

CONFERENCE REPORT

**Real Estate and Socially Responsible
Investment: New Products, New
Investments, New Value**

February 28-March 1, 2006
Hacienda del Sol Guest Ranch
Tucson, Arizona



**THE CENTER
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Hosted by the Institute for Responsible Investment and
Professor Gary Pivo of the University of Arizona



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The Real Estate Roundtable

POLICY ISSUES:

Factor	Mean of Materiality & Significance
Energy efficiency and conservation	4.78
High level of public transport services	4.53
Central location	4.50
Transit oriented development	4.47
Water consumption and recycling	4.27
Daylight and natural ventilation	4.15
Contributes to higher density, mixed-use walkable places	4.12
Regulatory compliance	4.09
Benefits urban revitalization	4.06
Flexibility to adapt to changing uses over time	4.03
Occupant worker productivity	3.95
Minimizes building related absenteeism and illness	3.88
Aesthetics, contextual fit, visual blending, and quality public realm	3.87
Alternative energy sources used	3.85
Open space, parks or plazas nearby	3.73
Recycling, waste reduction, recycled materials	3.72
Low contributions to global warming	3.69
US Environmental Protection Agency Partnerships	3.69
Catalyzes positive suburban and peripheral development or redevelopment	3.63
Green building certification (LEED, BREEAM, etc)	3.57
Sustainability of building materials	3.57

HOW MUCH DO YOU AGREE? 1 = Strongly Disagree, 2 = Moderately Disagree, 3 = Slightly Disagree, 4 = Slightly Agree, 5 = Moderately Agree, 6 = Strongly Agree

MEDIAN

My organization goes beyond minimum legal requirements to address social or environmental issues.

5

This type of activity will be more important for us in the future.

5

USE OF THE FOLLOWING 1 = Not Done, 2 = Planned or Under Consideration, 3 = Implemented	MEDIAN
Conservation - Promoting energy conservation, water conservation, or recycling in your assets.	3
Stakeholder Engagement - Conferring with stakeholders that are affected by your properties, such as neighborhood organizations, labor unions, or environmental groups.	2.5
Value Statement - Mentioning community, human resource, or environmental issues in your credo, values, vision or mission.	2
Strategic Planning - Paying attention to social or environmental issues in your strategic planning.	2
Responsible Contractor - Asking contractors and subcontractors who work on your properties to provide fair wages and benefits to their employees.	2
Women or Minority Owned Businesses - Supporting such businesses.	1.5
Learning/Management Systems - Linking strategic social and environmental objectives to management actions via tools such as the balanced scorecard, performance metrics or environmental management systems.	1
Committee for Sustainability or Corporate Social Responsibility - Having a committee actively working on these issues.	1
Social or Environmental Accounting - Monitoring the performance of your assets using social or environmental indicators (e.g. safety record, energy consumption, etc.).	1
Targets and Benchmarks - Comparing the social or environmental indicators to norms and objectives.	1
Disclosure - Publishing information on the social or environmental record of your organization.	1

INVOLVEMENT WITH THE FOLLOWING 1 = Not Invested, 2 = Planned or Under Consideration, 3 = Invested

MEDIAN

Transit Oriented Development - Properties in a mixed-use area within walking distance of a transit stop that mixes residential, retail, office, open space, and public uses in a way that makes it convenient to travel on foot or by public transportation instead of by car.

3

Urban Infill or Revitalization- Investing in properties in older areas.

3

Green Buildings - Properties designed to conserve natural resources and improve human health.

2

Brownfields - Properties on sites complicated by environmental contamination.

1

WHERE WOULD YOU PLACE YOUR ORGANIZATION ON THESE STAGES OF SUSTAINABILITY?	%
Phase 1: Rejection – Employees, community infrastructure, and the environment are regarded as a resource to be exploited for economic gain.	0
Phase 2: Non-responsiveness – Focus is on conventional business as usual without any effort to incorporate sustainability into decision-making. Community issues are ignored where possible and the environmental consequences of activities are taken for granted or disregarded.	2
Phase 3: Compliance – Focus is on reducing the risk of sanctions for failing to meet minimum standards as an employer or producer. Emphasis is on being a decent corporate citizen by avoiding worker or environmental abuses that could lead to litigation or strong community reaction.	12
Phase 4: Efficiency – Growing awareness there are real advantages to be gained by proactively instituting sustainable and responsible practices. Workforce development and environmental policies are used to reduce costs and increase efficiency.	34
Phase 5: Strategic Proactivity – Concern for employees, community development, and environmental protection are part of the business strategy. It's viewed as a potential competitive advantage and the firm is positioning to lead in sustainable business practices. The motivation, however, remains intelligent corporate self-interest.	37
Phase 6: Sustaining Organization – Leaders have strongly internalized the ideology of working for a sustainable world. Excellent returns are pursued together with actively promoting ecological sustainability values and practices in business and society and there's a fundamental commitment to ecological viability, social equity, social justice, and human fulfillment.	15

DRIVERS 1 = No Driver, 6 = Major Driver

MEDIAN

Opportunities to outperform

5

Concern for risk and return

4.5

Cost avoidance

4

Employee recruitment/retention

4

Internal leadership

4

Business advantage

4

Moral responsibility

4

Voluntary codes of behavior

4

Customers

4

Peer activity

3

Investors

3

Stakeholder pressure

2.5

BARRIERS 1 = No Barrier, 6 = Major Barrier

MEDIAN

Lack of products to invest in	4
Insufficient financial performance	4
Insufficient tenant demand	4
Lack of information	3
Incompatible with fiduciary duty	2.5
Legal Restrictions	2
Internal resistance within your organization	2

HOW MUCH DO YOU AGREE? 1 = Strongly Disagree, 2 = Moderately Disagree, 3 = Slightly Disagree, 4 = Slightly Agree, 5 = Moderately Agree, 6 = Strongly Agree

MEDIAN

It would be useful to have more information about SRPI investment or management opportunities.

5

It would be useful to know more about the social or environmental merits of our activities and investments.

4.5

There should be a conference on SRPI.

4

We would probably increase our allocation to SRPI if it met our risk/return criteria.

4

We'd pay up to \$2,000 per year for data on the social and environmental merits of our current and/or future real estate investments.

3

We'd be interested in joining a working group on SRPI.

3

CUSTOMER LOGIN User Name Password Login Login/Use Subject to Terms Forgot your password?



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MARKET PULSE table with 2 columns: Metric and Value. Rows include Building area, Total listings, Total avail SF, Total properties, Total images.

- TODAY'S HEADLINES
Cushman Elevates McKiernan to Head Industrial Real Estate
J. Grasso Properties Acquires Historic Public Ledger Bldg.
Vornado to Pay \$689M for Manhattan Mall
Griffin Capital Buys Lisle Office

Possible Reporting Elements

Prepared by Gary Pivo (University of Arizona) for the Sustainable and Responsible Property Reporting Initiative, 11/14/06

Topic	Help hi Mea ns	Current CoStar Data	New Collection Opportunities	Data that Might be Imported
1. Energy Efficiency & Conservation	5.0/2 2.9	Energy Star Data: Year Built Floor Area Address Tenant Controlled HVAC (retail only) Skylights (industrial only) Gas Heating Adaptive Reuse (retail only)	Energy Star Certification/Rating (Office, Supermarkets, Hotels, Hospitals only) Monthly consumption for all energy sources Workers (from Claritas?), Average weekly occupancy hours PCs/Registers Refrigerator cases (markets) Cooking and laundry facilities (hotels) Room occupancy (hotels) Daylight and Ventilation Issues Opening windows	In Energy Star Certified Property Owned by Energy Star Award Winners Owned by Leader in the Light Award Winner
2. High Level of Public Transport Services/Transit Oriented Development (See 8. Walkable)	4.9/2 0.3	Amenities: Bus Line; Commuter Rail; Metro/Subway; Service Uses Transit Parking Only AR (RBA/LandArea)	Shadow Plan (40-50 ft) Bicycling/Transit Incentives/Transit Center Great Island Issues % Carpool Parking White Roof (from Google Earth?) Bike Lockers, Trails, Showers 50% underground parking Green Roof Controllability of Lighting, Temperature, and Ventilation	GIS BTS: Transit/Bus Station Location GIS Census Block Groups: Jobs/Housing Balance; Mixed Use (non-retail jobs, retail jobs, housing); Block Size; Intersection Density GIS Census/Claritas: % Single Occupant Vehicle Google Transit: Bus Service

Parking Ratio