

BetterBricks Office Real Estate Initiative

Market Progress Evaluation Report

PREPARED BY

Research Into Action

REPORT #E08-181

JANUARY 25, 2008



**NORTHWEST
ENERGY
EFFICIENCY
ALLIANCE**

www.nwalliance.org

529 SW Third Avenue, Suite 600
Portland, Oregon 97204
(tel) 503-827-8416 (fax) 503-827-8437



research/into/action^{inc}

Final Report

BetterBricks Office Real Estate Initiative Market Progress Evaluation Report #1

Funded By:



Submitted To:

David Cohan
Northwest Energy Efficiency Alliance

Prepared By:



research/into/action^{inc}

Jane S. Peters, Ph.D.
Research Into Action, Inc.

Rick Kunkle, P.E.
Washington State University Extension Energy Program

Linda Dethman
Dethman & Associates

January 25, 2008



research/into/action™

OFFICE REAL ESTATE INITIATIVE: MPER #1



ACKNOWLEDGEMENTS

We appreciate the willingness of real estate professionals to spend their time to answer our questions about their interests and practices so that we might better understand baseline practices for the region. Their thoughtful responses provided valuable input to support the development of the Office Real Estate Initiative (ORE Initiative).

We thank the BOMA Directors in Seattle, Portland, and Boise for their responsiveness to our request for interviews. Their insights about BOMA involvement with the ORE Initiative and the office real estate market were very helpful.

We would also like to acknowledge the assistance of David Cohan of the Northwest Energy Efficiency Alliance, who served as our evaluation project manager. We thank Skip Schick, Senior Manager for the Commercial Sector, and Jack Davis, ORE Initiative Manager, for their willingness to talk about their experiences with the program. They provided on-going assistance, along with other members of the commercial sector team, to ensure that we had the information we needed to successfully evaluate the ORE Initiative.



research/into/action™

0BACKNOWLEDGEMENTS



research/into/action™

OFFICE REAL ESTATE INITIATIVE: MPER #1

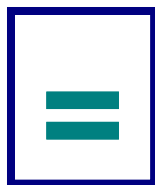


TABLE OF CONTENTS

EXECUTIVE SUMMARY	I
MARKET STATUS	II
CONCLUSIONS AND RECOMMENDATIONS	II
1. INTRODUCTION	1
ORE INITIATIVE DESCRIPTION	2
PROGRAM THEORY AND LONG-TERM GOALS	4
MARKET PROGRESS INDICATORS	7
2. EVALUATION ACTIVITIES	11
DATA COLLECTION ACTIVITIES FOR THIS MPER	11
Document Review and Secondary Data	11
Primary Data	12
3. MARKET CHARACTERIZATION	13
MARKET SIZE AND DISTRIBUTION	13
KEY MARKET PLAYERS	14
MARKET STATUS	15
Puget Sound	16
Portland	17
Boise	17
MARKET TRENDS	17
4. ORE INITIATIVE ACTIVITIES	21
TOOL AND MATERIAL DEVELOPMENT	22
EDUCATION AND TRAINING	23
MARKET AWARENESS	26
SUMMARY OF ACCOMPLISHMENTS TO DATE	27
NEXT STEPS	28



research/into/action™

5. BASELINE SURVEY..... 29

 REAL ESTATE FIRM PRIORITIES AND MOTIVATIONS 30

 FINANCIAL BENEFITS OF ENERGY EFFICIENCY 30

 ENERGY GOALS 31

 ENERGY PRACTICES 32

 LEED AND ENERGY STAR® 34

 ENERGY EFFICIENCY EDUCATION 34

6. UTILITIES SURVEY..... 35

 RESULTS 35

7. CONCLUSIONS AND RECOMMENDATIONS..... 37

APPENDICES

APPENDIX A: OFFICE REAL ESTATE VALUE PROPOSITION..... A-1

APPENDIX B: OFFICE REAL ESTATE – LOGIC MODEL B-1

APPENDIX C: PACIFIC NORTHWEST REAL ESTATE FIRMS C-1

APPENDIX D: BASELINE SURVEY – OFFICE REAL ESTATE INITIATIVE..... D-1

APPENDIX E: BASELINE SURVEY RESULTS E-1

 Survey Disposition..... E-1

 Crosstabulations E-2

 Results by Question E-3

APPENDIX F: SURVEY INSTRUMENT – UTILITIES F-1





EXECUTIVE SUMMARY

The Northwest Energy Efficiency Alliance's (NEEA) Office Real Estate Initiative (ORE Initiative) "advocates for changes to energy-related business practices" among real estate firms that own and manage office buildings in the Pacific Northwest, with the goal of having these firms develop a "high-performance portfolio" of buildings. This will occur through a four-step process consisting of:

1. Gaining commitment and resources from leadership;
2. Assessing current practices and building performance, and creating goals and strategies;
3. Implementing the strategies; and
4. Capitalizing on the strategies by capturing the value in market transactions.

The main target market of the ORE Initiative consists of managed commercial real estate and does not include owner-occupied buildings.

Development of the ORE Initiative began when NEEA hired a program manager in March 2006. The program manager began by researching the real estate market, developing the program approach and concepts, contacting and collaborating with professional organizations, and assembling the project team. ORE Initiative accomplishments to date include:

- ➔ Developing a relationship with the Building Owners and Managers Association (BOMA)
- ➔ Playing a critical role in the successful launch of the BOMA Energy Efficiency Program (BEEP) in Seattle, Portland, and Boise
- ➔ Sponsoring events to build market awareness
- ➔ Working on developing tools and resources to support the achievement of initiative goals

The development of market relationships and an increased credibility for BetterBricks,¹ as evidenced by the partnership with BOMA that resulted in the successful launch of the BEEP program, are the initiative's major accomplishments during its initial phase. The next steps for

¹ BetterBricks is the umbrella commercial building efficiency effort at NEEA, with the ORE Initiative as one of its components. BetterBricks helps commercial building professionals use energy efficiency strategies to achieve sustainable high performance buildings. Through BetterBricks, NEEA wants to see energy efficiency incorporated into normal business practices.



the ORE Initiative include completing development of key tools and resources for the target market, and testing and validating those tools and market delivery approaches.

MARKET STATUS

Regional office real estate markets are currently strong, led by those in Bellevue and Seattle, which have been identified by the Urban Land Institute as among the best office investment markets in the U.S. Investor interest in Northwest markets has led to record levels of office building sales, higher building prices, and some flux in market players. In addition to market strength, the results from the evaluation baseline survey conducted with 49 real estate professionals – representing 33 firms in the Pacific Northwest – show a strong market awareness of and interest in sustainability and energy efficiency. Respondents voiced solid interest in energy efficiency as a way to improve their firm’s bottom line. They said their firms are using some energy management practices, but few firms had set specific energy reduction goals and it is safe to say that few, if any, firms are yet approaching energy management with the depth and comprehensiveness that the initiative will be promoting. LEED and ENERGY STAR® brands came up fairly often in response to various questions, suggesting these are important market components. More than 80% of respondents said they had attended energy-related events or training through professional organizations, including many who had attended BOMA BEEP training, sponsored in part by BetterBricks.

CONCLUSIONS AND RECOMMENDATIONS

The ORE Initiative is successfully building relationships in the marketplace through co-sponsoring events and training with trade associations and other trade allies. These activities, such as the *Office Energy Showdown* and BEEP, have built credibility and allowed initiative concepts to be introduced; in addition, real estate professionals are attracted to offerings from known trade organizations and cohorts. The ORE Initiative should continue to build relationships and form partnerships with professional associations like BOMA and other trade allies to deliver training and market events.

The initiative is completing development of a *High Performance Portfolio Framework* and market approach designed to help real estate firms create a high performance portfolio. Launching, testing, and validating this approach is critical to the advancement of the ORE Initiative. The initiative should set a timeframe for testing materials and approaches, and further clarify what it is testing and validating, how and with whom it plans to do this, and how results will be identified and reported.

While there are several initial accomplishments to report, the ORE Initiative needs to move more quickly to take advantage of increased interest in sustainability and energy efficiency, and to engage market players who are ripe for assistance. Research indicates that the real estate market changes quickly, making timing and agility for delivering services very important. Therefore, though it is too early to evaluate progress towards 2010 goals, we encourage the ORE Initiative



research/into/action™

to be flexible and adaptable, both in its materials and in its delivery, and to rely on market partners to help the initiative achieve those goals. It needs to expand its market partners, quickly engage real estate firms that are already stepping up, and help them move to a higher level. These experiences can then be used to help other firms.



research/into/action™



research/into/action™

OFFICE REAL ESTATE INITIATIVE: MPER #1

1

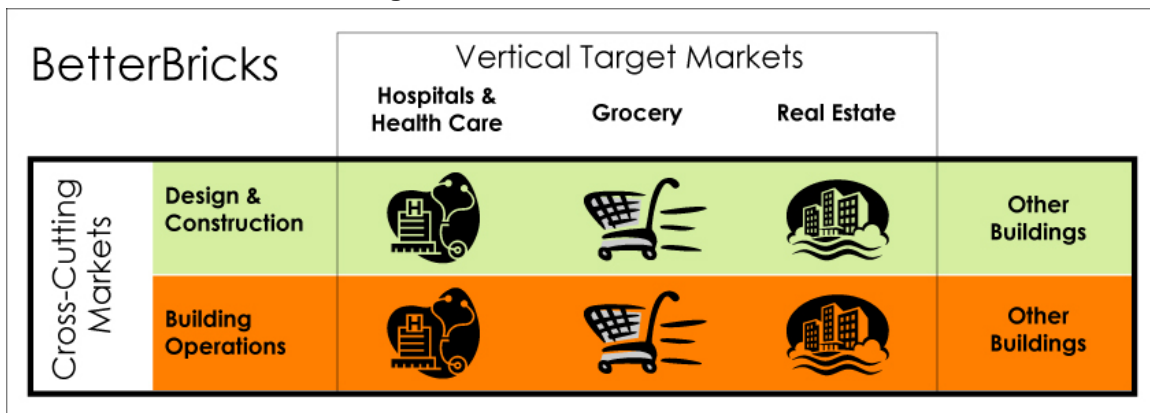
INTRODUCTION

The Northwest Energy Efficiency Alliance (NEEA) was formed in 1996 as a non-profit corporation supported by Bonneville Power Administration, electric utilities, state governments, public interest groups, and energy efficiency industry representatives. These entities came together in an effort to make affordable, energy-efficient products and services available in the marketplace.²

This first Market Progress Evaluation Report (MPER) presents the results of Research Into Action, Inc.’s evaluation of BetterBricks’ Office Real Estate Initiative (ORE Initiative). The evaluation covers the period from the inception of funding in January 2006 through September 2007. Most of the evaluation research for this report was conducted from May through October 2007.

BetterBricks comprises all of NEEA’s commercial sector activities. It currently addresses three “vertical” markets (hospitals and health care, groceries, and commercial real estate) and two “cross-cutting” markets (design and construction, and building operations) in the four Pacific Northwest states of Idaho, Montana, Oregon, and Washington. As shown in Figure 1.1, vertical and cross-cutting markets overlap, representing the relationship between the demand (vertical) and supply (cross-cutting) sides of a given market.

Figure 1.1: BetterBricks Structure



² See the website at www.nwalliance.org.



The long-term goals of BetterBricks³ are to transform specific components of the commercial market to:

- ➔ Make energy efficiency an integral part of business decision-making. Within targeted vertical markets change energy-related business practices to achieve energy efficiency in design and construction, and in building and facility operations. Create a natural market demand for products and services offered to the targeted market by its suppliers – also referred to as trade allies.
- ➔ Transform trade ally products and service offerings within the cross-cutting design and construction, and building operations markets to deliver high performance (energy efficient) buildings. Align trade ally business resources and build market capabilities to meet and increase market demand.

The changes in business practices will result in facilities that reduce energy-related capital and operating costs, as well as produce increases in potential non-energy benefits, such as occupant comfort and productivity, and an alignment of design and construction projects with industry best practices.

ORE INITIATIVE DESCRIPTION

The ORE Initiative strives to create change in energy-related business practices in the Northwest office real estate market. Its main target market consists of managed commercial real estate and does not include owner-occupied buildings. Its promise to the marketplace (value proposition) is “increased competitive advantage, profitability, and asset value through reduced energy use.” Preliminary research concluded that the office real estate market segment represents a significant opportunity for energy savings because it has relatively high energy use (20% of building energy use), is a largely untapped investment opportunity, and a gap exists between current and best practices.⁴

To inform and influence the market toward greater energy efficiency, representatives of the initiative intend to approach real estate owners who are responsible for the financial performance of office buildings – owner groups, asset managers, property managers, and building facility staff. They also intend to work with service providers (architects, engineers, O&M service providers, bankers, appraisers, etc.) and have already begun working with influential groups, such as trade associations (e.g., BOMA), to build market awareness and promote education and training opportunities. In certain instances, the ORE Initiative will address other audiences that participate in real estate transactions, such as brokers and tenants, but this is a lower priority.

³ Commercial Sector Initiative 2006-2008 Project Description (*Board Approval Package*), July 5, 2005.

⁴ BetterBricks brochure: *Office Real Estate Value Proposition: Cultivating Energy Management as a Competitive Advantage*, July 2007 (see Appendix A).



The strategies of the ORE Initiative include use of:

- ➔ **Tools and Materials** – guidelines, protocols, tools, and information that allow real estate firms and professionals to capitalize on the opportunities energy efficiency offers
- ➔ **Marketing** – collateral materials, public relations and events, articles and case studies, electronic media, and selective advertising to build awareness, credibility, and support for high performance buildings
- ➔ **Education and Training** – classes, workshops, presentations, curriculum, conferences, and other professional development opportunities offered through partner organizations, and directly to firms and market actors
- ➔ **Direct Customer Assistance** – market consultants, utility staff, and other BetterBricks resources that work directly with select real estate firms to implement strategies for a high performance portfolio

Through a combination of these strategies, the ORE Initiative hopes to demonstrate the business value of energy management and provide the resources and support necessary for real estate firms to change their business practices. The goal is for the firms to elevate energy management to the portfolio level, making it a business issue, rather than a building issue, so that energy issues are emphasized in all financial transactions (leases, capital infrastructure investments, building sales and acquisitions, and new developments). A four-step process that will lead firms to a high performance portfolio is envisioned:⁵

1. **Commit (awareness)** – build awareness, involve senior leadership, establish a team, and gain commitment
2. **Plan (business practice change)** – assess current practices, identify key opportunities, set goals, create energy strategy, and sell to ownership
3. **Implement (property and project execution)** – enact energy strategy at the portfolio level and for existing buildings, new development, and acquisitions/dispositions
4. **Capitalize (self-sufficiency)** – measure progress, modify practices, align marketing, capture value, and reward success

The ORE Initiative will test and validate this process in the coming year. This will allow the program theory to be further developed and will clarify the links between initiative activities, outputs, and goals.

⁵ *Real Estate High Performance Portfolio Diagrams: Framework and User Experience PowerPoint Charts* (received by email, January 30, 2007).



PROGRAM THEORY AND LONG-TERM GOALS

The ORE Initiative developed a logic model to describe the program theory – how (the logic) the initiative expects to achieve its goals. The logic model describes the context for the initiative (market opportunities and barriers), activities, outputs, and outcomes in the near- and long-term. Its intent is to guide initiative development and provide a basis for evaluating progress.

The complete logic model can be found in Appendix B. Table 1.1 shows Phase 1 (up to 2010) activities, outputs, and outcomes from the logic model. The activities provide the details for the strategies noted above, which produce the expected outputs and lead to the expected outcomes or market changes.

Table 1.1: ORE Initiative Logic Model – Phase I Activities, Outputs, and Outcomes

PHASE I PHASE I BEGINS WITH STRATEGIC AND TACTICAL PLANNING AND DEVELOPS KEY PRODUCTS AND TOOLS. TARGETED AND FOCUSED IMPLEMENTATION OCCURS.		
ACTIVITIES IN ORDER TO ADDRESS THE SITUATION WE WILL CONDUCT THE FOLLOWING ACTIVITIES	OUTPUTS WE EXPECT THAT IF COMPLETED OR UNDERWAY, THESE ACTIVITIES WILL PRODUCE THE FOLLOWING EVIDENCE	OUTCOMES – SHORT-TERM WE EXPECT THAT IF COMPLETED OR ONGOING PHASE I ACTIVITIES WILL LEAD TO THE FOLLOWING CHANGES BY 2010
Develop tools and materials: <ul style="list-style-type: none"> Value proposition and marketing and communications platform to guide the office real estate effort Business support materials for use by market consultants Guidelines, protocols, tools and information on how to enact and capitalize on the competitive advantages of improved energy management Guidance for financial decision-makers on business strategies in creating and managing high performance buildings Develop and offer education and training: <ul style="list-style-type: none"> Professional development opportunities for real estate professionals conducted in partnership with trade allies, utilities, trade associations, and other related organizations 	Tools and resources to include: <ul style="list-style-type: none"> <i>High Performance Portfolio Framework</i> describing an approach to leverage energy management as a competitive advantage and driver of value Key issue briefings that further discuss business areas where energy and profitability intersect, such as LEED, performance incentives, appraisals, TI projects, building operations, leasing, etc. Energy Management Policy Portfolio Implementation Plan Leasing Lab Sample procurement policy Sample RFPs Sustainability Investment Index Valuation case studies Etc. 	Market partners, including utilities, trade associations, and select firms begin support and promotion of high performance portfolios. Direct customer assistance begins. Real estate professionals receive and download the <i>High Performance Portfolio Framework</i> and associated tools, and begin implementation. Inquiries and initial consultations begin with the “Leasing Lab.” Fifty percent of targeted real estate decision-makers are aware of the specific benefits available from new and existing high performance buildings. Real estate companies representing 20% of targeted real estate floor space adopt energy management plans that change energy-related business practices, including: <ul style="list-style-type: none"> Two or more nationally-based companies with significant Northwest assets
Continued		



PHASE I		
PHASE I BEGINS WITH STRATEGIC AND TACTICAL PLANNING AND DEVELOPS KEY PRODUCTS AND TOOLS. TARGETED AND FOCUSED IMPLEMENTATION OCCURS.		
ACTIVITIES <i>IN ORDER TO ADDRESS THE SITUATION WE WILL CONDUCT THE FOLLOWING ACTIVITIES</i>	OUTPUTS <i>WE EXPECT THAT IF COMPLETED OR UNDERWAY, THESE ACTIVITIES WILL PRODUCE THE FOLLOWING EVIDENCE</i>	OUTCOMES – SHORT-TERM <i>WE EXPECT THAT IF COMPLETED OR ONGOING PHASE I ACTIVITIES WILL LEAD TO THE FOLLOWING CHANGES BY 2010</i>
<p>Build market awareness via marketing strategies:</p> <ul style="list-style-type: none"> • Build awareness and support for high performance buildings through collateral materials, public relations and events, articles and case studies, electronic media (website and email), and selective advertising. <p>Develop and test market delivery approaches:</p> <ul style="list-style-type: none"> • Create an approach that aligns market segments (national, regional, local) with appropriate delivery channels, such as contractors, utilities, and other market actors • Test and validate delivery <p>Provide direct customer assistance:</p> <ul style="list-style-type: none"> • Rollout validated delivery approach utilizing market consultants, utility staff, and other NEEA resources • Market consultants work one-on-one with select real estate firms to adopt and implement the strategies of a high performance portfolio • Market consultants, technical advisors, and utilities provide coordinated support on selected technical projects 	<p>Education and training materials and engagements:</p> <ul style="list-style-type: none"> • Licensing and local delivery of the BOMA BEEP series in Seattle, Portland, and Boise • Curriculum on the <i>High Performance Portfolio Framework</i> and associated principles, such as leasing, TI, building ops, etc. • Delivery of classes, workshops, and presentations through partner organizations, direct to firm-focus firms, direct to market actors • Participate in related conferences <p>Marketing content and activities:</p> <ul style="list-style-type: none"> • Case studies • Web content/ website section • Collateral such as briefs, flyers, fact sheets, posters, and handouts for events • Sponsorship and events with partner organizations • Articles in trade publications 	<ul style="list-style-type: none"> • One or more regional companies in each major Northwest commercial market <p>Twenty percent of relevant real estate professionals are capable of managing change in energy-related business practices for design and construction and facility operations.</p>

The market transformation hypothesis for the ORE Initiative, as stated in its logic model (Appendix B), is summarized in Table 1.2. The basic premise behind the initiative is that “Owners and their agents look to maximize value by improving NOI (Net Operating Income) and increasing the book value of their assets. NOI (or FFO [Funds From Operations] for Real Estate Investment Trusts) can be improved through reducing operating costs and through



increasing revenue (higher occupancy/rents). Improvements in energy use have a positive impact on NOI or FFO, and can help maintain or enhance the value of the assets.”⁶

Table 1.2: ORE Initiative Market Transformation Hypothesis

HYPOTHESIS	GOAL
If real estate owners and their agents are aware of the benefits available through energy efficiency and high performance buildings, then they will request and support changes in energy-related business practices.	Real estate companies adopt energy management plans that change energy-related business practices.
If property managers and contractors are encouraged to pursue energy management and are capable of developing, selling, and implementing such plans, then they will do so.*	Real estate professionals are capable of managing change in energy-related business practices for design and construction and facility operations.
If real estate owners and their agent’s request trade ally support to achieve energy efficiency in design and construction and facility operations, the trade allies will be able and willing to support these efforts.**	Trade allies (and other market partners) begin support and promotion of high performance office building portfolios.

* Resources will be devoted to carrying out business-related energy management practices.

** Trade allies will recognize the business opportunity for offering these services.

The ORE Initiative believes linking energy efficiency with these business goals is a market opportunity. Growing interest in sustainability and related activities, partnership opportunities with key market organizations and firms, and consolidation and vertical integration of real estate firms are also new market opportunities that support adoption of more energy-efficient business practices.

The long-term goals, approved by the NEEA Board in July 2005 follow directly from the above hypotheses:

- ➔ Real estate owners and their agents are aware of the benefits available through energy efficiency and high performance buildings, and obtain these benefits through changes in energy-related business practices.
- ➔ Property managers and staff develop and implement energy management plans that improve energy-related business practices. This is viewed as an important part of their job responsibilities.
- ➔ Changes in energy-related business practices achieve energy efficiency in design and construction and facility operations, with trade allies promoting and supporting high performance buildings.

⁶ *Commercial Sector Initiative 2006-2008 Project Description* (Board Approval Package), July 5, 2005.



The program theory and logic model reflects the conceptual development and refinement of the initiative from the *Commercial Sector Initiative 2006-2008 Description*. However, at this early stage in initiative development, it is not clear how the activities and outputs described in the logic model (many of which are still in a formative stage) lead to the expected outcomes. The outcomes are broad and not easily measured. As the initiative moves forward and adapts to market circumstances, we believe further refinement of the logic model will support initiative development and improved market progress indicators.

MARKET PROGRESS INDICATORS

The initiative will use market progress indicators to track whether the expected changes in the market are occurring. The proposed market progress indicators (Table 1.3) are based on the Phase 1 outcomes (changes expected by 2010) from the ORE Initiative Logic Model. These market indicators will be refined as the initiative is further developed, but they serve as a starting point for tracking progress.

Table 1.3: Proposed ORE Initiative Market Progress Indicators

INITIATIVE OBJECTIVE	MARKET PROGRESS INDICATOR(S)	HOW IT WILL BE TRACKED
Percentage of targeted real estate decision-makers (such as owners, property managers, asset managers, etc.) aware of the specific benefits available from high-performance buildings	Real estate professionals recognize the links between energy management and financial performance	Series of questions on energy awareness in the Baseline and subsequent surveys of targeted real estate professionals
Percentage of targeted real estate floor space that adopts energy management policies that change energy-related business practices	Pacific Northwest real estate firms adopt and begin implementation of energy-management plans	Track commitments of both nationally-based companies with significant Northwest assets and regional companies in each major Northwest commercial market
	Pacific Northwest real estate firms change energy-related business practices	Baseline Survey (see below for specific practices tracked in the Baseline Survey)
The percentage of relevant real estate professionals (senior managers, property managers, owners) that is capable of managing change in energy-related business practices for design and construction and facility operations	Staff are trained on energy efficiency topics	Baseline Survey; training event participation
	Staff understand the business methods needed to promote business practice changes that promote energy efficiency	Documentation and interviews
	Staff are asked and authorized to implement business practice changes that promote energy efficiency	Documentation and interviews

Continued



research/into/action™

INITIATIVE OBJECTIVE	MARKET PROGRESS INDICATOR(S)	HOW IT WILL BE TRACKED
The percentage of relevant real estate professionals (senior managers, property managers, owners) that is capable of managing change in energy-related business practices for design and construction and facility operations (cont.)	Staff are given the support and resources to implement business practice changes that promote energy efficiency	Documentation and interviews
	Reward/recognize staff for improving energy efficiency	Baseline Survey
	Energy-related certifications (BOC, CEM, LEED)	Certifying organizations; Baseline Survey
Market partners, including utilities, trade associations, and select firms begin support and promotion of high performance portfolios	Number of key market organizations that see value to their members in promoting and engaging in high performance building activities	Surveys/Interviews to identify informal working relationships and direct and indirect influence
	Number of relevant events sponsored or co-sponsored by market partners	Track events
	BOMA: Partnership in presentation and development of energy management content into BOMA (national and/or local) trainings, presentations, and other initiatives (integration of energy management into the activities of a key partner organization)	Documentation and interviews

As referred to in Table 1.3, the following energy management practices were tracked in the baseline survey and serve as market indicators for business-practice change:

- ➔ Having energy-reduction goals
- ➔ Benchmarking energy use of buildings by regularly comparing energy use to a standard or to other buildings
- ➔ Having new buildings commissioned
- ➔ Having existing buildings retro-commissioned
- ➔ Having ENERGY STAR[®]-certified buildings in portfolio
- ➔ Using energy efficiency standards for new buildings or major renovations that are more stringent than the energy code
- ➔ Having LEED-certified buildings in the office building portfolio
- ➔ Retrofitting inefficient building systems with more energy-efficient equipment

The following indicators of business practice change will be tracked as the ORE Initiative begins working with real estate firms:



research/into/action™

- ➔ Utilizing an Integrated Design approach in the development of new buildings
- ➔ Having guidelines or a policy that aligns purchasing and procurement practices with energy management
- ➔ Analyzing leases and tenant improvements as part of energy decision-making
- ➔ Using energy data and performance in analysis of building acquisitions and dispositions
- ➔ Assigning energy management responsibilities or forming a team and ensuring accountability for their efforts
- ➔ Conducting building assessments (scoping) and converting the results into tune-up, enhanced O&M, and capital upgrade activities
- ➔ Putting systems in place that track energy consumption and providing this information on a regular basis
- ➔ Marketing high performance to multiple constituencies





research/into/action™

OFFICE REAL ESTATE INITIATIVE: MPER #1

2

EVALUATION ACTIVITIES

Two MPERs are planned for the ORE Initiative; Table 2.1 gives an overview of the evaluation components for each MPER. This first MPER documents the progress of the initial stages of the ORE Initiative and updates the market characterization. It includes a baseline survey to assess energy practices and attitudes in the real estate market, as well as provides data to improve the strategic understanding of this sector.

Table 2.1: ORE Initiative Evaluation Overview

COMPONENT	MPER #1	MPER #2
Document ORE Initiative Activities	X	X
Update Market Characterization	X	X
Assess Logic Model	X	X
Conduct Baseline Survey	X	
Assess Progress Toward Goals (including real estate firm interviews)		X
Review Product and Service Descriptions/Materials		X
Assess Education and Training (including market partner interviews)		X
Assess Marketing Efforts (including market partner interviews)		X
Review ACE Model Assumptions		X
Present Savings Analysis		X

DATA COLLECTION ACTIVITIES FOR THIS MPER

Document Review and Secondary Data

To gain an understanding of ORE Initiative goals, target markets, and strategies, we reviewed program documents, such as: the Commercial Sector Board Approval Package⁷; the Office Real Estate Value Proposition,⁸ concept,⁹ and other program documents¹⁰; and the ORE Initiative

⁷ *Commercial Sector Initiative 2006-2008 Project Description (Board Approval Package)*, July 5, 2005.

⁸ *Office Real Estate Value Proposition, Cultivating Energy Management as a Competitive Advantage*, August 31, 2006, Draft, and June 20, 2007, Final.

⁹ *Real Estate High Performance Portfolio Diagrams: Framework and User Experience PowerPoint Charts* (received by email January 30, 2007).



Logic model. We used progress reports like the BetterBricks Updates, along with the Commercial Tracking System, to document initiative activities. We collected information for the market characterization update from: the JDM Associates market assessment; office market reports for Seattle/Puget Sound, Portland, and Boise from Colliers International; and business journal, newspaper, and trade publications.

Primary Data

To supplement our document review, we collected primary data in interviews with program staff, Chapter Directors for BOMA, and real estate professionals (Table 2.2). We interviewed the ORE Initiative Manager and Commercial Sector Manager about initiative goals, development, activities, accomplishments, and plans, as well as market trends and characteristics. We also interviewed the BOMA Directors in Portland, Seattle, and Boise about the partnership that developed between BOMA and the initiative, and the BOMA Building Energy Efficiency Program (BEEP) trainings that were launched in each city.

Table 2.2: Completed Interviews

MARKET ACTOR	INTERVIEWS
Program Staff	2
BOMA Directors	3
Real Estate Professionals	49

Working with NEEA staff, we developed a baseline survey instrument to gain a snapshot of real estate firm characteristics, awareness, motivations, and practices relevant to energy management. As part of this survey effort, we defined a sample of Pacific Northwest real estate firms that own, manage, and/or develop office real estate in Seattle/Puget Sound, Portland, and/or Boise (see Appendix C). Using industry directories and websites, and by directly contacting the firms, we identified appropriate contacts and conducted one to three interviews with representatives from most of the firms in our sample.

¹⁰ BetterBricks Definitions, Skip Schick, March 5, 2007.



3

MARKET CHARACTERIZATION

MARKET SIZE AND DISTRIBUTION

JDM Associates completed an assessment of the Pacific Northwest office real estate market for BetterBricks in January 2007. The report stated that:

“The Northwest office real estate inventory resides mainly in three markets – Seattle/Puget Sound, Portland, and Boise. Together these markets comprise approximately 165 MSF (million square feet), representing more than 3,000 buildings. Just over half of those exist in the greater Seattle/Puget Sound market; just over one-third in the Portland market; and the remainder in Boise.”¹¹

These values reflect commercial real estate and exclude owner-occupied buildings.

Table 3.1 provides data for these three major markets from *Colliers International for 2007*.¹² For the entire Pacific Northwest, the Puget Sound, Portland, and Boise markets likely contain more than 80% of the commercial office real estate. As Table 3.1 shows, significant portions of Pacific Northwest office floor space are outside the downtown Seattle, Portland, and Boise urban cores. In particular, the Eastside submarket in Puget Sound – which includes Bellevue, Redmond, Kirkland, Bothell, and nearby suburban areas – has become a significant market in its own right.

The JDM assessment also identified the size of the office real estate market in several smaller Pacific Northwest cities: Spokane, Washington – 8.1 MSF; Medford, Oregon – 7.6 MSF; and Nampa, Idaho – 2.1 MSF.¹³ The JDM report noted that there did not appear to be a significant amount of commercial office real estate in the state of Montana. Commercial office space in other Pacific Northwest cities is likely to consist of smaller office buildings that are not tracked by the major office real estate brokerage firms.

¹¹ JDM Associates, 2007. *Office Real Estate Market Assessment Summary*. Portland, OR: Northwest Energy Efficiency Alliance, January 5.

¹² *Colliers International Office Market Reports* for the second quarter/mid-year 2007 for Puget Sound and Boise and first quarter for Portland. Colliers tracks commercial office buildings in each major market that are over 10,000 square feet and that are not owner-occupied. Different brokerage firms may cover different areas and buildings in each market. For example CB Richard Ellis reports 40.7 MSF of office space for Portland.

¹³ This may include some of the floor space included with Boise in Table 3.1.



Table 3.1: Pacific Northwest Commercial Office Real Estate by Major Market

MARKET	BUILDINGS	INVENTORY (MSF)
PUGET SOUND		
Seattle	303	37.1
Eastside	529	27.5
Northend and South King County	343	15.0
Pierce County	283	8.5
Total	1,458	88.1
PORTLAND		
Downtown	388	27.8
Suburban	906	35.5
Total	1,294	63.3
BOISE		
Downtown and Periphery	99	5.1
Central and West Bench and Others	240	6.9
Total	339	12.0

Source: *Colliers International Office Market Reports* for the second quarter/mid-year 2007 for Puget Sound and Boise and first quarter for Portland.

KEY MARKET PLAYERS

The office real estate market is made up of a network of firms that play a variety of roles in various combinations with other market players. Different firms can play different roles across a particular office portfolio – owning, managing, developing, leasing, and brokering office properties. Some firms play all or most of these roles for their portfolio of properties. Other real estate firms owning properties may hire firms to play these diverse roles for some or all of their properties. Still other firms might specialize as third-party property managers for owners, as developers, or as brokers.

The ORE Initiative is particularly interested in vertically-integrated firms that own, manage, and develop some or most of the offices in their portfolio. It hopes to influence other parts of the office market through third-party managers. The evaluation team used information from the JDM assessment, business journals, and other sources to identify and segment the key firms in the Pacific Northwest office real estate market (see Appendix C for a list of firms). We segmented firms into the following four categories to reflect ORE Initiative interests:

- **Large firms that own, manage, and develop** – e.g., Unico Properties, Wright Runstad & Company, Melvin Mark Development Company



research/into/action™

- **Large firms that are primarily third party managers** – e.g., CB Richard Ellis, Cushman & Wakefield, Grubb & Ellis, GVA Kidder Mathews
- **Large firms that are primarily owners/investors** – e.g., Beacon Capital Partners, Archon
- **Medium firms that own, manage, and/or develop** – e.g., Ashforth Pacific, Clise Properties, Martin Smith, Inc., Thornton Oliver Keller

MARKET STATUS

Commercial office building markets are cyclical.¹⁴ They reflect local geographic markets and economies, as well as broader economic cycles. In particular, they are affected by growth in business activity and the creation of jobs. Business growth creates demand for office space, which reduces office vacancy rates and leads to rising rents. This makes office buildings a more favorable investment and building asset values rise. If asset values rise enough and the investment climate is favorable, new office buildings may be developed. Likewise, a reduction in demand for office space or an over-supply of office space results in higher vacancy rates, lower rents, and a decrease in building asset value.

During the recession of the early 1990's, Pacific Northwest office markets (particularly the Puget Sound Region) experienced a down-cycle. Beginning in the mid-1990's, the economy picked up and growing high-tech and dot-com firms began consuming significant amounts of office real estate. Vacancy rates dropped well below 5% in many areas (5% to 10% is considered to be a healthy range) and a boom-cycle was underway. When high-tech and dot-com firms began cutting back in 2000-2001, along with a slowdown in overall economic growth and higher unemployment in the region, the office building market went into a down-cycle. Economic conditions in the region began to improve in 2004, helping the office market recover. Currently, Pacific Northwest office markets are stable or strong, led by the Seattle and Eastside Puget Sound markets. Table 3.2 shows key measures for the three major Pacific Northwest office markets.¹⁵

¹⁴ Lutzenhiser, Loren, Nicole Woolsey Biggart, Richard Kunkle, Tom Beamish, and Thomas Burr, 2001. *Market Structure and Energy Efficiency: The Case of New Commercial Buildings*. Berkeley, CA: California Institute for Energy Efficiency, University of California, June.

¹⁵ Information in the table as well as most of the information in this sub-section is based on *Colliers International Office Market Reports* for the second quarter/mid-year 2007 for Puget Sound and Boise and first quarter for Portland.



Table 3.2: Key Indicators for the Three Pacific Northwest Office Markets

MARKET	VACANCY RATE (%)	VACANCY TREND	ABSORPTION (YTD MSF)	AVERAGE FULL SERVICE CLASS A RENT (\$/SF)	AVERAGE ANNUAL RENT INCREASE (\$/SF)	NEW CONSTRUCTION (MSF)
PUGET SOUND						
Seattle	7.7	Down	0.446	24.50-34.60	5.00	1.9
Eastside	6.23	Down	0.807	24.82-36.76	3.58	3.0
Northend and South King County	18.7	Down	0.333	21.00-26.52	0.93	0.434
Pierce County	7.92	Flat	.095	21.80-25.60	1.21	0.062
PORTLAND						
Downtown	11.5	Up	-0.134	22.97	NA	0.267
Suburban	12.8	Up	0.089	22.33	NA	0.632
BOISE						
Downtown and Periphery	8.7	Down	.110	18.34-19.65	NA	0
Central and West Bench and Others	14.7	Flat	-0.034	17.47-20.50	NA	0.463

Source: *Colliers International Office Market Reports* for the second quarter/mid-year 2007 for Puget Sound and Boise and first quarter for Portland

Puget Sound

Seattle and the Eastside Puget Sound (Bellevue, Redmond, Bothell, and Kirkland, Washington) are currently leading the way among Pacific Northwest office markets, showing declining vacancy rates, positive absorption,¹⁶ rising rental rates, and significant new construction activity. The Bellevue market is particularly strong. Full-service rental rates for Class A downtown office space increased to \$36.76/sqft² for the second quarter 2007, a little more than \$9/sqft² above rents a year ago, and higher than rents for downtown Seattle. This increase in rents was spurred by Microsoft's lease of 1.3 million square feet of office space. Rents in Bellevue's central business district continue to rise and recently reached an all-time high of \$43/sqft², 50¢/sqft²

¹⁶ Absorption is the net change in physically occupied space over a period of time. If absorption is positive, then more vacant space was leased than space becoming available (new construction and vacated space).



higher than the previous record set during the dot-com boom.¹⁷ The vacancy rate in downtown Bellevue is less than 5%, making it one of the tightest office markets in the country. Currently, Bellevue lacks large blocks of available office space. However, new construction underway should help meet demand and keep rents from rising dramatically higher.

Rents in downtown Seattle for Class A office space rose \$5/sqft² for the year, with rates reaching \$50/sqft² for choice space in Columbia Tower. Like the Eastside, leasing activity and absorption is strong. However, the Puget Sound office market is not as robust in some of the outlying areas. The Northend showed the weakest performance, with an increase in vacancy rates and negative net absorption. South King County and Pierce County fared better, with upward and stable market performance.

Portland

The Portland office market is sound. Although the first quarter of 2007 saw negative absorption and a slight increase in vacancy for the first time in recent years, most market observers believe this was a brief market pause. Rents are up 7% from the previous year (\$1.28/sqft²) and vacancy rates are at healthy levels. There is almost a million square feet of office space under construction and several downtown projects have been announced, suggesting an increasing rate of new construction. The fundamentals in the Portland office market will likely remain solid in the near future, vacancy rates are expected to decline, and rents rise.

Boise

Downtown Boise is the strongest submarket in Ada County, with the highest rents and largest absorption. Most submarkets have a good performance, except for the West Bench and Northwest Garden City areas. Overall in the Boise market, rents, vacancy, and absorption rates are stable and this pattern is expected to continue. Reductions in employment by a few major local firms may be felt by the market, but this could be offset by interest in the Boise market from large regional and national firms. There is increasing demand for premium space as popular buildings and quality space becomes fully leased.

MARKET TRENDS

Northwest office markets have experienced some significant changes in recent years. This includes: the sale of properties owned by the largest Northwest landlord, Equity Office Properties; strong investor interest in Northwest office markets, particularly Seattle and Bellevue; growing interest in sustainability; and tightening credit markets due to the home loan crisis.

¹⁷ *Puget Sound Business Journal*, August 31 - September 6, 2007.



- **Blackstone Group, a private investment firm, acquired Equity Office Properties' national office portfolio in early 2007.** Equity Office Properties, a national Real Estate Investment Trust (REIT), owned almost 14 MSF of office property in Seattle/Bellevue and Portland, making it the largest holder of office property in the Northwest by a significant margin. After acquiring the Equity portfolio, Blackstone sold the Portland offices to Shorenstein Properties (San Francisco) and the Seattle/Bellevue Properties to Beacon Capital Partners (Boston). Beacon Capital sold some of the offices to Archon Group (an Irving, Texas, subsidiary of Goldman Sachs), who in turn resold a couple of those properties. These sales effectively pushed office real estate prices up by 10% to 15%, which will led to rent increases for renewing tenants. The Equity Office sale means Northwest office real estate ownership and management is more distributed. There are now more players in the market, which could produce more competition for tenants.¹⁸
- **Pacific Northwest office markets have been discovered by national real estate investors.** In October 2006, the Urban Land Institute (ULI) ranked the Seattle urban area (which includes Bellevue) as the most desirable place in the U.S. to buy and own office property.¹⁹ The annual report prepared by PricewaterhouseCoopers also ranks Seattle in the top five areas overall for commercial development and investment prospects. In 2006, nearly \$3 billion was spent on office purchases, much higher than the record \$1.8 billion spent in 2005. Institutional investors accounted for 94% of the 2006 purchases, while five years ago they accounted for 50% and the amount invested was much less.²⁰ These trends will continue in 2007, with Blackstone's purchase and subsequent sale of the Equity Office properties.
- Portland has also been discovered by investors. Shorenstein Properties' purchase from Blackstone of the Equity properties in Portland, along with several other high profile real estate transactions (KOIN Center, U.S. Bancorp Tower, and the Brewery Blocks) all brought new national investors into the Portland market.²¹ This investor interest in Northwest markets is leading to higher building prices and some relatively quick re-sales of properties at significant profits.
- **Sustainability is becoming a more important issue in the real estate industry.** A recent report from Colliers International ranks Seattle and Portland as the first and second greenest cities in the U.S. for environmentally-friendly buildings.²² The International

¹⁸ *Puget Sound Business Journal*, March 9-15, 2007, and March 30-April 5, 2007.

¹⁹ *Seattle Times*, November 9, 2006.

²⁰ *Puget Sound Business Journal*, February 9-15, 2007.

²¹ *Puget Sound Business Journal*, September 21-27, 2007.

²² *Puget Sound Business Journal*, July 27-August 2, 2007.



Facility Management Association listed sustainability among eight top issues for facility management professionals in their 2007 forecasting report.²³ In July, BOMA released its Market Transformation Energy Plan, which includes a seven-point challenge²⁴ to members for reducing natural resource and non-renewable energy use. Other professional organizations – such as the American Institute of Architects and the American Society of Heating, Refrigerating and Air-Conditioning Engineers – are actively engaged in green buildings and sustainability, and there are a whole host of efforts from the *2030 Challenge*²⁵ to the expanding rating systems of LEED. West Coast states have adopted Renewable Portfolio Standards that include energy efficiency, and have formed the *Western Climate Initiative* to set greenhouse gas emission reduction goals and develop market-based emission trading mechanisms that will likely influence efficiency markets. The California Public Utilities Commission released a proposal on September 17, 2007, that includes a programmatic effort that all new commercial construction be net zero energy by 2030.²⁶ Public and professional interest, potential regulations, and the potential for sustainability to improve the bottom-line all contribute to sustainability becoming a relevant issue for real estate firms in the Pacific Northwest.

➔ **The crisis in the sub-prime residential mortgage market has spilled over into other real estate sectors and has resulted in a tightening of credit markets.** Whether this will have any significant impact in the Pacific Northwest office real estate market is not clear, but it will likely reduce highly-leveraged and speculative loans, and may cut back on the recent buying frenzy in the market. If a credit crisis creates a recession, real estate markets will be negatively affected.

In summary, Pacific Northwest office real estate markets are strong and are likely to remain strong for the foreseeable future. However, these markets are very cyclical and any change in the business climate will change the current outlook. Markets were strong 10 years ago, before a recession slowed things down in 2000 and 2001. These cycles affect the building investment climate, but the fundamentals for managing and operating buildings do not change. While soaring markets can sometimes encourage short-term investment horizons and may detract from business fundamentals, strong and stable markets, real estate firms that have a long-term view, and growing market interest in sustainability are good for promoting building energy efficiency.

²³ IFMA, 2007. *Facility Management Forecast 2007: Exploring the Current Trends and Future Outlook for Facility Management Professionals*. International Facility Management Association.

²⁴ See BOMA website at: <http://www.boma.org/AboutBOMA/7pointchallenge>.

²⁵ The 2030 Challenge sets the goal of all new buildings being carbon neutral (using no fossil fuel greenhouse gas emitting energy) by 2030. The challenge has been adopted or endorsed by a wide variety of organizations, such as the U.S. Conference of Mayors, American Institute of Architects, and National Wildlife Federation.

²⁶ See the proposal on the California Public Utilities Commission website at <http://www.cpuc.ca.gov/EFILE/PD/72819.pdf>, pg 40.





research/into/action™

4

ORE INITIATIVE ACTIVITIES

Work on the ORE Initiative began when NEEA hired the program manager in March 2006. During the next year and a half, initiative activities have focused on program development. The program manager began by researching the real estate market, developing the program approach and concepts, initiating conversations with professional organizations, and assembling the project team. Table 4.1 summarizes key ORE Initiative development phase activities to date, which can broadly be categorized as tool and material development, education and training, and other events to build market awareness and credibility.

Table 4.1: ORE Initiative Timeline

ACTIVITY	DATE
Program Manager Hired	March 2006
RFQ Issued for Market Specialists ²⁷	July 20, 2006
NEEA a Founding Member of Green Building Finance Consortium	Summer 2006
Market Specialists Hired	October 2006
<i>BOMA Portland Office Showdown</i> Announced	November 2006
<i>Creating Financial Value through High Performance Buildings, Portland</i>	December 6, 2006
Northwest Office Real Estate Market Assessment Completed	January 2007
BOMA Energy Efficiency Program (BEEP) Schedule Announced	January 2007
BEEP Launched in Portland (followed by five more sessions)	January 31, 2007
Development of High Performance Portfolio Framework and Background Materials	February 2007 – Ongoing
<i>Executive Summit on Energy Efficiency, High Performance, and Sustainable Buildings, Bellevue</i>	February 28, 2007
BEEP Launched in Seattle (followed by two more 2-part sessions)	March 21, 2007
<i>BOMA Portland Office Showdown</i> Winners Announced	June 2007
<i>ORE Initiative Value Proposition</i> Published	June 2007
BOMA Seattle Office Showdown Announced	September 2007
BEEP Launched in Boise (all parts offered over 2 days)	September 21-22, 2007

²⁷ Market Specialists were hired for product and service development for the ORE initiative.



TOOL AND MATERIAL DEVELOPMENT

The ORE Initiative Logic Model describes the following elements of tool and material development:

- ➔ Value proposition, and marketing and communications platform to guide the office real estate effort
- ➔ Business support materials for use by market consultants
- ➔ Guidelines, protocols, tools, and information on how to enact and capitalize on the competitive advantages of improved energy management
- ➔ Guidance for financial decision-makers on business strategies in creating and managing high performance buildings

The program manager and the BetterBricks marketing team developed a communications plan in summer 2006. They created a draft value proposition that describes who the ORE Initiative is trying to reach, the benefits, and steps for creating a high performance office portfolio in August 2006. The final value proposition was published in June 2007 (see Appendix A).

The ORE Initiative has spent a significant part of its resources on developing the *High Performance Portfolio Framework* and key issue briefings. The *Framework* “describes an approach to leverage energy management as a competitive advantage and driver of value.” It is a high level guide for office real estate owners and managers for improving energy efficiency in all aspects of real estate management, including new construction, existing buildings, building sales and acquisitions, and tenant and investor marketing. The key issues briefings support the *Framework* and provide further details about “business areas where energy and profitability intersect.” Some of the topics under development include the business case for high performance portfolios, appraisal techniques, underwriting, tenant improvement opportunities, value engineering, lease types, and energy audits as a proxy for financial value.

The program manager and market specialists began outlining the *Framework* and briefing topics in February 2007 and the real in-depth writing began that April. The development of these products has been an iterative process of drafts, review, discussion, and refinement. The team produced a draft *Framework* in July 2007, which was reviewed internally by BetterBricks staff and by external real estate professionals. The team is taking the input from this review to further refine and reduce the density of the document so that it provides the right amount of information to the target audience of busy real estate decision-makers. This process has taken longer than expected, but the ORE manager hopes to have the *Framework*, along with initial briefings, completed by the end of the year.



EDUCATION AND TRAINING

A primary ORE Initiative strategy is to partner with trade allies, utilities, trade associations, and other related organizations to offer professional development opportunities for real estate professionals. These efforts have begun in earnest, even while the tools and materials for outreach to real estate firms are still in development. The initiative's primary activity in this area has been a partnership with BOMA to deliver its BEEP trainings. BOMA National developed BEEP as six web-assisted audio seminars ("webinars"). The topics for the webinars are consistent with the goals of the ORE Initiative and include:

- ➔ *Introduction to Energy Performance*
- ➔ *How to Benchmark Energy Performance*
- ➔ *Energy Efficient Audit Concepts and Economic Benefits*
- ➔ *No- and Low-Cost Operational Adjustments to Improve Energy Performance*
- ➔ *Valuing Energy Enhancement Projects and Financial Returns*
- ➔ *Building an Energy Performance Awareness Program*

The initiative manager had conversations in 2006 with the BOMA national organization and its local chapters about licensing BEEP and presenting it to the Northwest as live local sessions rather than webinars. This resulted in partnerships (under the broader rubric of BetterBricks) with the BOMA chapters in Seattle, Portland, and later Boise to present BEEP, for the first time, in live local sessions. The initiative subsidized and, with the assistance of the BetterBricks Education & Training support team, helped with executing the BEEP series in each location.

BEEP was launched in Portland on January 31, 2007, in Seattle in March, and in Boise in September. Each city tailored its sessions to its audiences.²⁸ Over 600 people attended the BEEP events in Seattle, Portland, and Boise. There were 78 attendees for the Boise event (which included all six sessions), and an average 47 per session in Portland and 90 per session in Seattle.

Feedback from participants has been positive.²⁹ When asked how useful the workshop was, 85% of respondents said the sessions were useful or very useful. There was some variation in the

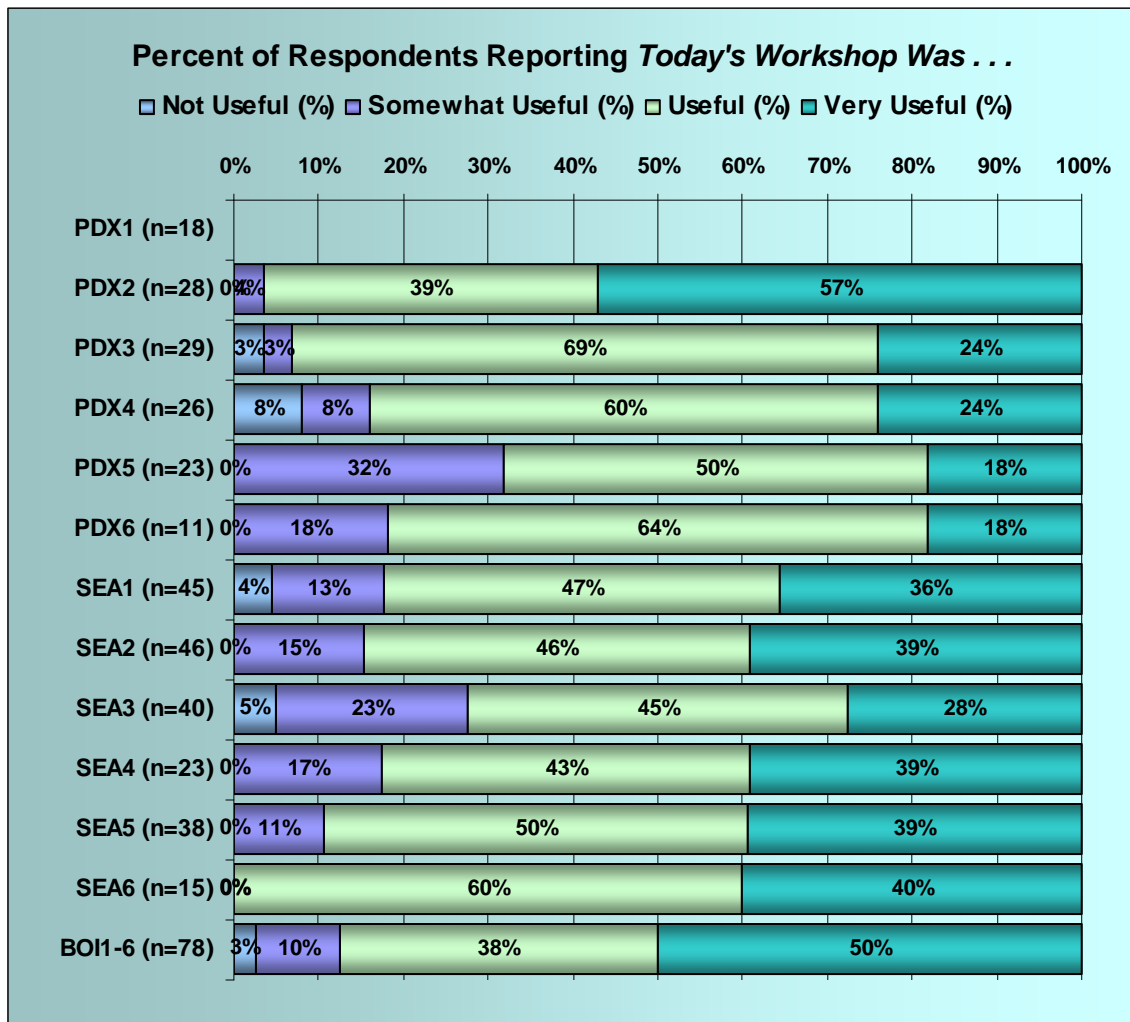
²⁸ Portland offered six individual 2-hour sessions over a long lunch every four to six weeks. In Seattle, the BEEP sessions were delivered two at a time at three events on March 21, April 26, and May 16, 2007. These morning sessions consisted of two BEEP presentations split by a half-hour break and concluded with lunch and a panel session or speaker. In Boise, all six BEEP sessions were presented over a two-day period on September 20-21, 2007.

²⁹ A little over 40% of the participants completed surveys (402). The response was lowest for Seattle sessions 4 and 6, where only 23% and 15% of the surveys were returned. Note that survey responses for each session were collected and summarized by BOMA and initiative staff, not by the evaluation team.



ratings across sessions, with two sessions receiving a higher proportion of low ratings (Figure 4.1). Participant comments suggest that the real-world experiences of presenters who were real estate professionals, tips, case studies, and examples were the most helpful.

Figure 4.1: BEEP Participant Ratings



Note: PDX1 used a different evaluation form, so comparable information is not available (the overall rating for the workshop was 4.3 on a five-point scale). The *n= value* represents the number of participants that returned the evaluation forms upon which the percentages are based.

About two-thirds of the participants said the content of the Portland and Seattle sessions was about right, and in Boise almost 90% gave this rating. Most of the rest said the content tended to be too technical rather than too basic. These results suggest that participants in the BEEP sessions have a range of understanding about energy efficiency and a variety of needs.



BOMA Directors for Seattle, Portland, and Boise were very enthusiastic about the BEEP series and their relationships with representatives of the ORE Initiative. They noted that the BOMA national webinars have had low participation, but that, in contrast, the live sessions in the Pacific Northwest have successfully attracted strong participation. They complimented BetterBricks' role in the process and indicated it would not have happened without its involvement. Aside from a few logistical problems due to tight timelines for one of the series, the implementation of BEEP went smoothly. The Directors said the sessions provided these benefits:

- ➔ Bringing people together and encouraging interaction both among attendees and between attendees and presenters – an important advantage of the in-person versus webinar approach
- ➔ Building relationships between BOMA and its members
- ➔ Allowing BetterBricks to become better known and credible
- ➔ Demonstrating the delivery of practical, applicable information about energy management and its value, and that energy efficiency makes business sense
- ➔ Developing momentum for success – stories emerged about participating firms increasing their interest in energy efficiency and taking initial steps to improve efficiency

The BOMA directors are interested in continuing BEEP next year and are looking at ways to add to it so that it stays fresh and is responsive to local needs. They would like it to be attractive to both people that did and did not attend the initial sessions.

The BOMA directors also believe BetterBricks is building credibility in the market, but that more can be done. They noted that some of their members are uncertain about what and who BetterBricks is, with those in the Boise market being less certain than those in Portland and Seattle. They have also seen their members become increasingly receptive to energy efficiency due to growing interest in sustainability, pressures from higher energy costs and potential mandates, and opportunities for operating cost savings. Conversely, they did not see market conditions that would limit the success of BetterBricks. They view BetterBricks as a valuable partner and resource, have successfully partnered with BetterBricks on a few other events, and would like to expand this relationship to attract even wider audiences.

The BetterBricks Education & Training support team has also offered other education and training events that are relevant for office real estate professionals. These included a variety of lighting workshops on retrofits, emerging technology, office lighting, and daylighting in offices. Other training offerings covered topics such as integrated design, building commissioning, sustainable design, and advanced building guidelines. These training sessions typically have been offered several times in Seattle, Portland, and Boise. At this time, the ORE Initiative has not developed a specific curriculum for office real estate professionals.



MARKET AWARENESS

The ORE Initiative is striving to “Build awareness and support for high performance buildings through collateral materials, public relations and events, articles and case studies, electronic media (website and email), and selective advertising.”³⁰ The initiative is also striving to build credibility in the marketplace and demonstrate that it can add value. Therefore, one of the first activities of the ORE Initiative manager was to work with the BetterBricks Marketing Support team to develop a marketing and communications guide that describes the real estate audiences, how they communicate, and the messages they respond to. To build early market awareness, the initiative executed a series of public events.

- ➔ **BOMA Portland Office Energy Showdown:** Announced in November 2006, this was a contest among Portland office buildings to benchmark energy performance. The winners were announced at the BOMA June 2007 membership meeting.
- ➔ **Creating Financial Value through High Performance Buildings:** Held in Portland, December 6, 2006, this was a breakfast session to learn how top developers, investors, appraisers, and lenders are navigating the rise in popularity of high performance and green buildings.
- ➔ **Executive Summit on Energy Efficiency, High Performance, and Sustainable Buildings:** Held in Bellevue, February 28, 2007, the meeting brought together senior real estate executives for a panel discussion on the business implications of sustainable buildings and energy issues. This stirred interest in the BEEP series, which began in Seattle in March 2007.
- ➔ **BOMA Seattle King County Kilowatt Crackdown (Energy Office Showdown):** Launched in September 2007, buildings will be benchmarked in 2008. This contest is similar to the Portland Showdown. A benchmarking workshop was held in October 2007 for participants to start benchmarking their buildings.

In addition, the ORE Initiative has been working on building relationships and partnerships with key organizations in the real estate industry. The relationship with BOMA is a primary example of this. NEEA is also a founding member of the Green Building Finance Consortium, a research effort supported by the real estate industry that is planning written guides and information to assist real estate firms, investors, lenders, and developers to incorporate energy and green building factors into their financial decisions. The executive director of the consortium has been a speaker at several BetterBricks events. The initiative partnered with the Portland chapter of the ULI and the Cascadia Chapter of the Green Building Council to put on the *Creating Financial*

³⁰ ORE Initiative Logic Model (see Appendix B).



Value event in Portland, in December 2006. The initiative is also building a network of contacts and relationships with building owners and managers from real estate firms in the region.

Marketing support for the ORE Initiative is provided through the BetterBricks website, which has sections devoted to building owners and developers, and to operations and maintenance. Major marketing efforts are the *BetterBricks Awards* which have become sold-out events in each city where they are given. This is the fifth year for the awards in Portland, and the fourth and third years, respectively, for Idaho and Seattle. The awards recognize building owners, operators, managers, and developers, among others, in supporting, using, and designing energy-efficient, sustainable, high performance buildings in the Northwest. Prominent members of the real estate industry have been award winners.

SUMMARY OF ACCOMPLISHMENTS TO DATE

Table 4.2 summarizes the accomplishments of the initiative relative to the Phase I Activities listed in the logic model.

Table 4.2: Activities Listed in ORE Initiative Logic Model and Accomplishments

PHASE I ACTIVITY	ACCOMPLISHMENTS
DEVELOP TOOLS AND MATERIALS	
Value proposition and marketing and communications platform to guide the office real estate effort Business support materials for use by market consultants Guidelines, protocols, tools, and information on how to enact and capitalize on the competitive advantages of improved energy management Guidance for financial decision-makers on business strategies in creating and managing high performance buildings	The value proposition has been published. A draft of the High Performance Portfolio Framework is expected in November. Key issue briefings that support the Framework will be available later this year. Work has begun on some Financial Valuation Case Studies and a Sustainability Investment Index.
DEVELOP AND OFFER EDUCATION AND TRAINING	
Professional development opportunities for real estate professionals conducted in partnership with trade allies, utilities, trade associations and other related organizations	BEEP was delivered in Seattle, Portland, and Boise. BetterBricks offered classes on topics such as lighting and daylighting.
Continued	



PHASE I ACTIVITY	ACCOMPLISHMENTS
BUILD MARKET AWARENESS VIA MARKETING STRATEGIES	
Build awareness and support for high performance buildings through collateral materials, public relations and events, articles and case studies, electronic media (website and email), and selective advertising	Sponsored events were held, such as the BOMA Portland and Seattle <i>Office Energy Showdowns</i> , the <i>Executive Summit on Energy Efficiency, High Performance and Sustainable Buildings</i> , and <i>Creating Financial Value Through High Performance Buildings</i> . BetterBricks presented the <i>BetterBricks Awards</i> in Seattle, Portland, and Boise.
DEVELOP AND TEST MARKET DELIVERY APPROACHES	
Create an approach that aligns market segments (national, regional, local) with appropriate delivery channels such as contractors, utilities, and other market actors Test and validate delivery	Activity is expected to begin in this area by seeking guidance from utility stakeholders and recruiting, selecting, and engaging two to three real estate firms to test and validate the approach developed in the High Performance Portfolio Framework.
PROVIDE DIRECT CUSTOMER ASSISTANCE	
Rollout validated delivery approach utilizing market consultants, utility staff, and other BetterBricks resources Market consultants work one-on-one with select real estate firms to adopt and implement the strategies of a high performance portfolio Market consultants, technical advisors, and utilities provide coordinated support on selected technical projects	These activities will be initiated after testing and validation is complete.

In addition, NEEA's 2005-2009 Business Plan states that after 2009, decision-makers in the office real estate market, representing 15% of targeted office floor space, will implement energy-efficient business practices related to design and construction and building operations. It is still too early to determine the status of this goal, but it will be addressed in MPER #2.

NEXT STEPS

The next step for the ORE Initiative is to complete the development of the *High Performance Portfolio Framework* and initial support documents, and then test the materials and the approach with two or three real estate firms. The initiative hopes this will occur toward the end of 2007 or beginning of 2008. The initiative also needs to test and validate market delivery approaches that align with different market segments before fully rolling out its approach. When rollout occurs, the initiative will have people on the street interacting with real estate firms. At the same time, it will continue its marketing, educational, and product and service development efforts to build market credibility and relationships, and provide the infrastructure to support business practice change.



research/into/action™

5

BASELINE SURVEY

We conducted a baseline survey of real estate firms to get a snapshot of industry practices, knowledge, and motivations related to energy management (see Appendix D for the survey instrument). Baseline survey results can be used to help further develop the initiative; in addition, results of this survey will be compared to a subsequent survey of firms so progress can be measured over time.

The evaluators developed a sample of 51 medium and large real estate firms that own, manage, and/or develop office buildings in the three major Northwest markets.³¹ The sample was segmented by size (large = over 2 million square feet; medium = 0.5 to 2 million square feet) and, for large firms, by function – being either primarily third-party property managers or integrated firms that own, manage, and develop office buildings. We identified contacts at firms from directories, websites, referrals, and direct calls, and focused on senior-level staff and staff responsible for managing office properties. We completed 49 interviews with real estate professionals from 33 real estate firms. These firms represent over 90 MSF of office space, a significant portion of the 165 MSF in Pacific Northwest office square footage identified in the JDM assessment. The largest number of interviews was completed with property managers and staff at the director, vice president, or CFO level (Table 5.1).

Table 5.1: Completed Interviews by Type of Real Estate Professional and Firm

TYPE OF REAL ESTATE PROFESSIONAL	LARGE FIRM: PRIMARILY THIRD-PARTY MANAGER	LARGE FIRM: INTEGRATED	MEDIUM FIRM	TOTAL
Property Manager	4	3	10	17
Senior Property Manager	2	1	2	5
Asset Manager	1	1	1	3
Facility/Building Manager	0	2	1	3
Chief Engineer/Engineering Manager	0	3	1	4
Director/VP/CFO	8	4	5	17
Total	15	14	20	49

³¹ The initiative is not targeting small firms, so these were not included.



A complete call disposition is shown in Appendix E. We were able to complete interviews with a little over 40% of the people we attempted to contact. The results of the baseline survey for six major topics relevant to the ORE Initiative are summarized in the following text (see Appendix E for detailed survey results).

REAL ESTATE FIRM PRIORITIES AND MOTIVATIONS

We asked real estate firms a series of questions to assess their general priorities and motivations. The results suggest energy efficiency and sustainability are among the issues they view as important and that they will likely be giving these issues increasing attention in the future.

First, we asked two open-ended questions to see if energy efficiency, being green, or sustainability emerged as an issue. When asked what key issues they were focusing on in their jobs this year, respondents identified energy efficiency and being green to the same extent as three other key issues – customer service/tenant retention, building upgrades/major maintenance, and controlling operating costs/financial performance. These were unprompted responses and efficiency was often mentioned in combination with other issues like controlling costs. When asked how their firm differentiates itself in the marketplace, respondents most often highlighted being a full-service firm, having flexible and responsive customer service, and focusing on tenant relationships. Still, a minority of respondents (about 10%) mentioned energy management or being green as a way to differentiate themselves.

When specifically asked how important it was for them to present a *green or sustainable* image to differentiate their firm from others, three-quarters of respondents said it was important. An even higher percentage – 88% – said presenting an *energy-efficient* image was an important way to distinguish themselves. When asked why, about half emphasized the cost-saving benefits of energy efficiency, while about half described the importance of marketing their capabilities in this area.

FINANCIAL BENEFITS OF ENERGY EFFICIENCY

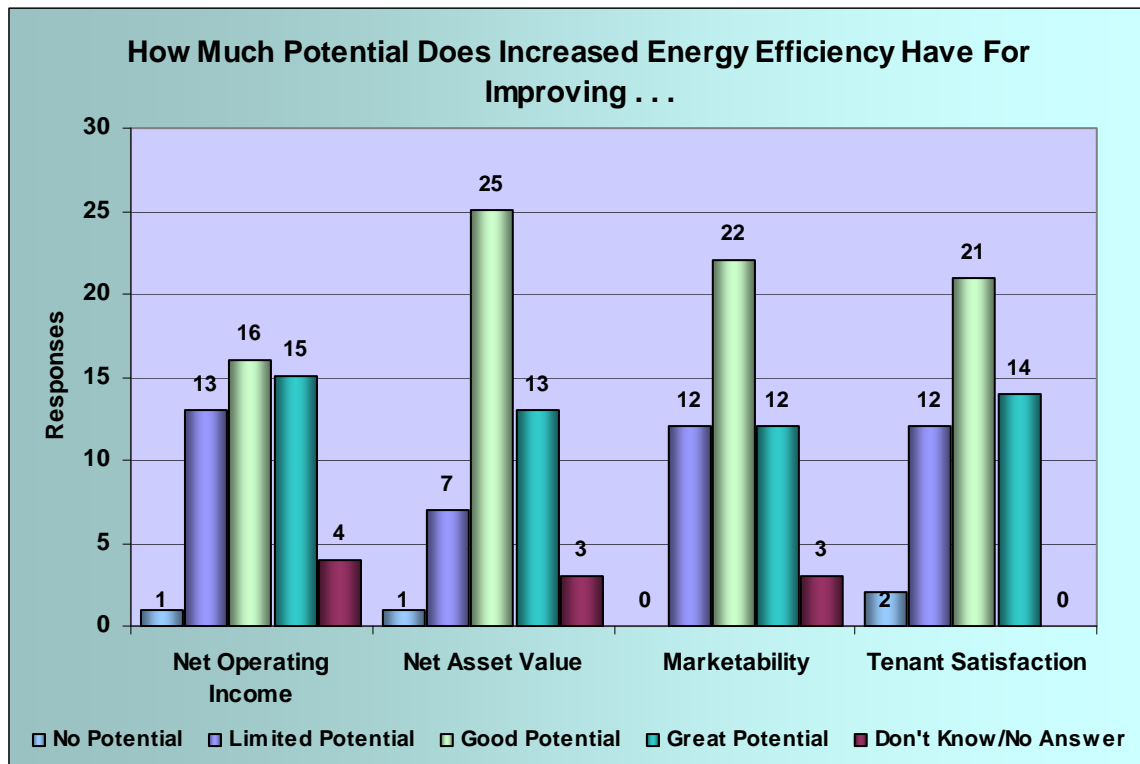
A series of questions on the financial benefits of energy efficiency showed strong awareness and interest in energy efficiency as a way to improve the bottom line of real estate firms. All but two of the respondents said their firms were interested (18%) or very interested (78%) in making their office buildings more energy-efficient as a way to improve their financial performance.

We asked how much potential energy efficiency has for improving office building net operating income, net asset value, marketability, and tenant satisfaction. Generally, two-thirds to three-quarters of the respondents said there was good or great potential for energy efficiency to improve each of these items (Figure 5.1). These results suggest that many real estate professionals recognize the link between energy efficiency and these measures of financial performance. They view energy efficiency as a way to control costs and a number of comments were consistent with messages that the ORE Initiative is promoting. Still, some qualified their



responses by saying that: it depends on the owner, the tenant, or the building; that energy is a small percentage of costs; that they are already energy-efficient; or that tenants don't care or are more interested in comfort and amenities.

Figure 5.1: Potential Improvements Offered by Energy Efficiency



ENERGY GOALS

We asked if real estate firms had specific goals for reducing energy use in their office buildings. This was a difficult question for some to answer. While a number of firms reported that they were serious about energy efficiency, most did not have specific energy reduction goals. In addition, respondents from the same firm sometimes gave different answers. Overall, looking across the responses, only 6 of the 33 firms had specific energy reduction goals and for half of these cases, the goals were not company-wide, but applied to specific buildings.

Of the remaining 27 firms, 7 said they had efforts underway to develop energy reduction goals. About 6 others indicated that energy efficiency improvement is important for their firms, but they do not have specific goals. These results suggest that even though few firms have specific energy reduction goals today, there is good potential for more firms to adopt goals in the future.



ENERGY PRACTICES

We read the respondents the following list of energy efficiency practices and asked them to identify which ones their firm is currently using to manage energy use.

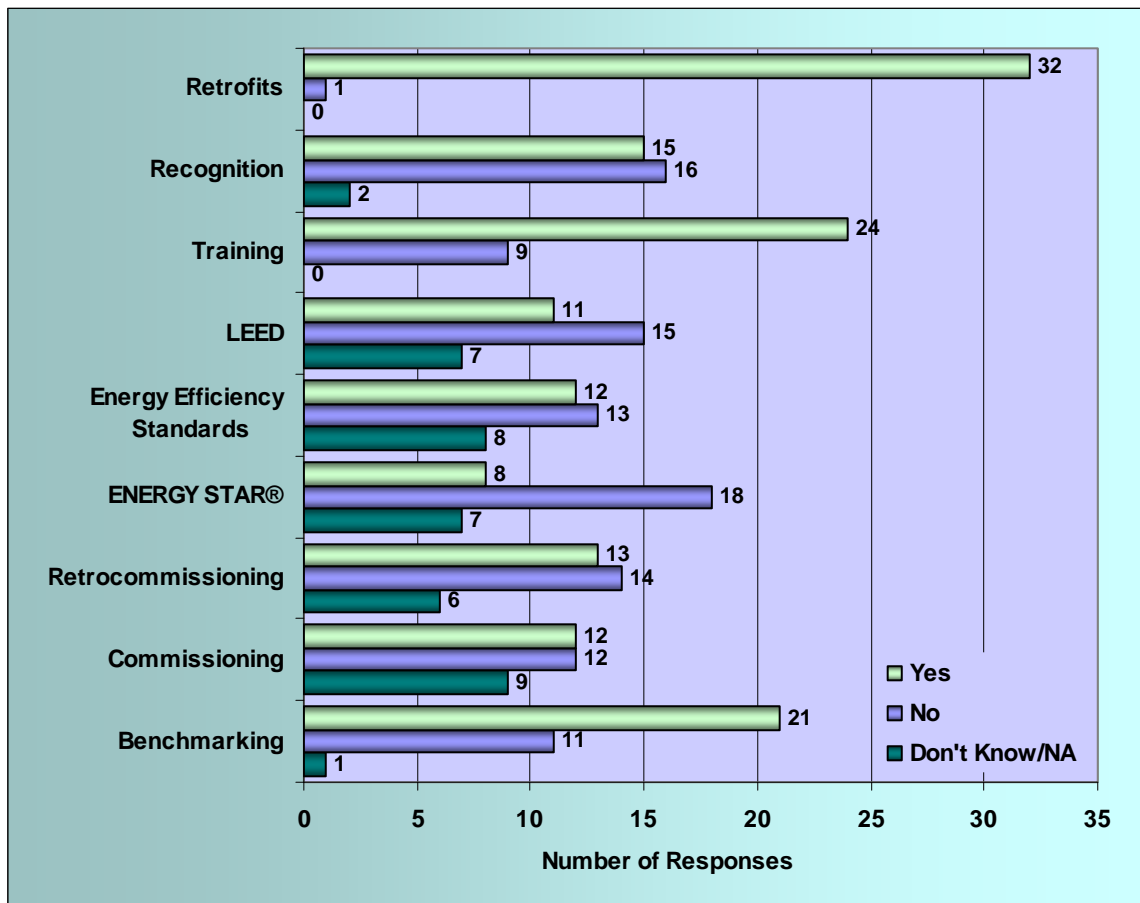
- **Benchmarking:** Benchmarking energy use of buildings by regularly comparing energy use to a standard or to other buildings
- **Commissioning:** Having new buildings commissioned by a commissioning service provider
- **Retro-Commissioning:** Having existing buildings retro-commissioned by a commissioning or retro-commissioning service provider
- **ENERGY STAR[®] Buildings:** Having ENERGY STAR[®]-certified buildings in your portfolio
- **Energy Efficiency Standards:** Using energy efficiency standards for new buildings or major renovations that are more stringent than the energy code
- **LEED:** Having LEED-certified buildings in your portfolio
- **Training:** Having staff trained on energy efficiency topics
- **Recognition:** Rewarding or recognizing staff when they reduce energy use or propose energy efficiency improvements
- **Retrofits:** Retrofitting inefficient building systems with more energy-efficient equipment

All the firms said they were using at least one of these practices and seven firms indicated they used most of these practices. The results for the 33 real estate firms are shown in Figure 5.2.³² All but one of the firms said they had retrofitted inefficient building systems. More than half said they had staff trained in energy-efficient topics and they benchmarked their buildings. The BEEP series was the most common training mentioned, suggesting that much of the training on energy efficiency has occurred fairly recently. Respondents used a variety of methods to benchmark their buildings, the most common being spreadsheets and other internal methods. Respondents identified having ENERGY STAR[®]-certified buildings least often. Eight firms said they had one-to-seven certified buildings for a total of 17 buildings. Eleven firms each said they had one-to-five LEED-certified buildings in their portfolios, for a total of 15 LEED buildings.

³² The survey responses required some interpretation by the evaluation team. There were cases where different responses from members in the same firm had to be reconciled based on comments provided. Individuals in a firm may not be aware of all that is happening in the firm's portfolio. A yes response does not necessarily mean a practice occurs firm-wide. We did not specifically ask how widespread a practice is.



Figure 5.2: Energy Efficiency Practices Identified by Real Estate Firms



Several respondents mentioned that their firms use recognition or rewards to generate ideas that save money or that they pay bonuses based on performance, both of which can include energy efficiency. Retro-commissioning and using energy efficiency standards that exceed the energy code were approaches favored by larger real estate firms. Otherwise, no notable differences appeared for size of firm, although, in general, larger firms were more likely to use more of the practices.

These results provide insights about the energy efficiency practices at real estate firms, but they do not show the breadth and depth of those practices. For example, 32 of the 33 respondents stated that they retrofitted at least some of their buildings, but they were not asked how many of their buildings were retrofitted or what the retrofit consisted of. Such information would be valuable, but it cannot be effectively gathered through a telephone survey



LEED AND ENERGY STAR®

A small number of real estate firms responded positively to our specific question about LEED- and ENERGY STAR®-certified buildings, as noted in the previous section. However, LEED and ENERGY STAR® came up fairly often in response to various questions, suggesting that these are important market topics.

For example, a quarter of the respondents mentioned LEED in their comments to the question on presenting a green or sustainable image. Many of the firms that said they had energy efficiency standards greater than the energy code that identified LEED as the standard. However, because there are four levels of LEED certification, it was not possible to attach a specific level of efficiency to these responses. LEED energy efficiency requirements for the lower certified and silver levels are quite minimal; for the gold and platinum levels they become quite rigorous. LEED was also mentioned in firm goals and as a reason to have buildings commissioned or retro-commissioned.

We specifically asked how likely firms were to add a LEED building to their portfolio in the next five years. Ten firms (30%) said they were very likely and another 13 firms (39%) said they were likely.

ENERGY STAR® came up less frequently in responses than did LEED, but throughout the survey, firms mentioned that they would like to get more of their buildings ENERGY STAR®-certified. About half of the firms that benchmark their buildings said they use the ENERGY STAR® *Portfolio Manager* for benchmarking. A couple firms said they planned to use ENERGY STAR® to develop energy savings goals.

ENERGY EFFICIENCY EDUCATION

A little more than half the survey respondents said they had heard of BetterBricks, but less than 40% (10 respondents) said they had taken advantage of a BetterBricks' offering. However, when asked whether they had attended events that relate to energy efficiency or high performance buildings offered by professional organizations, more than 80% said yes. More than half of these identified BEEP as the event they attended. Although BetterBricks was a sponsor of this event, survey respondents clearly viewed it as a BOMA event. Respondents mentioned other events they attended that were sponsored by an organization other than BOMA. The sponsors included utilities, the Institute for Real Estate Management, the National Association of Industrial and Office Properties, LEED (Cascadia Green Building Council), and the City of Portland. These results suggest that real estate professionals are going to the professional organizations they belong to or are familiar with for information about energy management.



6

UTILITIES SURVEY

This chapter presents the office real estate-related results of a telephone survey conducted to determine the level of awareness of and perceptions about BetterBricks among utilities and other energy-related organizations in the Pacific Northwest. Thirty-eight surveys were completed, which represents the full range of public and private utilities, as well as the Bonneville Power Administration and the Energy Trust of Oregon, Inc., a public benefits administrator. Given an original sample frame of 85 names, this number of completes provides 10% precision of sample estimates, with 90% confidence. Table 6.1 shows the final disposition of contact attempts. Appendix F provides the survey instrument.

Table 6.1: Final Disposition of Contact Attempts

DISPOSITION	SUB-DISPOSITION	SUB-COUNT	COUNT
Completed			38
Did Not Pass Screen			1
Refused	Hard Refusal	1	8
	Suggested Other Contact in Company	7	
Not Available During Survey Period			2
Left Company			4
Wrong Number			1
Quota Reached Before Contact Made			31
Total			85

RESULTS

Survey topics addressed the degree to which utilities are working with the commercial sector and viewpoints about the BOMA BEEP – targeted to commercial office real estate actors – which NEEA sponsored and helped implement (see Section 4 of this report for more information about BOMA BEEP). Key findings were:

- ➔ Just over one-half of the 38 utility contacts (53%) reported they were currently working with commercial real estate firms to improve the efficiency of their buildings.



- ➔ When asked about their familiarity with BOMA BEEP, 22 of the 38 contacts (58%) said they were familiar with the series of workshops. Large utilities were significantly more likely to be familiar with the workshops than small utilities – 73% to 25%.
- ➔ Of the 22 contacts that were aware of BOMA BEEP, the large majority (78%) were aware that BetterBricks played a major role in the series.
- ➔ The 22 contacts that were aware of BOMA BEEP were asked to rate the value of the program to their real estate customers and to the efficiency programs they run at their utilities. The ratings (see Table 6.2) show that a strong majority (about 70%) perceive the workshops as either moderately or very valuable for their customers and for their efficiency programs, although some rated the program as having little value or did not know how to rate its worth.

Table 6.2: Value Ratings for BOMA BEEP

RATING	VALUE TO REAL ESTATE CUSTOMERS		VALUE TO UTILITY PROGRAM	
	COUNT	PERCENT	COUNT	PERCENT
Little Valuable	3	14%	4	18%
Moderately Valuable	9	41%	8	36%
Very Valuable	7	32%	7	32%
Don't Know	3	14%	3	14%
Total	22	100%	22	100%

Note: Due to rounding, percentages may total more than 100%.

When asked to elaborate on the reasons behind their ratings, several respondents commented that the program is well respected and a good learning opportunity, and that it supports their utility efforts. On the other hand, some commented that more marketing was needed to attract this difficult-to-reach target audience, that some of the sessions had not been well attended, and that their utility needed to focus more on BetterBricks training opportunities. One contact said that the sessions target larger firms with in-house staff and that there was a need to educate local contractors that serve commercial real estate. Another said that they have typically focused on retrofits to achieve savings goals and that the BEEP focus on O&M savings did not fit their purposes.

Finally, in response to an open-ended survey question about how NEEA could improve BetterBricks in general, 11 of the 38 respondents mentioned better communication. ORE Initiative staff may want to follow-up with the utilities they are working with on a regular basis to ensure that this issue is addressed.



7 CONCLUSIONS AND RECOMMENDATIONS

The NEEA BetterBricks Office Real Estate (ORE) Initiative was launched in early 2006 and has been in development mode for the past year-and-a-half. The initiative has been laying the foundation for creating energy-related business practice change in real estate firms that own and manage office buildings in the Pacific Northwest. Its main accomplishments have been to:

- **Successfully develop a relationship with BOMA**
- **Play a critical role in the successful launch of BEEP training in Seattle, Portland, and Boise**
- **Sponsor events to build market awareness**
- **Work on developing tools and resources to support the achievement of initiative goals**

These activities moved the initiative toward its near-term goals to reach targeted real estate firms and develop capability among real estate professionals, as well as toward longer-term goals to influence the market so that market leaders emerge to promote and establish improved energy management practices.

We offer the following conclusions and recommendations to further the successful development and delivery of the ORE Initiative.

Conclusion 1: The ORE Initiative is building relationships in the marketplace through co-sponsoring events and training with key trade associates and other trade allies. Our research shows that these activities, such as playing a pivotal role in sponsoring and delivering successful BOMA BEEP training in three target markets, and working with BOMA and other key actors on popular events such as the *Office Energy Showdown* were important accomplishments for the initiative. These activities:

- Help establish long-term and important market relationships
- Engender further relationship-building
- Build credibility for the initiative
- Introduce initiative representatives as key players
- Introduce key initiative concepts and goals, such as its business value proposition and benchmarking



research/into/action™

- ➔ Have been well-received by real estate professionals, who are more likely to trust and respond to offerings from known organizations and cohorts, and who most often mentioned the BEEP training as the one they attended

Recommendation 1: The ORE Initiative should continue to build relationships and form partnerships with professional associations like BOMA and other leading trade allies to build awareness, form alliances, and reach market actors that may not be engaged by other types of marketing strategies. The ORE Initiative also needs to develop:

- ➔ Other marketing strategies to complement current approaches and that work toward the specific goals of the initiative
- ➔ Long-term relationships that support market delivery in the near-term and lead to market-supported energy business practices in the long-term
- ➔ Training curriculum that more directly supports its specific goals

Conclusion 2: Launching, testing, and validating the *High Performance Portfolio Framework* and its approach is critical to the advancement of the ORE Initiative. While it is important to have quality materials, the process of improving and adapting these materials to the needs of particular real estate firms, and finding the best delivery approach, will happen over time and needs to be continued with a wider set of market players. In addition, the initiative does not yet have a well-defined plan for how to approach and involve real estate firms in this process.

Recommendation 2: The initiative should set a timeframe for developing and testing its materials and approaches. The initiative also needs to more firmly define approaches for reaching and engaging real estate firms in its efforts. Overall, the initiative should further clarify what it is testing and validating, how it plans to do this, how results will be identified and reported, and what role evaluators should play in this process.

Conclusion 3: Overall, while the ORE Initiative is off to a good start, it may need to move more quickly to take advantage of increased interest in sustainability and energy efficiency, and to engage market players who are ripe for assistance. Research results from the baseline survey, staff interviews, and interviews with BOMA directors show that much of the marketplace is aware of these topics and that they are not peripheral for real estate firms. Many in the target audience recognize that energy efficiency and sustainability can affect their bottom line and that the wider marketplace is interested in these issues. Professional organizations like BOMA have come out with their own efficiency efforts.

However, the research also shows that few real estate firms have set energy reduction goals or have adopted most energy-efficiency practices, but that a small group appears to be ready to take



these steps. At the same time, research results also emphasize that real estate markets move in cycles and appear to be in constant flux. Recent activities in the Pacific Northwest suggest that vertical integration in the market may be lessening, which could diminish some of the market opportunities the ORE Initiative hoped to leverage.

Recommendation 3: We encourage the ORE Initiative to be flexible and adaptable, both in its materials and in its delivery, and to rely on market partners to help keep the initiative on track to achieving its goals. It needs to focus on being agile enough to respond to changing market conditions and market opportunities. Key next steps include expanding its market partners, quickly engaging real estate firms that are already stepping up, and helping those firms move to a higher level of commitment and action with energy efficiency. These experiences can then be used to help other firms.

Conclusion 4: The links between ORE Initiative activities/outputs and ORE Initiative outcomes are still in development. At this time, many of the activities/outputs are still in their formative stages. The initiative logic model describes them, but they are necessarily broad and not easily measured.

Recommendation 4: The ORE Initiative should regularly update the logic model and use it as a tool to clearly show how it intends to achieve its goals. As the initiative gains information and adapts to market conditions, the logic model should be updated, timelines adjusted, and measures of success redefined so that the links between activities/outputs and outcomes become progressively more specific.





research/into/action™



APPENDICES

APPENDIX A: *OFFICE REAL ESTATE VALUE PROPOSITION: CULTIVATING ENERGY MANAGEMENT AS A COMPETITIVE ADVANTAGE, JULY 2007*

APPENDIX B: OFFICE REAL ESTATE – LOGIC MODEL

APPENDIX C: PACIFIC NORTHWEST REAL ESTATE FIRMS

APPENDIX D: BASELINE SURVEY – OFFICE REAL ESTATE INITIATIVE

APPENDIX E: BASELINE SURVEY RESULTS

APPENDIX F: SURVEY INSTRUMENT – UTILITIES



research/into/action™

OFFICE REAL ESTATE INITIATIVE: MPER #1



research/into/action™



OFFICE REAL ESTATE VALUE PROPOSITION

July 2007

OFFICE REAL ESTATE VALUE PROPOSITION:

Cultivating energy management as a competitive advantage.



BETTERBRICKS' PROMISE TO THE MARKETPLACE:

Increased competitive advantage, profitability, and asset value through reduced energy use.

WHO IS BETTERBRICKS?

BetterBricks is the commercial initiative of the Northwest Energy Efficiency Alliance, which is supported by local electric utilities.

BetterBricks advocates for changes to energy-related business practices in the Northwest, including how to increase office real estate asset value and profitability through reduced energy use and operating costs.

On BetterBricks.com/office you'll find information, tools, training and resources to help your building make a difference to your bottom line.

WHY OFFICE REAL ESTATE?

- A major footprint on U.S. energy use
 - 20% of all energy used in commercial buildings is used in office space
- A largely untapped investment opportunity
 - U.S. commercial office buildings spend \$24 billion on energy annually
 - 80% of office buildings were built prior to 1995, under less rigorous energy codes
 - The average commercial office building could reduce its energy use by 20%

It is easier than you think

- Low- and no-cost operational strategies can deliver significant energy savings
- Well managed older properties can often outperform newer buildings

WHO ARE WE TALKING TO?

- Individuals responsible for the financial performance of office buildings
 - Building ownership
 - Asset managers
 - Property managers
 - Building facility staff
- Professionals serving the office real estate market
 - Architecture and design engineering firms
 - Bankers, appraisers and the financial service industry
 - Third-party management companies and brokers
 - Vendors and service providers
- Influential stakeholders
 - Trade associations
 - Tenants
 - Investment community

WHAT ARE THE BENEFITS?

- Direct financial
 - Reduce energy consumption by up to 30% in existing properties, up to 50% in new developments

- Lower O&M expenses
- Energy savings → increased net operating income → increased asset value

Other financial

- Increased tenant comfort and satisfaction
- Greater retention and occupancy rates
- Investor confidence in your management team's strength

Community

- Positive public relations and marketing for your organization
- Visibly demonstrate shared community values to the public and elected officials
- Contribute to sustainability and green building efforts in a meaningful way

Direct occupant

- Achieve higher worker productivity through reduced absenteeism, improved employee morale and lower turnover

Personal

- Industry leadership
- Career enhancement
- Legacy of achievement

over >



Continued



research/into/action™

OFFICE REAL ESTATE INITIATIVE: MPER #1

WHAT DOES IT TAKE?

- Elevating energy management to the portfolio level
 - Make energy a business issue, not a building issue
 - It is not just the responsibility of the building engineer
- Emphasizing energy issues in all financial transactions
 - Leases
 - Capital infrastructure investments
 - Building acquisitions, sales and refinancings
 - New developments

WHAT ARE THE MAJOR STEPS TO A HIGH-PERFORMANCE PORTFOLIO?

1. Assess
 - Examine your business operation regarding energy performance
 - Survey links between energy and organizational success
2. Commit
 - Secure leadership involvement with written commitment
 - Set portfolio goals
 - Allocate time and capital
 - Tie compensation to performance
3. Plan
 - Assemble the team
 - Benchmark building performance
 - Create portfolio energy strategy

4. Implement

- Enact portfolio energy business model
 - New construction design / build standards
 - Due diligence standards for acquisitions
 - O&M best practices
 - Capital investment criteria / procedures
 - Leasing practices
 - Procurement policies
- Embed portfolio goals into individual building management
 - Implement new construction performance targets
 - Utilize integrated design process
 - Set building acquisition investment criteria
 - Set building energy targets
 - Adjust O&M practices to support high performance
 - Optimize interface between leasing and energy efficiency

5. Capitalize

- Measure progress; modify practices to incorporate lessons learned
- Align energy performance with building marketing
- Capture value in market transactions
- Recognize and reward success

WHAT DOES A HIGH-PERFORMANCE PORTFOLIO LOOK LIKE?

- Improving building performance becomes an organization-wide initiative
- Reducing energy consumption is viewed as a core business strategy

- Transactions are made utilizing a full picture of the opportunities of energy efficiency
 - Life-cycle cost analysis informs decision-making
 - Costs and benefits are allocated among building owners and tenants
- Energy building codes are viewed as the floor, not the ceiling
- Staff are recognized and rewarded for meeting or exceeding energy goals
- Marketing and leasing activities leverage energy efficiency to greater profits

WHERE CAN THEY TURN FOR HELP?

- Regional industry groups
 - Building Owners and Managers Association (BOMA)
 - USGBC-Cascadia Chapter
 - State and local energy / sustainability offices
- Local electric utilities
 - Incentive programs
 - Energy services / education efforts
- Local and regional design, construction and operations firms
- EPA Energy Star Program
 - www.energystar.gov
- BetterBricks
 - Professional education
 - Technical assistance
 - www.BetterBricks.com/office



research/into/action™

OFFICE REAL ESTATE INITIATIVE: MPER #1



OFFICE REAL ESTATE – LOGIC MODEL

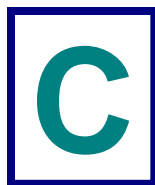
SITUATION	PHASE I			PHASE II		IMPACT
	ACTIVITIES	OUTPUTS	OUTCOMES – SHORT-TERM	ACTIVITIES (2011+)	OUTCOMES – LONGER-TERM	
	PHASE I BEGINS WITH STRATEGIC AND TACTICAL PLANNING AND DEVELOPS KEY PRODUCTS AND TOOLS. TARGETED AND FOCUSED IMPLEMENTATION OCCURS.			PHASE II OBJECTIVE: INFLUENCE THE BROADER MARKET BEYOND INITIAL TARGETED EFFORTS. IMPROVE THE CAPABILITY FOR REAL ESTATE PROFESSIONALS TO SELF-ADMINISTER IMPROVED ENERGY MANAGEMENT PRACTICES.		
<i>THE CONTEXT AND NEED THAT GIVES RISE TO AN INITIATIVE, INCLUDING OPPORTUNITIES AND BARRIERS</i>	<i>IN ORDER TO ADDRESS THE SITUATION WE WILL CONDUCT THE FOLLOWING ACTIVITIES</i>	<i>WE EXPECT THAT IF COMPLETED OR UNDERWAY, THESE ACTIVITIES WILL PRODUCE THE FOLLOWING EVIDENCE</i>	<i>WE EXPECT THAT IF COMPLETED OR ONGOING PHASE I ACTIVITIES WILL LEAD TO THE FOLLOWING CHANGES BY 2010</i>	<i>IN ORDER TO ADDRESS THE SITUATION WE WILL CONDUCT THE FOLLOWING ACTIVITIES</i>	<i>WE EXPECT THAT IF COMPLETED OR ONGOING, PHASE II ACTIVITIES WILL LEAD TO THE FOLLOWING CHANGES POST 2010</i>	<i>CHANGES IN THE MARKET RESULTING FROM THE PRECEDING OUTCOMES</i>
MARKET OPPORTUNITIES: <ul style="list-style-type: none"> The consolidation and vertical integration of real estate companies creates leverage points and business opportunities that were not there in the past Linking energy efficiency with reductions in operating costs to improve net operating income (NOI) or funds from operations 	Develop tools and materials: <ul style="list-style-type: none"> Value proposition and marketing and communications platform to guide the office real estate effort Business support materials for use by market consultants Guidelines, protocols, tools and information on how to enact and capitalize on the competitive advantages of 	Tools and resources to include: <ul style="list-style-type: none"> <i>High Performance Portfolio Framework</i> describing an approach to leverage energy management as a competitive advantage and driver of value Key issue briefings that further discuss business areas where energy and profitability intersect, such as LEED, performance 	Market partners, including utilities, trade associations, and select firms begin support and promotion of high performance portfolios. Direct customer assistance begins. Real estate professionals receive and download the <i>High Performance Portfolio Framework</i> and associated tools, and begin implementation. Inquiries and initial consultations begin with the "Leasing Lab." Fifty percent of targeted real estate decision-makers are	Monitor the development of new practices and emerging technologies that merit new tool and resource development. Shift the emphasis of delivery: <ul style="list-style-type: none"> Reduce direct involvement; provide background assistance in limited circumstances. Transfer intellectual capital (Indexes, leasing labs, etc.) to trade associations, 	Leaders emerge in real estate firms and companies benchmark their energy use and business practices. Deeper awareness exists of competitive advantages in improved energy management practices. Portfolio-level energy management plans, strategies, and policies are in place – guiding business decisions in market transactions. Property managers regularly examine leases in depth and develop strategies to	Investors, pension funds, stockholders, and other capital sources begin to require minimum thresholds of efficiency and sustainability for funding. Office real estate firms find themselves increasingly at a disadvantage if energy management practices are not put in place. Professional success in property management is increasingly tied to energy performance. Professional development

SITUATION	PHASE I PHASE 1 BEGINS WITH STRATEGIC AND TACTICAL PLANNING AND DEVELOPS KEY PRODUCTS AND TOOLS. TARGETED AND FOCUSED IMPLEMENTATION OCCURS.			PHASE II PHASE II OBJECTIVE: INFLUENCE THE BROADER MARKET BEYOND INITIAL TARGETED EFFORTS. IMPROVE THE CAPABILITY FOR REAL ESTATE PROFESSIONALS TO SELF-ADMINISTER IMPROVED ENERGY MANAGEMENT PRACTICES.		IMPACT
	ACTIVITIES	OUTPUTS	OUTCOMES – SHORT-TERM	ACTIVITIES (2011+)	OUTCOMES – LONGER-TERM	
<p>(FFO)</p> <ul style="list-style-type: none"> Structural disconnects between property management firms, owners, and tenants have historically inhibited investments in energy efficiency Partnership opportunities emerging through BOMA, ULI, large real estate firms, etc. Growing focus and interest on LEED, ENERGY STAR[®], benchmarking, valuation and sustainability issues, and tenant interest <p>MARKET BARRIERS:</p> <ul style="list-style-type: none"> Real estate owners are often unaware of energy 	<p>improved energy management</p> <ul style="list-style-type: none"> Guidance for financial decision-makers on business strategies in creating and managing high performance buildings <p>Develop and offer education and training:</p> <ul style="list-style-type: none"> Professional development opportunities for real estate professionals conducted in partnership with trade allies, utilities, trade associations, and other related organizations <p>Build market awareness via marketing strategies:</p> <ul style="list-style-type: none"> Build awareness and support for high performance 	<p>incentives, appraisals, TI projects, building operations, leasing, etc.</p> <ul style="list-style-type: none"> Energy Management Policy Portfolio Implementation Plan Leasing Lab Sample procurement policy Sample RFPs Sustainability Investment Index Valuation case studies Etc. <p>Education and training materials and engagements:</p> <ul style="list-style-type: none"> Licensing and local delivery of the BOMA BEEP series in Seattle, Portland, and 	<p>aware of the specific benefits available from new and existing high performance buildings.</p> <p>Real estate companies representing 20% of targeted real estate floor space adopt energy management plans that change energy-related business practices, including:</p> <ul style="list-style-type: none"> Two or more nationally-based companies with significant Northwest assets One or more regional companies in each major Northwest commercial market <p>Twenty percent of relevant real estate professionals are capable of managing change in energy-related business practices for design</p>	<p>individual firms, trade allies, and market actors for continued delivery.</p> <p>Increase emphasis on education and training:</p> <ul style="list-style-type: none"> Expand training to broader market Add training on new tools Continue to partner with others Improve content of existing training based on user input Disseminate information, tools and resources through internal and external websites. <p>Continue to build market awareness & capability to self-support:</p> <ul style="list-style-type: none"> Emphasize market leader 	<p>align the financial incentives.</p> <p>Property managers seek tune-up and enhanced O&M services through their service contractors.</p> <p>Polices are set in place to pursue ENERGY STAR[®], LEED, or other certifications. Marketing plans exist that capitalize on financial transactions between investors, buyers, tenants, etc.</p> <p>Appetite for more professional training, resources, and examples of best practices accelerates, and begins to be reflected in professional certification curriculums.</p> <p>New market actors emerge, carrying the message and offering new services.</p> <p>Transactions begin reflecting increased</p>	<p>curriculums evolve to recognize this change.</p> <p>Tenants actively seek and evaluate the performance characteristics of office space.</p> <p>The energy consumption of the office building stock in the Pacific Northwest is reduced considerably.</p>

SITUATION	PHASE I PHASE 1 BEGINS WITH STRATEGIC AND TACTICAL PLANNING AND DEVELOPS KEY PRODUCTS AND TOOLS. TARGETED AND FOCUSED IMPLEMENTATION OCCURS.			PHASE II PHASE II OBJECTIVE: INFLUENCE THE BROADER MARKET BEYOND INITIAL TARGETED EFFORTS. IMPROVE THE CAPABILITY FOR REAL ESTATE PROFESSIONALS TO SELF-ADMINISTER IMPROVED ENERGY MANAGEMENT PRACTICES.		IMPACT
	ACTIVITIES	OUTPUTS	OUTCOMES – SHORT-TERM	ACTIVITIES (2011+)	OUTCOMES – LONGER-TERM	
<p>management opportunities, how they relate to their business objectives, or how to capitalize on them</p> <ul style="list-style-type: none"> • Structural disconnects between property management firms, owners, and tenants typically reduce motivation to pursue greater energy efficiency • Leasing practices can dilute or prohibit financial rewards. Misperceptions persist on how to align energy efficiency investments with business objectives. • Property managers and staff have many competing priorities for their time. The internal 	<p>buildings through collateral materials, public relations and events, articles and case studies, electronic media (website and email), and selective advertising.</p> <p>Develop and test market delivery approaches:</p> <ul style="list-style-type: none"> • Create an approach that aligns market segments (national, regional, local) with appropriate delivery channels, such as contractors, utilities, and other market actors • Test and validate delivery <p>Provide direct customer assistance:</p> <ul style="list-style-type: none"> • Rollout validated 	<p>Boise</p> <ul style="list-style-type: none"> • Curriculum on the <i>High Performance Portfolio Framework</i> and associated principles, such as leasing, TI, building ops, etc. • Delivery of classes, workshops, and presentations through partner organizations, direct to firm-focus firms, direct to market actors • Participate in related conferences <p>Marketing content and activities:</p> <ul style="list-style-type: none"> • Case studies • Web content/ website section • Collateral such as briefs, flyers, fact sheets, posters, and handouts for 	<p>and construction and facility operations.</p>	<p>visibility with success stories, articles, awards, events, etc.</p> <ul style="list-style-type: none"> • Build/facilitate peer-to-peer support mechanisms/ channels • Support awareness building activities by others in the market, such as associations, utilities, trade allies • Emphasis on web-based delivery of tools and materials • Enhanced access to utility, state, and federal incentive programs 	<p>value and price premiums for high performance spaces.</p>	

SITUATION	PHASE I PHASE I BEGINS WITH STRATEGIC AND TACTICAL PLANNING AND DEVELOPS KEY PRODUCTS AND TOOLS. TARGETED AND FOCUSED IMPLEMENTATION OCCURS.			PHASE II PHASE II OBJECTIVE: INFLUENCE THE BROADER MARKET BEYOND INITIAL TARGETED EFFORTS. IMPROVE THE CAPABILITY FOR REAL ESTATE PROFESSIONALS TO SELF-ADMINISTER IMPROVED ENERGY MANAGEMENT PRACTICES.		IMPACT
	ACTIVITIES	OUTPUTS	OUTCOMES – SHORT-TERM	ACTIVITIES (2011+)	OUTCOMES – LONGER-TERM	
expertise to identify and implement energy efficiency opportunities is lacking. <ul style="list-style-type: none"> Contractor services are tailored to the status quo. 	delivery approach utilizing market consultants, utility staff, and other NEEA resources <ul style="list-style-type: none"> Market consultants work one-on-one with select real estate firms to adopt and implement the strategies of a high performance portfolio Market consultants, technical advisors, and utilities provide coordinated support on selected technical projects 	events <ul style="list-style-type: none"> Sponsorship and events with partner organizations Articles in trade publications 				

Market Transformation Hypothesis: If real estate owners and their agents are aware of the benefits available through energy efficiency and high performance buildings, then they will request and support changes in energy-related business practices. If property managers and contractors are encouraged to pursue energy management, and are capable of developing, selling, and implementing such plans, then they will do so. If real estate owners and their agent’s request trade ally support to achieve energy efficiency in design and construction, and facility operations, the trade allies will be able and willing to support these efforts.



PACIFIC NORTHWEST REAL ESTATE FIRMS

The real estate market is very dynamic. Properties change hands and firms enter and leave the market. The following list was prepared in Summer 2007 and was updated in September and October 2007. However, it is likely to be quickly out-of-date and has limitations. Information on some firms was not readably available. Some firms may not be in the correct category; other firms are likely missing. Collectively we estimate the 51 firms on our list represent over 100 MSF of office real estate in the Northwest. This simple assessment does not address double counting, where one firm may own a property and another may manage it, with each including it in its portfolio. The impact of any double-counting may be offset by missing information for some firms. It is likely that these firms represent a sizeable portion of the Northwest office real estate market.

Large firms that are primarily third-party managers (over 2 million-square-feet [MSF] of Northwest offices):

- CB Richard Ellis
- Cushman & Wakefield
- Grubb & Ellis
- GVA Kidder Mathews
- Integrated Real Estate Services, LLC
- American Property Management
- Norris, Beggs & Simpson
- Norris & Stevens, Inc.
- Jones Lang LaSalle
- Egis Real Estate Services, LLC

Large firms that own, manage, and develop (over 2 MSF of Northwest offices):

- Unico Properties
- Vulcan Real Estate
- Wright Runstad & Company
- RREEF



research/into/action™

OFFICE REAL ESTATE INITIATIVE: MPER #1

- ➔ Coast Real Estate Services
- ➔ Melvin Mark Development Company
- ➔ Hines
- ➔ Bentall Capital
- ➔ Shorenstein Properties/Partners (Equity Portland)
- ➔ PacTrust13
- ➔ Martin Selig Real Estate
- ➔ Washington Real Estate Holdings
- ➔ Schnitzer West

Large firms that are primarily owners (over 2 MSF of Northwest offices):

- ➔ Beacon Capital Partners
- ➔ Archon
- ➔ Walton Street Capital

Medium firms that own, manage, and/or develop (0.5 to 2 MSF of Northwest offices):

- ➔ Ashforth Pacific
- ➔ Clise Properties
- ➔ PS Business Parks
- ➔ Nitze-Stagen
- ➔ Opus Corporation (Opus NW)
- ➔ Legacy Partners
- ➔ Doug Bean & Associates
- ➔ KG Investment Management
- ➔ Thornton Oliver Keller
- ➔ Leibsohn and Co.
- ➔ Elliott Associates Inc.
- ➔ PREM Group



- ➔ Blume Co.
- ➔ Tishman Speyer
- ➔ Wyse Investment Services Co.
- ➔ Venerable Properties
- ➔ Martin Smith, Inc.
- ➔ LBA Realty
- ➔ Harsch Investment Properties
- ➔ Neil Walter Co.
- ➔ Morris Piha Real Estate Services Inc.
- ➔ Wallace Properties, Inc.
- ➔ Kemper Development Co.
- ➔ Deering Management Group, Inc.
- ➔ Gerding Edlen





research/into/action™

OFFICE REAL ESTATE INITIATIVE: MPER #1



BASELINE SURVEY – OFFICE REAL ESTATE INITIATIVE

The following survey instrument was coded into a web-based survey system.

1) CONTACT INFORMATION

Contact Name _____

Firm Name _____

Phone Number _____

Interviewer Name _____

Sample ID _____

Contact Date _____

INTRODUCTION

[USE THESE STATEMENTS AS GUIDELINES, NOT VERBATIM, TO LOCATE THE RIGHT PEOPLE TO TALK WITH]

My name is _____, from Research Into Action, and I am calling on behalf of the Northwest Energy Efficiency Alliance. We are talking with experts from a select sample of real estate firms about key trends in office building markets in the Northwest.

[IF A SPECIFIC CONTACT]

In reviewing firms and contacts, your name surfaced as an expert in this field.

OR

“_____” suggested you as an expert in this field.

[IF NO SPECIFIC CONTACT]

I need to speak with a person who knows about the financial performance of office buildings – including things like budgets, contracts, and planning – in your firm’s portfolio.

[TITLE COULD INCLUDE, VP of Property Management, Senior Property Manager, General Manager, Corporate Facility Director]



research/into/action™

OFFICE REAL ESTATE INITIATIVE: MPER #1

[FOR ALL]

This is an important study that will guide many activities targeted to office buildings in the Northwest over the next five years. Is this a good time to talk or can we schedule another time? Our interviews are taking 15-20 minutes. Your responses are completely confidential.

[IF ASKED]

We would be happy to send you an executive summary for the results from this study.

2) SCREENING QUESTIONS FOR ALL

S1. Do your responsibilities cover office buildings?

- Yes
- No

3) S2. Do your responsibilities include budgets, contracts, and/or planning?

- Yes
- No
- Other (please specify)

If you selected other please specify: _____

4) S3. Could you tell me the name of the person in your firm whose responsibilities cover more than one office building, and who is responsible for budgets, contracts, and/or planning?

5) S4. Can I have his/her phone number and/or extension?

ABOUT THE CONTACT AND FIRM

6) 1. First, please tell me your title and your primary job responsibilities.

[ASK: Does your job include property ownership, management, or development? No need to select answers, but just jot it down.]

7) 1a. RESPONSIBILITIES

8) 2. How many office buildings do your responsibilities cover? _____



- 9) 3. Considering all your responsibilities, what are one or two key issues you are focusing on in your job this year (e.g. staff issues, tenant issues, construction issues, building issues, regulatory issues, utility issues, cost issues, etc.)? _____

- 10) 4. How does your firm differentiate itself from other real estate firms in the market? (Probe: What do you highlight when meeting with a client or in your marketing material?) _____

- 11) 5. Specifically, how important is presenting a green or sustainable image to differentiating your firm from others? Would you say...
 Not important
 Somewhat important
 NEUTRAL
 Important, or
 Very important?
 DON'T KNOW/NO ANSWER
 Additional comments: _____

- 12) 6. And how important is presenting an energy efficient image to differentiating your firm from others? Would you say...
 Not important
 Somewhat important
 NEUTRAL
 Important, or
 Very important?
 DON'T KNOW/NO ANSWER
 Additional comments: _____

Now I would like to ask you some questions about the relationship between energy efficiency and the financial performance of your office buildings.



ENERGY AWARENESS/CONCERN

13) 7. Overall, how interested is your firm in making your office buildings more energy efficient as a way to improve their financial performance? Would you say...

- Not at all interested
- Somewhat interested
- NEUTRAL
- Interested
- Very interested?
- DON'T KNOW

14) 8. Why do you say " " ?

[IF "interested" or "very interested," PROBE: How recently did your firm become interested in energy efficiency? AND What caused your firm to be interested in energy efficiency?] _____

15) 9. Now I'd like you to rate how much potential impact increased energy efficiency could have on your buildings' financial performance, no matter how interested your firm might be in energy efficiency improvements at this time. How much potential do you believe increased energy efficiency has for improving the net operating income of your office buildings? Would you say... [IF ASKED ABOUT NET OPERATING INCOME, SAY: Income generated from a property (rent, parking, fees, etc.) minus expenses (utilities, taxes, insurance, operation and maintenance costs, management costs, etc.)]

- No potential
- Limited potential
- Good potential, or
- Great potential?
- DON'T KNOW/NO ANSWER

Additional comments: _____

16) 10. And how much potential does increased energy efficiency have for improving your buildings' net asset value. Would you say...

[IF ASKED ABOUT NET ASSET VALUE, SAY: The value of a building minus any liabilities/debt. There is a correlation between net operating income and asset value]

- No potential
- Limited potential
- Good potential, or
- Great potential?
- DON'T KNOW/NO ANSWER

Additional comments: _____



research/into/action™

- 17) 11. Third, how much potential does increased energy efficiency have for improving the marketability of your office buildings? Would you say...
- No potential
 - Limited potential
 - Good potential, or
 - Great potential?
 - DON'T KNOW/NO ANSWER
- Additional comments: _____
-

- 18) 12. Finally, how much potential impact does increased energy efficiency have for improving tenant satisfaction?
- No potential
 - Limited potential
 - Good potential, or
 - Great potential?
 - DON'T KNOW/NO ANSWER
- Additional comments: _____
-

Now I have some questions about energy use in your company’s office buildings. If you don’t know or aren’t sure of how to answer, please just let me know.

ABOUT GOALS AND STRATEGIES

- 19) 13. Does your firm currently have any specific goals to reduce energy use in your office buildings?
 [NOTE: we are asking about specific numeric goals and targets rather than a general goal to improve energy efficiency]
- Yes
 - No
 - Other (please specify)
- If you selected other please specify: _____

- 20) 14. [IF THERE ARE GOALS]
 Please explain the goals that your firm has in place.
 [PROBE: Are there specific numeric goals or targets for some or all buildings and timelines?
 AND When did your firm set these goals?] _____
-
-

- 21) 14a. [IF THERE ARE NOT GOALS]
 Is there any informal goals or plans that relate to reduction of energy use in your office buildings?

-



15. I'd now like you to tell me if your firm currently uses any of the following ways to help manage energy use in your office buildings. Please respond yes or no or let me know if you are not sure or are not familiar with the approach.

22) 15a. Benchmarking energy use of buildings by regularly comparing energy use to a standard or to other buildings

[IF ASKED ABOUT BENCHMARKING, SAY: Comparing the energy performance of a building to a standard (benchmark) or to other buildings]

- Yes
- No
- Don't know
- UNFAMILIAR WITH THE TERM
- NOT APPLICABLE

Additional comments: _____

23) 17. What method do you use to benchmark the energy performance of the office buildings in your portfolio? [READ LIST]

- Commercially available energy accounting software
- Fiscal accounting system
- Spreadsheets or other internally developed approaches
- Energy Star Portfolio Manager
- Other
- Other (please specify)

If you selected other please specify: _____

24) 15b. Having new buildings commissioned by a commissioning service provider.

[IF ASKED ABOUT COMMISSIONING, SAY: A systematic process, conducted by a commissioning provider, to document, test, and verify that a new building performs as the design specifies]

- Yes
- No
- Don't know
- UNFAMILIAR WITH THE TERM
- NOT APPLICABLE

Additional comments: _____

25) 15c. Having existing buildings retrocommissioned by a commissioning or retrocommissioning service provider.



[IF ASKED ABOUT RETROCOMMISSIONING, SAY: Commissioning an existing building to ensure its performance meets occupant requirements]

- Yes
- No
- Don't know
- UNFAMILIAR WITH THE TERM
- NOT APPLICABLE

Additional comments: _____

26) 15d. Having ENERGY STAR®-certified buildings in your portfolio.

- Yes
- No
- Don't know
- UNFAMILIAR WITH THE TERM
- NOT APPLICABLE

Additional comments: _____

27) 18. How many of your office buildings are ENERGY STAR®-certified?

[IF ASKED ABOUT ENERGY STAR CERTIFIED BUILDINGS, SAY: An ENERGY STAR® Building must receive a score of 75 or higher (energy use better than 75% of comparable buildings) using ENERGY STAR’s Portfolio Manager (web-based energy accounting tool). The U.S. Environmental Protection Agency operates the ENERGY STAR® Program]

28) 15e. Using energy efficiency standards for new buildings or major renovations that are more stringent than the energy code.

- Yes
- No
- Don't know
- UNFAMILIAR WITH THE TERM
- NOT APPLICABLE

Additional comments: _____



29) 19. What do your new building/major renovation energy standards include?

[PROBE: Energy target or percent above code; LEED certification; equipment or system standards?]

[IF ASKED ABOUT LEED, SAY: The U.S. Green Building Council developed and maintains LEED (Leadership in Energy and Environmental Design). Buildings must meet minimum standards and then score points for incorporating various sustainable features into a building design. Based on the number of points achieved the certification levels are: certified, bronze, silver, gold, and platinum. There are several different LEED rating systems: LEED for new buildings (LEED-NC), LEED for existing buildings (LEED-EB), LEED for commercial interiors (LEED-CI), and LEED core and shell (LEED-CS). LEED-NB is most common; the others are relatively new]

30) 15f. Having LEED certified buildings in your portfolio.

[IF ASKED ABOUT LEED, SAY: The U.S. Green Building Council developed and maintains LEED (Leadership in Energy and Environmental Design). Buildings must meet minimum standards and then score points for incorporating various sustainable features into a building design. Based on the number of points achieved the certification levels are: certified, bronze, silver, gold, and platinum. There are several different LEED rating systems: LEED for new buildings (LEED-NC), LEED for existing buildings (LEED-EB), LEED for commercial interiors (LEED-CI), and LEED core and shell (LEED-CS). LEED-NB is most common; the others are relatively new]

- Yes
- No
- Don't know
- UNFAMILIAR WITH THE TERM
- NOT APPLICABLE

Additional comments: _____

31) 20. How many of your office buildings are LEED certified?

[IF ASKED ABOUT LEED, SAY: The U.S. Green Building Council developed and maintains LEED (Leadership in Energy and Environmental Design). Buildings must meet minimum standards and then score points for incorporating various sustainable features into a building design. Based on the number of points achieved the certification levels are: certified, bronze, silver, gold, and platinum. There are several different LEED rating systems: LEED for new buildings (LEED-NC), LEED for existing buildings (LEED-EB), LEED for commercial interiors (LEED-CI), and LEED core and shell (LEED-CS). LEED-NB is most common; the others are relatively new]



32) 15g. Having staff trained on energy efficiency topics.

- Yes
- No
- Don't know
- UNFAMILIAR WITH THE TERM
- NOT APPLICABLE

Additional comments: _____

33) 21. Which of the following energy related training opportunities do you offer your staff?

- Certified Energy Manager (CEM) training
- LEED accreditation training
- Builder Operator Certification (BOC) training
- BOMA Energy Efficiency Program (BEEP)
- DON'T KNOW/NO ANSWER
- Other (please specify)

If you selected other please specify: _____

34) 15h. Rewarding or recognizing staff when they reduce energy use or propose energy efficiency improvements.

- Yes
- No
- Don't know
- UNFAMILIAR WITH THE TERM
- NOT APPLICABLE

Additional comments: _____

35) 15i. Retrofitting inefficient building systems with more energy efficient equipment.

- Yes
- No
- Don't know
- UNFAMILIAR WITH THE TERM
- NOT APPLICABLE

Additional comments: _____

36) 16. Are there other strategies that I did not mention that your firm uses to manage energy use in your buildings? _____



37) 22. How likely are you to add a LEED certified building to your office portfolio in the next 5 years?

Would you say...

- Not likely
- Somewhat likely
- Likely, or
- Very likely?
- DON'T KNOW/NO ANSWER

Additional comments: _____

Now I have a few questions about professional organizations and resources.

ABOUT THE USE OF PROFESSIONAL ORGANIZATIONS AS RESOURCES

38) 23. Have you heard of BetterBricks?

- Yes
- No

39) 23a. How did you first hear about that?

- Professional organization
- Utility
- Mailing
- Email
- Other (please specify)

If you selected other please specify: _____

40) 24. Have you taken advantage of anything offered by BetterBricks?

- Yes
- No

41) 24a. What specifically have you taken advantage of it? _____

42) 25. Have you attended any events on energy efficiency or high performance buildings offered through the professional organizations you belong to?

- Yes
- No



research/into/action™

43) 25a. What events did you attend?
 [DO NOT READ THE LIST]
 [PROBE: Encourage multiple responses and get "other" events]
 BOMA Energy Efficiency Program (BEEP) Training Series
 Office Building Benchmarking Showdown
 Other (please specify)
 If you selected other please specify: _____

44) 31. What do you see as the most important trends facing your industry today, both in the Northwest and nationally? _____

Finally, I have just a few questions about your firm and its office building portfolio.

[NOTE: If the respondent does not have ready answers for some of these questions, they can be left blank or they might be able to refer us to a company website where we can find answers]

ABOUT REAL ESTATE FIRM

45) 26. Which of these roles does your firm play in the office real estate market in these three Northwest states: Washington Oregon, and Idaho?
 Own
 Develop
 Manage
 Other (please specify)
 If you selected other please specify: _____

46) 27. What is the number of office buildings in your portfolio in the same three Northwest states (Oregon, Washington, Idaho)? _____

47) 28. What is the square footage of office buildings in your portfolio in the same three Northwest states (Oregon, Washington, Idaho)? _____

48) 28a. What portion of square footage does your firm have an ownership share? _____

49) 28b. What portion of square footage does your firm manage? _____



research/into/action™

50) 29. More specifically, in terms of square feet, what percent of your office building portfolio is in the Seattle/Bellevue area? The Portland area? The Boise area? All other areas of the NW?

[NOTE: If percentages are not known, identify the markets where they have buildings]

Seattle/Bellevue (Puget Sound) _____

Portland _____

Boise _____

All other areas _____

51) 30. [IF THE FIRM HAS BUILDINGS IN BOISE]

Could you give us a referral to someone responsible for managing the properties in Boise?

Contact Name _____

Phone number _____

THANK YOU VERY MUCH FOR YOUR TIME AND INSIGHTS.





BASELINE SURVEY RESULTS

The following tables summarize the results of the close-ended questions from the Baseline Survey of real estate professionals. The first table shows the survey call disposition and the next two tables show cross tabulations for the size of firm and the location of the respondent. The tables following show response results by question.

SURVEY DISPOSITION

Table E.1: Baseline Survey Call Disposition

DISPOSITION	TOTAL	PERCENT
Completed	49	30%
Completed But Screened From Sample	1	1%
Hard Refusal	4	2%
Soft Refusal	10	6%
Wrong Number	1	1%
No Longer Work There	12	7%
Discontinued	0	0%
Not Qualified	7	4%
Attempt Failed	28	17%
Quota Met Before Called	50	31%
Total	162	100%



research/into/action™

OFFICE REAL ESTATE INITIATIVE: MPER #1

CROSSTABLATIONS

Table E.2: Company Size – State Crosstabulation

COMPANY			STATE				TOTAL
			ID	MN	OR	WA	
Company Size	Large Firms With Third Party Managers	COUNT	0	0	11	4	15
		% OF TOTAL	.0%	.0%	22.4%	8.2%	30.6%
	Large Firms That Own, Manage, and Develop	COUNT	1	0	5	8	14
		% OF TOTAL	2.0%	.0%	10.2%	16.3%	28.6%
	Medium Firms That Own, Manage, and Develop	COUNT	2	1	8	9	20
		% OF TOTAL	4.1%	2.0%	16.3%	18.4%	40.8%
Total		COUNT	3	1	24	21	49
		% OF TOTAL	6.1%	2.0%	49.0%	42.9%	100.0%

Table E.3: State – City Crosstabulation

STATE		CITY											TOTAL	
		BEAVERTON	BELLEVUE	BOISE	EVERETT	KENT	MINNEAPOLIS	OREGON CITY	PORTLAND	REDMOND	SEATTLE	TUALATIN		
ID	COUNT	0	0	3	0	0	0	0	0	0	0	0	0	3
	%	.0%	.0%	6.1%	.0%	.0%	.0%	.0%	.0%	.0%	.0%	.0%	.0%	6.1%
MN	COUNT	0	0	0	0	0	1	0	0	0	0	0	0	1
	%	.0%	.0%	.0%	.0%	.0%	2.0%	.0%	.0%	.0%	.0%	.0%	.0%	2.0%
OR	COUNT	1	0	0	0	0	0	1	21	0	0	1	24	
	%	2.0%	.0%	.0%	.0%	.0%	.0%	2.0%	42.9%	.0%	.0%	2.0%	49.0%	
WA	COUNT	0	4	0	1	1	0	0	0	1	14	0	21	
	%	.0%	8.2%	.0%	2.0%	2.0%	.0%	.0%	.0%	2.0%	28.6%	.0%	42.9%	
Total	COUNT	1	4	3	1	1	1	1	21	1	14	1	49	
	%	2.0%	8.2%	6.1%	2.0%	2.0%	2.0%	2.0%	42.9%	2.0%	28.6%	2.0%	100.0%	



research/into/action™

OFFICE REAL ESTATE INITIATIVE: MPER #1

RESULTS BY QUESTION

Table E.4: q1. Job Title

	JOB TITLE	FREQUENCY	PERCENT	VALID PERCENT	CUMULATIVE PERCENT
Valid	Asset Manager	2	4.1%	4.1%	4.1%
	Assistant Property Manager	2	4.1%	4.1%	8.2%
	Associate Director	1	2.0%	2.0%	10.2%
	Building Manager	1	2.0%	2.0%	12.2%
	Chief Engineer	3	6.1%	6.1%	18.4%
	Chief Financial Officer	1	2.0%	2.0%	20.4%
	Commercial Property Manager	2	4.1%	4.1%	24.5%
	Director	1	2.0%	2.0%	26.5%
	Director of Commercial Properties	1	2.0%	2.0%	28.6%
	Director of Engineering	3	6.1%	6.1%	34.7%
	Director of Leasing	1	2.0%	2.0%	36.7%
	Director of Property Management	1	2.0%	2.0%	38.8%
	Executive Vice President	1	2.0%	2.0%	40.8%
	Facility Manager	1	2.0%	2.0%	42.9%
	Group Engineering Manager	1	2.0%	2.0%	44.9%
	Manager of Building Operations	1	2.0%	2.0%	46.9%
	Managing Director	1	2.0%	2.0%	49.0%
	Portfolio Manager	1	2.0%	2.0%	51.0%
	Property Director	1	2.0%	2.0%	53.1%
	Property Manager	13	26.5%	26.5%	79.6%
	Senior Property Manager	5	10.2%	10.2%	89.8%
	Senior Vice President	1	2.0%	2.0%	91.8%
	Vice President	1	2.0%	2.0%	93.9%
Vice President of Commercial Property Management	1	2.0%	2.0%	95.9%	
Vice President of District Manager	1	2.0%	2.0%	98.0%	
Vice President of Property Management	1	2.0%	2.0%	100.0%	
	Total	49	100.0%	100.0%	



Table E.5: q5. How important is it to present a green/sustainable image to differentiate your firm?

IMPORTANCE		FREQUENCY	PERCENT	VALID PERCENT	CUMULATIVE PERCENT
Valid	Not Important	4	8.2%	8.2%	8.2%
	Somewhat Important	6	12.2%	12.2%	20.4%
	Neutral	2	4.1%	4.1%	24.5%
	Important	19	38.8%	38.8%	63.3%
	Very Important	17	34.7%	34.7%	98.0%
	Don't Know/No Answer	1	2.0%	2.0%	100.0%
	Total	49	100.0%	100.0%	

Table E.6: q6. How important is it to present an energy-efficient image to differentiate your firm?

IMPORTANCE		FREQUENCY	PERCENT	VALID PERCENT	CUMULATIVE PERCENT
Valid	Not Important	1	2.0%	2.0%	2.0%
	Somewhat Important	2	4.1%	4.1%	6.1%
	Neutral	3	6.1%	6.1%	12.2%
	Important	16	32.7%	32.7%	44.9%
	Very Important	26	53.1%	53.1%	98.0%
	Don't Know/No Answer	1	2.0%	2.0%	100.0%
	Total	49	100.0%	100.0%	

Table E.7: q7. How interested are you in making your office buildings more energy-efficient as a way to improve their financial performance?

INTEREST		FREQUENCY	PERCENT	VALID PERCENT	CUMULATIVE PERCENT
Valid	Somewhat Interested	1	2.0%	2.0%	2.0%
	Neutral	1	2.0%	2.0%	4.1%
	Interested	9	18.4%	18.4%	22.4%
	Very Interested	38	77.6%	77.6%	100.0%
	Total	49	100.0%	100.0%	



Table E.8: q9, q10, q11, q12. How much potential does increased energy efficiency have for improving . . . ?

IMPROVEMENTS		NO POTENTIAL	LIMITED POTENTIAL	GOOD POTENTIAL	GREAT POTENTIAL	DON'T KNOW/ NO ANSWER	TOTAL
Net Operating Income	COUNT	1	13	16	15	4	49
	%	2.0%	26.5%	32.7%	30.6%	8.2%	100.0%
Net Asset Value	COUNT	1	7	25	13	3	49
	%	2.0%	14.3%	51.0%	26.5%	6.1%	100.0%
Marketability	COUNT	—	12	22	12	3	49
	%	—	24.5%	44.9%	24.5%	6.1%	100.0%
Tenant Satisfaction	COUNT	2	12	21	14	—	49
	%	4.1%	24.5%	42.9%	28.6%	—	100.0%

Table E.9: q13. Does your firm have specific goals to reduce energy use in your office buildings?

GOALS TO REDUCE ENERGY USE		FREQUENCY	PERCENT	VALID PERCENT	CUMULATIVE PERCENT
Valid	No	23	69.7%	79.3%	79.3%
	Yes	6	18.2%	20.7%	100.0%
	Total	29	87.9%	100.0%	
Missing	System	4	12.1%		
Total		33	100.0%		

Note: Responses analyzed by firm.



Table E.10: q15a-i: Is your firm currently using any of the following ways to help manage energy use in your office buildings?

MANAGE ENERGY BY...		NO	YES	UNFAMILIAR WITH TERM	NA	DON'T KNOW	TOTAL
Benchmarking Energy Use	COUNT	11	21	—	—	—	32
	%	34.4%	65.6%	—	—	—	100.0%
New Buildings Commissioned	COUNT	12	12	2	4	3	33
	%	36.4%	36.4%	6.1%	12.1%	9.1%	100.0%
Existing Buildings Retrocommissioned	COUNT	14	13	1	—	4	32
	%	43.8%	40.6%	3.1%	—	12.5%	100.0%
Having ENERGY STAR®-Certified Buildings In Portfolio	COUNT	18	8	1	—	4	31
	%	58.1%	25.8%	3.2%	—	12.9%	100.0%
Using More Stringent Energy Codes	COUNT	13	12	—	3	5	33
	%	39.4%	36.4%	—	9.1%	15.2%	100.0%
Having LEED-Certified Buildings In Portfolio	COUNT	15	11	1	—	3	30
	%	50.0%	36.7%	3.3%	—	10.0%	100.0%
Train Staff on Energy Efficiency Topics	COUNT	9	24	—	—	—	33
	%	27.3%	72.7%	—	—	—	100.0%
Reward/Recognize Staff For Energy Efficiency Initiatives	COUNT	16	15	—	1	1	33
	%	48.5%	45.5%	—	3.0%	3.0%	100.0%
Retrofitting with More Energy-Efficient Equipment	COUNT	1	32	—	—	—	33
	%	3.0%	97.0%	—	—	—	100.0%

Note: Responses analyzed by firm.



research/into/action™

OFFICE REAL ESTATE INITIATIVE: MPER #1

Table E.11: q17. Method used to benchmark energy performance of office buildings.

METHOD		RESPONSES		PERCENT OF CASES
		COUNT	PERCENT	
Multiple*	Commercially Available Energy Accounting Software	2	4.3%	9.5%
	Fiscal Accounting System	7	14.9%	33.3%
	Spreadsheets Or Other Internally Developed Approaches	16	34.0%	76.2%
	ENERGY STAR® Portfolio Manager	11	23.4%	52.4%
	Other Specified	11	23.4%	52.4%
Total		47	100.0%	223.8%

* Dichotomy group tabulated at value 1. Multiple responses allowed. Responses analyzed by firm.

Table E.12: q17. Energy-related training opportunities offered to staff.

METHOD		RESPONSES		PERCENT OF CASES
		COUNT	PERCENT	
Multiple*	Certified Energy Manager (CEM) Training	1	2.0%	4.2%
	LEED Accreditation Training	9	18.4%	37.5%
	Boulder Operator Certification (BOC) training	8	16.3%	33.3%
	BOMA Energy Efficiency Program (BEEP)	18	36.7%	75.0%
	Don't Know	1	2.0%	4.2%
	Other	12	24.5%	50.0%
Total		49	100.0%	204.2%

* Dichotomy group tabulated at value 1. Multiple responses allowed. Responses analyzed by firm.



Table E.13: q22. How likely are you to add a LEED-certified building in your portfolio in the next 5 years?

LIKELY TO ADD LEED-CERTIFIED BUILDING		FREQUENCY	PERCENT	VALID PERCENT	CUMULATIVE PERCENT
Valid	Not Likely	1	3.0%	3.0%	3.0%
	Somewhat Likely	2	6.1%	6.1%	9.1%
	Likely	13	39.4%	39.4%	48.5%
	Very Likely	10	30.3%	30.3%	78.8%
	Don't Know	7	21.2%	21.2%	100.0%
	Total	33	100.0%	100.0%	

Note: Responses analyzed by firm.

Table E.14: q23. Have you heard of BetterBricks?

HEARD OF BETTERBRICKS		FREQUENCY	PERCENT	VALID PERCENT	CUMULATIVE PERCENT
Valid	No	23	46.9%	46.9%	46.9%
	Yes	26	53.1%	53.1%	100.0%
	Total	49	100.0%	100.0%	

Table E.15: q23a. How did you first hear about BetterBricks?

HOW HEARD OF BETTERBRICKS		FREQUENCY	PERCENT	VALID PERCENT	CUMULATIVE PERCENT
Valid	Professional Organization	5	10.2%	19.2%	19.2%
	Utility	1	2.0%	3.8%	23.1%
	Email	4	8.2%	15.4%	38.5%
	Other	16	32.7%	61.5%	100.0%
	Total	26	53.1%	100.0%	
Missing	System	23	46.9%		
Total		33	100.0%		



research/into/action™

Table E.16: q23. Have you taken advantage of BetterBricks?

USED BETTERBRICKS		FREQUENCY	PERCENT	VALID PERCENT	CUMULATIVE PERCENT
Valid	No	16	32.7%	61.5%	61.5%
	Yes	10	20.4%	38.5%	100.0%
	Total	26	53.1%	100.0%	
Missing	System	23	46.9%		
Total		33	100.0%		

Table E.17: q25. Have you attended events that relate to energy efficiency/high performance buildings offered by professional organizations?

ATTENDED EVENTS		FREQUENCY	PERCENT	VALID PERCENT	CUMULATIVE PERCENT
Valid	No	9	18.4%	18.4%	18.4%
	Yes	40	81.6%	81.6%	100.0%
	Total	49	100.0%	100.0%	

Table E.18: q25a. Which events did you attend?

EVENT		RESPONSES		PERCENT OF CASES
		COUNT	PERCENT	
Multiple*	BOMA Energy Efficiency Program (BBEP) Training series	24	51.1%	61.5%
	Office Building Benchmarking Showdown	2	4.3%	5.1%
	Other	21	44.7%	53.8%
Total		47	100.0%	120.5%

* Dichotomy group tabulated at value 1. Multiple responses allowed.



Table E.19: q26. Role played in the real estate market.

METHOD		RESPONSES		PERCENT OF CASES
		COUNT	PERCENT	
Multiple*	Own	29	22.8%	59.2%
	Develop	27	21.3%	55.1%
	Manage	48	37.8%	98.0%
	Other	23	18.1%	46.9%
Total		127	100.0%	259.2%

* Dichotomy group tabulated at value 1. Multiple responses allowed.



research/into/action™



SURVEY INSTRUMENT – UTILITIES

CONTACT INFORMATION

Sample ID _____

Contact Information _____

Name of Contact _____

Name of Utility _____

Phone Number _____

Interviewer Name _____

Contact Date _____

INTRODUCTION

Hello, my name is _____ from Research Into Action in Portland, and I am calling on behalf of the Northwest Energy Efficiency Alliance. We are talking with experts in a select sample of utilities about energy efficiency and your commercial customers. This is an important study that will guide many activities targeted to commercial buildings in the Northwest over the next five years. Is this a good time to talk or can we schedule another time? Our interviews are taking 15-20 minutes. Your responses are completely confidential.

1. What are your utility's energy efficiency goals and priorities for its commercial customers?

2. Which commercial customer groups or segments are most important to your utility's efficiency goals and priorities? [OPEN-ENDED. RECORD ALL THAT APPLY.]

- Hospitals
- Grocery stores
- Commercial real estate
- New commercial building and design and construction services
- Existing commercial buildings and building operations
- Other (please specify)

If you selected other please specify: _____

Additional comments: _____



research/into/action™

3. Have you ever heard of BetterBricks?

- Yes
- No [TERMINATE]

4. How familiar are you with NEEA’s BetterBricks initiatives? Are you not familiar with it at all, familiar with it a little, familiar with it moderately, or familiar with it very much?

- Not at all familiar
- A little familiar
- Moderately familiar
- Very much familiar
- DON’T KNOW

5. How would you briefly describe BetterBricks to one of your customers that hasn’t heard about it?

6. How aligned do you consider BetterBricks to be with your utility’s energy efficiency goals and objectives? Would you say ‘not aligned at all’, ‘aligned a little’, ‘aligned moderately’, or ‘aligned very well’?

- Not aligned at all
- Aligned a little
- Aligned moderately
- Aligned very well
- DON’T KNOW

Additional comments: _____

7. How has your familiarity with BetterBricks changed since last year, if at all? Would you say...

- Not at all increased/the same
- Increased a little
- Increased moderately
- Increased significantly
- DON’T KNOW

Additional comments: _____



8. And as your familiarity with BetterBricks has increased, which of the following statements describes your assessment of BetterBricks?

- More favorable than previously
- Less favorable than previously
- No change and have a favorable assessment
- No change and have a neutral or unfavorable assessment
- DON'T KNOW

Additional comments: _____

9. What sorts of comments have you heard from your customers about BetterBricks, if any?

HOSPITALS INTERACTIONS WITH MARKET SPECIALISTS AND TECHNICAL ADVISORS

10. Have you had any interactions with the BetterBricks market specialist or technical advisors working with *hospitals* in your area?

- Yes
- No
- Don't know

11. Specifically with regard to you being invited to appropriate meetings and giving you adequate notice of events and meetings with your customers, how would you describe the coordination with the *hospital market specialists*? Would you say...

- Very poorly done
- Could be better
- Satisfactory
- Very well done
- DON'T KNOW
- NA

Additional comments: _____



12. Overall, how would you describe communications between the hospital market specialists and you regarding their activities with your customers? Would you say...
- Very poorly done
 - Could be better
 - Satisfactory
 - Very well done
 - DON'T KNOW
 - NA

Additional comments: _____

13. Do you have any recommendations for improving communications and coordination between the hospital market specialists and utility staff such as yourself?

14. Have you ever accompanied BetterBricks technical advisor contractors as they have assessed facility operations *at hospitals*?

- Yes
- No

15. Using the scale of 'very dissatisfied', 'dissatisfied', 'satisfied', or 'very satisfied', how satisfied were you with their...

	<i>VERY DISSATISFIED</i>	<i>DISSATISFIED</i>	<i>SATISFIED</i>	<i>VERY SATISFIED</i>	<i>DON'T KNOW</i>
a. Technical Knowledge	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. Suggestions For Efficiency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

16. How familiar are you with Strategic Energy Management Planning or SEMP, the business approach that BetterBricks is promoting for hospitals? Are you not familiar with it at all, familiar with it a little, familiar with it moderately, or familiar with it very much?

- Not at all familiar [PRESS "NEXT PAGE"]
- A little familiar
- Moderately familiar
- Very much familiar
- DON'T KNOW [PRESS "NEXT PAGE"]
- NA [PRESS "NEXT PAGE"]

Additional comments: _____



17. How would you briefly describe Strategic Energy Management Planning to one of your customers that hasn't heard about it?

18. To what extent, if at all, do you believe that the BetterBricks initiative helps your hospital customers become more energy efficient? Would you say...

- Not at all
- A little
- Moderately
- Very much
- DON'T KNOW

Additional comments: _____

19. And why did you say that?

GROCERY STORE INTERACTIONS WITH MARKET SPECIALISTS AND TECHNICAL ADVISORS

20. Have you had any interactions with the BetterBricks market specialists working with *grocery stores* in your area?

- Yes
- No
- DON'T KNOW

21. Specifically with regard to you being invited to appropriate meetings and giving you adequate notice of events and meetings with your customers, how would you describe the coordination with the *grocery market specialists*? Would you say...

- Very poorly done
- Could be better
- Satisfactory
- Very well done
- DON'T KNOW
- NA

Additional comments: _____



22. Overall, how would you describe communications between the *grocery market specialists* and you regarding their activities with your customers? Would you say...

- Very poorly done
- Could be better
- Satisfactory
- Very well done
- DON'T KNOW
- NA

Additional comments: _____

23. Do you have any recommendations for improving communications and coordination between the grocery market specialists and utility staff such as yourself?

24. Have you ever accompanied BetterBricks technical advisor contractors as they have assessed facility operations *at grocery stores*?

- Yes
- No

25. Using the scale of ‘very dissatisfied’, ‘dissatisfied’, ‘satisfied’, or ‘very satisfied’, how satisfied were you with their...

	<i>VERY DISSATISFIED</i>	<i>DISSATISFIED</i>	<i>SATISFIED</i>	<i>VERY SATISFIED</i>	<i>DON'T KNOW</i>
a. Technical Knowledge	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. Suggestions For Efficiency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

26. How familiar are you with the refrigeration tune-up process that BetterBricks is promoting for groceries? Are you not familiar with it at all, familiar with it a little, familiar with it moderately, or familiar with it very much?

- Not at all familiar
- A little familiar
- Moderately familiar
- Very much familiar
- DON'T KNOW
- NA

Additional comments: _____



27. How would you briefly describe the refrigeration tune-up process to one of your customers that hasn't heard about it?

28. How familiar are you with the Energy Action Planning, the business approach that BetterBricks is promoting for groceries? Are you not familiar with it at all, familiar with it a little, familiar with it moderately, or familiar with it very much?

- Not at all familiar [PRESS "NEXT PAGE"]
- A little familiar
- Moderately familiar
- Very much familiar
- DON'T KNOW [PRESS "NEXT PAGE"]
- NA [PRESS "NEXT PAGE"]

Additional comments: _____

29. How would you briefly describe the Energy Action Planning process to one of your customers that hasn't heard about it?

30. To what extent, if at all, do you believe that the BetterBricks initiative helps your grocery customers become more energy efficient? Would you say...

- Not at all
- A little
- Moderately
- Very much
- DON'T KNOW

Additional comments: _____

31. And why did you say that?



REAL ESTATE

32. Do you currently work with commercial real estate firms to improve the efficiency of their buildings?

- Yes
- No

33. Are you familiar with the BOMA BEEP education series that was offered recently?

- Yes
- No
- DON'T KNOW

34. Were you aware that BetterBricks played a major role in bringing that series to your area?

- Yes
- No

35. Please rate your assessment of the value of BOMA BEEP to your customers. Would you say...

- Not at all valuable
- Valuable a little
- Valuable moderately
- Very valuable
- DON'T KNOW

Additional comments: _____

36. Using the same scale, please rate your assessment of the value of BOMA BEEP to your utility efficiency program.

- Not at all valuable
- Valuable a little
- Valuable moderately
- Very valuable
- DON'T KNOW

Additional comments: _____

37. Do you have any comments to offer to elaborate on your rating of the value of BOMA BEEP to your customers or your efficiency programs?



NEW CONSTRUCTION

38. Does your utility currently target new construction in its energy efficiency activities?

- Yes
- No
- DON'T KNOW

39. What do you offer new construction projects?

40. How familiar are you with the integrated design approach being promoted by BetterBricks? Are you not familiar with it at all, familiar with it a little, familiar with it moderately, or familiar with it very much?

- Not at all familiar
- A little familiar
- Moderately familiar
- Very much familiar
- DON'T KNOW
- NA

Additional comments: _____

41. How would you briefly describe BetterBricks' integrated design approach to one of your customers that hasn't heard about it?

42. Does your utility take steps to encourage customers to use an integrated design approach when designing new buildings?

- Yes
- No
- DON'T KNOW

43. Could you describe what your utility does to encourage integrated design?



44. Does your utility have any activities specifically designed to align with the AIA 2030 Challenge to make new buildings carbon neutral by 2030 or to reduce fossil fuel consumption to 50% by 2010?
- Yes
 - No [PRESS "NEXT PAGE"]
 - DON'T KNOW [PRESS "NEXT PAGE"]

45. Could you describe the activities?

46. Have you had any interactions with the staff from the BetterBricks integrated design labs?
- Yes
 - No
 - DON'T KNOW

47. Specifically with regard to you being invited to appropriate meetings and giving you adequate notice of events and meetings with your customers, how would you describe the coordination with the Integrated Design Lab staff? Would you say...
- Very poorly done
 - Could be better
 - Satisfactory
 - Very well done
 - DON'T KNOW

Additional comments: _____

48. Overall, how would you describe communications between the BetterBricks Integrated Design Lab staff and you regarding their activities with your customers? Would you say...
- Very poorly done
 - Could be better
 - Satisfactory
 - Very well done
 - DON'T KNOW

Additional comments: _____

49. Do you have any recommendations for improving communications and coordination between the Integrated Design Lab staff and utility staff such as yourself?



50. Have you ever attended a design charette or other work session led by the Integrated Design Lab staff?
- Yes
 - No [PRESS "NEXT PAGE"]
 - DON'T KNOW [PRESS "NEXT PAGE"]

51. Using the scale of 'very dissatisfied', 'dissatisfied', 'satisfied', or 'very satisfied', how satisfied were you with their...

	VERY DISSATISFIED	DISSATISFIED	SATISFIED	VERY SATISFIED	DON'T KNOW
a. Technical Knowledge	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. Suggestions For Efficiency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

52. To what extent, if at all, do you believe that the BetterBricks initiative helps your customers who are designing and constructing new buildings make them more energy efficient? Would you say...
- Not at all
 - A little
 - Moderately
 - Very much
 - DON'T KNOW

Additional comments: _____

53. And why did you say that?

BUILDING OPERATIONS

54. Does your utility currently encourage operations and maintenance practices that improve the energy efficiency of *existing buildings*?
- Yes
 - No

55. What activities does your utility do to encourage efficient operations and maintenance practices?



56. Have you had any interactions with the BetterBricks technical advisors for building operations?

- Yes
- No
- DON'T KNOW

57. Specifically with regard to you being invited to appropriate meetings and giving you adequate notice of events and meetings with your customers, how would you describe the coordination with BetterBricks technical advisors? Would you say...

- Very poorly done
- Could be better
- Satisfactory
- Very well done
- DON'T KNOW

Additional comments: _____

58. Overall, how would you describe communications between the BetterBricks technical advisors and you regarding their activities with your customers? Would you say...

- Very poorly done
- Could be better
- Satisfactory
- Very well done
- DON'T KNOW

Additional comments: _____

59. Do you have any recommendations for improving communications and coordination between the BetterBricks technical advisors and utility staff such as yourself?

60. Have you ever accompanied BetterBricks technical advisors as they have assessed a facility's operation?

- Yes
- No [PRESS "NEXT PAGE"]
- DON'T KNOW [PRESS "NEXT PAGE"]



61. Using the scale of ‘very dissatisfied’, ‘dissatisfied’, ‘satisfied’, or ‘very satisfied’, how satisfied were you with their...

	<i>VERY DISSATISFIED</i>	<i>DISSATISFIED</i>	<i>SATISFIED</i>	<i>VERY SATISFIED</i>	<i>DON'T KNOW</i>
a. Technical Knowledge	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. Suggestions For Efficiency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

62. How familiar are you with the BetterBricks’ approach to building operations which emphasizes tune-up and enhanced O&M practices for existing buildings? Are you not familiar with it at all, familiar with it a little, familiar with it moderately, or familiar with it very much?

- Not at all familiar
- A little familiar
- Moderately familiar
- Very much familiar
- DON’T KNOW
- NA

Additional comments: _____

63. How would you briefly describe BetterBricks’ approach to building operations to one of your customers that hasn’t heard about it?

64. To what extent, if at all, do you believe that the BetterBricks initiative help your customers who work with existing commercial buildings operate their buildings more efficiently?

- Not at all
- A little
- Moderately
- Very much
- DON’T KNOW

Additional comments: _____

65. Why did you say that?



CLOSING

66. Finally, is there anything additional that you would like to tell NEEA about its BetterBricks initiatives and how it works with your customers?

THANK YOU VERY MUCH FOR YOUR TIME!!!



research/into/action™