Achieving High Performance through Innovation

Richard W. Greninger
BOMA International Chair-Elect
BOMA International
93 Local Associations
10 Billion Sq. Ft. of Office Space
Contribution to U.S. GDP = $205 Billion
Total Jobs = 3.8 Million

The Voluntary Marketplace is Alive and Well...and Working

Driving Performance through Benchmarking

– 6 Time ENERGY STAR Winner
– BOMA STARS - 3,400 + buildings, representing 861 million sq. ft.
– EER – 5,500 buildings, 250 markets
1575 Eye Street, NW
Washington, DC  20005

- 210,655 sq. ft.
- 2 level garage with 203 spaces
- Built in 1979
- Owners:
  - 1575 Eye St LP
  - American Society of Association Executives
  - AETNA
  - Carr Properties, Managing Partner
**High Performance ROI**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Efficiency Retrofit Cost</td>
<td>$ 963,000</td>
</tr>
<tr>
<td>Annual Reduction in Electric:</td>
<td></td>
</tr>
<tr>
<td>- Consumption</td>
<td>1,056,246 KWH (21.5%)</td>
</tr>
<tr>
<td>- Cost Savings (2012)</td>
<td>$ 220,000</td>
</tr>
<tr>
<td>Annual R&amp;M Savings</td>
<td>$ 20,000</td>
</tr>
<tr>
<td>Annual Rental Revenue (VA &amp; FAA)</td>
<td>$ 5,471,881</td>
</tr>
<tr>
<td>Total Savings</td>
<td>$ 5,711,881</td>
</tr>
<tr>
<td>Payback Ratio (Total)</td>
<td>$ 963,000 / 5,711,881 = 2.1 mth</td>
</tr>
<tr>
<td>Payback Ratio (Energy Only)</td>
<td>$ 963,000 / 240,000 = 4 years</td>
</tr>
</tbody>
</table>

BOMA: Achieving High Performance Through Innovation
Benefits

Owners

• Retained 56% of tenancy preserving $5.5 million in gross income
• Long-term viability of investment
  o GSA and Class A tenancy evaporation
• Instantaneous payback of investment and value enhancement
• Projected $15,000,000 value gain (Revenue and Cap-rate improvement)
• Achievement of sustainability goals
Benefits

Managers

• Operational performance efficiency
  o Achievement of sustainability goals. Energy Star rating of 85
• Income/fee enhancement
• Job preservation (20 positions)

Tenants

• Consistency of workplace environment
  o Achievement of sustainability goals
• Greater employee productivity
• Reduction in gross rent payments

BOMA: Achieving High Performance Through Innovation
BOMA 360
Performance Program
High Performance Means …

LEED
Green Globes
BOMA BESSt
Rocky Mountain Institute
BOMA Green Resources: boma.org/sustainability
Better Buildings Initiative

*Working with White House Officials for…*

- Buildings 20% More Efficient in 10 Years.
- Improved Tax Incentives
- More Financing
- Technology Training
Gather
Share
Learn
Innovate

Every Building Conference & Expo
June 23-25, 2013
San Diego
Space Demands Vary

Kingsley Associates shows Office Space Demands Trending Up

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Trends in Office Tenant Future Space Needs

<table>
<thead>
<tr>
<th></th>
<th>Q1 2010</th>
<th>Q1 2011</th>
<th>Q1 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moving out</td>
<td>3.4%</td>
<td>3.2%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Less Space</td>
<td>5.9%</td>
<td>5.4%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Unsure</td>
<td>30.5%</td>
<td>28.1%</td>
<td>27.5%</td>
</tr>
<tr>
<td>No Change</td>
<td>48.4%</td>
<td>49.0%</td>
<td>50.2%</td>
</tr>
<tr>
<td>More Space</td>
<td>11.8%</td>
<td>14.3%</td>
<td>14.6%</td>
</tr>
</tbody>
</table>

Legend:
- Moving out
- Less Space
- Unsure
- No Change
- More Space
Looking Forward…
What is the Future of Existing Building?

Factors changing the way we look at existing buildings…

• Mobile workplace
• Shared workspace/hotelining
• Team and Flex Space
• Working remotely
• Generational Changes