



Enhancing Multifamily Value Through Benchmarking

Deborah Cloutier

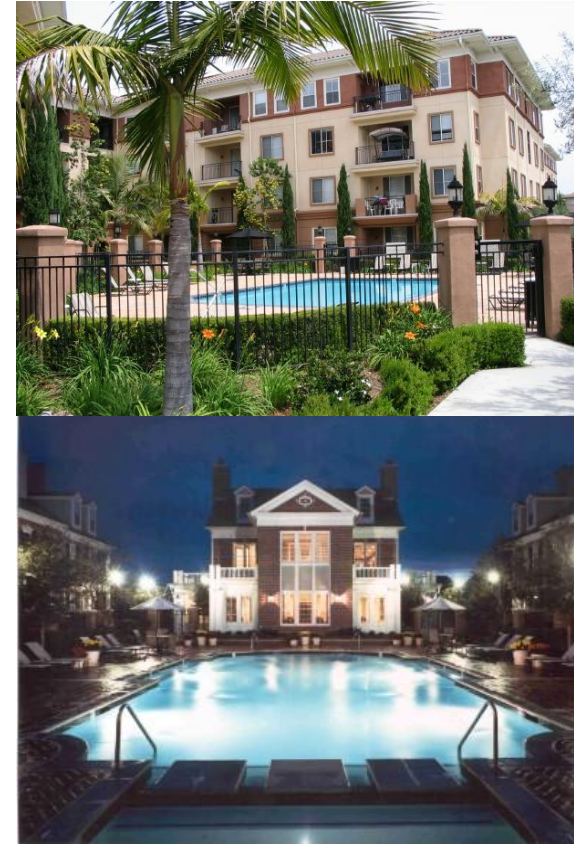
Principal, JDM Associates



Why Benchmark Energy Performance?

Make More Informed Decisions:

- Verify and track progress of projects
- Identify under-performing facilities
- Assess operational effectiveness
- Assist in the budgeting process
- Set investment priorities
- Be more responsive to on-going issues



For Apartment Communities



- Benchmarking is the foundation for improving energy performance
- Superior energy performance will:
 - Increase NOI and asset value
 - Hedge against energy price volatility
 - Meet the demand for green from renters
 - Enhance market position in light of increasing legislation and growth of green competition

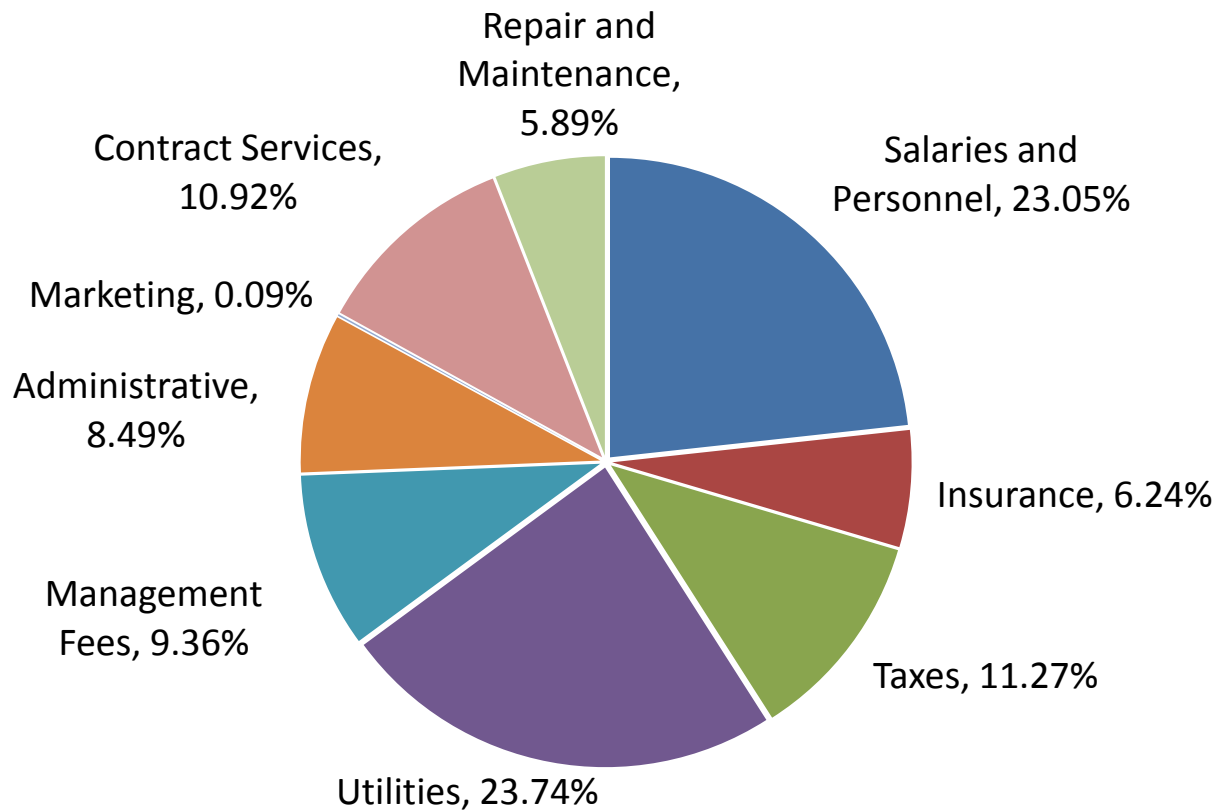
Impact of energy on NOI and Asset Value



- Utilities are the single largest controllable expense in most multifamily communities, averaging about \$1.80 per SF
- Any utility savings accrue directly to the bottom line - increasing net operating income and asset value

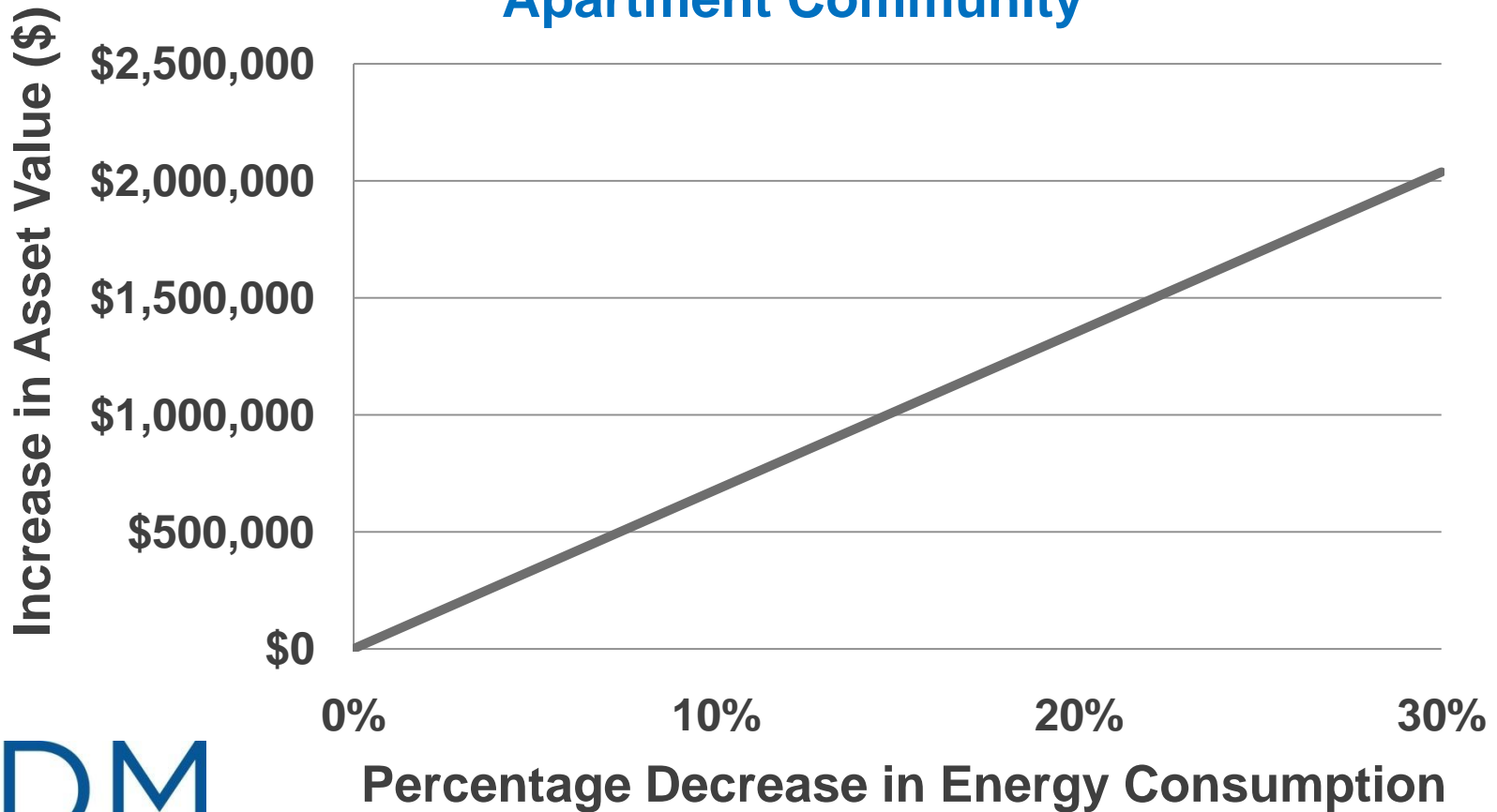
Utility Costs in Multifamily Housing

Master Metered, Subsidized (All)



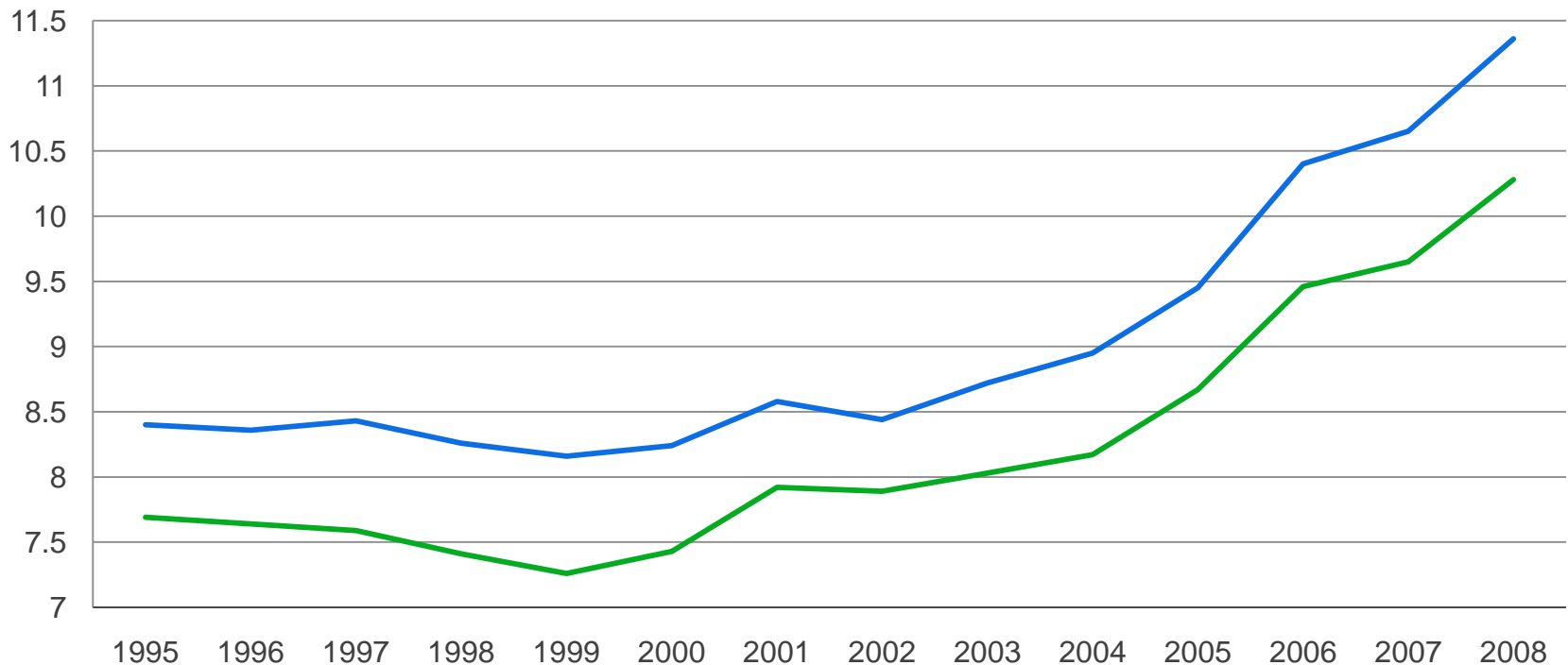
Decreasing Energy Use Impacts Asset Value

Asset Value Increase when Energy Use Decreases in a 250 unit Master-Metered Apartment Community



Hedge Against Rising Prices

Average Retail Price of Electricity
(cents per kWh)



Growing Demand from Renters

- Apartments.com study:
 - More than 60% of renters search specifically for apartments with green features
 - 25% reported they would pay more for a green apartment
- National owner surveyed their residents:
 - 80% agreed or strongly agreed that it was important to live in an apartment community that is reducing its environmental or carbon footprint
 - 68% agreed or strongly agreed that they would be more likely to renew their lease if they were living in a community that implemented green practices
 - 64% agreed or strongly agreed that knowing their community was 'green' would make them want to tell their friends to rent there as well

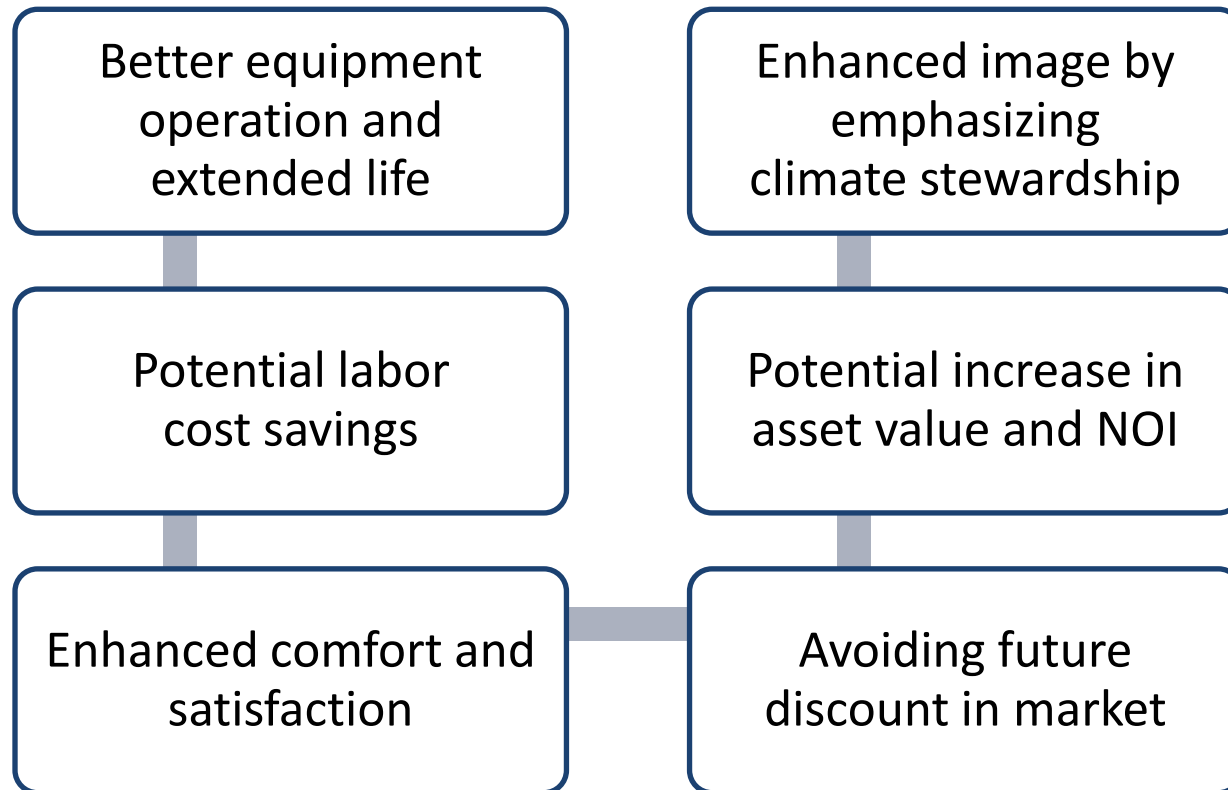
Regulation and Incentives



- 9 potential pieces of legislation in current Congress that address climate change
 - Building industry could be affected by stricter codes, mandatory reporting rules, and increased energy rates
- Unprecedented funding for energy efficiency through federal stimulus package, municipalities, and utilities
 - Energy efficient **green** buildings will be tomorrow's standard
 - Acting now will help mitigate against **brown discounts**

Energy Decisions are Business Decisions

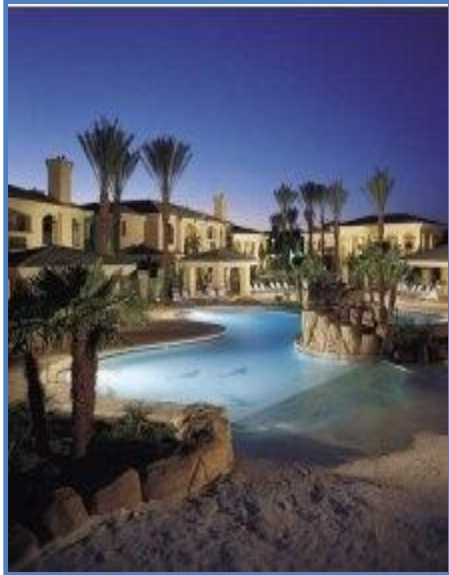
Enhanced energy performance leads to reduced operating expenses and



Leading apartment owners are making energy a priority

Tradition at Kierland

Phoenix, Arizona



- After benchmarking energy use, realized electricity and especially natural gas bills were very high
- Took action:
 - Reduced pool temperatures (82 to 78 degrees) and spa temperatures
 - Installed CFLs and lighting controls throughout property
 - Installed programmable thermostats in offices, fitness center, model units
 - Instructed all staff to diligently watch for energy waste

**Result: Reduced common area energy use
21.1%
Annual savings of \$30,000**



Case Study #2:

The Park Evanston *Evanston, Illinois*

- Large high rise in suburban Chicago. Began benchmarking in early 2009. Noticed particularly high bills—attributed to overheating and overcooling, as well as inefficient lighting and operations.
- Took action:
 - Adjusted common area hallway temperatures from 70 to 75 during summer
 - Turn off A/C in all vacant units
 - Instructed office staff and doormen to turn off all unnecessary lights

Results: 9% annualized reduction in energy use

Annual savings of \$50,000+ and annual greenhouse gas reductions of 500 metric tons

Contact

Deborah Cloutier

Principal, JDM Associates

dcloutier@jdmgmt.com