



## **Growing recognition of opportunities of sustainability**

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Several reports have recently come out demonstrating that sustainability is a necessity for many companies to stay competitive in the business world. A comprehensive report was published by MIT and Boston Management Group, called The Innovation Bottom Line: [https://www.bcgperspectives.com/Images/MITSMR-BCG-Sustainability-Report-2013\\_tcm80-126806.pdf](https://www.bcgperspectives.com/Images/MITSMR-BCG-Sustainability-Report-2013_tcm80-126806.pdf). According to the report, just over 50% of major companies have changed their business model to incorporate sustainability. More important, 37% of these have recognized increased profits specifically due to sustainability, up from 23% the year before. This growth goes across all business lines, including real estate.

Sustainability done right has proven to give a business a competitive advantage. Surveys show that more consumers read sustainability reports and will pay a premium for a more "sustainable" product, such as leasing an office in a certified "green" building, recognizing its long-term savings. The report contains specific examples from diverse companies.

There is also a growing recognition that suppliers of raw material hold a key position in sustainability, too. More companies work with them to ensure the supply chain meets sustainability goals. The Carbon Disclosure Project issued its 2012-13 Supply Chain Report: <https://www.cdproject.net/CDPResults/CDP-Supply-Chain-Report-2013.pdf>. The report states that 73% of companies with supply chain programs reported measureable reductions in energy usage and cost savings.

This is also recognized in the real estate market. A bill introduced in the U.S. senate in June would allow home buyers to qualify for larger mortgages than their incomes would normally allow if they upgrade to or purchase an energy-efficient home. The Sensible Accounting to Value Energy (SAVE) Act has support from the real estate, banking, and consumer sectors and bipartisan sponsorship. It would require lenders using money from federal loan agencies to include projected cost savings from energy upgrades when measuring a borrower's capability to pay back a home's debt, allowing larger loans for purchases and refinancings. Lenders would provide info about investing in energy-saving upgrades to loan applicants. The bill's background document states that a home's average energy costs can exceed \$70,000 over the life of a 30-year loan, potentially greater than the real estate taxes and insurance premiums that banks routinely consider in assessing the mortgage. Verification of successful energy upgrades from a qualified energy expert can reduce this expense greatly, which the lender must use to determine the loan amount.

CCES has the experience to help your company develop a sustainability program from scratch or to enhance your current program - all to maximize business benefits to you. We have succeeded in this area for a number of different types of companies. We can be reached at 914-584-6720 or at [karell@CCESworld.com](mailto:karell@CCESworld.com)

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