

# UNDERSTANDING THE COMMERCIAL REAL ESTATE BUILDING LIFECYCLE

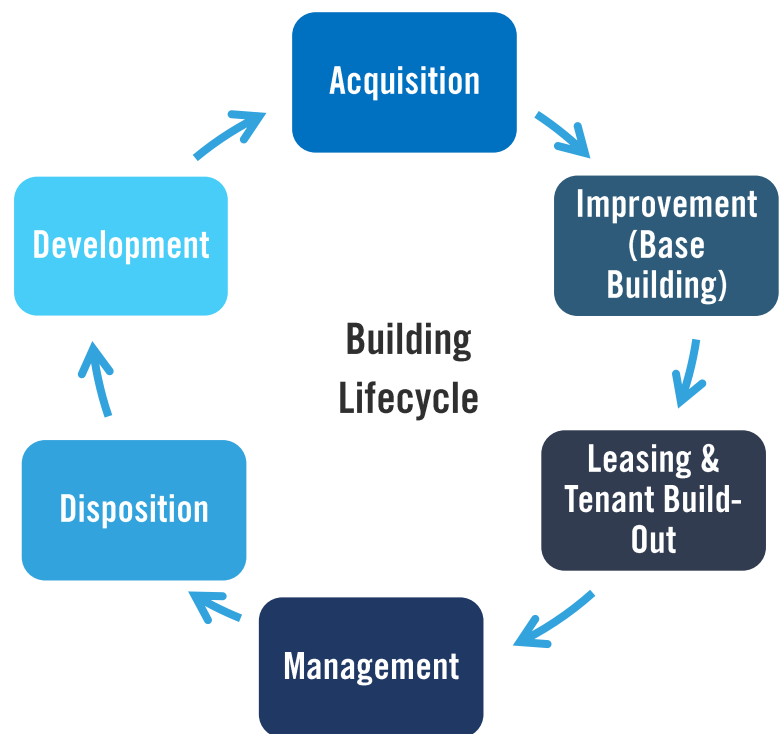


*Waypoint Energy leverages its commercial real estate expertise to identify the appropriate energy efficiency measures for implementation based on the current stage of the building's lifecycle*

The commercial real estate (CRE) sector is a hard-to-reach market for utilities. Engaging commercial buildings at the right time with the appropriately timed energy efficiency recommendations based on their property lifecycle is a successful and strategic way to increase CRE customer uptake of utility energy efficiency programs.

All too often, vacant tenant spaces are leased and gutted for buildouts in mere weeks - long before the utility is notified and can offer incentive programs to help encourage energy efficiency.

In other cases, utility account managers invest time and effort developing close relationships with property management staff at a commercial office building to identify energy efficiency projects - only to learn months later that ownership is selling the property and that existing property management team is out the door and all the hard work is gone with it.



*By strategically timing engagement and tailoring service offerings for each stage of the property lifecycle, Waypoint optimizes project implementation and utility program participation. Reach out to Waypoint to learn more about applying similar best practices to your utility's CRE engagement efforts.*



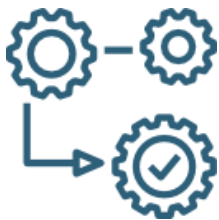
**ACQUISITION:** For existing buildings, a building's lifecycle starts when a CRE firm (owner) purchases the building. At this time, new owners and managers are interested in improving the property's value by first understanding the building itself. Conducting an energy audit at this point in the life cycle is a key step in ensuring the building implements efficiency measures in the future.



**IMPROVEMENT:** Once a building has been acquired, it may undergo physical improvements. Oftentimes new owners and managers want to make a splash, some sort of strong visual impact and improvement to the building such as a lobby renovation or signage change. These base-building (common area, not tenant space) improvements include the opportunity to add efficiency improvements into their capital project plans.



**LEASING & BUILD-OUT:** Beyond base-building improvements, the remaining efficiency opportunity lies in tenant spaces. When a new tenant moves in, a tenant improvement (TI) fit-out occurs to get the space exactly how the tenant would like it to be. While TIs often include non-energy related improvements such as new paint or carpet, this is the time to encourage building owners and managers, and even tenants, to include energy efficiency measures as well.



**MANAGEMENT:** When a building has steady tenants, owners and managers can focus on ongoing property management. Operations and maintenance (O&M) of a building can have a strong impact on the efficiency of a property, and training facility engineers on energy efficient O&M practices is a great way to reduce energy usage. Bring efficiency to the property with O&M activities such as optimizing temperature setpoints or properly scheduling common area lighting.



**DISPOSITION:** At the time when an owner has decided to sell a property, there is no motivation to invest in any capital projects or efficiency measures. The goal is to make money from the sale or disposition of the property, and as such, not spend any additional funds on the asset. This is a point in the building lifecycle where efficiency is not a worthwhile pitch. However, knowing which buildings are currently up for sale positions an energy efficiency advocate for prime engagement of the building once it is purchased.