



GREEN LEASE LEADERS

CREATING SUSTAINABLE LANDLORD-TENANT RELATIONSHIPS

COMMERCIAL REAL ESTATE
FIRM TAKES GREEN LEASING
TO A GLOBAL SCALE

➔ THIS RESOURCE IS PART OF A SERIES OF CASE STUDIES SHOWCASING EXCITING GREEN LEASE TRENDS AND BEST PRACTICES. VISIT [GREENLEASELEADERS.COM/RESOURCES](https://greenleaseleaders.com/resources) TO DOWNLOAD MORE CASE STUDIES AND LEARN HOW LEASE-BY-LEASE, GREEN LEASE LEADERS ARE IMPROVING LANDLORD-TENANT COLLABORATION TO DRIVE HIGHER PERFORMING BUILDINGS THAT HELP PUSH THE COMMERCIAL REAL ESTATE INDUSTRY FORWARD.



COMMERCIAL BUILDINGS ACCOUNT FOR APPROXIMATELY 20 PERCENT OF ENERGY USE IN THE U.S., WITH LEASED SPACES REPRESENTING 50 PERCENT OF CONSUMPTION.

It's clear from [pandemic-related energy data](#) that buildings are wasting energy—and traditional leases are a big part of the reason why. Green leasing is a proven alternative that creates a win-win strategy for building owners and tenants by equitably aligning the costs and benefits of energy and water efficiency investments. As the real estate market rebounds from the COVID-19 pandemic, green leasing is becoming the new standard.

This case study from the 2021 Green Lease Leaders program explores the ways that green leasing is expanding internationally as well as in the United States. GTIS, an America's real estate private equity firm with global offices, recently implemented green leasing in Brazil as part of their effort to meet corporate sustainability goals. The experience has proven that green leases not only reduce energy and save money, but also fundamentally alter landlord-tenant relationships for the better.

Launched by IMT and the U.S. Department of Energy's (DOE) Better Buildings Alliance in 2014, [Green Lease Leaders](#) is the industry's premier leasing recognition program. The program shines a light on forward-thinking real estate companies and practitioners each year who effectively modernize their leases to spur collaborative action on energy efficiency and sustainability in buildings. This year's Green Lease Leaders represent portfolios totaling more than 2 billion square feet (sq. ft.) across the

globe and comprise a diverse range of buildings from large and small commercial offices to industrial buildings to data centers. Altogether, Green Lease Leaders manage over 4 billion sq. ft of commercial and government space, representing a huge potential for growth in green leases nationally and worldwide. In the commercial sector alone, green leasing has the potential to impact eight percent of leased space nationwide.

GTIS is Taking Green Leasing to a Global Scale

GTIS is a real estate private equity firm headquartered in New York, with offices in São Paulo, San Francisco, Los Angeles, Atlanta, Paris, and Munich. Since 2012, GTIS has been reporting on its South American commercial portfolio to GRESB, which validates Environmental, Social, and Governance (ESG) data. GRESB has recognized GTIS as an industry and sector leader in sustainability, and its Brazil funds have repeatedly achieved top scores compared to peers operating in South America. For these reasons, the South American portfolio was a logical place to try out a new sustainability strategy: green leasing. GTIS is using green leasing to enhance communications between tenants and landlords, improve the collection of energy, water, waste, and emissions data for properties in the Americas, and support the expansion of renewable energy across their global portfolio.



GTIS

With properties in the United States and Brazil and \$4.2 billion in assets under management, GTIS has a significant opportunity to integrate green leasing at scale. GTIS has performance targets to reduce energy consumption, water consumption, and GHG emissions each by 2% per year by 2023 over a 2019 baseline (with the intention to align with the Paris Accord). Additionally, they have achieved notable results in diversion and recycling, with three commercial assets achieving over a 50% diversion rate in both the 2019 and 2020 calendar years. Overall, ESG is integrated into the firm's process and culture, and each member of the organization looks to integrate ESG principles in their work.

Green Leasing Transparency Improves Landlord-Tenant Relationships

GTIS has found that once green leases are implemented, they not only help reach ESG goals, but also encourage stronger tenant-landlord relationships. At seven properties in Brazil, GTIS worked with tenants to implement a green lease rider. The initial goal was to align on sustainability goals and

incentivize cost savings, but a major benefit of the GTIS rider has been improved communications with tenants. GTIS is now delivering customized reports to tenants showing their consumption and environmental impact.

Because green leasing is focused on data sharing and transparency, it has provided a concrete basis for trust, and, therefore, better landlord-tenant communication and collaboration. Tenants come to GTIS with simple questions about sustainability and leave with knowledge that helps their business more broadly. For example, when a tenant in the U.S. asked if the building was ENERGY STAR certified, GTIS responded with a treasure trove of data, including data on water, waste, and energy, ESG policies, and green lease riders. This tenant was very impressed and made a comment to the effect of, "We should ask all of our landlords about this. These are the ideas we should all be talking about."

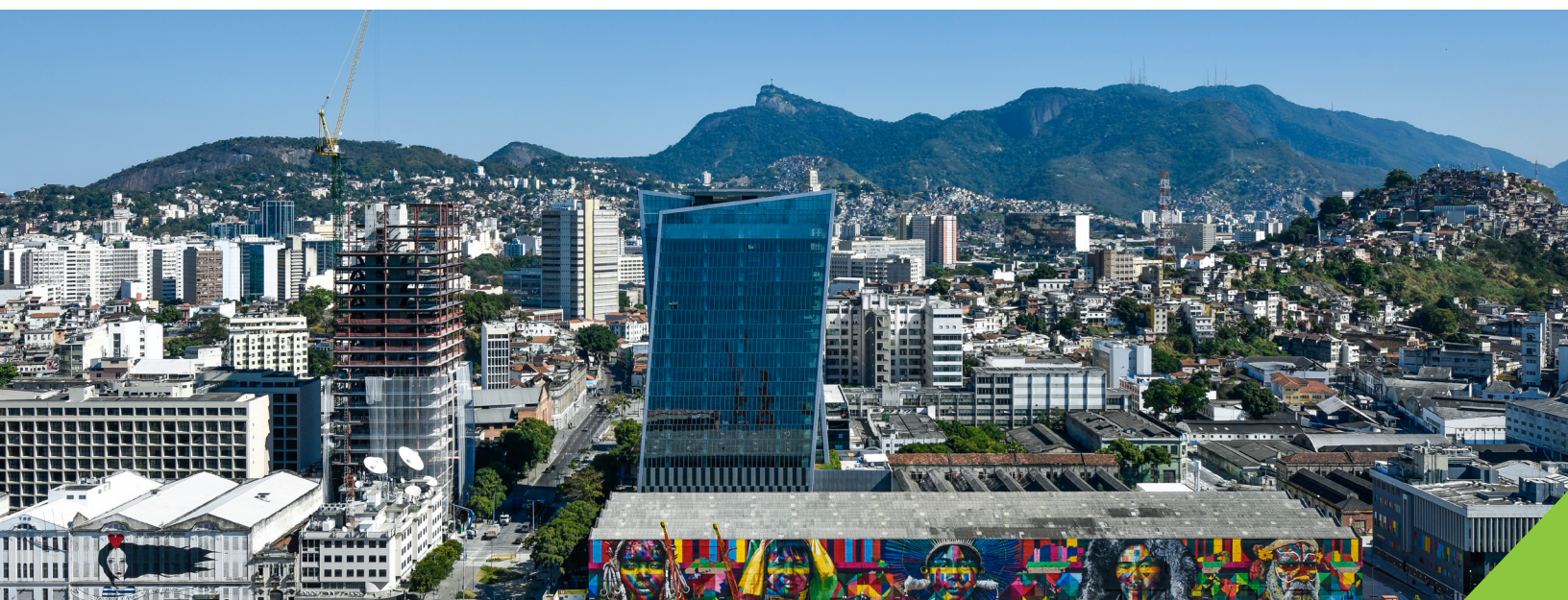


Green Leasing Benefits During COVID-19

Between 2019 and 2020, GTIS was able to reduce energy consumption across its Brazilian portfolio by 32%—far more than the 10-20% of many U.S. companies during this period, according to a 2020 [Johnson Controls study](#). Additionally, GTIS leveraged their green leasing experience to improve communications with tenants during the pandemic. Health and wellness had been a focus for GTIS prior to 2020, which made it easier to assure tenants that proper health and safety precautions were made to mitigate the spread of COVID-19, such as increased air quality filtering and additional audits. Through frequent communication with tenants as part of the green leasing program, GTIS established trust with tenants through a single point of contact and regular modes of communication. When the pandemic broke out, GTIS was well prepared to respond to tenant concerns and inform them of the latest safety developments. Since then, GTIS has increased its focus on sustainability and health and wellness at its properties. Green leasing criteria provided tenants with a single contact to address all health and sustainability issues. Furthermore, GTIS assured employees and other stakeholders (such as clients) that proper precautions were in place. For example, technology sector tenants felt pressure from employees, investors, and other stakeholders to ensure compliance with COVID-19 protocols. When these companies came to GTIS asking tough questions about building safety and operations, GTIS was already well-equipped to explain the safety of existing and planned health measures.

Through greater collaboration, spurred by the green leasing conversations, GTIS discovered that tenants are very interested in improving waste diversion and expanding healthy eating options on-site, as well as adding EV chargers to properties. This information is helping GTIS assess its building policies and prioritize future improvements.

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Green Leasing Into the Future

Implementing green leases in Brazil has been highly effective for GTIS, and they are planning to expand and standardize green lease concepts across all operating properties in their portfolio. That expansion will also include innovations that can further align sustainability goals while also benefiting occupants and their businesses. For example, GTIS is looking at additional green lease requirements that might include collecting metrics for recycling, targeting acceptable levels of waste contamination and air quality, and setting more detailed environmental procurement policies.

Additionally, GTIS will utilize green leasing to expand on current renewable energy options. Traditional commercial leases are triple net, which often makes it hard to switch buildings to running on renewable energy because there is less financial incentive for the landlord to make the capital investment. With landlord and tenant energy interests aligned through green leases, GTIS has been able to make a business case for switching to renewable energy that can be offered to tenants at or below market prices. As of the end of August 2021, GTIS has executed contracts with suppliers for approximately 3.6 million MWh of energy across 12 assets. Approximately 50% of the energy purchased is renewable. GTIS plans to roll out these concepts across its global portfolio in the coming years.





If you are a tenant encouraging your landlord to collaborate on sustainability goals, or if you're a landlord working closely with tenants to make their space more efficient and healthier, you might be a candidate for IMT and DOE's [Green Lease Leaders](#) recognition.

The first step is to assess your lease and corporate documentation in comparison to the standards specified by the Green Lease Leaders recognition program. Even if you are not currently including energy efficiency and sustainability in your lease, but practice sustainability in building operations and management, the Green Lease Leaders criteria can serve as a guide for enhancing a lease to account for sustainability.

➡ For more information on applying for Green Lease Leaders, or for help in building your own green lease, contact IMT at imtweb@imt.org or visit the Green Lease Leaders website to learn more about the program and how to apply for recognition: <https://www.greenleaseleaders.com/apply/>