



ULI Tenant Energy Optimization Program

What It Is

The Tenant Energy Optimization Process is a proven, replicable approach that integrates energy efficiency into tenant space design and construction and delivers excellent financial returns through energy conservation.

TenantEnergy.ULI.org

The Benefits



It generates an attractive return on investment (ROI)

Tenants using the step-by-step design and construction process typically have experienced:

- Energy savings of 30 to 50 percent;
- Payback in as little as three to five years; and
- An average annual internal return rate of 25 percent.



It provides a competitive edge

Companies with more sustainable, energy-efficient workplaces enhance their ability to attract, retain, and motivate workers who are healthier, happier, and more productive.



It is scalable and replicable

The process can provide energy and financial savings whether the tenant leases 2,500 or 250,000 square feet. There is high potential for transferability beyond tenant office space to other property sectors.



It is proven

Through measurement and verification, tenants are able to demonstrate and communicate energy and financial savings.



It is environmentally critical

Energy use in buildings is the largest source of climate-changing carbon pollution, and tenant spaces generally account for more than half of a building's total energy consumption, making this process essential to improving the environmental performance of buildings and addressing global climate change.

The 10-Step Process

Phase I: Pre-Lease



Step 1: Select a team

- Use a broker with experience in sustainability.
- Add other team members (architect, engineer, etc.) in subsequent steps.



Step 2: Select an office space

- Choose an efficient base building.
- Negotiate lease terms that allow energy efficiency improvements.

Phase II: Design and Construction



Step 3: Set energy performance goals

- Consider overall corporate sustainability commitments and investments.



Step 4: Model energy reduction options

- Develop a Menu of Measures.
- Project performance of different combinations and iterations of measures.



Step 5: Calculate projected financial returns

- Review incremental costs and available incentives.
- Use Value Analysis Tool.



Step 6: Make final decisions

- Determine the optimal package that meets financial (NPV and IRR) and energy performance goals.



Step 7: Develop a post-occupancy plan

- Address needs for performance monitoring and occupant training.



Step 8: Build out the space

- Execute the planned energy efficiency projects.

Phase III: Post-Occupancy



Step 9: Execute the post-occupancy plan

- Measure and verify performance and perform ongoing maintenance.



Step 10: Communicate results

- Perform ongoing reporting.

Questions to Ask the Building Owner

- What is the building's ENERGY STAR score?
- Is the space submetered, and is the utility billing structure based on actual use?
- What is the utility rate and average energy cost per square foot?
- What has the building done to improve and maintain energy efficiency and conservation, and when were the improvements installed?
- Does the building have resources or programs to help with design, construction, and ongoing management of energy-efficient spaces?

Selecting an Efficient Base Building

Good:

- Building reports ENERGY STAR score
- Ongoing tenant-landlord energy efficiency coordination
- Landlord willing to allow submetered tenant space

Better—includes all of Good, plus:

- Building ENERGY STAR score of 75 or higher
- Central building management system (BMS) with tie-in of tenant heating, ventilating, and air conditioning (HVAC) and lighting
- Building energy audit, ongoing commissioning activities, and energy capital projects completed
- Submetered tenant space with energy billed on actual usage

Best—includes all of Better, plus:

- Subpanels to measure tenant lighting, HVAC, and plug loads separately
- Tenant energy management program (such as a dashboard)

Who Is Involved

It is collaborative—The process connects the dots between tenants, building owners, real estate brokers, project managers, architects, engineers, and other consultants to create energy-efficient workplaces. In this regard, the process reflects ULI's longstanding tradition of bringing together professionals from a variety of real estate disciplines to improve the built environment.



Leasing brokers are influential tenant advisers during the pre-lease phase. If experienced in energy efficiency conversations, brokers can help tenants demand and understand building energy performance information during the site-selection process. Brokers who highlight case studies or examples of work representing tenants in the selection of high-performance spaces may gain additional clients.



Tenants create demand for energy-efficient, high-performing space. Tenants also create demand for consultants who can advise them on how to reach their sustainability goals through the design and construction of energy-efficient space. By prioritizing energy-efficient space and working closely with their advisers, tenants can develop better workplaces to attract and motivate employees, attain recognition for sustainability leadership, and manage costs.



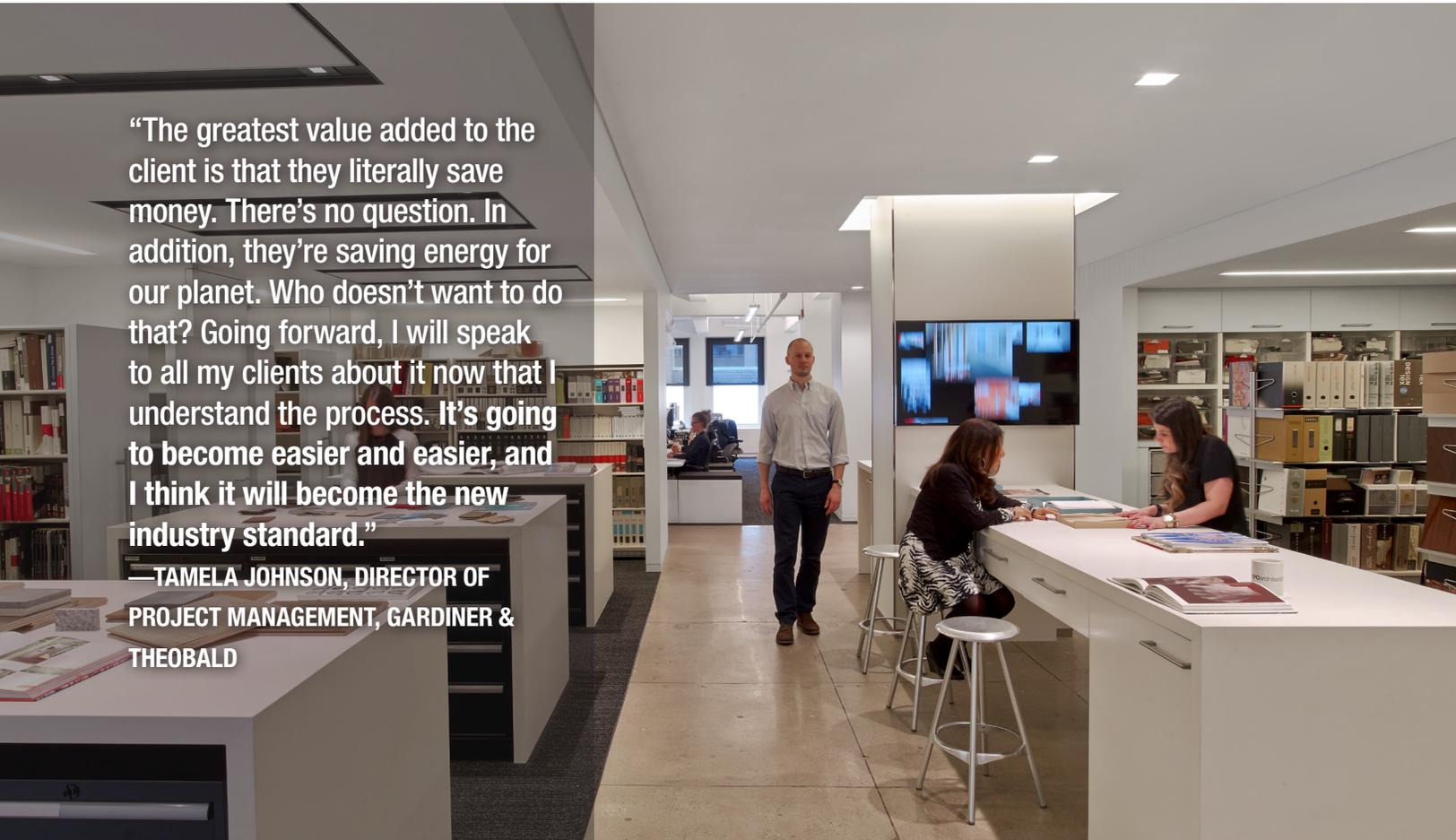
Building owners supply high-performance buildings that help tenants meet their energy performance and financial goals. Real estate owners can gain competitive advantages by marketing energy-efficient buildings to attract high-quality, sophisticated tenants. Tenants may prefer longer lease periods in highly efficient buildings that better align with their corporate environmental and social responsibility goals, provide financial benefits, and add recognition value.



Consultants (e.g., architects, engineers, project managers, energy consultants, and contractors) provide the expertise to optimize energy performance and present the technical options and economic case for a comprehensive, cost-effective, and high-performance space. Consultants offering these services may attract additional clients by demonstrating cost savings and other benefits to tenants' business goals.

“The greatest value added to the client is that they literally save money. There's no question. In addition, they're saving energy for our planet. Who doesn't want to do that? Going forward, I will speak to all my clients about it now that I understand the process. It's going to become easier and easier, and I think it will become the new industry standard.”

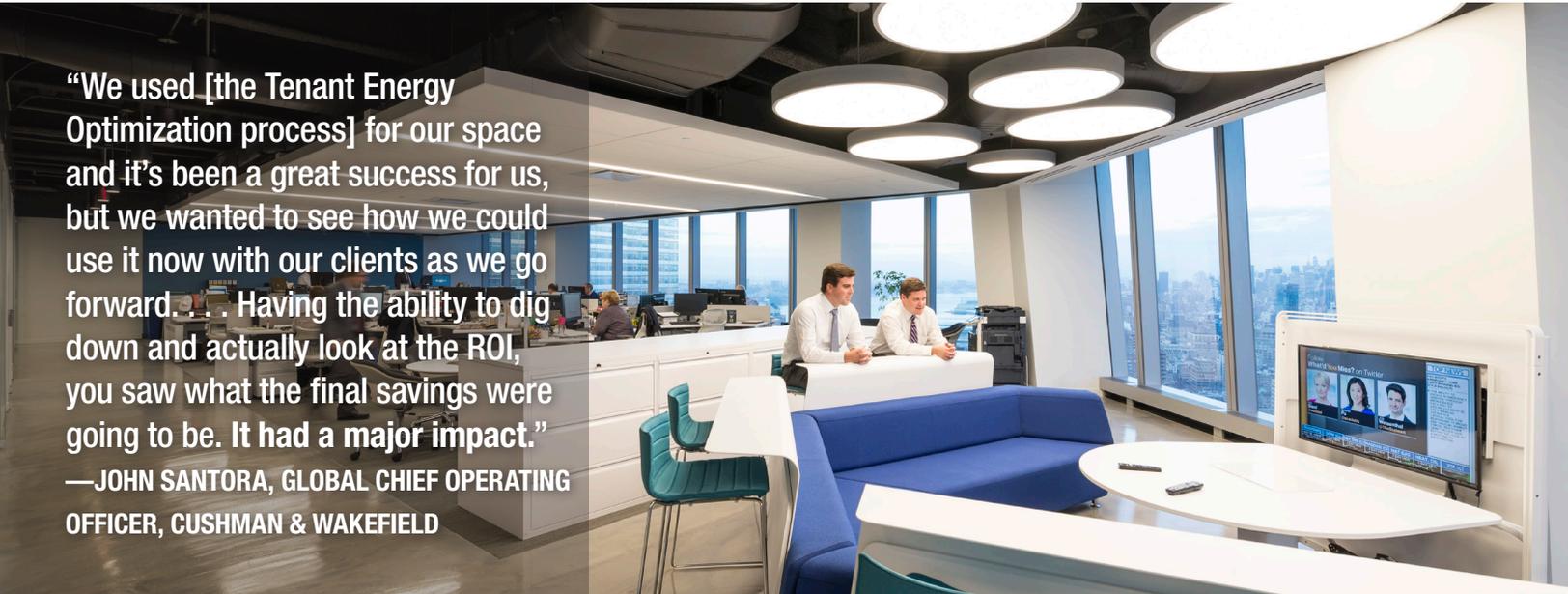
—TAMELA JOHNSON, DIRECTOR OF PROJECT MANAGEMENT, GARDINER & THEOBALD



Proven Results

The foundation of ULI's Tenant Energy Optimization Program is a ten-step process that, when implemented in ten pilot fit-out projects, yielded impressive energy and cost savings.

Company	Leased area (SF)	Added cost (per SF)	Energy reduction	Total savings	ROI	Payback (years)
Bloomberg	20,000	\$3.06	10.5%	\$173,880	140%	2.5
Coty Inc.	80,000	\$0.71	30.7%	\$716,148	328%	2.7
Cushman & Wakefield	7,500	\$3.25	47.5%	\$87,862	359%	1.7
Estée Lauder Companies	10,000	\$1.29	12.1%	\$15,862	42%	3.7
Global Brands Group	137,000	\$0.98	11.8%	\$438,090	126%	4.6
LinkedIn Corp.	36,000	\$2.63	31.3%	\$153,000	23%	6.4
NYSERDA	15,200	\$2.42	39.0%	\$188,017	179%	3.6
Reed Smith	117,000	\$1.31	44.5%	\$1,126,498	410%	2.2
Shutterstock	8,600	\$2.63	22.9%	\$369,897	40%	6.1
TPG Architecture	40,000	\$2.01	21.6%	\$275,372	162%	3.2



“We used [the Tenant Energy Optimization process] for our space and it’s been a great success for us, but we wanted to see how we could use it now with our clients as we go forward . . . Having the ability to dig down and actually look at the ROI, you saw what the final savings were going to be. It had a major impact.”

—JOHN SANTORA, GLOBAL CHIEF OPERATING OFFICER, CUSHMAN & WAKEFIELD

For More Information

Visit the ULI Tenant Energy Optimization Program website for technical resource guides, how-to documents, case studies, and other training materials.

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