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Engaging Tenants and Brokers in Your Sustainability Initiatives

By Alison Drucker for NEEA's BetterBricks

You know you're already doing everything within your control to operate a high-performance green building – retrofitting lighting, tuning up your HVAC systems, offering recycling bins – but you may feel your hands are tied when it comes to your tenants. It's their space, their equipment, and their decisions; if they choose not to throw their soda cans in the right container or to shut down their computers at night, so be it.

Two outstanding buildings in Seattle are pushing the boundaries of sustainability by showing that educating tenants about sustainability pays off. At the same time, they're extending their outreach to brokers, starting the sustainability conversation with tenants before they even sign a lease.

Tenants and Teslas

Wright Runstad's director of property management, Jeff Myrter, is what you might call a sustainability champion. For several years, he and his team at 1201 Third Avenue have organized Earth Day events for their nearly 3,000 tenants, initially focusing on energy conservation and recycling. The building has a 2010 ENERGY STAR label with a top-notch energy performance rating, and is currently awaiting LEED EB certification.

This year, they ventured into a relatively new frontier: electric cars. "Given that we have been able to not only stabilize building energy consumption over the years, but also reduce it," said Jeff, "we were looking for the next challenge." Jeff's assistant property manager, Celjeta Xaxa, convinced the local Tesla showroom to display a model in the building lobby. Tenants came to view it throughout Earth Day, learning about the future of electric cars and their environmental benefits.

The feedback from tenants was extremely positive, whether or not an electric car purchase is in their future. Ric Thorning, office services manager for building tenant Perkins Coie LLP, said that his associates were excited to learn about the new technology and appreciated the team's efforts to reach out to them. Lisa Wabik, the facilities manager with another large tenant, Davis Wright Tremaine, echoed this feedback; a few of her associates even followed up to ask when electric vehicle recharging stations would be installed. The event certainly accomplished its primary goal, which was to start a dialogue with tenants and get ahead of the potential market shift toward electric cars. As a result, the Wright Runstad team is now evaluating options for adding recharging stations to the parking garage.

"Collaborating with tenants and showing the concrete measures we're taking to reduce their costs gets them more invested into the property and can improve tenant retention over the long term." - Coast Goldsmith, Coast Real Estate Services.

While cool new technologies are exciting, it's the more routine interaction with tenants that truly gets results. Through tenant meetings and memos, the Wright Runstad team regularly shares energy-saving tips and provides updated statistics on the building's recycling program. With a campaign called "Turn It Off, Save Some Juice," led by director of engineering Jeff Kasowski, they recruit tenants' involvement to reduce plug loads (the energy used by office equipment, appliances, and other energy consumers, excluding lighting and HVAC). And by partnering with Perkins Coie to pilot a commercial composting program, they were able to prove the concept feasible, and subsequently rolled it out to other tenants.



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Getting Through to Brokers

Just as challenging as engaging tenants, educating brokers about a building's sustainability efforts and convincing them to use that information as a market differentiator has been a hurdle for many real estate owners and managers. With the Tesla event, Wright Runstad was able to get the message to the brokerage community, too, with a broker open house in the building's new marketing center the evening before the tenant event. In addition to viewing the electric car, brokers perused a series of information boards about the building, including one highlighting Wright Runstad's past and current projects to reduce the building's environmental footprint.

"For brokers, it boils down to the ENERGY STAR score and LEED certification," said Jeff. "ENERGY STAR and LEED are right up there with all the other statistics about the building, like how many floors you have and how much parking is available. Brokers now seem to be savvy about connecting tenants that are already interested in sustainability with the right buildings."

But a broader market transformation toward high-performance buildings will require convincing those brokers who aren't quite there yet. Wright Runstad's philosophy is to offer up this information during building tours even if they're not asked about it. It is also built into the standard marketing material for 1201 Third Avenue.

Usually, the financial argument is the one that hits home. "If you're talking to a numbers-oriented audience and they tune out when you talk about carbon footprints, start talking about the escalation of energy costs that will be billed back to tenants," said Jeff. "There is a business reason and an ecological reason. You can deliver the message either way but you still get to the same end result."

Convincing tenants to drive electric cars doesn't have as clear a financial argument; in fact, adding charging stations could increase Wright Runstad's costs. So why go through the trouble? They felt the Tesla event was worthwhile to simply enhance tenant and broker relationships and to establish a reputation for environmental stewardship.

Those relationships may be the reason a tenant decides to stick around. Perkins Coie recently extended its lease for another 22 years, and Ric Thorning reported he had never worked with a better property management team. How's that for a satisfied tenant?



Jeff Myrter,
Wright Runstad

A New Normal

At the Bellegrove Building, a medical office complex in Bellevue, another building team leveraged Earth Day to start a dialogue with tenants about sustainability and energy efficiency. After participating in a scoping study with NEEA's BetterBricks program and implementing changes to their lighting and HVAC systems, owner Henbart LLC convened a tenant meeting to present information about their sustainability commitment. Along with the Coast Real Estate Services management team, they described the improvements that had been made and how the building's performance compared to its peers. Then, with some "fun facts" like how much energy tenants' workstations are using, the team generated discussion about the tenants' roles in making the building more efficient. Fourteen of 16 tenants were represented at the event, many of whom offered up concrete suggestions for additional energy efficiency opportunities.

Our tenants are our customers - building relationships with them is very important to us. To the extent that we can build these relationships by sharing knowledge toward the goal of sustainable, efficient buildings, we always endeavor to." - Mark Craig, Henbart

In a third-party managed medical office building where tenants are directly metered and fully responsible for their energy costs, it's unprecedented for a building owner to take the initiative to bring tenants together in a conversation about reducing utility consumption. But, coming from a

property management background, Henbart president Mark Craig sees his role as an owner in a different light. "Our tenants are our customers – building relationships with them is very important to us," said Mark. "To the extent that we can build these relationships by sharing knowledge toward the goal of sustainable, efficient buildings, we always endeavor to."

When tenants pay their own utility bills, the economic message is all the more meaningful in engaging them in sustainability initiatives. "Some of the suggestions we provided might require a little more effort from the tenants," said Robert Shipley, Bellegrove's chief engineer. "But we tied them all back to saving money. It is just as important to show tenants that this is an economically smart way of doing business as it is to increase their environmental consciousness."

Tenants were receptive to the team's ideas for how they could take action to reduce their businesses' environmental footprints and operating costs. Since the event, the team has noticed a difference in behavior, with more tenants turning off lights and computers and utilizing the building's recycling program. Besides that, the event created a greater sense of community at Bellegrove: "We received very positive feedback not only on the material we presented, but also on the fact that tenants had the opportunity to meet each other and get to know their neighbors better," said Mark.

The Earth Day event was originally conceived as a way to kick off a Tenant Advisory Committee, which will meet regularly to discuss a number of topics, sustainability and energy efficiency among them. Through tenant representatives on the committee, the team will present new ideas for ways tenants can modify their operations, while receiving feedback on the best ways to communicate with the broader tenant group. With a tenant base consisting mostly of busy company principals, they know it won't be easy to secure regular participation from everyone. But, said Robert, "The goal is for the meetings to be fun and engaging so that those who cannot make it to one meeting are enticed to come to the next."

With these successes under their belts, Coast and Henbart are preparing to hold similar joint events at other properties, and plan to back up the presentation with property-specific facts. At a multi-tenant office building, they're currently going through the steps of benchmarking energy performance in ENERGY STAR's Portfolio Manager, then identifying and planning improvements. "The tenant informational meeting will follow these other steps," said Coast's vice president and property manager Craig Goldsmith, "because it's important to go into it having things to show."

Henbart and Coast both find that these activities are key to sustaining positive relationships with tenants. "Collaborating with tenants and showing them the concrete measures we're taking to reduce their costs gets them more invested into the property," said Craig, "and can improve tenant retention over the long term."

At the same time, by always looking for opportunities to improve a property's sustainability and efficiency, Coast adds value to its property management services. Just like any other aspect of operations, Robert said, "reassessing the status quo is a good way of doing business."

To have a real impact, this practice needs to be continual. "The goal is keeping energy and sustainability in the forefront of tenants' minds over time," said Robert. "If this was a one-time event, we would see a good initial response, but it would slowly taper off. With a continual process, we can change the overall culture to a 'new normal.'"

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