04:33: fiery.
00:04:34 --> 00:04:37: And then based on those recordings and all the notes
00:04:37 --> 00:04:41: we took during those discussions, you and I and Ferguson
00:04:42 --> 00:04:46: Partners identified feet five key issues for the upcoming year
00:04:46 --> 00:04:51: and beyond to really talk about this, this sustainability outlook
00:04:51 --> 00:04:51: in 2024.
00:04:52 --> 00:04:53: So we move to the next slide.
00:04:53 --> 00:04:57: I'll briefly go over what those five topics were and
00:04:57 --> 00:04:59: then I'll pass it on to Sarah to start the
00:04:59 --> 00:05:01: panel discussion.
00:05:02 --> 00:05:06: So our first topic for 2024 is linking sustainability performance
00:05:06 --> 00:05:08: and financial performance.
00:05:08 --> 00:05:11: Real estate should expect to make material connections if they
00:05:11 --> 00:05:12: haven't already.
00:05:12 --> 00:05:17: Between their sustainability efforts and financial performance, #2 is going
00:05:17 --> 00:05:21: back to the basics to make progress on decarbonization.
00:05:21 --> 00:05:24: This is really a theme of what does it actually
00:05:24 --> 00:05:26: mean for a building to be net zero?
00:05:26 --> 00:05:28: What does it really mean for a building to be
00:05:28 --> 00:05:29: sustainable?
00:05:29 --> 00:05:33: The sheer volume of topics under the ESG and sustainability
00:05:33 --> 00:05:37: umbrella has left a lot of companies feeling overwhelmed and

00:05:37 --> 00:05:40: and unclear on what to prioritize and how to set
00:05:40 --> 00:05:42: up their progress and process.
00:05:42 --> 00:05:45: Real estate leaders can get in front in front of
00:05:45 --> 00:05:49: this by really focusing on fundamental sustainability practices like making
00:05:49 --> 00:05:52: sure their operational efficiency is up to par and taking
00:05:52 --> 00:05:55: advantage of tools that are already on the market.
00:05:55 --> 00:05:57: So it's really an an education.
00:05:57 --> 00:06:03: Theme #3 is Complying with an Evolving Regulatory Landscape.
00:06:04 --> 00:06:09: I'm really focusing here on the new policies and financial
00:06:09 --> 00:06:14: rules that make what were previously voluntary ESG disclosures now
00:06:14 --> 00:06:20: mandatory, but also often establishing systemic methods for really reporting
00:06:20 --> 00:06:23: on ESG performance transparently.
00:06:23 --> 00:06:27: So real estate companies really have to quickly adapt to
00:06:27 --> 00:06:32: an evolving regulatory landscape that emphasizes this transparency #4 is
00:06:32 --> 00:06:37: prioritizing resilience as extreme weather intensifies.
00:06:37 --> 00:06:39: I know we have folks all over the globe on
00:06:39 --> 00:06:39: this call.
00:06:40 --> 00:06:41: I'm in the DC area.
00:06:41 --> 00:06:45: We had a nasty storm blow through yesterday flowing out
00:06:45 --> 00:06:48: power across the the Eastern seaboard.
00:06:48 --> 00:06:51: I know lots of schools were cancelled and real estate
00:06:52 --> 00:06:55: leaders across the globe are really ramping up their efforts
00:06:55 --> 00:06:59: to understand these extreme storm events and these extreme weather
00:06:59 --> 00:07:01: events more in particular.
00:07:01 --> 00:07:04: Particular the resilience of the utility utility grid is a
00:07:04 --> 00:07:07: growing area of concern as these weather events are, you
00:07:07 --> 00:07:09: know, hitting us left and right.
00:07:10 --> 00:07:15: Real estate leaders are exploring on site renewables, battery storage
00:07:15 --> 00:07:19: and a range of other solutions to support energy resilience
00:07:19 --> 00:07:24: in light of these challenges and #5 approaching sustainability holistically.
00:07:24 --> 00:07:27: So there is a growing recognition that we've seen that
00:07:28 --> 00:07:31: health and the environment are linked and that investing in
00:07:31 --> 00:07:34: one will often result in Co benefits for the other.
00:07:34 --> 00:07:39: Real estate leaders that embrace that connection and build spaces
00:07:39 --> 00:07:43: that are good for people and communities and the planet

00:07:43 --> 00:07:47:	are really better positioned for success in 2024 and beyond.
00:07:48 --> 00:07:51:	I highly recommend that everyone on the webinar today also
00:07:51 --> 00:07:56:	goes and visitsuli.org back slash sustainability outlook and we'll drop
00:07:56 --> 00:07:58:	that in the chat or the Q&A to download the
00:07:59 --> 00:08:01:	report and read the results fully.
00:08:01 --> 00:08:04:	But now we'll we'll move on to the panel discussion.
00:08:04 --> 00:08:06:	Our plan for this webinar is really to have a
00:08:06 --> 00:08:10:	free flowing discussion with our panelists that covers those five
00:08:10 --> 00:08:11:	topic areas.
00:08:11 --> 00:08:15:	From the perspective of our moderator from Ferguson Partners, Sarah
00:08:15 --> 00:08:17:	and our four expert panelists, we really look forward to
00:08:18 --> 00:08:20:	hearing what everyone has to say and look forward to
00:08:20 --> 00:08:21:	hearing your questions.
00:08:22 --> 00:08:22:	Sarah.
00:08:24 --> 00:08:25:	Thank you, Kara.
00:08:25 --> 00:08:26:	Much appreciated.
00:08:27 --> 00:08:30:	As we're starting off here, I thought it would be
00:08:30 --> 00:08:33:	a good idea to allow each of the panelists to
00:08:33 --> 00:08:37:	provide a bit more of an introduction on their organization
00:08:37 --> 00:08:40:	as well as their, their company's priorities as it relates
00:08:41 --> 00:08:44:	to sustainability initiatives and approach in 2024.
00:08:44 --> 00:08:46:	So just to suck the stage and and provide a
00:08:46 --> 00:08:49:	little bit more context in terms of everyone's perspective is
00:08:49 --> 00:08:52:	coming from as we approach these different topics.
00:08:52 --> 00:08:55:	Judy, do you mind kicking us off in that regard
00:08:55 --> 00:08:56:	and sharing a bit more?
00:08:57 --> 00:08:57:	Sure.
00:08:57 --> 00:09:00:	Thank you for inviting me and thank you for everybody
00:09:00 --> 00:09:02:	for joining for joining us.
00:09:03 --> 00:09:06:	I founded Schweitzer and Associates to be a strategic real
00:09:06 --> 00:09:11:	estate development consulting firm to help clients optimize the overall
00:09:11 --> 00:09:15:	value of their properties, projects and portfolios throughout the real
00:09:15 --> 00:09:18:	estate life cycle and life cycle and move the needle
00:09:18 --> 00:09:21:	of business as usual in the built environment.
00:09:22 --> 00:09:25:	I call this applied sustainability or optimizing value from concept
00:09:25 --> 00:09:27:	to the boardroom to the triple bottom line.
00:09:28 --> 00:09:30:	And the only thing we can count on in life

00:09:30 --> 00:09:30: is change.
00:09:30 --> 00:09:34: So we continue to evolve to help our clients ourselves.
00:09:34 --> 00:09:39: We challenge ourselves to think differently, designed sustainably in order
00:09:39 --> 00:09:42: to build prosperity in the near and long terms.
00:09:44 --> 00:09:46: Thank you and Onay, how about you please?
00:09:47 --> 00:09:48: Sure.
00:09:48 --> 00:09:48: Good morning.
00:09:48 --> 00:09:51: It's good to see all of you or be with
00:09:51 --> 00:09:52: you here today.
00:09:53 --> 00:09:54: My name is Onay Payne.
00:09:54 --> 00:09:59: I am a portfolio manager at Many Life Investment Management,
00:09:59 --> 00:10:04: specifically tasked with building out our impact platform.
00:10:04 --> 00:10:08: I want to make it clear that I'm a an
00:10:08 --> 00:10:12: investor, not a sustainability practitioner.
00:10:13 --> 00:10:17: I'm a return driven investment manager and an advocate of
00:10:18 --> 00:10:20: conscious inclusive capital.
00:10:21 --> 00:10:25: I really look to leverage the expertise of internal and
00:10:25 --> 00:10:30: external sustainability practitioners like Judy like the rest of my
00:10:31 --> 00:10:34: fellow practitioner panelists here today.
00:10:34 --> 00:10:38: Because I believe and we believe that Manulife that really
00:10:38 --> 00:10:45: thinking about actively integrating both environmentally and socially sustainable considerations
00:10:45 --> 00:10:49: into our investment decisions is going to help one, mitigate
00:10:49 --> 00:10:53: risks and then to improve risk adjusted returns over long
00:10:53 --> 00:10:54: and medium term horizons.
00:10:55 --> 00:10:59: If you're not familiar with the Manulife name, the company's
00:10:59 --> 00:11:02: based in Toronto, but we have a presence in the
00:11:02 --> 00:11:06: US We bought the John Hancock business a couple of
00:11:06 --> 00:11:09: decades ago and and then we have a strong presence
00:11:09 --> 00:11:10: in Asia.
00:11:10 --> 00:11:13: But Manulife Investment Management is the investment management arm of
00:11:13 --> 00:11:17: Manulife Financial Corporation, so excited to be here with you
00:11:17 --> 00:11:17: today.
00:11:19 --> 00:11:19: Perfect.
00:11:19 --> 00:11:21: Thanks So May and Peter.
00:11:22 --> 00:11:23: Hi, good morning.
00:11:23 --> 00:11:26: My name is Peter Tomi, I'm with specific performance really
00:11:26 --> 00:11:29: thrilled to be here and and thrilled about UL is

00:11:29 --> 00:11:31: efforts on the sustainability front.
00:11:32 --> 00:11:37: As performance we we lead our our partners, property owners
00:11:37 --> 00:11:42: and investors towards sustainable low carbon, low carbon growth.
00:11:43 --> 00:11:46: Real take we take a kind of a comprehensive view
00:11:46 --> 00:11:50: of of projects new and and proposed plus existing occupancy
00:11:50 --> 00:11:54: for our for our clients and partners to really look
00:11:54 --> 00:11:58: where we can materially improve what we call their net
00:11:58 --> 00:11:59: operating performance.
00:12:00 --> 00:12:04: So we're looking at you know improved NOI through efficiency
00:12:04 --> 00:12:10: and and resource utilization efficiency generally there's attractive ROI on
00:12:10 --> 00:12:14: on some really great retrofits that we can do in
00:12:14 --> 00:12:15: the in the new space.
00:12:16 --> 00:12:21: These things yield reduce climate impacts, enhanced community impacts and
00:12:21 --> 00:12:25: really improve the operating resiliency of the operations And all
00:12:25 --> 00:12:28: of those really at the end of the day, future
00:12:28 --> 00:12:33: proof and investment to help eliminate transition risk and and
00:12:33 --> 00:12:34: avoid stranded assets.
00:12:36 --> 00:12:37: OK.
00:12:37 --> 00:12:37: Thank you, Philippa.
00:12:39 --> 00:12:42: And to round off, greetings from Europe, just to just
00:12:42 --> 00:12:45: to balance the regional focus here, my name is Philippa
00:12:45 --> 00:12:48: Gill, I'm an Executive Director at Evora Global.
00:12:48 --> 00:12:50: For those who don't know us, we are a real
00:12:50 --> 00:12:54: asset and I say that intentionally real asset focused advisor
00:12:54 --> 00:12:56: with our own in house software called Sierra.
00:12:57 --> 00:12:59: We've been around for about 11 or 12 years and
00:12:59 --> 00:13:02: have always focused on kind of the real estate and
00:13:02 --> 00:13:03: wider real asset market.
00:13:04 --> 00:13:07: We also focus on financial clients which is for a
00:13:08 --> 00:13:11: reason that you might not expect because they tend to
00:13:11 --> 00:13:13: own most of the real estate.
00:13:13 --> 00:13:16: And as a mission LED organization, the way for us
00:13:16 --> 00:13:18: to have a biggest impact is to go to talk
00:13:18 --> 00:13:20: to the people who own all the real estate.
00:13:21 --> 00:13:23: So we work for a lot of people on the
00:13:23 --> 00:13:24: call.
00:13:24 --> 00:13:28: We have very strong and deep relationships, many of them

00:13:28 --> 00:13:31: heading for a decade old and work really in a
00:13:31 --> 00:13:35: collaborative way with our with our clients on a whole
00:13:35 --> 00:13:39: number of holistic issues, obviously Net 0 Carbon, but also
00:13:39 --> 00:13:43: really driving the kind of value creation piece and risk
00:13:43 --> 00:13:46: mitigation across their portfolios.
00:13:46 --> 00:13:47: Delighted to be here.
00:13:49 --> 00:13:50: Thank you all.
00:13:51 --> 00:13:53: I think that's a great way to transition into our
00:13:54 --> 00:13:57: first theme and and sort of getting into the discussion
00:13:57 --> 00:13:58: for the topics at hand.
00:13:58 --> 00:14:01: So as Karen noted, you know his first topic being
00:14:01 --> 00:14:06: linking sustainability performance and financial performance and the expectation that
00:14:06 --> 00:14:09: going forward real estate companies are going to be expected
00:14:09 --> 00:14:12: to demonstrate how far they are along on the path
00:14:12 --> 00:14:15: to decarbonization and how they will achieve their goals in
00:14:16 --> 00:14:19: terms of being able to access additional capital in the
00:14:19 --> 00:14:20: future etcetera.
00:14:22 --> 00:14:25: That being the case, Philippa, maybe starting with you, how
00:14:25 --> 00:14:30: is the shift impacting your firm's approach to securing financing?
00:14:32 --> 00:14:34: I mean, I think it's interesting because we are increasingly
00:14:34 --> 00:14:37: supporting a lot of clients in the debt and and
00:14:37 --> 00:14:38: that kind of credit markets.
00:14:38 --> 00:14:42: Obviously, it's been an interesting and very quiet couple of
00:14:42 --> 00:14:45: years on our transaction side, but we know that there's
00:14:45 --> 00:14:48: an enormous amount of debt to be refinanced over the
00:14:49 --> 00:14:52: next two years, both well globally, but you know particularly
00:14:52 --> 00:14:55: in the US and Europe and particularly in the in
00:14:55 --> 00:14:58: the in the next two years, you know, there's talks
00:14:58 --> 00:15:01: of like $1.3 trillion or EUR, pretty much the same
00:15:01 --> 00:15:02: thing as at today.
00:15:04 --> 00:15:07: What's really interesting is traditionally the debt markets are seen
00:15:07 --> 00:15:09: as a bit behind the curve maybe on sustainability and
00:15:10 --> 00:15:12: the argument has always been, well, we have no operational
00:15:12 --> 00:15:13: control and very little influence.
00:15:13 --> 00:15:15: So it's not really up to us.
00:15:16 --> 00:15:18: I can tell you our debt team is pretty busy
00:15:18 --> 00:15:19: writing frameworks for people.
00:15:20 --> 00:15:23: So I'm fascinated to see what happens at the real
00:15:23 --> 00:15:26: front end of the capital flow and how that starts

00:15:26 --> 00:15:27: to tighten.
00:15:27 --> 00:15:30: Obviously in Europe we expect that to tighten more, but
00:15:30 --> 00:15:32: we're working with a lot of US lenders who are
00:15:32 --> 00:15:36: lending obviously into global markets and into the European markets
00:15:36 --> 00:15:38: starting to put frameworks in place.
00:15:38 --> 00:15:41: And even although we can't ever mention any names, starting
00:15:41 --> 00:15:44: to hear our equity clients complaining that their debt and
00:15:44 --> 00:15:47: their lenders are asking for things and then we have
00:15:47 --> 00:15:48: to apologise.
00:15:48 --> 00:15:50: Yes, say yes, that's because we advise them to ask
00:15:50 --> 00:15:52: those pretty tricky questions.
00:15:52 --> 00:15:53: But to me that's really important.
00:15:54 --> 00:15:57: You know, you don't want to lend to climate risk
00:15:57 --> 00:16:00: and you want to obviously get positive returns on the
00:16:00 --> 00:16:02: kind of forward thinking in the same way that an
00:16:02 --> 00:16:05: equity portfolio doesn't want to be managing that either.
00:16:08 --> 00:16:08: Sure.
00:16:08 --> 00:16:11: And then, oh, Nate, how does your firm approach ESG
00:16:11 --> 00:16:14: investments and strategy and and how do you think about
00:16:14 --> 00:16:16: these from the investor perspective?
00:16:18 --> 00:16:18: Sure.
00:16:19 --> 00:16:19: Yeah.
00:16:19 --> 00:16:23: I think the reality is that as investors, we no
00:16:23 --> 00:16:26: longer have the luxury of ignoring climate change.
00:16:26 --> 00:16:30: We'd be absolutely fooling ourselves if we didn't have an
00:16:30 --> 00:16:36: expectation really of direct and positive correlation between a proactive
00:16:36 --> 00:16:41: integration of resilience and adaptation strategies and portfolio values over
00:16:41 --> 00:16:45: a long time over, you know, longer term periods.
00:16:45 --> 00:16:48: We know, you know, it was the hottest year on
00:16:48 --> 00:16:49: record in 2023.
00:16:50 --> 00:16:55: We know that the number of billion dollar climate related
00:16:55 --> 00:17:00: events in 2023 alone was more than four times as
00:17:00 --> 00:17:04: you saw in the 80s and 90s combined, right.
00:17:05 --> 00:17:08: So we don't have the luxury of ignoring climate change.
00:17:09 --> 00:17:11: So the way that we think about it from the
00:17:11 --> 00:17:16: equity perspective or portfolio perspective is really in alignment with
00:17:16 --> 00:17:18: a lot of the themes that Peter posited in his
00:17:18 --> 00:17:20: introduction, right.

00:17:20 --> 00:17:22: We have to think about one how do we from
00:17:22 --> 00:17:27: a very practical perspective, even removing the moral imperative of
00:17:27 --> 00:17:30: doing the right thing, there is an economic imperative.
00:17:31 --> 00:17:36: We can operate buildings much more efficiently and that translates
00:17:36 --> 00:17:37: into higher NOI.
00:17:38 --> 00:17:42: If we think about energy consumption in our in, in
00:17:42 --> 00:17:47: a strategic way, there could be and there appears to
00:17:47 --> 00:17:52: be an increased level of willingness from tenants to pay
00:17:52 --> 00:17:56: higher rents green buildings and healthy buildings.
00:17:56 --> 00:17:58: I some of that is a little bit hard to
00:17:58 --> 00:18:01: parse out fully because you know maybe it's just all
00:18:01 --> 00:18:03: the Class A stock that is LEED certified is going
00:18:03 --> 00:18:04: to get that tendency.
00:18:04 --> 00:18:09: But it there appears to be increased willingness for tenants
00:18:09 --> 00:18:13: to pay for green and healthy buildings.
00:18:13 --> 00:18:17: Longer term we expect to see more green premiums in
00:18:18 --> 00:18:19: the future years.
00:18:20 --> 00:18:23: And then on the converse more brown discounts as well.
00:18:24 --> 00:18:27: So not just the increases in rents, in decreases in
00:18:27 --> 00:18:33: operating expenses translating into higher NOI, thinking very efficiently about
00:18:33 --> 00:18:38: return on investment for capital investments that we make in
00:18:38 --> 00:18:39: the buildings.
00:18:39 --> 00:18:43: But we think also we'll see adjustments in cap rates,
00:18:43 --> 00:18:47: what buyers are willing to pay for buildings that are
00:18:47 --> 00:18:51: healthy Green and that have obtained all of these efficiencies.
00:18:51 --> 00:18:54: So that's the way that we're thinking about it.
00:18:54 --> 00:18:56: From the equity perspective, we got to be on the
00:18:56 --> 00:18:58: forefront in order to make sure we don't have the
00:18:58 --> 00:19:00: stranded assets that Peter was talking about.
00:19:04 --> 00:19:04: Absolutely.
00:19:04 --> 00:19:07: And and Jenny, you had sort of made an interesting
00:19:07 --> 00:19:10: observation this morning about how kind of relevant and topical
00:19:10 --> 00:19:11: this subject is.
00:19:11 --> 00:19:13: Is there anything you would add in on this subject
00:19:13 --> 00:19:16: in terms of some of your recent observations?
00:19:16 --> 00:19:16: Yeah.
00:19:16 --> 00:19:21: There was an interesting Wall Street Journal article over the
00:19:21 --> 00:19:25: last week regarding ESG reporting and basically

stakeholders pushing back
00:19:26 --> 00:19:26: on the term.
00:19:27 --> 00:19:30: There's a lot of, there's not a lot of standardization,
00:19:31 --> 00:19:33: there's a lot of confusion in the marketplace.
00:19:34 --> 00:19:36: And so the push back is to be calling it
00:19:36 --> 00:19:37: responsible investing.
00:19:37 --> 00:19:41: And there's been a trajectory of evolution of terms of
00:19:41 --> 00:19:45: green building to sustainability to ESG reporting to now the
00:19:45 --> 00:19:48: push back is to responsible investing, which is a little
00:19:48 --> 00:19:52: bit even more nebulous and I think that that's probably
00:19:52 --> 00:19:53: the intention.
00:19:53 --> 00:19:56: But 30 years ago I developed a triple bottom line
00:19:57 --> 00:20:01: accounting framework and now 30 years later, finally, if you
00:20:01 --> 00:20:03: know folks, real estate and development.
00:20:04 --> 00:20:07: Helpers in the United States want to get any kind
00:20:07 --> 00:20:11: of capital, attract capital either domestically or internationally.
00:20:12 --> 00:20:17: That transparency is, is essential whatever you call it, which
00:20:17 --> 00:20:20: is I think that that's a a positive move forward.
00:20:22 --> 00:20:25: Yeah, I I think it's you know, it's well known
00:20:25 --> 00:20:29: that ESG at least again the politicization of ESG in
00:20:29 --> 00:20:32: the in the United States domestic market is is really
00:20:32 --> 00:20:33: unfortunate.
00:20:34 --> 00:20:37: But you know the actions are what is measurable and
00:20:37 --> 00:20:44: there's measurable improvements to reducing business interruption improving you know
00:20:44 --> 00:20:49: building you know building and Environmental Quality both interior and
00:20:49 --> 00:20:54: exterior and building those resiliency, reducing use of resources ends
00:20:54 --> 00:20:56: up in improving NOI.
00:20:57 --> 00:20:58: So it's just good business.
00:20:58 --> 00:20:59: It doesn't.
00:20:59 --> 00:21:00: It doesn't have to.
00:21:00 --> 00:21:03: It doesn't have to have an ESG label to be
00:21:03 --> 00:21:06: the right thing to do and to advance and minimize
00:21:06 --> 00:21:07: carbon emissions.
00:21:07 --> 00:21:07: I.
00:21:11 --> 00:21:14: Think that's an excellent point and that maybe is a
00:21:14 --> 00:21:18: logical place to transition to our discussion around the second
00:21:18 --> 00:21:21: theme, the going back to basics and decarbonization and just
00:21:21 --> 00:21:22: helping.
00:21:22 --> 00:21:26: Focusing on the fact that historically sustainability terms have

been
00:21:26 --> 00:21:30: so nebulous and and have had broad interpretations, which means
00:21:30 --> 00:21:33: that it could be unclear to organizations what they should
00:21:33 --> 00:21:36: be prioritizing and and how to approach these things.
00:21:36 --> 00:21:39: Peter, going back to you, what does back to basics
00:21:39 --> 00:21:42: mean to you and your firm and and how is
00:21:42 --> 00:21:45: this theme showing up in your sector of the industry?
00:21:46 --> 00:21:49: You know in our sector where we're really trying to
00:21:50 --> 00:21:55: influence some you know decisions, major capital decisions around around
00:21:55 --> 00:21:57: investments, efficiency is key.
00:21:57 --> 00:22:00: You know no one can argue that doing more with
00:22:00 --> 00:22:00: less.
00:22:01 --> 00:22:01: You know you don't.
00:22:01 --> 00:22:04: You know for a long time sustainability meant sacrifice.
00:22:04 --> 00:22:08: It meant you know that we were doing without something
00:22:08 --> 00:22:11: it that that does not, that is not the idea
00:22:11 --> 00:22:11: here.
00:22:11 --> 00:22:14: The idea is how we can do what we've been
00:22:14 --> 00:22:18: doing but do it more efficiently with utilization or less
00:22:18 --> 00:22:22: resources and and better and better finished results.
00:22:22 --> 00:22:25: So you know the the the fundamentals on on on
00:22:25 --> 00:22:30: working with nature as opposed to against nature Efficiency is
00:22:30 --> 00:22:34: really key really fundamental design issues can can make massive
00:22:34 --> 00:22:39: issues massive improvements both in existing portfolios and and new
00:22:39 --> 00:22:40: portfolios.
00:22:40 --> 00:22:43: So we see a a huge impact on that.
00:22:43 --> 00:22:46: And then on knowledge, you know it's I think it
00:22:46 --> 00:22:47: was called the Prius effect.
00:22:47 --> 00:22:50: You know when you have that that little sign in
00:22:50 --> 00:22:53: your dashboard that tells you what your energy, you know
00:22:53 --> 00:22:55: your your MPG is as you're driving you tend to
00:22:55 --> 00:22:57: drive more responsibly.
00:22:57 --> 00:23:00: So giving tenants and building owners really good data with
00:23:01 --> 00:23:04: which to change and give them actionable data to to
00:23:04 --> 00:23:08: change kind of the way they operate their business buildings
00:23:08 --> 00:23:10: can can have a huge impact as well on on
00:23:10 --> 00:23:11: bottom lines.
00:23:12 --> 00:23:15: And just jumping on that point with respect to knowledge

00:23:15 --> 00:23:17: at Manulife have been so impressed and I've only been
00:23:17 --> 00:23:18: here for five months.
00:23:18 --> 00:23:21: I spent most of my career at another firm, but
00:23:21 --> 00:23:24: really moved in order to because I was so excited
00:23:24 --> 00:23:28: about the articulation of the impact agenda here at Manulife
00:23:28 --> 00:23:32: and the resources that have been dedicated already internally and
00:23:32 --> 00:23:36: externally to not just integrate ESG, but thinking about moving
00:23:36 --> 00:23:37: beyond ESG to impact.
00:23:38 --> 00:23:41: But we have for example a sustainability training platform.
00:23:41 --> 00:23:46: So it's company wide training for asset managers, portfolio managers
00:23:47 --> 00:23:52: and property managers focused on greenhouse gas emission management and
00:23:52 --> 00:23:55: physical climate change resilience.
00:23:55 --> 00:23:57: So what does that mean on a very tactical basis?
00:23:57 --> 00:24:02: So education, we have an existing set of propriety proprietary
00:24:02 --> 00:24:05: sustainable building standards.
00:24:05 --> 00:24:10: In the past couple of years, we have included additional
00:24:10 --> 00:24:15: guidance on climate change management and climate risk and resilience
00:24:15 --> 00:24:20: to meet portfolio one level 1 targets across the portfolio.
00:24:21 --> 00:24:24: So those are a couple of very tangible ways in
00:24:24 --> 00:24:28: which we're trying to move forward with a higher level
00:24:28 --> 00:24:33: of integration, codifying IT processes and education with both internal
00:24:33 --> 00:24:35: and external stakeholders.
00:24:38 --> 00:24:38: That's great.
00:24:38 --> 00:24:41: And and Philip, I'd be curious to hear your perspective
00:24:41 --> 00:24:42: on this subject as well.
00:24:43 --> 00:24:46: Very biased on this subject because I spent eight years
00:24:46 --> 00:24:48: at Tishman Spire and we used to call it University
00:24:48 --> 00:24:50: Boot camp for real estate.
00:24:50 --> 00:24:51: There's not a lot you don't learn.
00:24:52 --> 00:24:55: And I spent a lot of time in the basement
00:24:55 --> 00:24:58: with the engineers trying to work out how we implemented
00:24:58 --> 00:25:01: our great, you know, sustainability strategies.
00:25:01 --> 00:25:03: It was well then called and back to a previous
00:25:03 --> 00:25:05: point, Can we just go back to sustainable?
00:25:06 --> 00:25:07: I don't know what was wrong with that word.
00:25:07 --> 00:25:09: You know, it worked.
00:25:09 --> 00:25:12: I felt it was pretty obvious what it was trying

00:25:12 --> 00:25:15: to do and you know I I repeatedly say this
00:25:15 --> 00:25:18: but I do think this is the era of the
00:25:18 --> 00:25:20: of the true real estate.
00:25:20 --> 00:25:22: You know investors and property owners.
00:25:23 --> 00:25:25: It's not actually that complicated.
00:25:25 --> 00:25:28: I'm I'm constantly amazed by how much low hanging fruit
00:25:28 --> 00:25:30: hasn't actually been done.
00:25:31 --> 00:25:33: You know, I kind of assume after this long of
00:25:33 --> 00:25:36: talking about this and other people talking about it that,
00:25:36 --> 00:25:39: you know, everybody has changed their light bulbs to, you
00:25:39 --> 00:25:42: know, efficient light bulbs and then you still see, you
00:25:42 --> 00:25:45: know, Judaulence reports and would like how can this not
00:25:45 --> 00:25:45: have been done.
00:25:46 --> 00:25:48: So, you know, I think we, we get asked a
00:25:48 --> 00:25:51: lot what, what is good, what does good look like?
00:25:51 --> 00:25:54: You know, interesting what Ono was saying about they have
00:25:54 --> 00:25:56: their own, you know, kind of checklists of what good
00:25:56 --> 00:25:57: looks like.
00:25:58 --> 00:26:01: If you really understand real estate, that's not complicated.
00:26:02 --> 00:26:03: Is the building efficient?
00:26:03 --> 00:26:03: Do people like it?
00:26:03 --> 00:26:06: Because it could be a net positive building.
00:26:06 --> 00:26:08: But if people don't like it, it's empty and therefore
00:26:08 --> 00:26:09: a waste of space.
00:26:10 --> 00:26:13: And I think as an industry, we forget that buildings
00:26:14 --> 00:26:17: are made for people, whether it's to store our one
00:26:17 --> 00:26:20: click online goods as they come to us in the
00:26:20 --> 00:26:24: warehouse industry or to make things that we use everyday
00:26:24 --> 00:26:26: or to live in and sleep in and eat in.
00:26:27 --> 00:26:29: So there's a big piece here about, you know, good
00:26:29 --> 00:26:32: asset management, what do people like, What do people want?
00:26:33 --> 00:26:36: And then I just think there's truth that there's nothing,
00:26:36 --> 00:26:38: nothing better than a good dose of truth.
00:26:38 --> 00:26:39: What does work?
00:26:39 --> 00:26:40: What doesn't work?
00:26:41 --> 00:26:42: What has worked.
00:26:42 --> 00:26:45: So some great reports starting to come out by some
00:26:45 --> 00:26:48: some, you know, peers of mine in the industry who
00:26:48 --> 00:26:49: it's it's total open book.
00:26:49 --> 00:26:51: Here's what we tried and worked.
00:26:51 --> 00:26:53: You know, you should come and learn from us Here's

00:26:53 --> 00:26:54: what really didn't work.
00:26:55 --> 00:26:56: So let's all learn from that.
00:26:56 --> 00:26:59: And I think that level of openness and sharing is,
00:26:59 --> 00:27:03: is hugely important and people's willingness to to just say,
00:27:03 --> 00:27:06: well, it turns out that if you, you know, put
00:27:06 --> 00:27:10: solar panels on certain buildings in certain locations, the hail
00:27:10 --> 00:27:12: storms burn them down.
00:27:12 --> 00:27:14: So you know, I I, as I said on our
00:27:14 --> 00:27:17: on our preparation call, I have days when I'm deeply
00:27:17 --> 00:27:20: depressed by the fact that they're still starting to see
00:27:20 --> 00:27:21: these things in there.
00:27:22 --> 00:27:25: But then days when I think actually the level of
00:27:25 --> 00:27:29: openness now and and whether it's regulation or you know,
00:27:29 --> 00:27:34: just the industry deciding to openly share common metrics that
00:27:34 --> 00:27:38: do actually drive change, not metrics that just tell us
00:27:38 --> 00:27:42: all how good we're doing, we're clearly not doing well.
00:27:42 --> 00:27:45: You know we've reached 1.5 S Anyone who's underwriting a
00:27:45 --> 00:27:49: 1.5?? needs to shift their entire business model because we've
00:27:49 --> 00:27:51: just hit it, I don't know how many years early.
00:27:52 --> 00:27:53: So what does that mean?
00:27:53 --> 00:27:56: You know, we have to mitigate now what does that
00:27:56 --> 00:27:59: mean for our portfolios And I don't think it needs
00:27:59 --> 00:28:02: to be hugely dramatic or over complicated to me as
00:28:02 --> 00:28:03: an ex asset manager.
00:28:03 --> 00:28:04: It's just good asset management.
00:28:05 --> 00:28:07: How do I look after this building or build it
00:28:07 --> 00:28:08: better than it was?
00:28:08 --> 00:28:11: And how do I make sure that people still want
00:28:11 --> 00:28:13: to be in, it can still be comfortable, but it
00:28:13 --> 00:28:14: it's sustainable.
00:28:16 --> 00:28:20: And then unfortunately you know what Philippa just just alluded
00:28:21 --> 00:28:23: to as well and in some cases you know is,
00:28:23 --> 00:28:27: is working a little bit against your, your efficiency demand
00:28:27 --> 00:28:31: because we have huge areas of the world where suddenly
00:28:31 --> 00:28:36: air conditioning that wasn't that wasn't prevalent is becoming compulsory
00:28:36 --> 00:28:39: and you won't be able to lease a building for
00:28:39 --> 00:28:42: instance, that doesn't have air conditioning.
00:28:42 --> 00:28:46: Well, that's a massive energy use that didn't exist previously.
00:28:46 --> 00:28:49: So how do you factor that in, look at doing

00:28:49 --> 00:28:54: it most efficiently and minimize those kinds of cooling loads
00:28:54 --> 00:28:58: in order to to do so on a sustainable basis.
00:28:58 --> 00:29:01: But if you don't, you're going to end up with
00:29:01 --> 00:29:04: an empty building, because people can't work at 40?? C.
00:29:08 --> 00:29:11: The next one point and I think again a good
00:29:11 --> 00:29:15: segue in transition to our third theme, which really talks
00:29:15 --> 00:29:20: about the changes in evolving regulatory landscape and how there
00:29:20 --> 00:29:24: have been major changes in reporting frameworks with new policies
00:29:24 --> 00:29:29: and rules where mandatory disclosures or other methods for reporting
00:29:29 --> 00:29:30: on ESG performance.
00:29:31 --> 00:29:34: Judy, how much of your sustainability work was being done
00:29:34 --> 00:29:37: prior to some of this influx in government influence?
00:29:38 --> 00:29:42: Well, I've been pioneering sustainability for about 30 years, but
00:29:42 --> 00:29:44: the California and I'm located in California.
00:29:45 --> 00:29:49: So I'm going to talk about California primarily in this
00:29:49 --> 00:29:54: space, but the California building code went into effect in
00:29:54 --> 00:29:58: 1978 and since then in California energy use per capita
00:29:58 --> 00:29:59: is flatlined.
00:29:59 --> 00:30:02: So it it was trending up and it is flatlined
00:30:02 --> 00:30:06: doesn't mean that we're where we need to be but
00:30:06 --> 00:30:10: so that was before I started And then California had
00:30:10 --> 00:30:14: the AB 32, the California Global Warming's Act and that
00:30:14 --> 00:30:18: led to the California Green Building Standards Code of which
00:30:18 --> 00:30:21: I had been a part of the Code Advisory Committee
00:30:22 --> 00:30:26: appointed by Governor Schwarzenegger and then reappointed by Brown.
00:30:27 --> 00:30:30: So for 12 years I helped to advance the California
00:30:30 --> 00:30:33: Green Building code and according to CARB so the I'm
00:30:33 --> 00:30:34: sorry let me backtrack.
00:30:34 --> 00:30:38: The point of AB 32 was to reduce greenhouse gas
00:30:38 --> 00:30:42: emissions to 1990 levels in the in the non mobile
00:30:42 --> 00:30:46: sources meaning buildings and that was a accomplished and the
00:30:46 --> 00:30:50: conclusion is that was you know a result of the
00:30:50 --> 00:30:54: Cal Green Code, California Green building standards code.
00:30:55 --> 00:30:58: So I'm really proud of that Cal Green Code is
00:30:58 --> 00:31:02: continuing to advance beyond sort of mainstream.
00:31:03 --> 00:31:06: I would love to see demand pull from throughout the
00:31:06 --> 00:31:10: life cycle or throughout stakeholders in the life cycle of

00:31:10 --> 00:31:13: real estate, but at least in California it's had a
00:31:13 --> 00:31:15: very positive effect.
00:31:16 --> 00:31:22: There's some new new mandatory codes coming into effect in
00:31:22 --> 00:31:28: July requiring for non residential buildings to do a life
00:31:28 --> 00:31:33: cycle assessment based on ISO 1400 standards.
00:31:34 --> 00:31:38: That proves that there's a 10% reduction of greenhouse warming
00:31:39 --> 00:31:44: potential according to the baseline of the California Energy Code.
00:31:44 --> 00:31:47: It's, you know, technical, But the good news is this
00:31:47 --> 00:31:51: is going to be a mandatory mandatory measure starting July
00:31:52 --> 00:31:52: of this year.
00:31:53 --> 00:31:55: And this is part of an intervening cycle.
00:31:55 --> 00:31:59: The, the code in California is updated in a triennial
00:31:59 --> 00:32:03: cycle every three years and then every 18 months there's
00:32:03 --> 00:32:08: an intervening cycle and usually there's non significant changes that
00:32:08 --> 00:32:11: happen in this intervening cycle.
00:32:11 --> 00:32:15: Well, this is an example of pretty significant changes and
00:32:15 --> 00:32:18: California is very serious about doing what they can, you
00:32:19 --> 00:32:21: know in the in the building sector as well as
00:32:22 --> 00:32:23: in mobile sources.
00:32:24 --> 00:32:27: Aside you know aside from the impact in in California
00:32:27 --> 00:32:30: obviously a a massive state you know the economy of
00:32:30 --> 00:32:32: of many of many countries.
00:32:33 --> 00:32:35: I think that the benefit of that you see as
00:32:35 --> 00:32:38: a leader is that it you know those those are
00:32:38 --> 00:32:43: then referenced by other by other jurisdictions at least domestically.
00:32:43 --> 00:32:46: So you know providing that leadership and a path that
00:32:46 --> 00:32:49: it can be done has resulted in a in a
00:32:49 --> 00:32:53: regulatory environment throughout the United States that that in in
00:32:53 --> 00:32:57: some cases is trying to follow California and that that
00:32:57 --> 00:33:00: tends to be kind of rising, you know rising all
00:33:00 --> 00:33:01: boats if you will.
00:33:05 --> 00:33:06: And and Philippa, from your perspective?
00:33:06 --> 00:33:08: Oh, sorry, my apologies, No.
00:33:08 --> 00:33:12: No, no, I was just going to mention something that
00:33:12 --> 00:33:16: and tag on to what Philippa had said earlier about,
00:33:16 --> 00:33:19: you know, true true value.
00:33:19 --> 00:33:21: And I wanted to bring up the the issue of

00:33:21 --> 00:33:24: avoided costs and what Peter was saying about certain areas
00:33:24 --> 00:33:28: now needing air conditioning that didn't need it before.
00:33:28 --> 00:33:32: If we do certain things and we are future proofing
00:33:32 --> 00:33:36: and thinking ahead and we are avoiding those needs to
00:33:36 --> 00:33:40: offset or mitigate our impacts, there is value to that.
00:33:40 --> 00:33:43: That's typically not part of the ESG framework.
00:33:43 --> 00:33:47: But there is value in those I would call non
00:33:47 --> 00:33:52: use value, There's use value and non use value.
00:33:52 --> 00:33:55: So the opportunity benefits of not consuming certain resources and
00:33:55 --> 00:33:59: emitting additional greenhouse gas emissions, there's value to that.
00:33:59 --> 00:34:04: It's typically not, you know, it's typically not recognized and
00:34:04 --> 00:34:08: it's not necessarily part of the regulatory landscape.
00:34:08 --> 00:34:10: But I think in decision making and real estate we
00:34:10 --> 00:34:12: should be thinking about that.
00:34:12 --> 00:34:14: What can we do to avoid those those impacts so
00:34:14 --> 00:34:17: we don't have to mitigate for them later?
00:34:19 --> 00:34:19: Great.
00:34:19 --> 00:34:20: No, I appreciate that.
00:34:21 --> 00:34:24: You know, I think from, yeah, from a European point
00:34:24 --> 00:34:28: of view, you know, everyone's watching what's happening over here,
00:34:28 --> 00:34:31: reporting and regular regulation seems or feels like some most
00:34:31 --> 00:34:32: of the months.
00:34:32 --> 00:34:33: That's actually all we do.
00:34:35 --> 00:34:36: It's really interesting.
00:34:36 --> 00:34:38: You know, I I have a very split personality when
00:34:38 --> 00:34:39: it comes to everything that's going on.
00:34:39 --> 00:34:42: I have days when I'm super enthused by it and
00:34:42 --> 00:34:44: then days usually when I'm at the end of writing
00:34:44 --> 00:34:47: one of those reports that I'm like this just all
00:34:47 --> 00:34:49: needs to go away because it's not actually helping us,
00:34:50 --> 00:34:52: you know, improve, improve the 1.5?? issue.
00:34:53 --> 00:34:55: But actually, you know, I'd like to take a step
00:34:55 --> 00:34:57: back and look at what regulation does holistically.
00:34:58 --> 00:35:00: So trying to put the positive spin on it, it
00:35:00 --> 00:35:02: doesn't really matter to me if it's broken or not.
00:35:03 --> 00:35:05: You know, when I was Co Global had a sustainability
00:35:05 --> 00:35:08: Tishman, we got to a certain point and we're like
00:35:08 --> 00:35:10: the only thing that's going to help move the needle
00:35:10 --> 00:35:12: further is, is regulation.

00:35:12 --> 00:35:15: Because a lot of the obstacles in our place, for
00:35:15 --> 00:35:17: example, data sharing or you know, the way the way
00:35:18 --> 00:35:20: lots of things are structured was just prevented by the
00:35:20 --> 00:35:23: various, you know, legislative structures.
00:35:23 --> 00:35:26: And what Europe is trying to do, if you look
00:35:26 --> 00:35:29: at what what's hitting the real estate market, is part
00:35:29 --> 00:35:30: of a much bigger plan.
00:35:30 --> 00:35:33: It's really a plan to not only drive the top
00:35:33 --> 00:35:36: level regulation, and I call it the Piranha effect, you
00:35:36 --> 00:35:39: know, over the top you have these big juggernaut legislative
00:35:39 --> 00:35:40: drivers coming in.
00:35:40 --> 00:35:43: But it's not just on emissions, for example, and tracking
00:35:43 --> 00:35:44: and disclosure.
00:35:44 --> 00:35:47: If you actually look behind the scenes, it's part of
00:35:47 --> 00:35:50: a holistic approach to how do we try to to
00:35:50 --> 00:35:53: really create a future for those of us living on
00:35:53 --> 00:35:57: the planet, but also in this case on the European
00:35:57 --> 00:35:59: landmass that that is more sustainable.
00:35:59 --> 00:36:02: And they really mean sustainable in the sense that we're
00:36:02 --> 00:36:05: already, you know, approaching a free planet lifestyle.
00:36:05 --> 00:36:07: So we're going to run out of resources.
00:36:07 --> 00:36:10: Everyone knows development costs going up because stuff is less
00:36:10 --> 00:36:12: available and therefore much more expensive.
00:36:13 --> 00:36:16: So it's part of a much wider plan that is
00:36:16 --> 00:36:20: quite holistic and and really along the top, yes, everyone's
00:36:20 --> 00:36:24: feeling the pain of those disclosure requirements, but what's happening
00:36:24 --> 00:36:29: underneath at asset level, building level is an efficiency driver
00:36:29 --> 00:36:32: that is quietly driving a revolution and it is the
00:36:32 --> 00:36:36: right metric finally, which is kilowatts per square meter.
00:36:36 --> 00:36:39: So how is your actual building running now to Peter's
00:36:39 --> 00:36:41: point about, yeah, the north of Germany never used to
00:36:42 --> 00:36:44: have and most of the UK never had air conditioning
00:36:44 --> 00:36:47: because we didn't need it, but we do now.
00:36:47 --> 00:36:49: So if you let that sink in, in terms of
00:36:49 --> 00:36:52: that's how much it's changed, at least in my adult
00:36:52 --> 00:36:55: lifetime between not needing it and needing it.
00:36:56 --> 00:36:58: I laughed when my mother told me in West London
00:36:58 --> 00:37:01: that I'd need air conditioning until last year, which point
00:37:01 --> 00:37:02: I'm like I actually can't cope.
00:37:03 --> 00:37:06: So those costs are going up, you know and and

00:37:06 --> 00:37:08: the air conditioning efficiency is going up.
00:37:08 --> 00:37:11: How are we going to decarbonize the supply chain behind
00:37:11 --> 00:37:13: that, but also the resources that go behind that as
00:37:13 --> 00:37:14: well.
00:37:14 --> 00:37:16: So at asset level we are seeing you know and
00:37:16 --> 00:37:20: I know California has a very similar mirror hitting from
00:37:20 --> 00:37:23: both, but both of those teeth are really starting to
00:37:23 --> 00:37:26: hit and it doesn't really matter if you call it
00:37:26 --> 00:37:29: ESG or you call it whatever, it's it's resource and
00:37:29 --> 00:37:32: energy efficiency and we need to attack it from all
00:37:32 --> 00:37:32: sides.
00:37:33 --> 00:37:35: So to those, I mean we have one client based
00:37:35 --> 00:37:38: in New York, he spends nine months of the year
00:37:38 --> 00:37:40: filling in reports and is hugely frustrated.
00:37:40 --> 00:37:43: You know it is an enormous burden to people.
00:37:44 --> 00:37:47: It will get better because it will consolidate and there
00:37:48 --> 00:37:51: will be benchmarks and it will improve, but I'm afraid
00:37:51 --> 00:37:53: there's going to be a bit more pain for the
00:37:53 --> 00:37:55: next few years ahead.
00:37:55 --> 00:37:58: Just jumping on that a little bit, Philip, Philip.
00:37:58 --> 00:38:02: So if we talk about SFDR, to use one specific
00:38:02 --> 00:38:07: example, it's not just, well, it might be frustrating and
00:38:07 --> 00:38:09: it might be European focused.
00:38:09 --> 00:38:13: We recognise that capital is global right.
00:38:13 --> 00:38:17: And so as my firm or other firms think about
00:38:17 --> 00:38:22: raising capital and aligning it with the interests and focus
00:38:23 --> 00:38:27: of other investors who are typically not just in the
00:38:27 --> 00:38:32: US or not just in Canada, we're thinking about how
00:38:32 --> 00:38:35: do we understand this regulation.
00:38:36 --> 00:38:40: And yes, the reporting may be cumbersome.
00:38:40 --> 00:38:45: The interpretation of the regulation may also it takes some
00:38:45 --> 00:38:49: time and and this is in discussion with the private
00:38:49 --> 00:38:52: sector, you know what is I want to be part
00:38:52 --> 00:38:56: of a a group that helps to think through transitionary
00:38:56 --> 00:38:57: strategies.
00:38:58 --> 00:39:01: Is that does that not qualify for Article 9.
00:39:02 --> 00:39:06: There's going to be some, a little bit of appropriate
00:39:06 --> 00:39:11: communication that is will work itself out over time at
00:39:11 --> 00:39:13: a communication discussion.
00:39:13 --> 00:39:16: But the other positive that I see is that it
00:39:16 --> 00:39:18: is an incentive to positive behaviour.
00:39:19 --> 00:39:22: If I as an investor want to raise capital from

00:39:22 --> 00:39:25: Europeans, I cannot think that I'm going to just be
00:39:25 --> 00:39:26: Article 6, right?
00:39:27 --> 00:39:31: And so there is influence in terms of the public
00:39:31 --> 00:39:36: private marriage here that has to be part of the
00:39:36 --> 00:39:42: solution to address these issues because the government cannot do
00:39:42 --> 00:39:43: it on on its own.
00:39:44 --> 00:39:46: Tax dollars do need to be part of the solution
00:39:47 --> 00:39:49: like we have in UR in the US the Inflation
00:39:49 --> 00:39:52: Reduction Act and incentives have to be part of the
00:39:52 --> 00:39:55: solution, but the private sector has to be part of
00:39:55 --> 00:39:56: the solution.
00:39:56 --> 00:40:01: We need clarity on on the guidelines so that we're
00:40:01 --> 00:40:04: all talking the same language.
00:40:04 --> 00:40:08: But the other positive of the regulatory changes that we're
00:40:09 --> 00:40:13: seeing are that they incent additional capital flows from the
00:40:13 --> 00:40:17: private sector into solutions that hopefully are longer term and
00:40:17 --> 00:40:19: in collaboration.
00:40:19 --> 00:40:21: Operation with the public sector.
00:40:21 --> 00:40:22: I couldn't agree more.
00:40:23 --> 00:40:25: And I, I mean, you know, I like to think
00:40:25 --> 00:40:29: that the, the bankers who sat around and wrote the
00:40:29 --> 00:40:33: SFDR regulations were were hoping exactly what is happening would
00:40:33 --> 00:40:37: be, would be the additional impact of the SFDRI, call
00:40:37 --> 00:40:40: it, you know, European financial airspace.
00:40:40 --> 00:40:43: If you want to cross European financial airspace, you're going
00:40:43 --> 00:40:44: to have to do SFDR.
00:40:44 --> 00:40:47: And in fact, one of the reasons we opened an
00:40:47 --> 00:40:49: office in New York just over a year ago was
00:40:49 --> 00:40:52: because so many of our global clients were like, what
00:40:52 --> 00:40:54: is this S thing that I now have to do
00:40:54 --> 00:40:56: for my European funds Like these come and help me
00:40:56 --> 00:40:59: and and that's a lot of what we're doing now.
00:41:00 --> 00:41:00: The.
00:41:01 --> 00:41:03: We're going to have to find a way and I
00:41:03 --> 00:41:06: think it's really frustrating for a lot of our clients
00:41:06 --> 00:41:09: who are trying to manage global capital flows and portfolios.
00:41:09 --> 00:41:11: But I do believe that will emerge and I have
00:41:11 --> 00:41:12: to hand it to the European Commission.
00:41:13 --> 00:41:15: I have never seen so much legislation pushed through so

00:41:15 --> 00:41:16: quickly.
00:41:16 --> 00:41:18: If they'd waited for it to be more perfect, we
00:41:18 --> 00:41:20: would never have got it done ever.
00:41:21 --> 00:41:22: And you know, I mean the speed is just we
00:41:23 --> 00:41:24: can barely keep up on this is what we do
00:41:24 --> 00:41:25: all day.
00:41:26 --> 00:41:26: So.
00:41:26 --> 00:41:28: So part of me is like, I don't care if
00:41:28 --> 00:41:29: it's wrong.
00:41:29 --> 00:41:31: It's not perfect for real estate.
00:41:31 --> 00:41:32: It doesn't quite work.
00:41:32 --> 00:41:34: They don't actually understand the fact that we have literal
00:41:35 --> 00:41:35: bricks and mortar.
00:41:35 --> 00:41:38: So it is, you know, it's an asset class, but
00:41:38 --> 00:41:41: it's actually a building with people in it and trying
00:41:41 --> 00:41:44: to smush this big kind of asset management tool on
00:41:44 --> 00:41:47: top of buildings doesn't quite work and it's frustrating and
00:41:47 --> 00:41:48: annoying.
00:41:49 --> 00:41:50: It will improve.
00:41:50 --> 00:41:52: I I agree with you on that, you know, with
00:41:53 --> 00:41:56: collaboration and they possibly might wash the whole article thing
00:41:56 --> 00:41:58: away because it doesn't work.
00:41:58 --> 00:42:01: But part of me is like, it doesn't matter.
00:42:01 --> 00:42:03: We have moved so far because of that.
00:42:03 --> 00:42:06: And we've already seen some of the very large global
00:42:06 --> 00:42:10: insurance companies refuse to invest in other regions in the
00:42:10 --> 00:42:14: world because they won't comply with either SFDR or basic
00:42:14 --> 00:42:15: climate mitigation tasks.
00:42:16 --> 00:42:20: You know when when real global capital starts to choose
00:42:20 --> 00:42:24: regions or you know, I suppose managers who won't comply
00:42:24 --> 00:42:25: with that.
00:42:26 --> 00:42:28: You know, congratulations to anyone who's managed to make that
00:42:28 --> 00:42:28: happen.
00:42:31 --> 00:42:34: That, that leveling of the playing field is, is the
00:42:34 --> 00:42:37: key element here because it you know, the reality is
00:42:37 --> 00:42:41: that there are always going to be laggards either intentional
00:42:41 --> 00:42:42: or otherwise.
00:42:42 --> 00:42:45: And it it really helps, you know that regulatory and
00:42:45 --> 00:42:48: investment push, you know it's kind of coming from both
00:42:48 --> 00:42:49: sides.

00:42:49 --> 00:42:50: It helps level the playing field.
00:42:53 --> 00:42:53: Perfect.
00:42:54 --> 00:42:56: And I think just being mindful of time and wanting
00:42:56 --> 00:42:59: to make sure we have an opportunity to touch on
00:42:59 --> 00:43:01: the last two themes before we switch to the Q&A
00:43:01 --> 00:43:01: section.
00:43:02 --> 00:43:06: And also would remind all of the participants, please enter
00:43:06 --> 00:43:08: any questions you have for the Q&A session in the
00:43:08 --> 00:43:11: Q&A box, so we can try to incorporate those in
00:43:11 --> 00:43:12: the discussion at the tail end.
00:43:13 --> 00:43:18: But pivoting over to thinking about prioritizing resilience in the
00:43:18 --> 00:43:20: face of extreme weather challenges.
00:43:21 --> 00:43:24: You know, I I guess would want to touch on
00:43:24 --> 00:43:28: quickly how these extreme weather events are increasing in frequency
00:43:28 --> 00:43:31: and severity and there's this need to ramp up efforts
00:43:32 --> 00:43:36: to better understand the impact of physical climate related hazards
00:43:36 --> 00:43:38: and the that are could affect assets.
00:43:39 --> 00:43:42: Judy, how are you currently measuring physical climate risk and
00:43:42 --> 00:43:43: and responding to that?
00:43:45 --> 00:43:50: Well, I wouldn't say we are measuring necessary.
00:43:50 --> 00:43:57: We're using envision sustainable infrastructure system.
00:43:57 --> 00:44:01: I'm going to step back though when you said prioritizing
00:44:01 --> 00:44:04: resilience in extreme weather intensities.
00:44:05 --> 00:44:09: We prioritize horizontal infrastructure before we look at vertical buildings
00:44:09 --> 00:44:11: because it's really the framework.
00:44:11 --> 00:44:14: And in California, the majority of the emissions are coming
00:44:15 --> 00:44:17: from mobile sources, not from buildings.
00:44:17 --> 00:44:19: The rest of the country is different, the East Coast
00:44:19 --> 00:44:20: is different, Europe is different.
00:44:21 --> 00:44:25: So our we're working with LA Metro on helping them
00:44:26 --> 00:44:32: future proof their infrastructure and apply sustainability in a way
00:44:32 --> 00:44:34: that is cost effective.
00:44:35 --> 00:44:39: Help helping them get ready for the Olympics in 2028
00:44:39 --> 00:44:43: and inform them of code changes before you know they're
00:44:44 --> 00:44:49: actually codified and helping them to adapt their their specifications
00:44:49 --> 00:44:53: and their design criteria in a way that works for
00:44:54 --> 00:44:56: public, private and NGO sector.

00:44:56 --> 00:44:58: So I don't just look at public and private.
00:44:58 --> 00:45:01: I think NGO sector and when I say NGO sector,
00:45:01 --> 00:45:05: there's a number of of industries that would fall in
00:45:05 --> 00:45:08: that category, but utilities fall in that category.
00:45:08 --> 00:45:12: So I look at public, private and NGO sector solutions
00:45:12 --> 00:45:18: and really prioritizing horizontal infrastructure solutions that have long lasting
00:45:18 --> 00:45:18: benefits.
00:45:22 --> 00:45:26: Our, you know our investment and and underwriting criteria have
00:45:26 --> 00:45:30: really shifted where you know historically we've been able to
00:45:30 --> 00:45:32: like here in the United States.
00:45:32 --> 00:45:37: You look at you looked at insurance premiums and used
00:45:37 --> 00:45:41: FEMA maps and all of this was historic was historic
00:45:41 --> 00:45:45: data points that was used to assess that was used
00:45:45 --> 00:45:49: to assess kind of the insurable risk or exposure of
00:45:49 --> 00:45:53: assets to to natural to natural disasters if you will
00:45:53 --> 00:45:58: that's no longer relevant because we're seeing this acceleration of
00:45:58 --> 00:46:02: you know as as Anya pointed out you know what
00:46:02 --> 00:46:06: it was a four times increase in you know billion
00:46:06 --> 00:46:10: plus you know dollar climate impacts in 2023 that trend
00:46:10 --> 00:46:14: there's no sign that that trend is going to show
00:46:14 --> 00:46:15: slow down.
00:46:15 --> 00:46:18: So what we're trying to do is use, you know
00:46:19 --> 00:46:23: now there's with with big data and AI, there's tremendous
00:46:23 --> 00:46:27: forecasting tools at very granular levels to assess risks for
00:46:27 --> 00:46:31: whether it's climate, you know, whether it's wildfires in in
00:46:31 --> 00:46:33: California or flood risks.
00:46:33 --> 00:46:37: So in the coastal areas and and inland backwaters to
00:46:37 --> 00:46:41: really I identify those kinds of risks and then try
00:46:41 --> 00:46:45: to design around them to avoid the business interruptions and
00:46:45 --> 00:46:49: the things that end up impairing assets over the long
00:46:49 --> 00:46:49: term.
00:46:50 --> 00:46:54: And just to give one practical example of that that
00:46:54 --> 00:46:56: Peter, Peter posited.
00:46:56 --> 00:47:01: So we conducted a climate change scenario analysis for our
00:47:01 --> 00:47:07: portfolio to better understand how climate change will impact specific
00:47:07 --> 00:47:12: specific assets and then what actions we could potentially take.
00:47:12 --> 00:47:16: So the scenario and the analysis was you know, very

00:47:16 --> 00:47:19: simple scenario one, failure to act, we do nothing.
00:47:19 --> 00:47:21: What happens to our portfolio?
00:47:21 --> 00:47:26: Scenario two, we're Paris aligned and we take specific steps
00:47:26 --> 00:47:29: to overcome transition risks.
00:47:30 --> 00:47:32: So just one very tangible way of how we're thinking
00:47:32 --> 00:47:32: through it.
00:47:32 --> 00:47:35: We don't have all of the answers right, but we're
00:47:35 --> 00:47:38: working through scenario analysis to understand where we can potentially
00:47:39 --> 00:47:40: lean in to address some of the issues.
00:47:43 --> 00:47:47: And then maybe just to summarize all this and think
00:47:47 --> 00:47:52: about our final theme, approaching sustainability holistically and the need
00:47:52 --> 00:47:57: to integrate climate, nature, human health into our sustainability efforts.
00:47:57 --> 00:48:00: Judy, might you be able to provide an example of
00:48:00 --> 00:48:02: how you are taking this more holistic approach?
00:48:04 --> 00:48:05: Sure.
00:48:06 --> 00:48:11: We're always taking a holistic approach, but an example that
00:48:11 --> 00:48:15: we're working on a large master plan community and we're
00:48:16 --> 00:48:20: looking at net positive ecosystems and part of the decision
00:48:20 --> 00:48:23: making is what is it going to cost.
00:48:23 --> 00:48:25: It's always, you know what is it going to cost,
00:48:25 --> 00:48:26: what is the return.
00:48:27 --> 00:48:32: But what we're finding is when you look at sustainability
00:48:32 --> 00:48:37: holistically and you combine project design features such as green
00:48:37 --> 00:48:44: streets, complete streets, distributed generation, etcetera, the the benefits and
00:48:44 --> 00:48:49: the the benefits are exponential and the cost effectiveness is
00:48:49 --> 00:48:51: also exponential.
00:48:51 --> 00:48:54: Meaning if you look at them one measure at a
00:48:54 --> 00:48:58: time versus combining them, how do you put a value
00:48:58 --> 00:49:00: on safe routes to school?
00:49:00 --> 00:49:04: I mean it's intangible, right, But there are other, you
00:49:04 --> 00:49:08: know, environmental benefits, reduced heat island effect.
00:49:08 --> 00:49:12: So by combining some of these solutions in a systems
00:49:12 --> 00:49:17: approach, we're able to help our clients understand that we
00:49:17 --> 00:49:22: can create these net positive ecosystems to develop projects in
00:49:22 --> 00:49:26: a better way than, you know, business as usual.
00:49:29 --> 00:49:32: Can I clear time before we, I'm sorry, go ahead
00:49:32 --> 00:49:32: Peter.

00:49:32 --> 00:49:35: Sorry, just you know we we were working with a
00:49:35 --> 00:49:38: with a mid sized private equity firm kind of a
00:49:39 --> 00:49:42: just on their on their occupancy you know essentially the
00:49:42 --> 00:49:47: built environment of their portfolio companies and in the process
00:49:47 --> 00:49:48: of of doing so.
00:49:48 --> 00:49:52: And we did a you know kind of 23% reduction
00:49:52 --> 00:49:55: in occupancy cost just from pure efficiency.
00:49:56 --> 00:50:00: But in identifying those things and looking again to this
00:50:00 --> 00:50:05: holistic that Judy referred to, we realized that just sometimes
00:50:06 --> 00:50:11: the organization of process and operations could be modified just
00:50:11 --> 00:50:15: a little bit to to yield tremendous reduction in operating
00:50:15 --> 00:50:18: costs and fixed cost from operations.
00:50:18 --> 00:50:22: So there's there's a lot of a lot of benefit
00:50:22 --> 00:50:25: out there available and and a lot of a lot
00:50:25 --> 00:50:28: of return available from a a real focus on on
00:50:28 --> 00:50:33: on fundamentals and basics of of efficient design and operations.
00:50:34 --> 00:50:38: And that's to, you know, just to add on to
00:50:38 --> 00:50:42: multiple stakeholders, not just to the investor and the tenant,
00:50:43 --> 00:50:47: but this holistic approach of sort of net positive ecosystems
00:50:47 --> 00:50:53: and combining sustainable solutions benefit, you know, not only the,
00:50:53 --> 00:50:58: you know, the actor or the investor, but multiple stakeholders.
00:50:58 --> 00:51:02: And that has long lasting value and is an easier
00:51:02 --> 00:51:07: an easier scenario to embrace than looking at one project
00:51:07 --> 00:51:09: design feature at a time.
00:51:12 --> 00:51:14: And then I think with the few minutes, we'd love
00:51:14 --> 00:51:16: to touch on a few of the questions that were
00:51:16 --> 00:51:18: put in the Q&A chat and and pose a few
00:51:18 --> 00:51:19: questions to the panelists.
00:51:20 --> 00:51:22: 1 interesting question that came through.
00:51:22 --> 00:51:26: You know, appreciating that there's multiple different types of commercial
00:51:26 --> 00:51:30: real estate assets maybe for simplification, talking about office industrial,
00:51:30 --> 00:51:33: multi family retail, it appears there are different levels of
00:51:33 --> 00:51:36: attention to sustainability across product types.
00:51:36 --> 00:51:38: Why do you think that is and what can we
00:51:38 --> 00:51:41: as a group or an industry be doing to create
00:51:41 --> 00:51:45: more sustainability consistently across the board for all asset types?
00:51:45 --> 00:51:47: I'm not sure if anyone sort of has a a

00:51:47 --> 00:51:48: point of view on that.
00:51:50 --> 00:51:51: Sure, Sarah.
00:51:51 --> 00:51:55: You know I I think you see a great sophistication
00:51:55 --> 00:51:59: in the, in the office market, you know large singly
00:51:59 --> 00:52:04: owned assets, you know your Class A buildings, you know
00:52:04 --> 00:52:05: core core real estate.
00:52:06 --> 00:52:09: It's very easy there's it it you know there there's
00:52:09 --> 00:52:13: a been a huge institutional focus to drive those toward
00:52:13 --> 00:52:17: towards sustainability because it it helps in in marketing and
00:52:18 --> 00:52:21: the long term value of that building where you see
00:52:21 --> 00:52:26: other asset types with distributed ownership and tremendous carbon footprints.
00:52:26 --> 00:52:29: But less sophisticated owners.
00:52:29 --> 00:52:33: You know whether it's the manufactured housing sector for instance
00:52:33 --> 00:52:37: or you know it's very difficult sometimes in multifamily to
00:52:37 --> 00:52:40: trace savings and efficiencies back to the end users and
00:52:40 --> 00:52:41: the tenants.
00:52:41 --> 00:52:45: So there are there's barriers at these different at these
00:52:45 --> 00:52:49: different levels but where you see institutional ownership like an
00:52:49 --> 00:52:52: industrial and office those those are getting the most but
00:52:53 --> 00:52:55: now they now they I think our focus is is
00:52:55 --> 00:52:58: trying to show people the the light if you will
00:52:58 --> 00:53:01: available on these other asset types where there is a
00:53:01 --> 00:53:04: tremendous amount of low hanging fruit.
00:53:04 --> 00:53:07: And as Philippa said, sometimes you look at these and
00:53:07 --> 00:53:11: you go wow, is, is it possible you haven't done
00:53:11 --> 00:53:14: this because they they can just save a tremendous amount
00:53:14 --> 00:53:18: of money and at least here domestically now with with
00:53:18 --> 00:53:23: the incentive or excuse me inflation reduction act, there's incentives
00:53:23 --> 00:53:25: out there and and rebates from utilities.
00:53:25 --> 00:53:29: I mean there's just tremendous push to to do these
00:53:29 --> 00:53:33: things that can really result in great returns on investment
00:53:33 --> 00:53:38: and huge to Judy's point, community benefit, you know, improved
00:53:38 --> 00:53:42: air, local air quality, improved community, you know environment.
00:53:42 --> 00:53:46: So there's just a a huge amount of of opportunity
00:53:46 --> 00:53:48: in front of the real estate sector.
00:53:49 --> 00:53:50: If I may explain.
00:53:51 --> 00:53:52: To you go ahead, go ahead.

00:53:53 --> 00:53:56: Honey, just to say, in certain building types it's easier
00:53:56 --> 00:53:59: to translate into what the owner can monetize, right?
00:53:59 --> 00:54:03: So in office if especially if it's a gross lease
00:54:03 --> 00:54:06: right, I know that as the owner of the building
00:54:06 --> 00:54:09: I can capture the benefit of moving to or increase
00:54:09 --> 00:54:14: decarbonization because that's improving my energy efficiency.
00:54:14 --> 00:54:18: In other property types it's not necessarily as clear multi
00:54:18 --> 00:54:22: family we don't have time to do for example, you
00:54:22 --> 00:54:26: know just transition affair, we don't, we don't have enough
00:54:26 --> 00:54:30: time to do a robust around discussion around that.
00:54:30 --> 00:54:35: But the potential for collaboration which requires a lot more
00:54:35 --> 00:54:39: work and is direct trans, it doesn't directly translate to
00:54:39 --> 00:54:42: NOY in the same way is another influencing factor.
00:54:42 --> 00:54:47: I think hopefully societally we're working towards more collaborative, more
00:54:47 --> 00:54:51: partnership, recognizing that in order to achieve the outcomes we
00:54:51 --> 00:54:54: want, we need to have them be more equitable outcomes,
00:54:54 --> 00:54:56: but that is an influencing factor as well.
00:54:59 --> 00:55:01: Both of those are are spot on.
00:55:01 --> 00:55:03: I just wanted to bring up the the reason why
00:55:03 --> 00:55:07: residential is lagging is because of the split incentive dilemma,
00:55:07 --> 00:55:10: the business model of you know, short term investment and
00:55:11 --> 00:55:12: long term return.
00:55:12 --> 00:55:16: So tweaking the business model with multi family for example
00:55:16 --> 00:55:20: is one way to advance that and you know Peter
00:55:20 --> 00:55:24: you're spot on with there's a more sophisticated owner or
00:55:24 --> 00:55:29: investor, it's much easier for it to have that conversation
00:55:29 --> 00:55:32: and feel like there is a result, you know there
00:55:32 --> 00:55:33: is an impact.
00:55:36 --> 00:55:38: One of the one of the questions in the Q&A
00:55:39 --> 00:55:43: is talking about some of these difficult to decarbonize areas.
00:55:43 --> 00:55:47: You know they refer to heat, hot water and kitchens
00:55:47 --> 00:55:51: you know being largely natural gas and fired.
00:55:52 --> 00:55:56: Those are the, you know that's where capital planning really
00:55:56 --> 00:55:57: comes in on.
00:55:57 --> 00:56:00: On existing, you know for new builds at sea it's
00:56:00 --> 00:56:02: relatively easy because there are alternatives.
00:56:02 --> 00:56:08: But on existing properties, existing assets that's that's that's where
00:56:08 --> 00:56:12: you know really detailed trend, you know capital plans that

00:56:12 --> 00:56:15: that plan on equipment replacements.
00:56:15 --> 00:56:18: So you have time to design and engineer the necessary
00:56:18 --> 00:56:22: changes to the building and the utility providers necessary to
00:56:22 --> 00:56:26: service a a building going from a hybrid situation to
00:56:26 --> 00:56:28: an all to an all electric building.
00:56:30 --> 00:56:31: Fantastic.
00:56:31 --> 00:56:33: And I think there will will transition it back to
00:56:33 --> 00:56:35: Cara to wrap us up at the last few minutes.
00:56:35 --> 00:56:36: But thank you everyone.
00:56:36 --> 00:56:39: It was a very active and an interesting, engaging discussion.
00:56:42 --> 00:56:44: Thank you, everyone.
00:56:44 --> 00:56:45: We just have a couple minutes left.
00:56:45 --> 00:56:50: I wanted to thank all of the panelists, Judy, Onay,
00:56:50 --> 00:56:55: Peter, Philippa and of course Sarah for moderating today and
00:56:55 --> 00:56:58: the rest of Ferguson Partners.
00:56:58 --> 00:57:01: I also wanted to thank all of the Product Council
00:57:01 --> 00:57:05: members that contributed to the discussion, either in those three
00:57:05 --> 00:57:11: discussion groups or afterwards reviewing drafts, adding commentary, or otherwise
00:57:11 --> 00:57:13: helping the report move along.
00:57:13 --> 00:57:17: I want to remind everyone on the webinar today to
00:57:17 --> 00:57:21: download the report for free on Utilize Knowledge Finder.
00:57:21 --> 00:57:24: The link is in the chat, I posted it when
00:57:24 --> 00:57:27: we first started and I will post it again.
00:57:28 --> 00:57:32: We will also be posting a feedback survey.
00:57:33 --> 00:57:34: We're going to post that in the chat as well.
00:57:34 --> 00:57:37: So please fill that out, know what you think, what
00:57:37 --> 00:57:40: other ideas you have, what other questions you have.
00:57:40 --> 00:57:42: I know we didn't get to all the Q&A, but
00:57:42 --> 00:57:46: we will review that with the panelists and the folks
00:57:46 --> 00:57:49: here today and respond to you individually if need be.
00:57:49 --> 00:57:53: We are really excited to see what 2024 brings and
00:57:53 --> 00:57:58: work with the panelists with Sarah and Ferguson Partners.
00:57:58 --> 00:58:00: Please read the report and let us know what you
00:58:00 --> 00:58:00: think.
00:58:00 --> 00:58:03: And with that, have a great day everyone.
00:58:06 --> 00:58:07: Thank you.
00:58:07 --> 00:58:08: Thank you.