

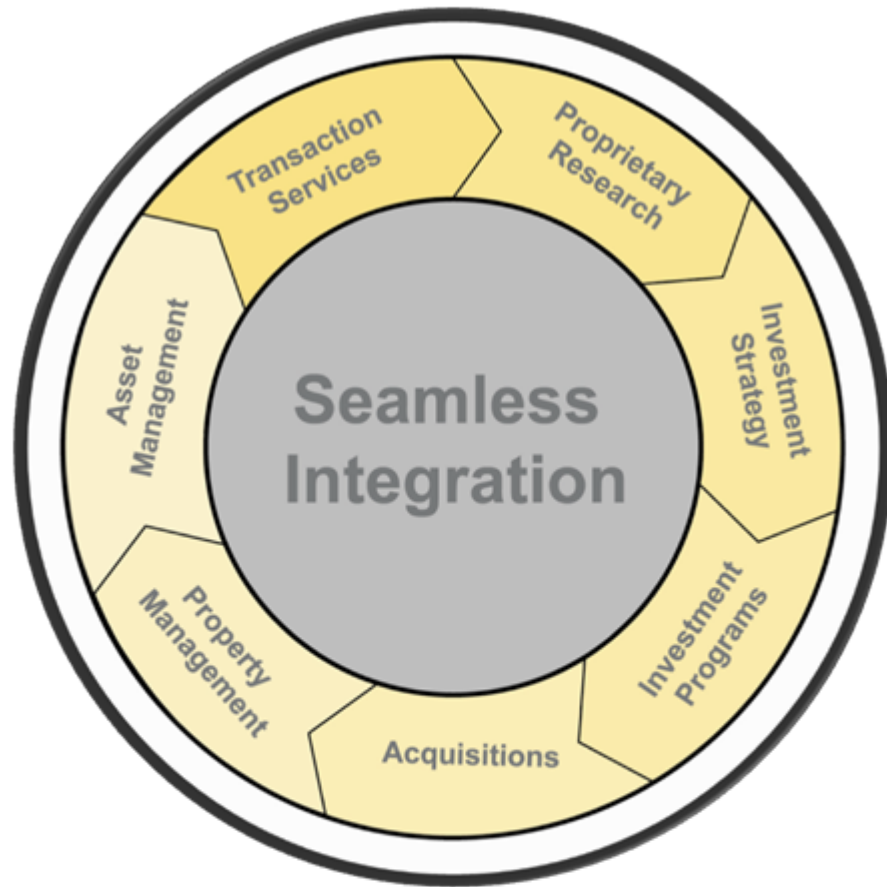
# Renewable Energy In Commercial Real Estate: Opportunities, Challenges, and Solutions



Renewable Energy Supplier Summit  
Austin, Texas

February 23, 2010

Michael Groppi PE, CEM, LEED GA  
Grubb & Ellis  
SVP, National Director, Engineering



## 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 Overview

## Grubb & Ellis **Property Operations:**



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

Inspections  
1%

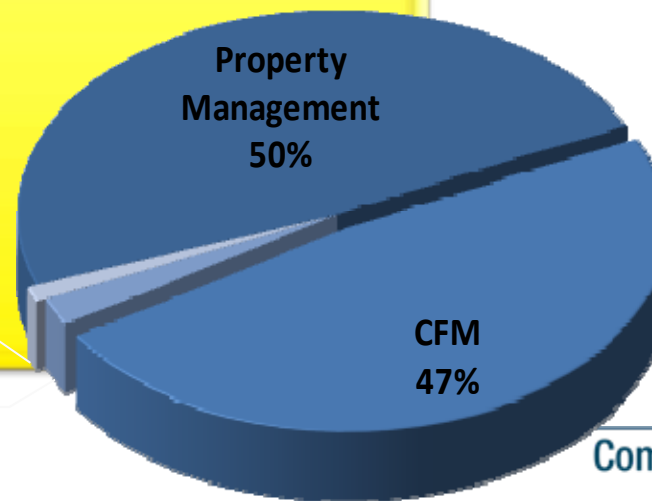
Accounting Only  
2%

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



**GRUBB & ELLIS.**

From Insight to Results

**Commercial Building  
Energy Alliances**

# Commercial Real Estate Energy Alliance Members



Energy Efficiency &  
Renewable Energy

## 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
- Jones Lang LaSalle\*
- Liberty Property Trust
- MGM MIRAGE\*
- Marriott International, Inc.
- Opus Corporation
- Regency Centers Corporation
- Ryan Companies US, Inc.
- Schaad Companies
- Simon Property Group, Inc.
- Stream Realty Partners, L.P.
- The PNC Financial Services Group, Inc.
- The Related Companies, L.P.
- The Walt Disney Company\*
- The Westfield Group
- Tishman Speyer Properties
- Transwestern Property Company\*
- U.S. General Services Administration\*
- USAA Real Estate Company\*
- Vornado Realty Trust
- Wright Runstad & Company
- Wyndham Hotels and Resorts, LLC\*

## 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*

**Commercial Building  
Energy Alliances**

- 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)





- 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

- 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







- 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



- 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



- 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)



# Questions

U.S. DEPARTMENT OF  
**ENERGY**

Energy Efficiency &  
Renewable Energy



**Commercial Building**  
Energy Alliances