ISWG MEETING 3/28/13:
GREEN LEASING UPDATE & DISCUSSION

Alexandra Kosmides, GSA Office of Leasing

March 28, 2013
Green Leasing Update & Discussion

- Leased Inventory
- Green Leasing Requirements
- Recent/Pending Green Lease Modifications
- SSPP Targets and Green Leasing Measures
- Sustainability Priorities
- Tools/Resources/Contacts
# GSA Leased Inventory

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Leases</td>
<td>8,845 (#)</td>
</tr>
<tr>
<td>Number of Buildings</td>
<td>7,331 (#)</td>
</tr>
<tr>
<td>Leased Rentable Square Feet</td>
<td>196.57 Million rsf</td>
</tr>
<tr>
<td>Average Size Lease</td>
<td>22,470 rsf</td>
</tr>
<tr>
<td>Median Size Lease</td>
<td>7,896 rsf</td>
</tr>
<tr>
<td>Median Rent</td>
<td>$23.88</td>
</tr>
<tr>
<td>Geographic Distribution of Leases</td>
<td></td>
</tr>
<tr>
<td>Large Towns (Pop = 500K +)</td>
<td>49%</td>
</tr>
<tr>
<td>Mid-Sized Towns (Pop. = 250 – 499K)</td>
<td>12%</td>
</tr>
<tr>
<td>Small Towns (Pop.&lt;250K)</td>
<td>39%</td>
</tr>
<tr>
<td>Percentage of Government Tenancy Within Leased Building</td>
<td></td>
</tr>
<tr>
<td>GSA = 95–100% Tenant</td>
<td>23%</td>
</tr>
<tr>
<td>GSA = 26-94% Tenant</td>
<td>16%</td>
</tr>
<tr>
<td>GSA = &lt;25% Tenant</td>
<td>61%</td>
</tr>
</tbody>
</table>

As of Jan. 2013 REXUS Inventory  
RSF = Rentable Square Feet
Leased Inventory Profile by % of Government Occupancy Within a Leased Building

Full Building Occupancy (95-100%)
- 23% of Total # of Leases
- 2,024 out of 8,845 Leases
- Median Size = 13,100 rsf
- 93% = Fully Serviced; 7% Net Util.

Partial Occupancy/ Mid-Sized Tenant (26-94%)
- 16% of Total # of Leases
- 1,406 out of 8,845 Leases
- Median Size = 14,490 rsf
- 94% = Fully Serviced; 6% Net Util.

Minority Tenant Occupancy (<= 25%)
- 61% of Total # of Leases
- 5,377 out of 8,845 Leases
- Median Size = 5,138 rsf
- 95% = Fully Serviced; 5% Net Util.
Leased Inventory Profile by % of Government Occupancy Within a Leased Building

Full Building Occupancy (95-100%)

- 42% of Total RSF
- 82.66 out of 196.57 million RSF
- Median Size = 13,100 rsf
- 83% = Fully Serviced; 17% Net Util.

Partial Occupancy/Mid-Sized Tenant (26-94%)

- 26% of Total # Total RSF
- 51.43 out of 196.57 million RSF
- Median Size = 14,490 rsf
- 88% = Fully Serviced; 12% Net Util.

Minority Tenant Occupancy (<= 25%)

- 32% of Total # of Total RSF
- 63.5 out of 196.57 million RSF
- Median Size = 5,138 rsf
- 91% = Fully Serviced; 9% Net Util.
## Sustainable Federal Laws, Policies, and Executive Orders

<table>
<thead>
<tr>
<th>Year</th>
<th>Federal Law / Policy / Executive Order</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998 E.O.</td>
<td>E.O. 13101 – Greening the Government Through Waste Prevention Recycling and Federal Acquisition</td>
</tr>
<tr>
<td></td>
<td>* Requires agencies to comply with recovered materials and environmentally preferable purchasing criteria</td>
</tr>
<tr>
<td></td>
<td>developed by EPA (subsequently revoked and re-stated in E.O. 13423)</td>
</tr>
<tr>
<td>2003 Policy</td>
<td>GSA requires LEED® certification for (federally owned) new construction</td>
</tr>
<tr>
<td></td>
<td>* Requires agencies to apply sustainable design principles to the siting, design, and construction of facilities</td>
</tr>
<tr>
<td></td>
<td>* Public Law establishes new energy + performance standards for federal buildings</td>
</tr>
<tr>
<td></td>
<td>* Defines how sustainable design principles should be applied to federal facilities</td>
</tr>
<tr>
<td>2006 Policy</td>
<td>Federal Leadership in High Performance and Sustainable Buildings MOU</td>
</tr>
<tr>
<td></td>
<td>* Commits agencies to design, locate, construct, maintain, and operate facilities in a sustainable manner</td>
</tr>
<tr>
<td></td>
<td>* Establishes “Guiding Principles” for integrated design, energy performance, water conservation, indoor environmental quality, and material selection</td>
</tr>
<tr>
<td></td>
<td>* Requires compliance with “Guiding Principles” related to sustainable goals</td>
</tr>
<tr>
<td>2007 Law</td>
<td>Energy Independence and Security Act (EISA)</td>
</tr>
<tr>
<td></td>
<td>* Public Law intended to reduce federal energy consumption by requiring</td>
</tr>
<tr>
<td></td>
<td>Energy Star® label OR cost effective, energy efficiency upgrades</td>
</tr>
<tr>
<td></td>
<td>* Requires federal agencies to set/achieve multiple sustainability goals</td>
</tr>
<tr>
<td>2010 Law</td>
<td>Energy Star®/EISA Statute</td>
</tr>
<tr>
<td></td>
<td>RSL : 2010-02</td>
</tr>
</tbody>
</table>

Multiple Federal Laws, Policies, and Executive Orders issued over the past 10+ years relate to Sustainability.
History of Green Lease Paragraphs

- Dec. 2007: Wall Finishes
- Aug. 2008: Toilet Rooms, Unique Reqrmts: LEED®, Green Lease Submittals, Mold

GSA Office of Leasing
Green Paragraphs in RLP and Lease Document

40+ paragraphs: Full lease includes location paragraphs/proximity to transit and amenities, misc. tenant improvement green paragraphs

31–37: Standard, Streamlined, Succeeding/Superseding, Simplified Lease Models relate directly to Guiding Principles compliance
### Green Paragraphs at Different Stages of a Lease

<table>
<thead>
<tr>
<th>Requirements Development</th>
<th>Lease Negotiation</th>
<th>Tenant Improvement Build-Out</th>
<th>Post-Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Requirements Development</strong></td>
<td><strong>Lease Negotiation</strong></td>
<td><strong>Tenant Improvement Build-Out</strong></td>
<td><strong>Post-Occupancy</strong></td>
</tr>
<tr>
<td>- EISA</td>
<td>- EISA</td>
<td>- Recycled Cont. Prod.</td>
<td>- Heating and AC</td>
</tr>
<tr>
<td>- LEED</td>
<td>- Bldg. + Site Info</td>
<td>- Env. Pref. Products</td>
<td>- Ventilation</td>
</tr>
<tr>
<td>- Energy Efficiency &amp; Conservation NC</td>
<td>- Green Lease Submittals</td>
<td>- Existing Fit-Out, Salvaged</td>
<td>- Janitorial Services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Construction Waste Mgmt.</td>
<td>- Selection of Cleang. Prod.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Wood Products</td>
<td>- Selection of Paper Prod.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Adhesives &amp; Sealants</td>
<td>- Landscaping</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Vestibules</td>
<td>- Recycling</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Ceilings</td>
<td>- Indoor Air Quality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Insulation: Thermal, Acoustic, HVAC</td>
<td>- Mold</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Wall Finishes</td>
<td>- Utility Consumption Reporting</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Painting</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Floor Coverings</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Toilet Rooms</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Lighting: Interior + Parking</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Indoor Air Quality During Construction</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Plumbing Fixtures: Water Conservation</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Doors: Hardware</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- EISA: Cost-Effective Improvements</td>
<td></td>
</tr>
</tbody>
</table>
Green Paragraphs per Lease Model

- **Standard**: 37 paragraphs
- **Streamlined**: 35 paragraphs
- **Simplified**: 31 paragraphs
- **Succeeding/Superseding**: 31 paragraphs
- **Prior TI-SFO**: 24-32 paragraphs
Green Paragraphs per RLP/Lease Sections (Standard Model)

**RLP**
- EISA
- Additional Submittals
- LEED for CI

**CONSTRUCTION STANDARDS + SHELL**
- Recycled Content Products
- Env. Preferable Bldg. Prod.
- Existing Fit-Out, Salvaged
- Construction Waste Mgmt.
- Wood Products
- Adhesives & Sealants
- Vestibules
- EISA
- Ceilings
- Insulation: Thermal, Acoustic
- Painting
- Toilet Rooms
- Ventilation
- Lighting: Interior + Parking
- Energy Effic. for New Constrc.
- LEED
- Indoor Air Qual. During Const.
- Systems Commissioning
- Plumbing Fixtures: Water Conservation
- Green Lease Submittals

**TENANT IMPROVEMENT COMPONENTS**
- Doors: Hardware
- Wall Finishes
- Painting
- Floor Coverings
- Heating & Air Conditioning
- Lighting: Interior + Parking

**UTILITIES, SERVICES, OBLIGATIONS DURING LEASE TERM**
- Heating & Air Conditioning
- Janitorial Services
- Selection of Cleaning Products
- Selection of Paper Products
- Landscaping
- Recycling
- Indoor Air Quality
- Mold
- Utility Consumption Reporting
## Sustainability Requirements for GSA Leases

<table>
<thead>
<tr>
<th>Lease Type</th>
<th>Energy Star® Label</th>
<th>LEED® Rating</th>
<th>Guiding Principle Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Procurement</strong> (or Replacing)</td>
<td>❯ Energy Star Label <strong>REQUIRED</strong> for Leases &gt; 10,000 sf **</td>
<td><strong>OPTIONAL</strong> LEED – C I rating Commercial Interiors (Upon Agency Request)</td>
<td>31-37 Key green clauses (Depending on lease model)</td>
</tr>
<tr>
<td></td>
<td>❯ Cost Effective Improvements OR E.S. Label required for Leases &lt;= 10,000 s.f.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Succeeding Lease</strong> (Extension/ Renewal)</td>
<td>❯ Energy Star Label <strong>NOT</strong> required</td>
<td><strong>OPTIONAL</strong> LEED – C I rating Commercial Interiors (Upon Agency Request)</td>
<td>31  Key green clauses (where applicable)</td>
</tr>
<tr>
<td></td>
<td>❯ Cost Effective Energy Improvements are <strong>REQUIRED</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>New Lease Construction – Build To Suit</strong> ( &gt; 10,000 s.f.)</td>
<td>❯ Energy Star Label <strong>REQUIRED</strong></td>
<td><strong>REQUIRED</strong> LEED - N C rating SILVER Level</td>
<td>GP compliance checklist</td>
</tr>
</tbody>
</table>

**Exceptions apply ; Lessor still required to make Cost Effective Energy Efficiency Upgrades**
# LEED Requirement in Federal Leasing: New Construction vs. Commercial Interiors

<table>
<thead>
<tr>
<th>New Lease Construction</th>
<th>Commercial Interiors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required for projects &gt;= 10,000 SF</td>
<td>Optional based on tenant agency request</td>
</tr>
<tr>
<td>Specific LEED Credit Categories required</td>
<td>Specific LEED Credit Categories required</td>
</tr>
<tr>
<td><strong>LEED Silver Level</strong> (minimum)</td>
<td><strong>LEED Certified Level</strong> (minimum)</td>
</tr>
<tr>
<td>Time to achieve rating—within 12 months of project occupancy</td>
<td>Time to achieve rating—within 9 months of project occupancy</td>
</tr>
<tr>
<td><strong>Green lease submittals</strong></td>
<td><strong>Green lease submittals:</strong></td>
</tr>
<tr>
<td>• Identification of LEED Accredited Professional (LEED AP)</td>
<td>• Identification of LEED Accredited Professional (LEED AP)</td>
</tr>
<tr>
<td>• Documentation + receipt of final LEED certification</td>
<td>• Documentation + receipt of final LEED certification</td>
</tr>
</tbody>
</table>
LEED for Commercial Interiors (LEED-CI) is optional and available when specifically requested by a customer agency. The Lessor, at the Lessor’s expense, must obtain certification within nine months of occupancy.
LEED-CI and Green Lease Paragraphs

- Standard Green Lease Clauses
- Closely Aligned
- LEED – CI Credits
ENERGY STAR Requirement

No Federal agency shall enter into a contract to lease space in a building that has not earned the Energy Star label in the most recent year except for the following:

- No Energy Star® Space is Offered
- Agency is Remaining in a Building it Previously Occupied
- Agency Leases Historic or Architecturally/Culturally Significant Space
- Lease is for 10,000 Rentable Square Feet or Less

Under these exceptions, in Lieu of Energy Star®, the lessor must make Cost-Effective Energy Efficient Upgrades over the firm term of the lease
## Energy Star® Requirement for Lease Acquisition

<table>
<thead>
<tr>
<th>Project Type / Space Type</th>
<th>ENERGY STAR® and LEED® Minimum Requirements [ Required vs. Voluntary ]</th>
<th>ENERGY STAR® Exceptions</th>
<th>In NON Energy Star® Buildings : Cost Effective Energy Efficiency Upgrades (In the Allowed Absence of an Energy Star rating of 75)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Lease Construction &gt; 10,000 sf (Building built for federal govt. for lease solicitation)</td>
<td>• LEED-NC® Silver Rating&lt;br&gt;• Energy Star® &gt;= 75 Rating [REQUIRED]</td>
<td>None</td>
<td>N / A</td>
</tr>
<tr>
<td>Leases &gt; 10,000 sf</td>
<td>Energy Star® Rating &gt;= 75 [REQUIRED]</td>
<td>• No space Energy Star® space offered&lt;br&gt;• Agency remaining in existing space&lt;br&gt;• Building has architectural / cultural / historic significance</td>
<td>Cost Effective Energy Efficiency Upgrades [REQUIRED]</td>
</tr>
<tr>
<td>Leases &lt;= 10,000 sf</td>
<td>Energy Star® Rating &gt;= 75 [Voluntary / Encouraged]</td>
<td>Yes : 10k SF or less exception</td>
<td>Cost Effective Energy Efficiency Upgrades [REQUIRED]</td>
</tr>
<tr>
<td>Prospectus Level Lease (&gt; $2.79 Million Net Annual Rent)</td>
<td>Energy Star® Rating &gt;= 75 [REQUIRED]</td>
<td>• No space available in market&lt;br&gt;• Tenant remaining in existing space&lt;br&gt;• Building has architectural / cultural / historic significance</td>
<td>Cost Effective Energy Efficiency Upgrades [REQUIRED]</td>
</tr>
<tr>
<td>Short-term Extensions &amp; Evaluated Options</td>
<td>Energy Star® Rating &gt;= 75 [Voluntary / Encouraged]</td>
<td>N/A</td>
<td>Cost Effective Energy Efficiency Upgrades [Voluntary/Encouraged]</td>
</tr>
<tr>
<td>Expansions</td>
<td>Energy Star® Rating &gt;= 75 (DEPENDS upon whether or not determined to be within the “Scope of the Lease”) [Voluntary/Encouraged]</td>
<td>Yes : Agency remaining in existing space</td>
<td>Cost Effective Energy Efficiency Upgrades are Required if the expansion is outside the “Scope of the Lease” [DEPENDS]</td>
</tr>
</tbody>
</table>
Energy Star Challenges:
Limited Supply of Energy Star Rated Buildings in the U.S.

- There are 18,800 Energy Star rated buildings in the U.S.
  - Represents 2.92 Billion square feet

- Only 6,440 of these (1/3) are Office Buildings
  - Represents 1.64 Billion square feet

- These 6,440 Energy Star labeled buildings represent a fractional (< 1%) share of the 700,000+ office buildings in the U.S.

- Results in Restricted Competition; Impacts Rents (to tenants) Unfavorably
Energy Star Challenges:
Redefine Delineated Area to Include Additional Energy Star Buildings

- Given the limited supply of Energy Star buildings in the U.S., if a Leasing Specialist has only ONE Energy Star building offered within a delineated area, it is important to rethink and perhaps redefine the delineated area.
- Particularly true if it’s known that additional Energy Star buildings are located close to the existing Delineated Area.
- Allows for a more balanced competitive environment.
- Explore availability of Energy Star buildings early, BEFORE the delineated area is determined and RLP is announced/advertised.
- Important to be aware of the time frame that alternative buildings got ES rated -- have to be within 12 months of Final Proposal Revisions.

geo mason class 9-23-12
Energy Star Challenges: 
Insufficient Occupancy Issues

- Several modification's to GSA's lease were made in Sept. 2011 to address the issue of Insufficient Occupancy (via LAC 2011-13).

- As written, the legislation did not account for newly built buildings or buildings that are experiencing vacancy.
  - These buildings were being excluded because of lack of current occupied operating history, even though in many cases they were designed and constructed to be able to achieve an Energy Star label.

- The Office of Leasing recently revised language to address this issue:
  - Allows up to 18 months to achieve Energy Star® label for buildings with >= 50% vacancy.
  - Offeror must produce specified evidence of a capability to achieve an Energy Star® label.
  - If offeror uses EPA's Target Finder tool, they must provide a Statement of Energy Design Intent (SEDI) reflecting a score of >=75.
  - Offeror must also get a Designed to Earn the Energy Star certification.
Energy Star Challenges: High-Security Tenant Issues

- Some high security government tenants are not willing to provide information on the number of employees and/or the number of computer workstations in their space (which is required information to earn the Energy Star label)

- Central Office has worked with EPA to develop possible alternative reporting of necessary Energy Star information in a secure environment
  - Possible modifications to Portfolio Manager
Lease Language Modifications

Recently

- Optional → Mandatory Paragraphs
  - Wall Finishes, MEP, Toilet Rooms, Carpeting
  - Added IAQ and EPP
- Modifying specs related to:
  - Plug Load (7 to 4 watts per SF)
  - Utility Reporting by Lessor, Upon Request
  - WaterSense (minimum requirement)

Near-term

- Modify Lighting Specs
- Update ASHRAE standards
- Modify Interior Design Finishes

Pending Changes

- Incorporate LEED v4 + GG changes
- Green Bldg. Certification System Review
- Federal Buildings Personnel Training Act
- Proposed New Guiding Principles for Lsg

[Consider: Impact on Rents, Reduced Competition, Product Availability, Lease Cycle Time]

GSA Office of Leasing

- More performance-based versus design-based
- New Building Categories: Warehouse and Data Centers
- Some Optional credits will become Mandatory Prerequisites
- New Credit Categories: Location & Transportation, Integrative Process, Environmental Product Declarations, Acoustic Performance
- Emphasis on product disclosure and transparency
- Emphasis on reuse of buildings and materials
- Leasing impacts:
  - Pursuit of LEED ratings could diminish due to more stringent new rating system
  - Possible higher rents (particularly LEED for Commercial Interiors)
Green Building Certification Review

- EISA requires a review every five years of the green building certification systems used by the government.

- Pacific Northwest National Lab conducted an analysis of three green building rating systems including LEED, Green Globes, and the Living Building Challenge.

- An interagency task force will develop recommendations on how green building certification systems will be used to facilitate high performance in the federal sector.

- The Office of Leasing will then modify lease language related to green rating systems as necessary.
UTILITY CONSUMPTION REPORTING (JUN 2012)

Upon request from the Lease Contracting Officer or Contracting Officer’s Representative, the Lessor shall provide regular quarterly reports of the amount of all utilities consumed at the Building in monthly detail for the duration of the Lease.
### E.O. 13514 on Sustainability Requires Guiding Principle (GP) Compliance: Strategic Sustainability Performance Plan (SSPP) Targets

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.0 %</td>
<td>7.0 %</td>
<td>10.0 %</td>
<td>13.0 %</td>
<td>15.0 %</td>
<td>18.0 %</td>
<td>....</td>
</tr>
<tr>
<td>Leased Facilities Actual Performance</td>
<td>5.2 %</td>
<td>7.6 %</td>
<td>10.6 %</td>
<td></td>
<td></td>
<td></td>
<td>28.0%</td>
</tr>
</tbody>
</table>

- Leasing exceeded SSPP/OMB Targets in 2012/2011/2010
- FY 2012 GP Compliance: 589 leases, within 519 buildings, totaling 25.1 million rsf:
  - Future year targets could be challenging to achieve – related to reduced number of total leases signed and reduced pursuit of green building ratings

### GP Compliance Required per the Executive Order on Sustainability:
- Two Paths Toward Compliance Include:
  - Signing Leases in LEED/Green Globes Space OR
  - Including Key Mandatory Green Clauses (31-37)
- Applies to Leases > 5,000 rsf
- Count based on # Leased Assets (buildings), NOT # Leases
# Sustainability Reporting Requirements

<table>
<thead>
<tr>
<th>Federal Requirement</th>
<th>Reporting Requirement</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Order 13514</td>
<td>Guiding Principle Compliance:</td>
<td>OMB and CEQ</td>
</tr>
<tr>
<td></td>
<td>- LEED Rating</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Green Lease Paragraphs</td>
<td></td>
</tr>
<tr>
<td>EISA, ENERGY STAR RSL</td>
<td>• ENERGY STAR Label (≥75 score) or</td>
<td>EISA Statute and RSL 2010-02</td>
</tr>
<tr>
<td></td>
<td>- Cost-Effective Energy Efficiency Improvements</td>
<td></td>
</tr>
<tr>
<td>GSA High Priority Goals, GSA/PBS</td>
<td>• ENERGY STAR Label (≥75 score)</td>
<td>GSA/PBS</td>
</tr>
<tr>
<td>“Green Measures”</td>
<td>- Green Lease Paragraphs</td>
<td></td>
</tr>
<tr>
<td>PBS Key Performance Indicators (KPIs)</td>
<td>• ENERGY STAR Label (≥75 score): # + sf</td>
<td>PBS/Leasing</td>
</tr>
<tr>
<td></td>
<td>- LEED Rating: # + sf</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Green Lease Paragraphs</td>
<td></td>
</tr>
<tr>
<td>GHG Target Reductions</td>
<td>• Jan. 2011: established 2008 baseline</td>
<td>OMB and CEQ</td>
</tr>
<tr>
<td></td>
<td>- June 2011: refined baseline</td>
<td></td>
</tr>
</tbody>
</table>
### Office of Leasing: Key External and Internal Green Measures

<table>
<thead>
<tr>
<th>E.O. 13514: Guiding Principle Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External</strong> measure reported to OMB/CEQ</td>
</tr>
<tr>
<td>Tracks LEED/Green Globes and Green Lease Paragraphs</td>
</tr>
<tr>
<td>Reported quarterly</td>
</tr>
<tr>
<td>Counts all leases (cumulative number)</td>
</tr>
<tr>
<td>Size threshold: &gt;5,000 sf</td>
</tr>
<tr>
<td>Targets:</td>
</tr>
<tr>
<td>FY 2010: 5%</td>
</tr>
<tr>
<td>FY 2011: 7%</td>
</tr>
<tr>
<td>FY 2012: 10%</td>
</tr>
<tr>
<td>FY 2013: 13%</td>
</tr>
<tr>
<td>FY 2014: 15%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GSA Program: ENERGY STAR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal</strong> measure reported to GSA Administrator and PBS Commissioner—part of quarterly KPIs</td>
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<tr>
<td>Tracks leases signed in ENERGY STAR space (≥75 score)</td>
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<tr>
<td>Reported biannually</td>
</tr>
<tr>
<td>Counts leases of all sizes</td>
</tr>
<tr>
<td>Tracks cumulative and current quarter’s number of ENERGY STAR leases (and associated number of buildings and leased rentable square feet)</td>
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</table>
# GSA Green Leases

## GSA Green Leases: Guiding Principle Compliance + Energy Star Labeled

<table>
<thead>
<tr>
<th>REGION</th>
<th>ENERGY STAR</th>
<th>Guiding Principle Compliant (only &gt;5,000 rsf)</th>
<th>LEED/Green Globes</th>
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<td># BLDGS</td>
<td># LEASES</td>
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<th>LEASED SQ.FT.</th>
<th>Guiding Principle Compliant (only &gt;5,000 rsf)</th>
<th># BLDGS</th>
<th># LEASES</th>
<th>LEASED SQ.FT.</th>
<th>LEED/Green Globes</th>
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<td>4</td>
<td>13.21%</td>
<td>2.5%</td>
<td>7.3%</td>
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Source: GSA REXUS data (Aug. 2012); CoStar; EPA; USGBC

FRPP FY 2012 Year-End Final
Increased focus on determining the costs and savings associated with green buildings and green leases

Many industries and professional organizations connected with green building and commercial real estate have conducted cost and savings studies

Growing number of Congressional inquiries about the “cost of green”

Difficult to track green building costs and benefits in Fully Serviced settings, where govt. is typically a minority tenant (<25% building occupancy)
Construction / Rent Costs and Operational Impacts/Savings: Studies Related to Green Building Impacts

**Davis Langdon**
- Highly regarded construction cost consulting firm
- Conducted comprehensive study in 2004 and 2007 of LEED and non-LEED building costs in 221 buildings
- Concluded that there was NO significant difference in average costs for green buildings vs non-green buildings

**RS Means**
- Well regarded source of building construction cost data
- Studies reveal average additional project costs for LEED can range from 2 - 5%, which keeps diminishing

**McGraw Hill Construction**
- Well regarded source of construction data
- Owner’s Benefits to green:
  - 3% Rent Increase
  - 7.5% Higher Building Values
  - 6.6% Higher ROI
  - 3.5% Improvement in Occupancy Rates
- 8 - 9% Lower Operating Costs

**EPA**
- Recent study estimates that commercial building owners can generate $2 to $3 of incremental asset value for every $1 invested in energy performance
- Studies show Energy Star buildings consume up to 40% less energy than non-Energy Star buildings

**Costar Study**
- Evaluated 2,301 LEED and Energy Star Buildings
- ENERGY STAR
  - $2.40 Rent Premium
  - 3.6% Higher Occupancy Rate
  - $61/s.f. Higher Avg. Sales Price
- LEED
  - $3.13 Rent Premium
  - 3.8% Higher Occupancy Rate
  - $171/s.f. Higher Average Sales Price

**Greg Kats**
- 2007 study of 170 LEED Buildings
- Demonstrated that green building costs on average are about 1.5% higher than normal construction costs

**GSA Green Building Cost Study – Federal Space**
- Study conducted in 2011 of 22 sustainability designed buildings
- Environmental performance, financial metrics, and occupant satisfaction were evaluated
- Green building benefits:
  - 25% Less Energy
  - 19% Lower Maintenance Costs
  - 27% Higher Occupant Satisfaction
  - 36% Lower CO2 Emissions
  - LEED buildings (5) performed even better

**Owners of Large Corporate Real Estate Portfolios**
- Growing database of substantial operational savings for owners of large building portfolios:
  - Calpers
  - TIAA-CREF
  - Transwestern
  - Vornado
  - PNC Bank
  - Nike
  - Siemens
  - CBRE
  - Wells Fargo
  - Microsoft
  - SAP Software
  - Intel

**New Buildings Institute**
- 2008 Study of 121 LEED buildings
- LEED Buildings used 25 - 30% less energy than the national average
- Half of these buildings achieved an Energy Star score >= 75
Owner vs. Tenant Considerations

- Owner (not tenant) is beneficiary of operational savings related to green building elements on fully serviced leases.
- Owner possibly passes on green costs in form of higher rents but perhaps not the full benefits of operational savings.
- Tenants not incentivized to follow green/energy savings practices on fully serviced leases.
- Tenants are indirectly benefiting via intangibles such as increased productivity, improved employee attraction and retention, and improved tenant satisfaction.
- “Shared savings” demanded by some savvy tenants.
Indirect Savings and Benefits for Tenants

- Favorable impacts for tenants related to green building features
  - Increased productivity
  - Improved employee attraction and retention
  - Reduced absenteeism
  - Improved tenant satisfaction

- Translating work hours gained and associated hourly or daily salaries into cost savings to tenants reveals compelling savings levels relative to annual rent costs and added costs of green building features

- Cost per square foot of workforce can be up to 20 times greater than the cost per square foot of a lease

- Often not factored into original rent evaluation because they are seen as difficult to quantify
GSA Green Purchasing Plan (GPP)

- GSA Order in 2011 (addressing E.O. 13514) established the Green Purchasing Plan
- GPP has requirements to promote the purchase of sust. products and services
- Office of Leasing is meeting the intent of GPP goals by incorporating sustainability provisions in the leasing program
- Standard Lease document has 37 green paragraphs related to sustainable build-out and operation of tenant spaces

Green products include:
- Comprehensive Procurement Guidelines (CPG)
- Bio-Based and Bio-Preferred
- Environmentally Preferred Products (EPP)
- ENERGY STAR Products
- EPA WaterSense Products
Sustainability: Interaction Between Leasing and Major Business Lines

- Client Solutions
- D & C
- Portfolio
- F M S P
Sustainability Priority Projects: FY 2013

1) Training/Education/Communication about Green Leasing Provisions - to Internal + External real estate community
   - Refine technical (on-line) training modules on detailed green leasing topics
   - Outreach to Regions/ Professional associations/ Lessor community

2) Evaluate/Incorporate Green Provisions in Standard Lease Language:
   - Technical evaluation + refresh of lease document: Lighting specs/ASHRAE standards/Interior finish specs/etc.
   - Evaluate/Incorporate relevant revisions to LEED/Green Globes and Green Building Certification System Review

3) Automate the Tracking and Reporting of Guiding Principle and Energy Star Compliance:
   - Incorporate automated sustainability reporting/tracking within new T-REX (eLease replacement system)
   - Continue audit of green lease clauses
   - Explore ways to systematically track/report green leasing costs and savings

4) GHG Reporting and Reduction/ Sub-metering Pilot
   - Refine existing model to calculate GHGs
   - Partner with EPA to modify portfolio manager tool to better track utility data
   - Sub-metering Pilot of 2 leased buildings to determine cost/benefit of sub-metering fully serviced leased space
Green Lease Policies and Procedures

GSA promotes government-wide efforts to create green, sustainable buildings. To support this work, GSA issued the Realty Services Letter, RSL-2007-12, Green Lease Policies and Procedures for Lease Acquisition and RSL-2010-2, Energy Star® Requirement for Lease Acquisition, and LAC 2011-13, Sustainability update.


RSL-2010-02 implements the Energy Star requirement of the Energy Independence and Security Act of 2007 (EISA) for Lease Acquisition. Section 435 of EISA mandates that no

http://www.gsa.gov/portal/content/103656
Leasing Desk Guide

Purpose and Scope

The Leasing Desk Guide (Desk Guide) chapters contain authorities, policies, technical and procedural guides, and administrative limitations governing the acquisition by lease of real property. It replaces prior Public Buildings Service (PBS) leasing guides and incorporates other existing policies and procedures. Additional Realty Services Letters (RSL) are available in the Effective Policies section. Realty professionals must follow the policies of the effective RSL until they are canceled by additional Desk Guide issuances. The process outlined in this Desk Guide do not completely cover all of the possible considerations and alternative courses of action that Realty professionals must know to successfully complete all possible lease actions. However, they should be able to use the material in this Desk Guide to help them to gather together the typical considerations, process steps, and review requirements that they could normally expect to encounter.

Applicability

The policies of this Desk Guide apply to all PBS personnel engaged in the acquisition and administration of leasehold interests in real property. This Desk Guide also applies to agencies leasing space under delegated authority from the General Services Administration. LAC-2010-1 formally establishes the Desk Guide as a source of leasing guidance that was previously only contained in RSLs and issues the initial chapters of the Desk Guide. The Office of Leasing will be issuing LACs to roll out additional Desk Guide chapters and cancel corresponding RSLs.

Leasing Desk Guide

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<th>Chapter</th>
<th>Type</th>
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<td>Introduction</td>
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<td>General Information, Lease Authorities, and Responsibilities</td>
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[GSA.gov/Office of Leasing/Leasing Desk Guide]  
http://www.gsa.gov/portal/content/184265
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Sustainability Tools and Resources

GSA Public Buildings Service
www.gsa.gov/pbs

GSA Office of Leasing
www.gsa.gov/leasing

DOE: Green Opportunities for Leased Buildings
www1.eere.energy.gov/buildings/commercial/leased

EPA: Environmentally Preferable Purchasing (EPP)
www.epa.gov/epp

USGBC: LEED
www.usgbc.org/LEED

ENERGY STAR
www.energystar.gov

Green Globes
www.greenglobes.com

GSA Report: “Green Building Performance”

The Sustainable Facilities Tool
www.sftool.gov