



The ESG Sentiment Survey

What's on the mind of ESG Leaders in Real Estate

January 2019

BUILDING
PERFORMANCE.

UNLOCKING
VALUE.

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Welcome



Friends and Colleagues,

We at RE Tech Advisors are pleased to share the results of our first annual “ESG Sentiment Survey.” Our goal with this effort is to take a barometer reading of leaders in sustainability in commercial real estate, and understand what issues, trends, hopes, and frustrations are influencing their work. We hope to conduct this survey annually going forward, tracking many of the responses over time to show changes year to year.

The following pages summarize the results, including interesting quotes and direct statements from many of the respondents. We sent this survey to a select group of over 100 real estate professionals, 35 of which completed the full survey. Based on this information, 2018 was a year of significant progress. Respondents reported making headway on stakeholder engagement and building internal buy-in within their organizations. Budgets are trending slightly upwards, and the overall profile of ESG issues as a part of real estate investment management shows signs of increased recognition.

But work remains and challenges continue. Significant respondents see a priority need to strengthen and enhance their organizational buy-in – whether that means better articulating the business case or simply improving understanding of how ESG factors can add value in real estate. Energy efficiency still remains a primary focus of the industry, but new issues such as climate risks, health and wellness, smart buildings, and tenant/resident engagement are moving to the front of the line.

Data management remains a headache, and there is some sign of “reporting fatigue” among respondents. But the passion and excitement for diverse and emerging topics such as energy storage, smart meters, renewables, and building analytics is palpable. We look forward to seeing what emerges next in our ESG corner of the real estate marketplace.

For those of you who participated, we thank you for your input and appreciate your insights. Based on the results, we believe 2019 will be another year of great opportunities and interesting challenges, and we look forward to continuing to collaborating with and support your leadership in the year ahead.

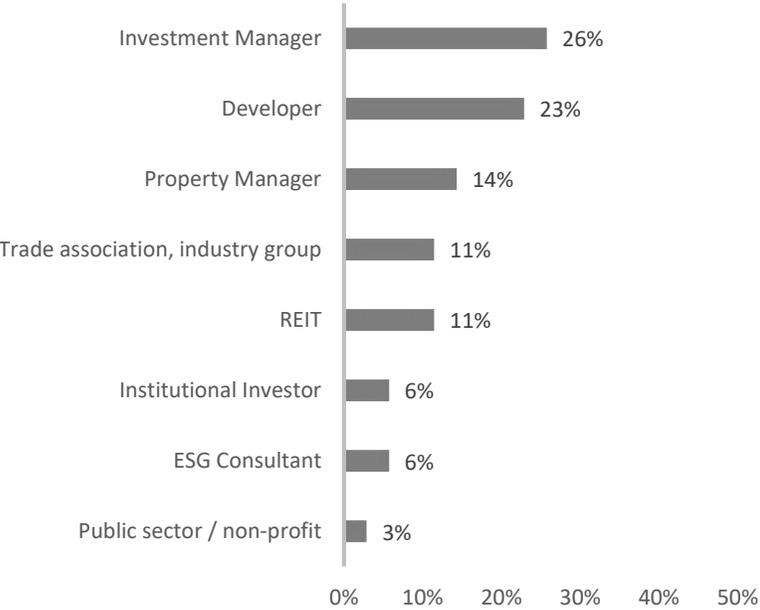
Thank you,

Deb Cloutier

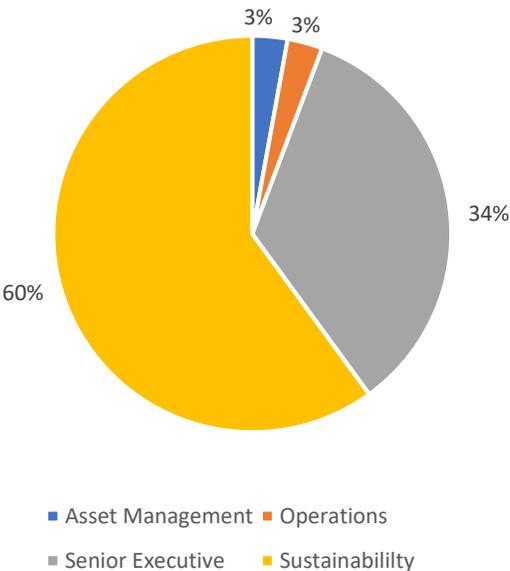
Jack Davis

About the Respondents

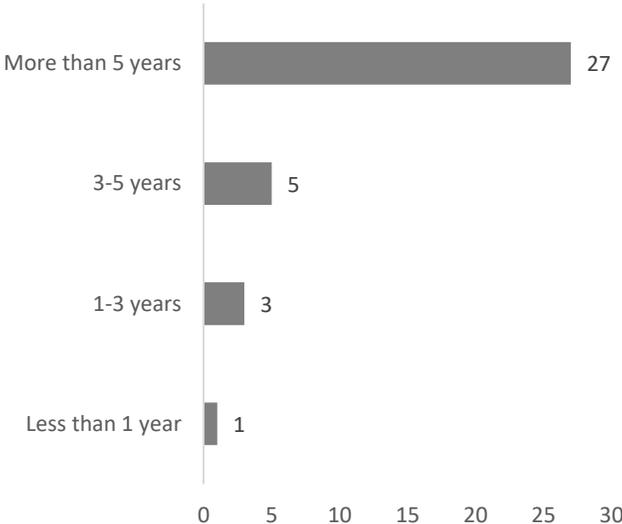
Which of the following best describes your organization's primary function?



Which of the following best describes your role in your organization?



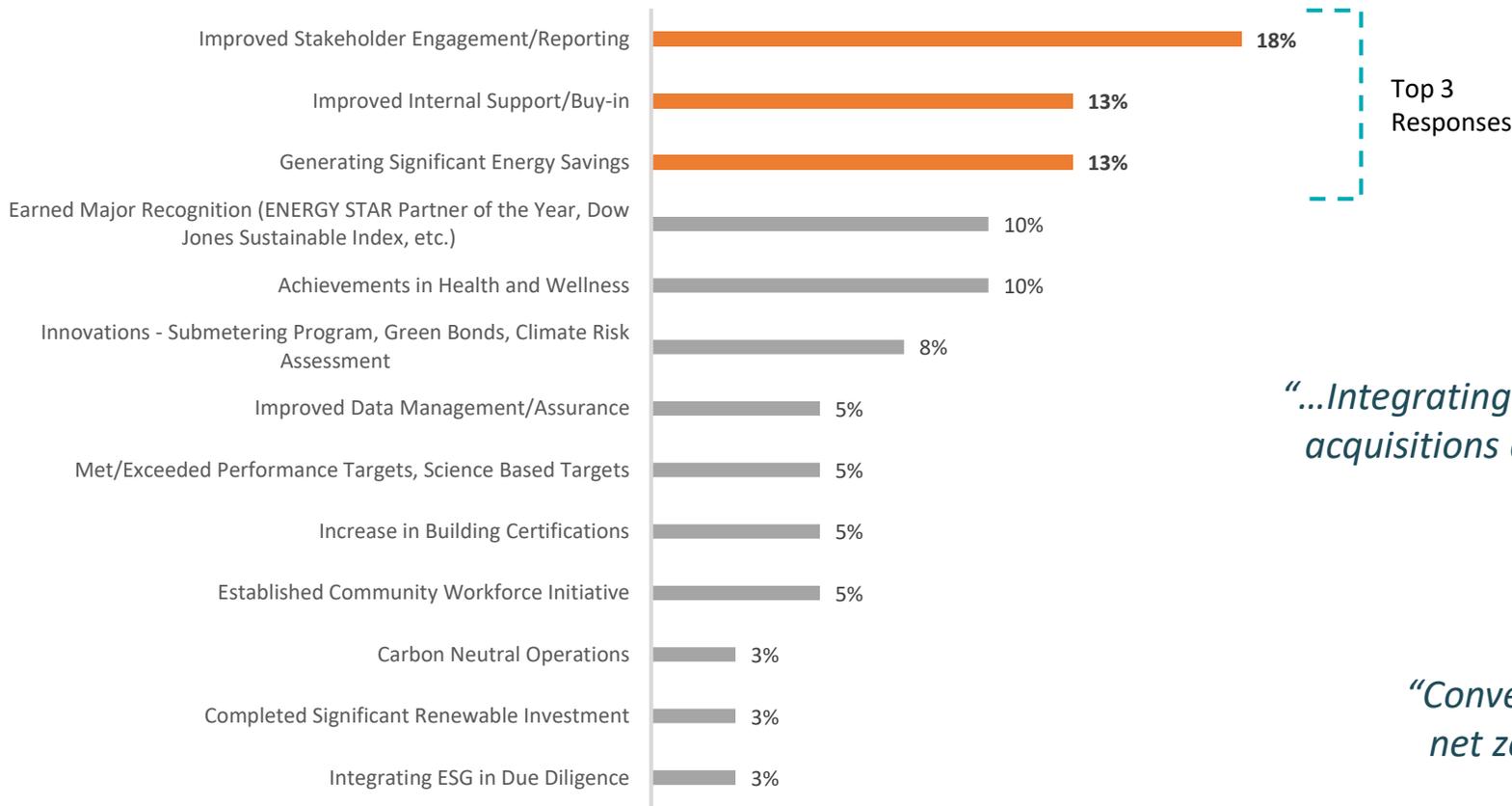
How long has your ESG program or the program you support been in place?



n = 35

What went well in 2018?

In a few words, describe your greatest success in the past year:



Top 3 Responses

“Met 2020 target early; set new renewable energy target...”

“...Integrating ESG into property acquisitions and due diligence.”

“Publishing our inaugural corporate sustainability report.”

“Converting an existing building to a net zero energy building.”

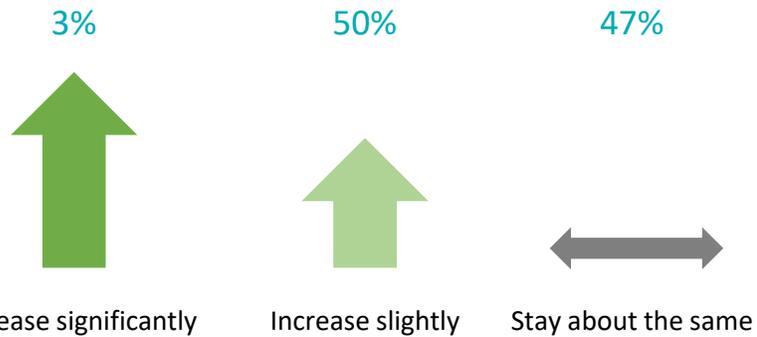
“Not getting fired....”

SENTIMENT'S FREQUENCY RELATIVE TO ALL SENTIMENTS

n = 35, multiple responses allowed

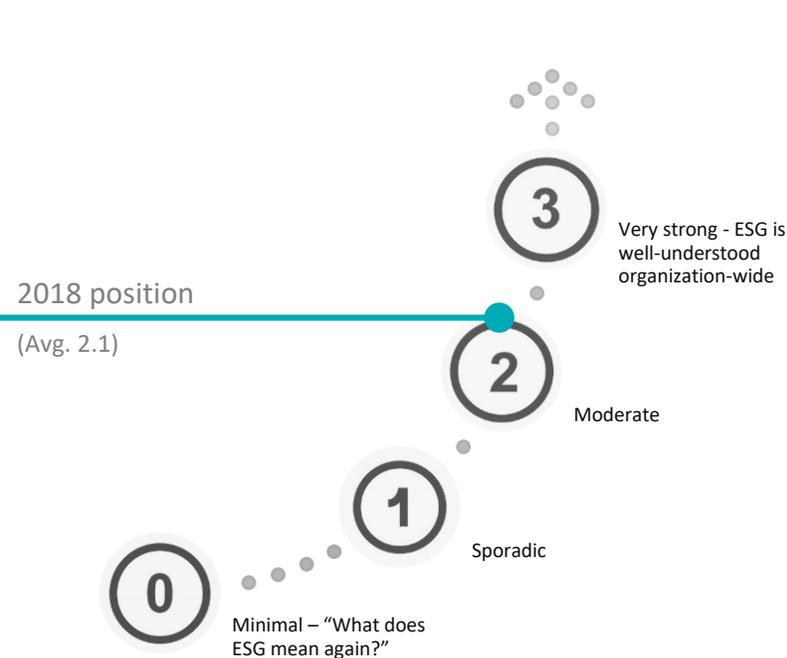
Budget, Awareness, and Support

Compared to 2018, do you expect your 2019 budget for ESG programs and activities to:

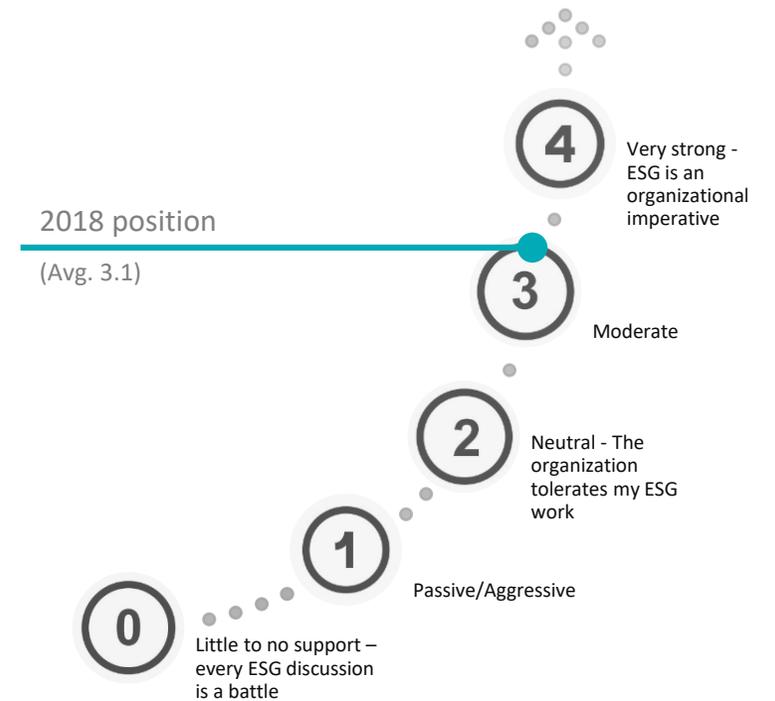


n = 32

How would you categorize the awareness of ESG initiatives within your organization or the organization you support?

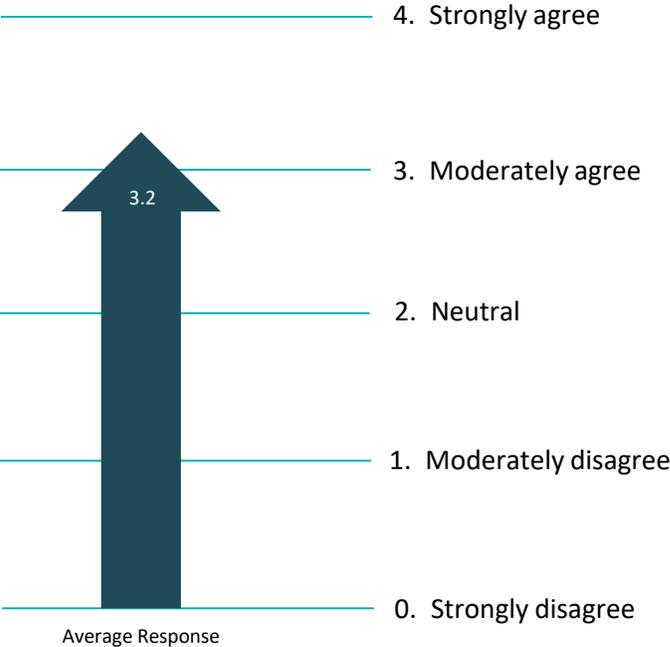


How would you categorize the support for ESG initiatives within your organization or the organization you support?

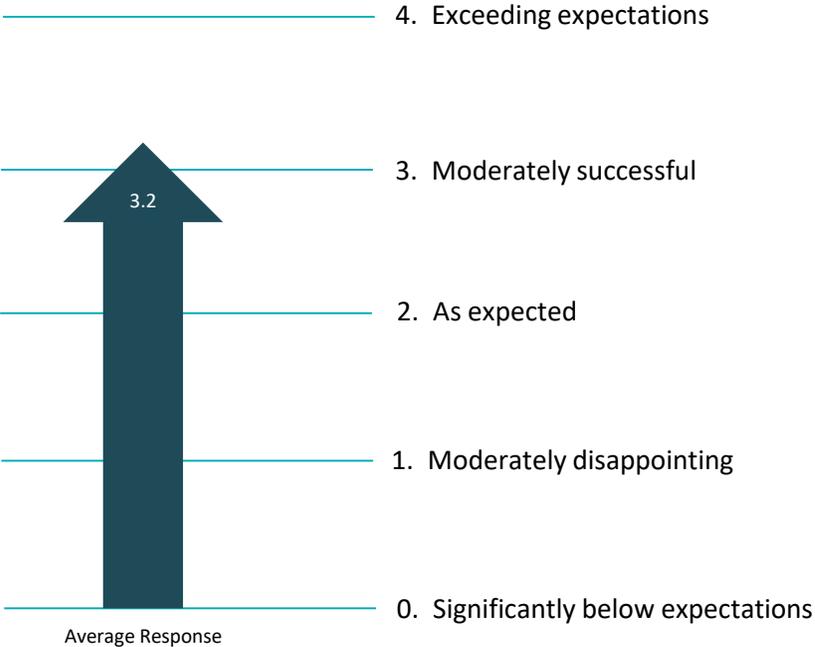


Career and Progress

Please indicate the extent to which you agree/disagree with the following statement: "My focus on ESG has a positive impact on my future career trajectory."



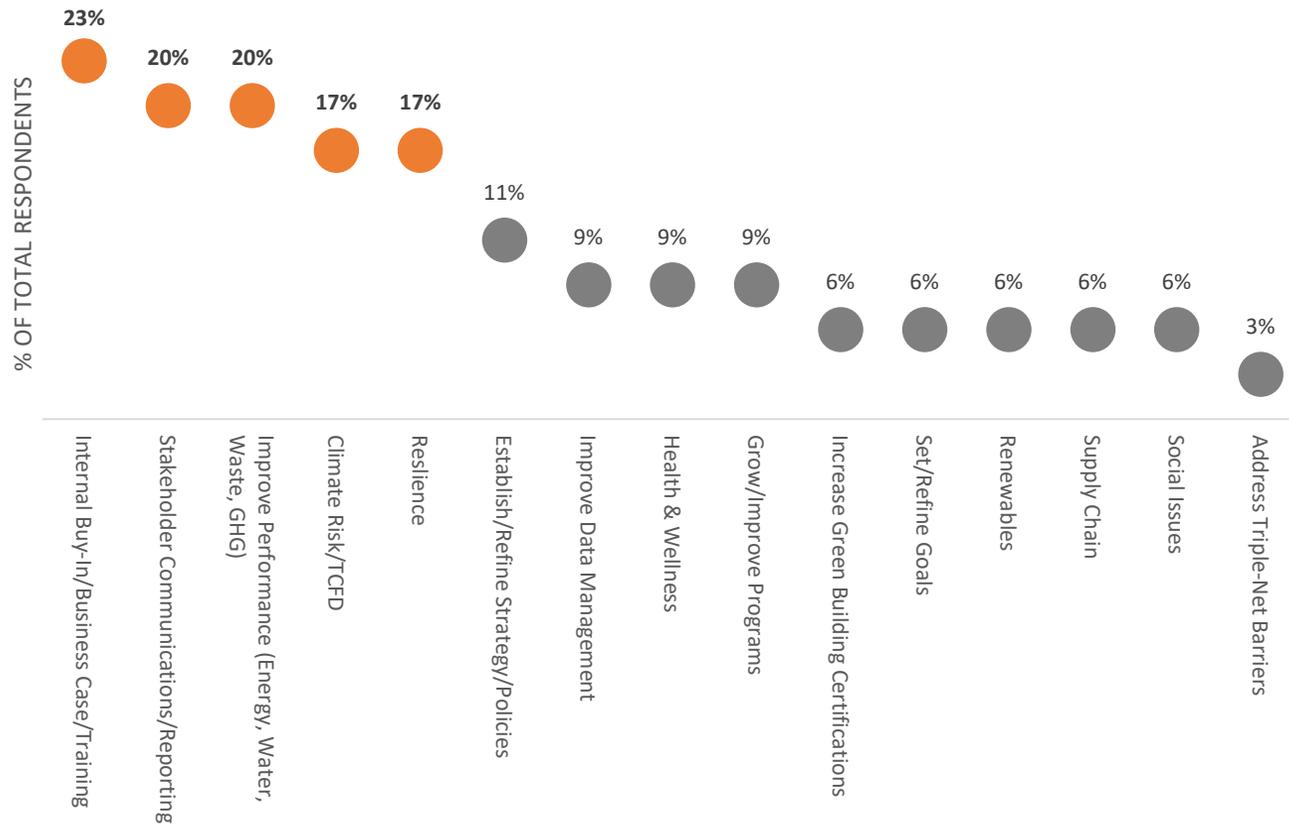
How would you categorize the performance of your ESG/ Sustainability program in the past year?



n = 32

What is the focus for 2019?

In a few words, what is your top ESG priority for the next year?



“Continue to quantify the business value of ESG; implementing the recommendations of TCFD...”

“...make our program more visible across our company and industry, globally.”

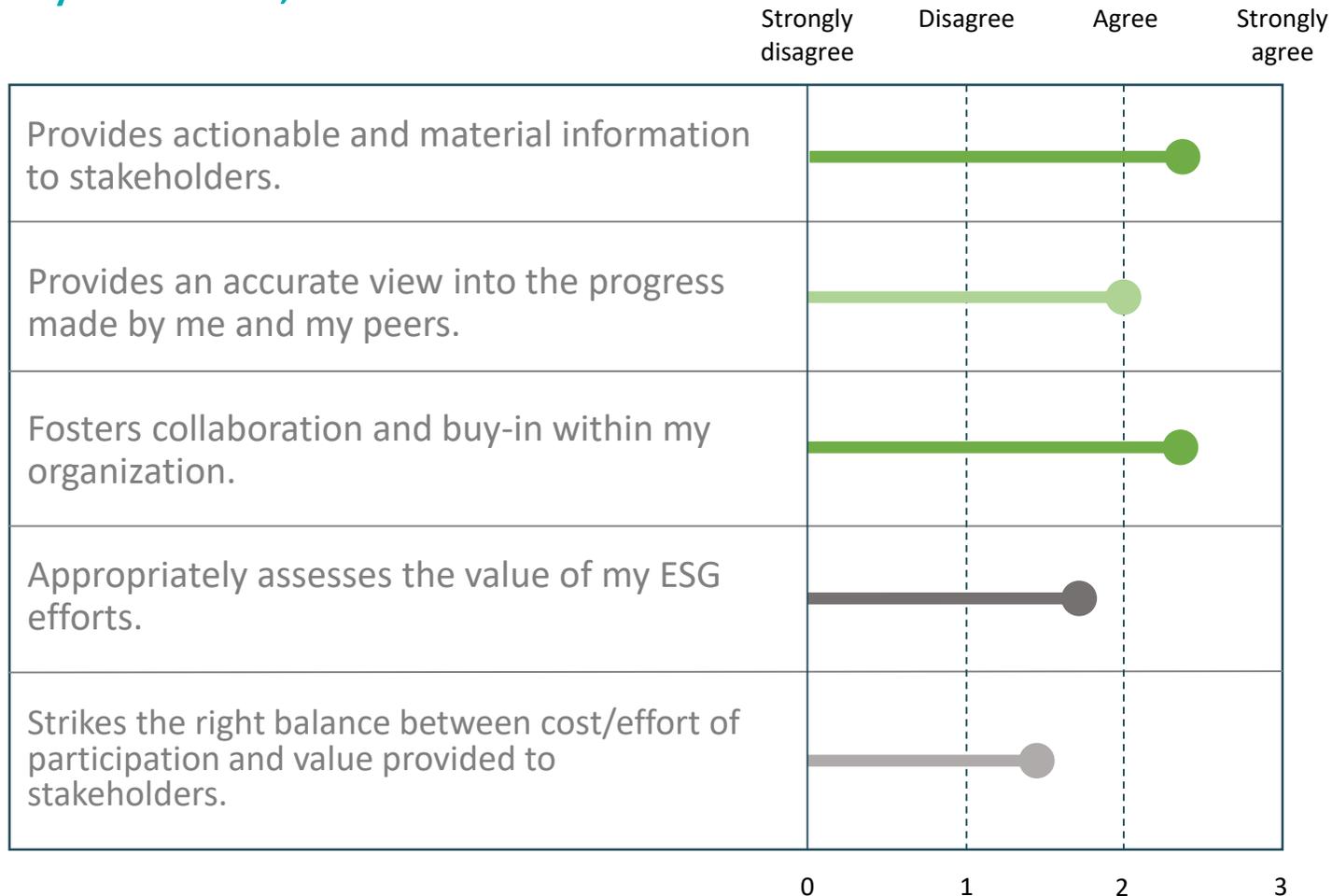
“...develop stronger adaptation and resilience strategies...”

“Further development of ESG data integration into investment analysis and financial models...”

n = 35, multiple responses allowed

What about GRESB?

In your view, GRESB...



“GRESB is very challenging and we are finally noticing internal stakeholders understanding the importance of GRESB to investors .”

“I don't believe that our investors are using GRESB. It is more of a report card we use to measure ourselves against our peers...”

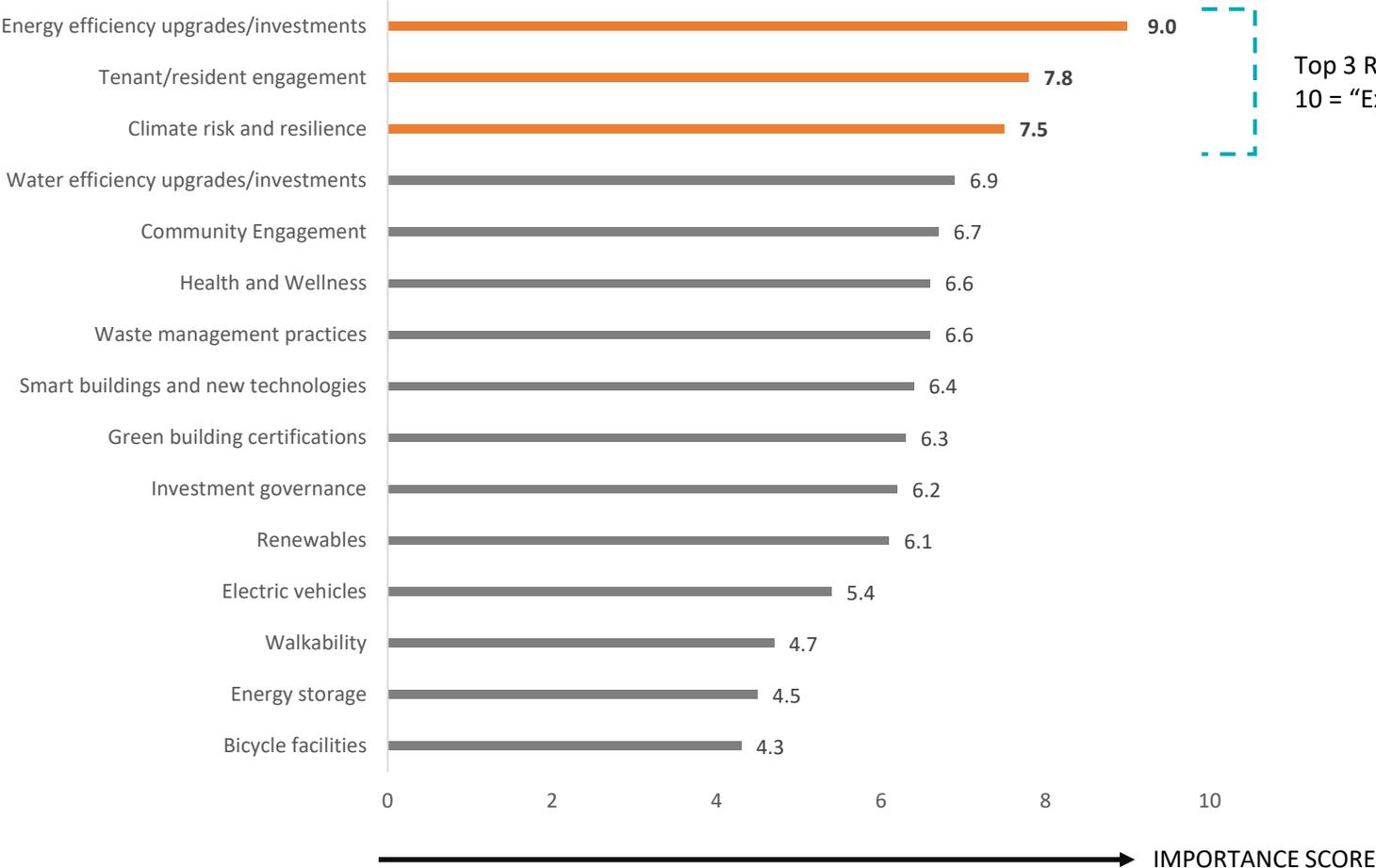
“...investors don't read the minute details...only look at the score.”

“It helps frame conversations with senior leaders when we are implementing new ideas.”

“The opportunity cost of GRESB is large. There are many improvement projects not completed due to time spent on our reporting efforts.”

Strategic focus areas for 2019

How important are the following to the success of your ESG strategy in the next year?

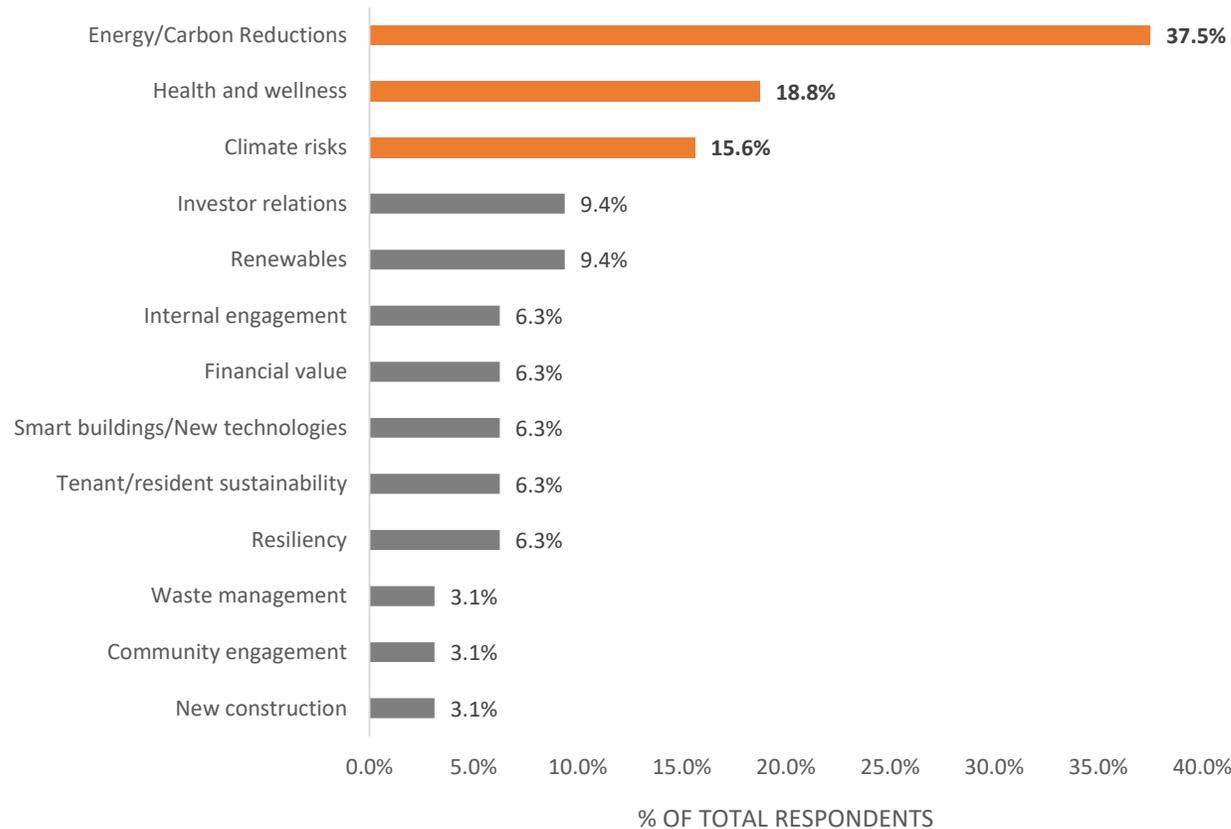


Top 3 Responses by average score, where 10 = "Extremely Important" and 0 = "Not Important"

Other areas receiving mention: Indoor air quality & pollution, broker engagement, and staff education/engagement.

Favorite focus areas

What ESG issues do you personally feel the most passionate about or enjoy working on?



“Responding to, and furthering, investor interest in ESG programs...”

“Educating colleagues about climate change risks.”

“Incorporating ESG into the investment process...”

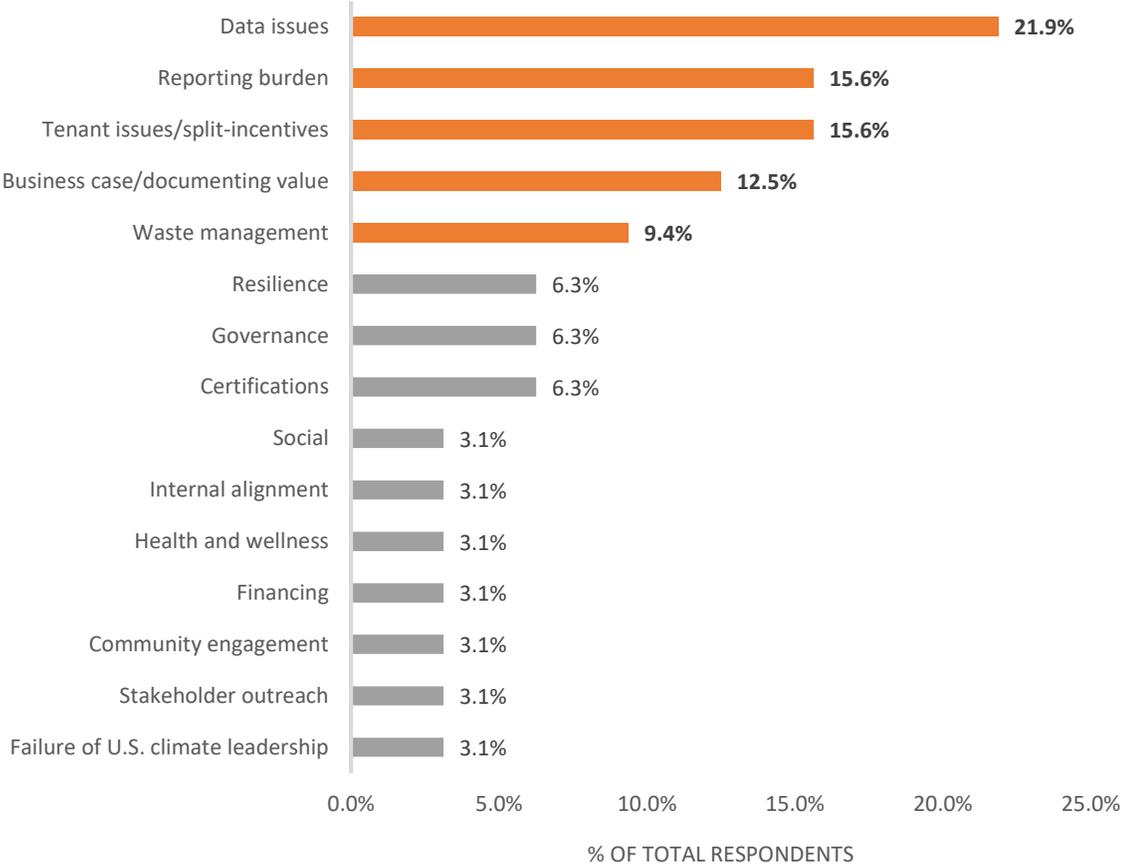
“Resident and team member engagement..”

“Scaling effective new technologies.”

n = 32, multiple responses allowed

Areas of frustration

What ESG issues cause you the most frustration?



“The challenge of tying financial benefits to sustainability programs or initiatives...”

“Poor data quality and reports from utility providers and data platform vendors.”

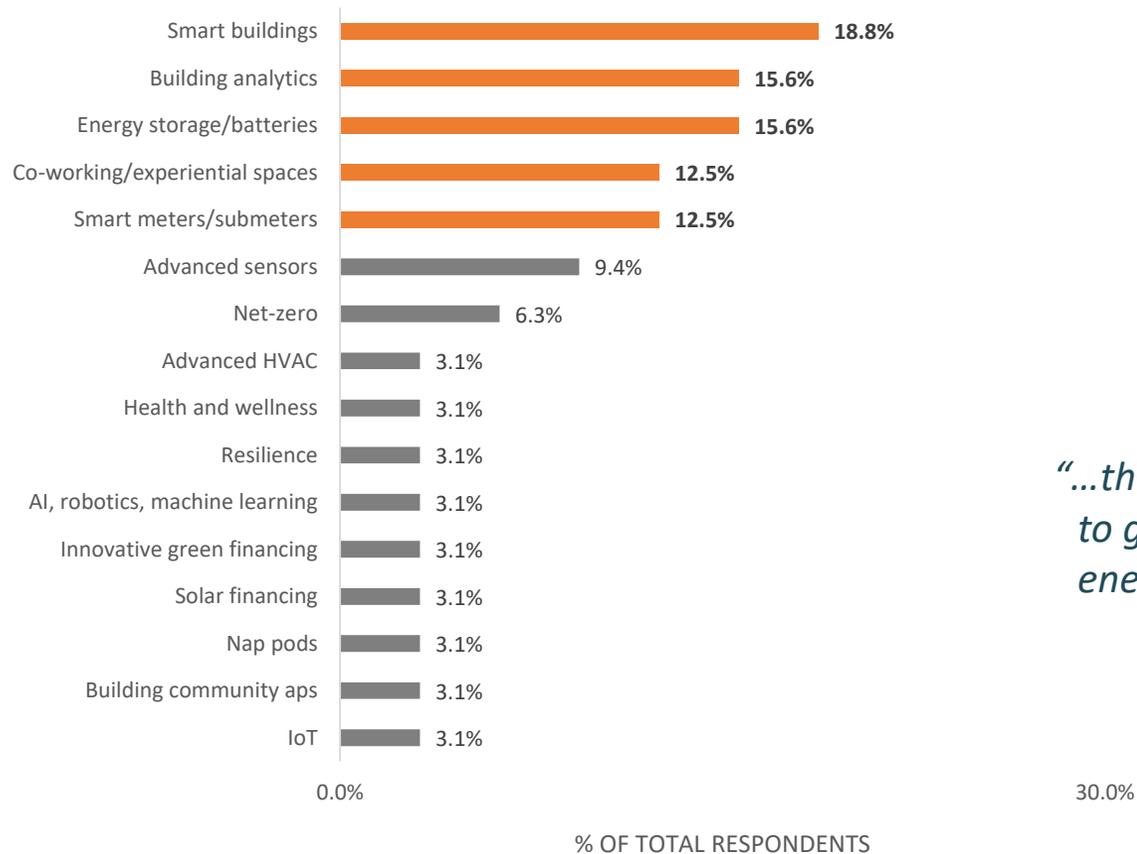
“The non-believers. Trying to figure out how to present evidence that they cannot disagree with.”

“Reporting. It’s become more complicated and time-consuming, making my managers think of me as “overhead” not as a value creator.”

n = 32, multiple responses allowed

What's new?

What new technology, building amenity, or real estate innovation are you most excited about at the moment?



“Wearable air quality monitors.”

“...the connection of smarter buildings to a smarter grid - sensors, automation, energy storage, etc.”

“Personally, I just love a good green wall...”

“...the possibility of making buildings smarter to gather more information and improve energy efficiency.”

“Making building common areas ‘an experience’...”

n = 32, multiple responses allowed

Industry Group ESG Power Rankings

How influential are each of the following organizations to your work in ESG?



Top 5 Responses by average score, where 3 = "Very Influential" and 0 = "No Influence"

Other organizations receiving mention:

100 RC, ASHRAE, BOMA, C2ES, C40, CDP, CfAD, DJSI, Fannie Mae/Freddie Mac, FSB-TCFD, GRI, Institute for Market Transformation (IMT), Institute for Real Estate, Inc. (IREI), IREM, MSCI, NAREIM, National Apartment Association, National Multifamily Housing Council, NRDC, Pension Real Estate Association, The Department of Energy Better Buildings Initiative, United Nations Principles of Responsible Investing, Well and Fitwell.