Renewable Energy In Commercial Real Estate: Opportunities, Challenges, and Solutions

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Company Overview

- Founded in 1958
- Headquartered in Santa Ana, California
- Approximately 6,000 employees
- 130 owned and affiliate offices
- Full service commercial real estate firm with three lines of business
Grubb & Ellis Property Operations:

- Microsoft
- IBM-US
- Kraft
- Citigroup
- Aetna
- The Hartford
- Capital One
- Reed Elsevier
- Moody’s

290 MSF under management in North America, Sweden, Ireland, China, South Korea, and Qatar

47% Corporate Facility Management

50% Investment Property Management

3% Accounting / Inspections
### Building Owners and Operators

- AtSite
- Bank of America
- Big Rock Partners, LLC
- Calvert Group, Ltd.
- CB Richard Ellis Group, Inc.
- Core Properties, Inc.
- Corporate Office Properties Trust
- Cushman & Wakefield Inc.
- Dacra Development
- Edens & Avant
- Forest City Enterprises, Inc.
- Glenborough, LLC
- Grubb & Ellis Company
- H&R Block Inc.
- HAL Real Estate Investments, Inc.
- Hilton Worldwide
- Hines Interests Limited Partnership
- Hyatt Hotels Corporation
- InterContinental Hotels Group
- IBM

### Associations

- American Hotel & Lodging Association
- ASHRAE
- BOMA International
- IES
- IFMA
- International Council of Shopping Centers
- NAIOP
- National Multi Housing Council
- Sustainability Roundtable Inc.
- The Real Estate Roundtable

*Steering Committee Member*
The CRE Opportunity

- 5 million buildings
- 75 billion square feet
- 1.5 trillion kw-hr consumption (36% of U.S. use)
- 19% of overall U.S. energy
- 18% of GHG emissions
- Rising energy costs (one of top three controllable expenses)
CRE Use of Renewable Energy

- Very small and relatively flat since 1990
- Retail more active than office
- Regional focus based on incentives
- Increasing interest in CHP due to better economics
CRE Facts and Challenges

• Multiple asset types
  – Size
  – Location
  – Age
  – Design
  – Lease structure

• Ownership structure
  – Corporate owner/occupiers: more financial flexibility, longer paybacks, fewer lease complications, sustainability goals
  – Investment properties: shorter paybacks, complex lease structures, impact of tenant decisions/needs
CRE Facts and Challenges

- **Financial**
  - Economic conditions squeezing value, staffing, cash flow +
  - Long payback for investments in renewable energy

- **Owner concerns**
  - Don’t want to be first with new technology
  - Warranties on existing systems
  - Integration with existing systems

- **Availability of net metering and restrictive utility rules**
Solutions

• Long term: technology advances that drive down cost

• Short term:
  – Start the dialog
  – Find your niche
  – Bring solutions that address CRE’s needs and concerns
Suggestions

• Define your sweet spot: size, location, ownership, type of building
• Bring solutions that have the potential to meet CRE financial requirements
• Provide good operating data from other industries
• Address concerns about system integration, warranties, and operator skills (perhaps Build-Own-Operate-Maintain)