

How Does Energy Efficiency Affect Asset Value?

white + burke

VERMONT
DEVELOPMENT
CONFERENCE

Andrew Feierman

Institute for Market Transformation

Institute for Market Transformation

- We are a DC-based non-profit, and our work is entirely focused on improving energy efficiency in buildings.
- We work with a lot of companies like you all:

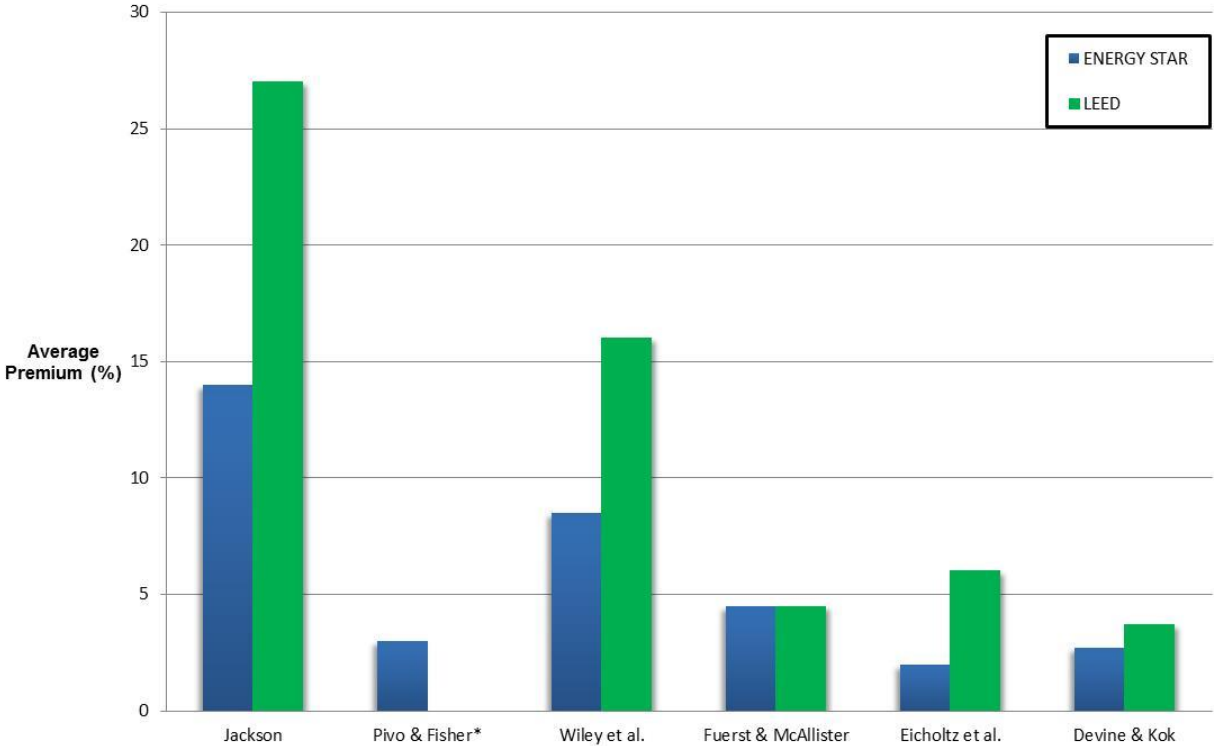


WHY SHOULD YOU CARE ABOUT GREEN BUILDINGS?

Goals

- Can we find evidence of:
 - A rental premium for green buildings in VT?
 - A sale premium for green buildings in VT?
 - An occupancy premium for green buildings in VT?

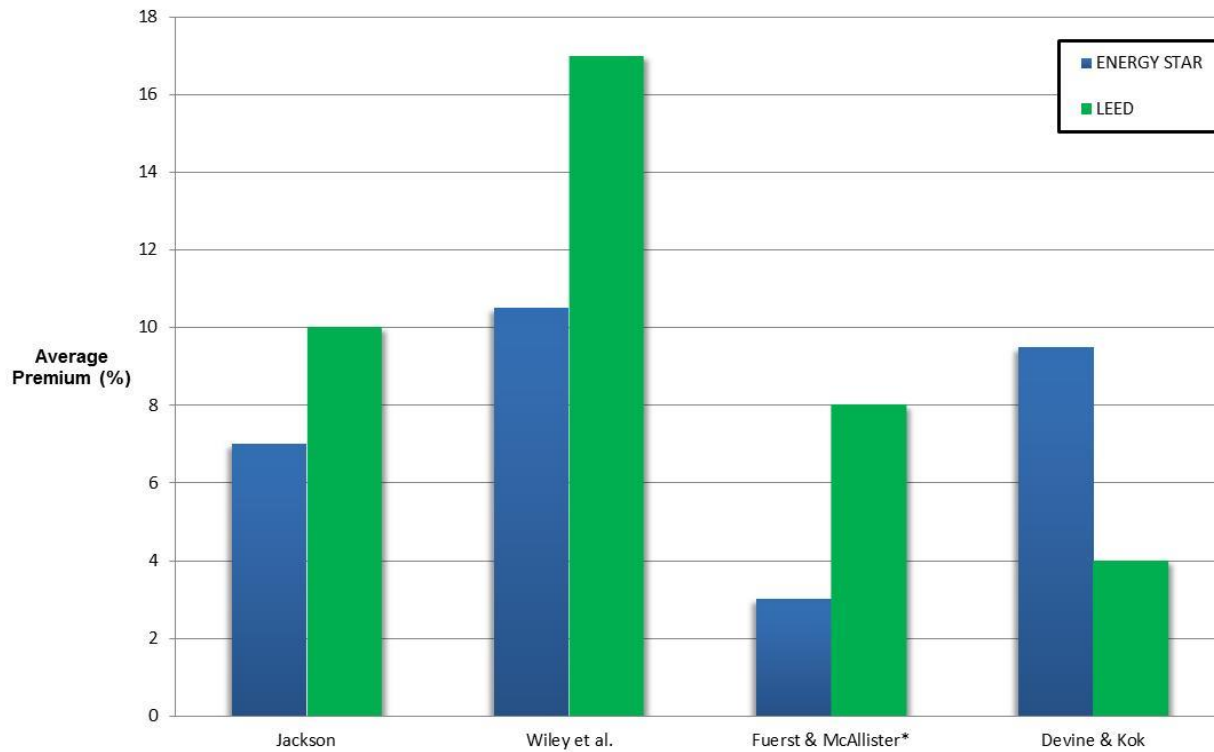
Rental Premiums of Green Commercial Buildings in the U.S.



©Institute for Market Transformation, 2015
 * Study did not include LEED buildings.
 Sources: Jackson 2009; Pivo & Fisher 2010; Wiley, Benefield & Johnson 2010;
 Fuerst & McAllister 2009, 2011; Eicholtz, Kok & Quigley 2010, 2011; Devine & Kok 2015
 For more information, contact Leonard Kolstad at lenny@imt.org



Occupancy Premiums of Green Commercial Buildings in the U.S.



©Institute for Market Transformation, 2015

* Combines 2009 and 2011 results.

Sources: Jackson 2009; Wiley, Benefield & Johnson 2010; Fuerst & McAllister 2009, 2011; Devine & Kok 2015

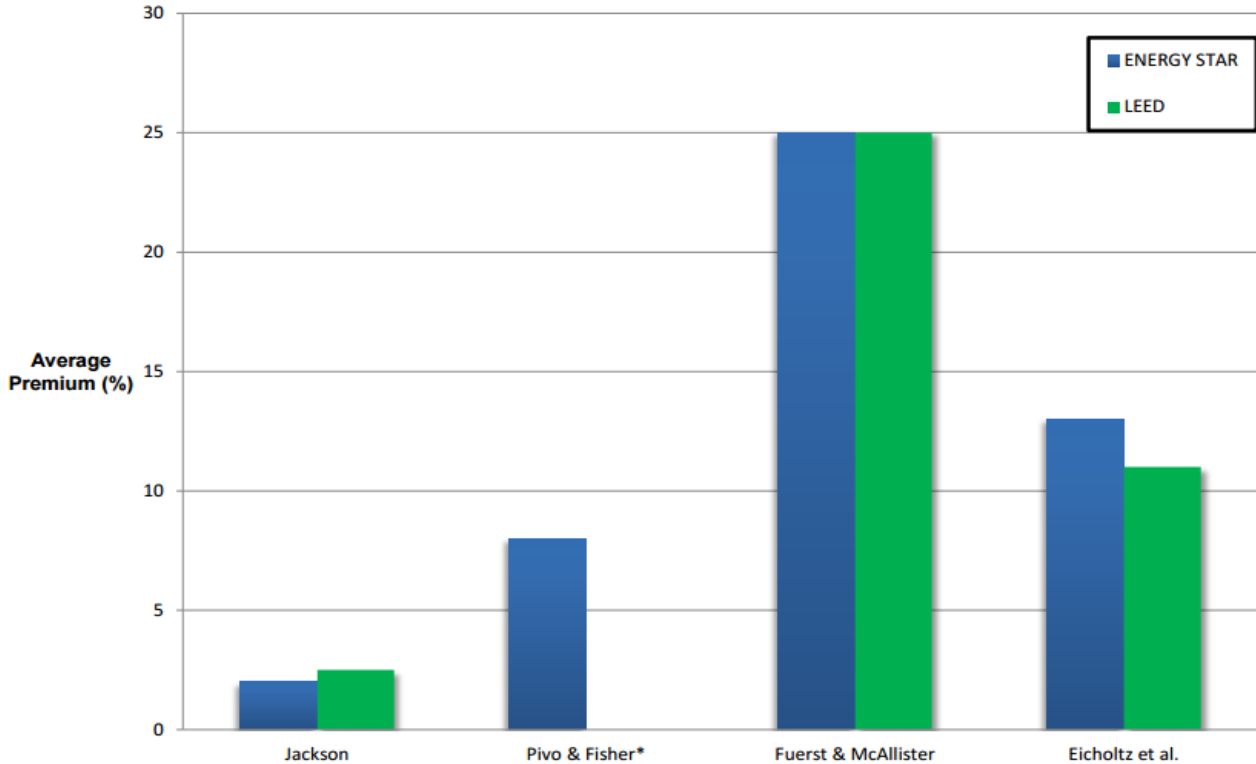
For more information, contact Leonard Kolstad at lenny@imt.org



Building Rating

SHARING TRANSPARENCY FOR A MORE EFFICIENT FUTURE

Sale Premiums of Green Commercial Buildings in the U.S.

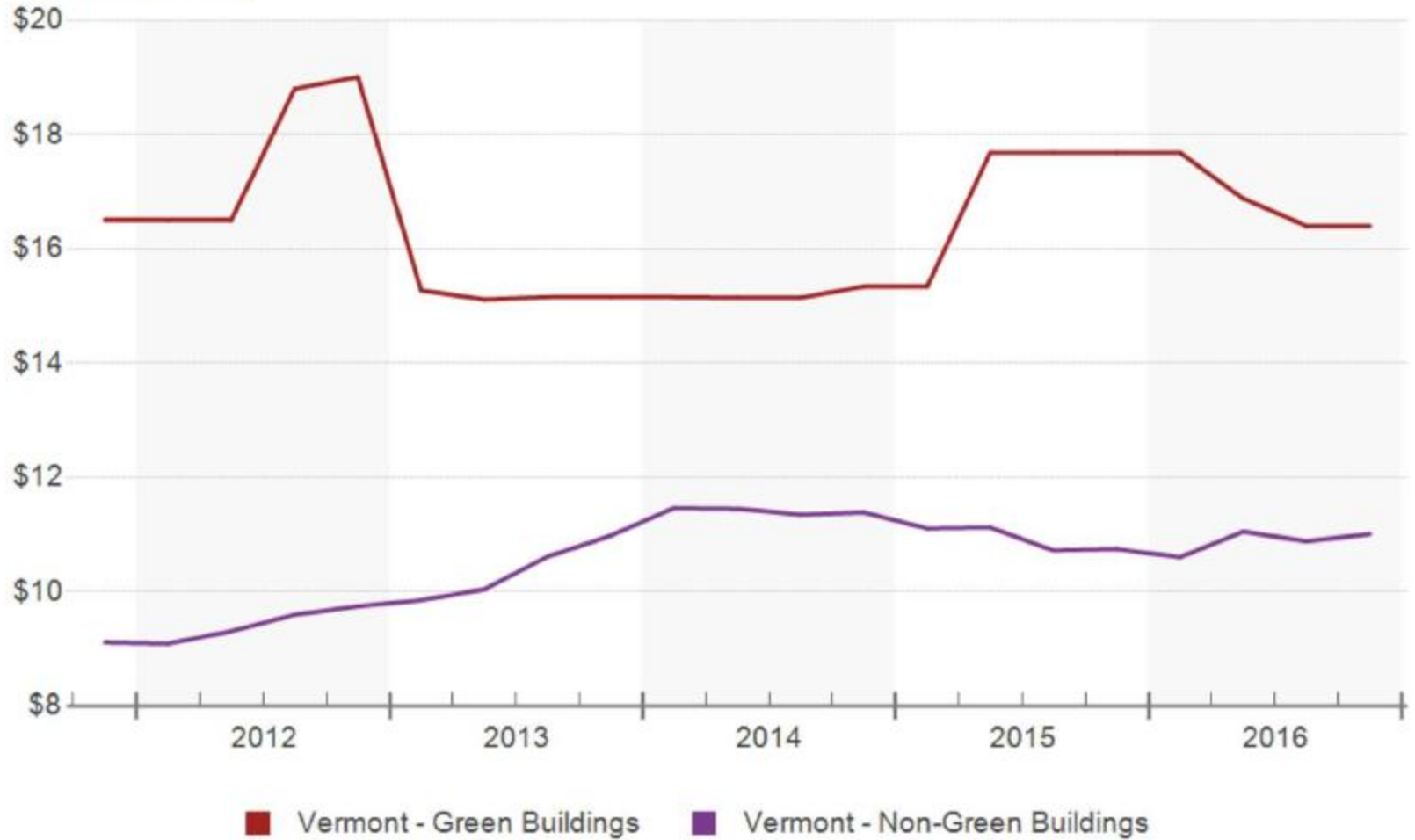


©Institute for Market Transformation, 2014
 * Study did not include LEED buildings.
 Sources: Jackson 2009; Pivo & Fisher 2010; Fuerst & McAllister 2009, 2011;
 Eicholtz, Kok & Quigley 2010, 2011
 For more information, contact Leonard Kolstad at lenny@imt.org



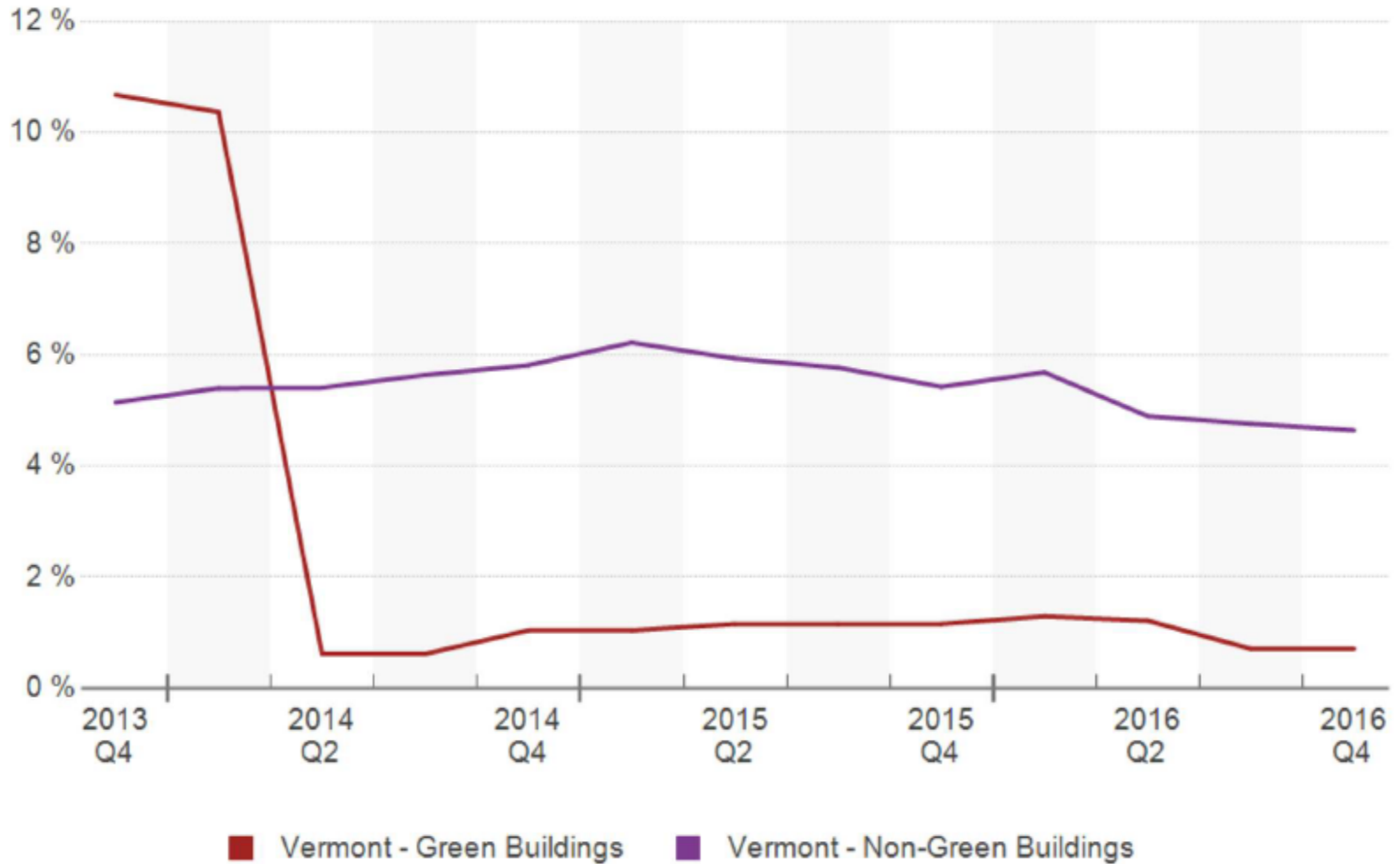
Asking Rent Per SF, Vermont

Asking Rent Per SF



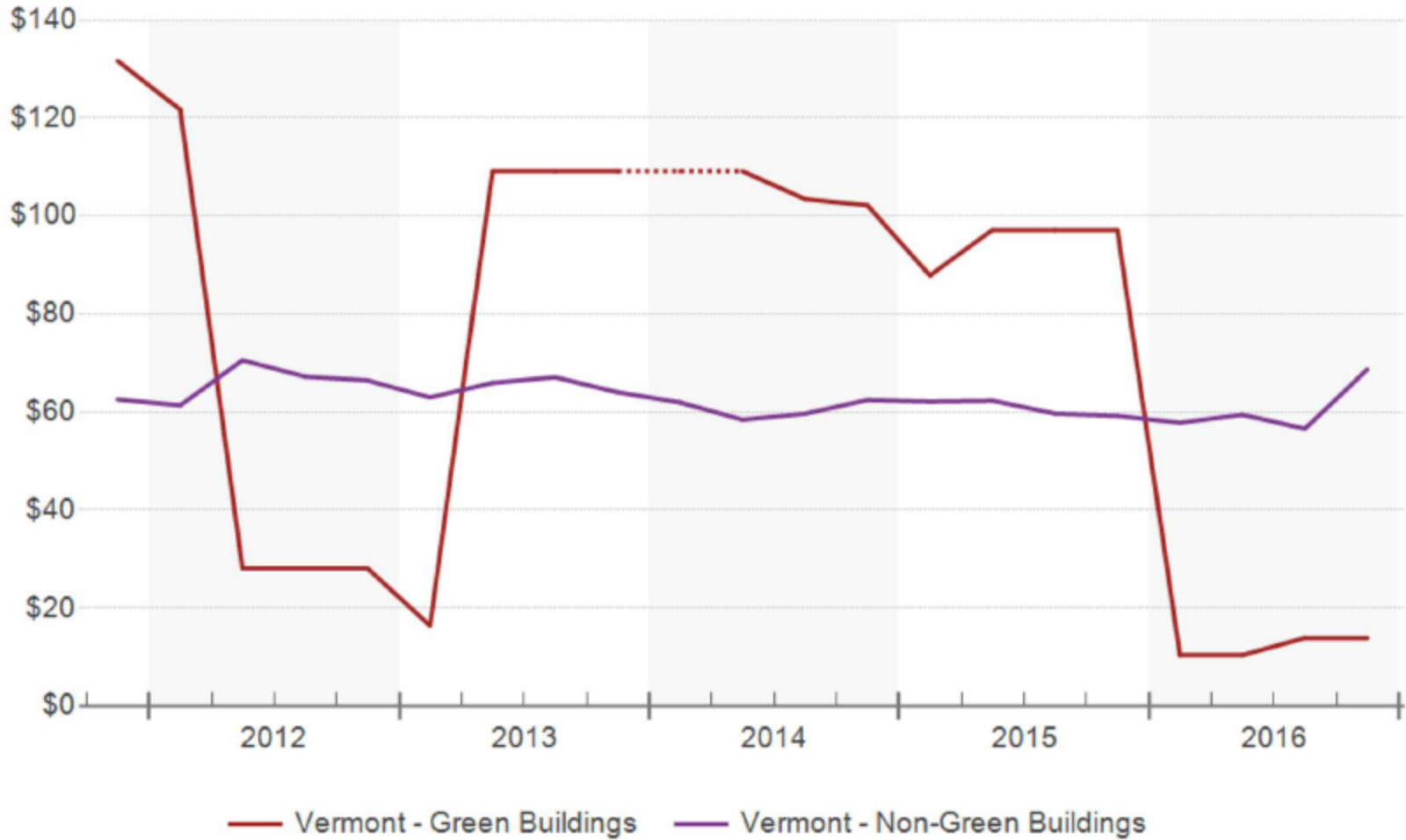
Vacancy Rate, Vermont

Vacancy Rate



Asking Price Per SF

Asking Price Per SF



Sean A. Sargeant, MAI, SRA

Sargeant Appraisal Service

Practical Valuation Issues

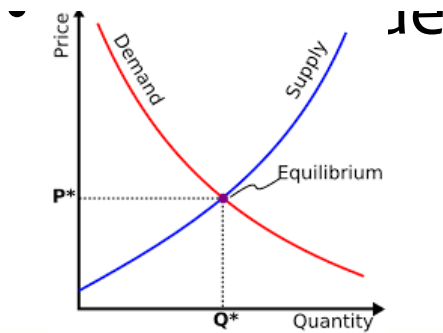
- Definition of the right

- Fee Simple Estate
- Leased Fee Estate in L
- Leased Fee Estate in P
- Leased Fee Estate in
- Leased Fee Estate in
- Lease Hold Estate
- Lease Hold Estate
- Leased Hold Est
- Leased Hold Es
- Act 248 Produ
- PPA, rights to sell po
- PPA, rights to buy power



Cost Approach to Value

ECONOMIC OBSOLESCENCE



EXTERNAL OBSOLESCENCE

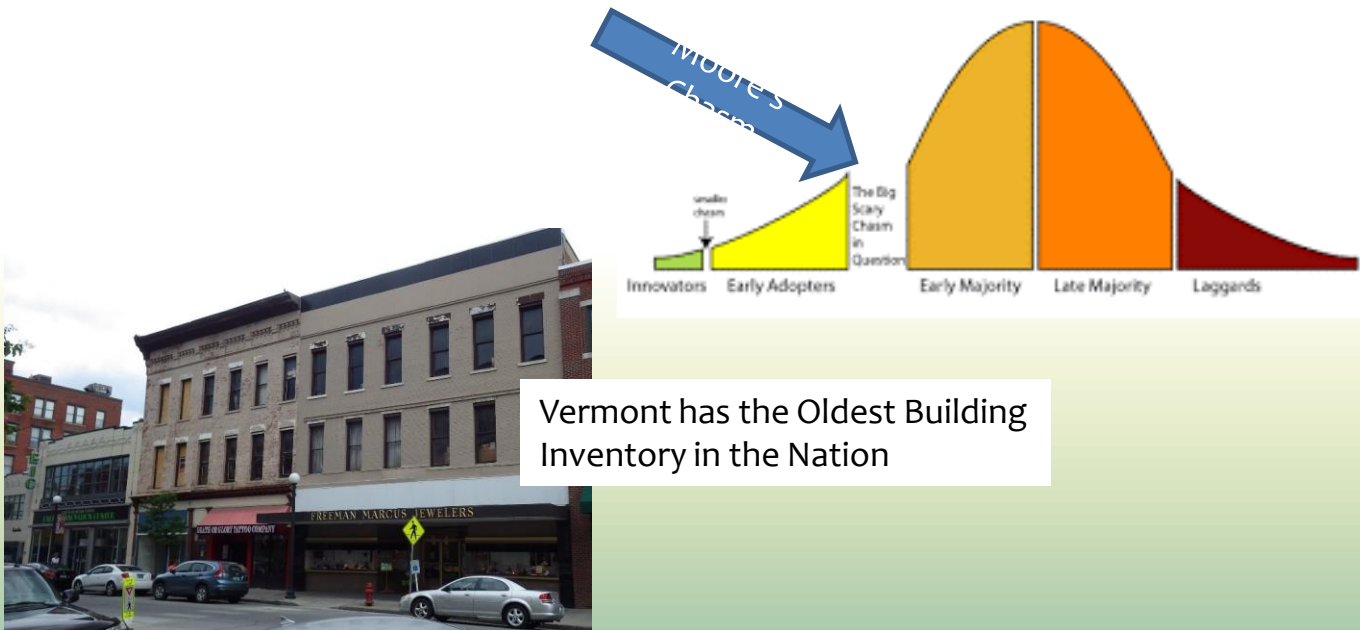


Price Paid: Hard Costs



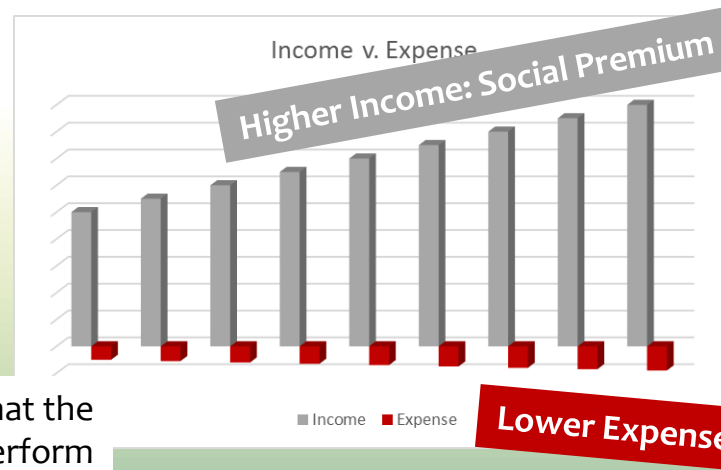
Sales Comparison Approach

- Dearth of Sales Data for High Performance Properties



Income Approach to Value

- Most Supportable Approach *if* detailed financial history is available



Lower Risk that the Investment will not Perform as Expected = Lower R_o , Y_o

Eric J. Morrow AIA, LEED-AP, CPHC

From Firm Leadership to District
Leadership

Benchmarking
AIA2030 Commitment
Integrative-Design
Partner-Updates
DDX
Sefaira
Team-meetings

2030
DISTRICTS[®]



EcoDistricts

BURLINGTON

EMERGING

2030

DISTRICT[®]

Take the Steps Toward Energy Efficiency and Improving Your Building



3%-4%
IMPROVED RATE OF
OCCUPANCY*

4%-15%
INCREASED REVENUE*

11%-13%
HIGHER SELLING PRICE*



**OPPORTUNITY
AHEAD**

Andrew Feierman

Institute for Market Transformation



Recognition Of Energy
Costs and Energy
Performance
in Real Property
Valuation

Considerations and
Resources for Appraisers

Second Edition

May 2012



QUESTIONS?

SPEAKERS

Andrew Feierman
Institute for Market Transformation
andrew.feierman@imt.org

Sean A. Sargeant, MAI, SRA
Sargeant Appraisal Service
Sean@SargeantAppraisal.com

Eric J. Morrow, AIA
Emorow2030@gmail.com