



Control and Reduce Your Company's Energy Costs

Four Easy Ways

By: Keith O'Brien and Kyle O'Brien

Energy costs are rising yearly, but there are means available for companies to control and reduce energy costs whether commercial space is leased or owned. Full energy efficiency is obtained through integrated design, construction and operation of building systems. While many buildings do not provide a fully integrated option, energy efficient measures can still be identified. Below are four easy ways companies can control and reduce energy consumption in any building.

1) Separately Meter your suite's electric. In order to monitor your office's energy consumption, you must first gain control. According to Phil Burkett, Architect & LEED AP*, of Meyer Design, Inc., "Energy Efficiency always begins with a firm commitment to a certain degree of

'controllability' the Tenant will have throughout their lease term." Only after you are able to measure your office's energy consumption, can your company directly benefit from energy saving investments.

A master meter is common in many multi-tenant office buildings. Because all Tenants in this scenario

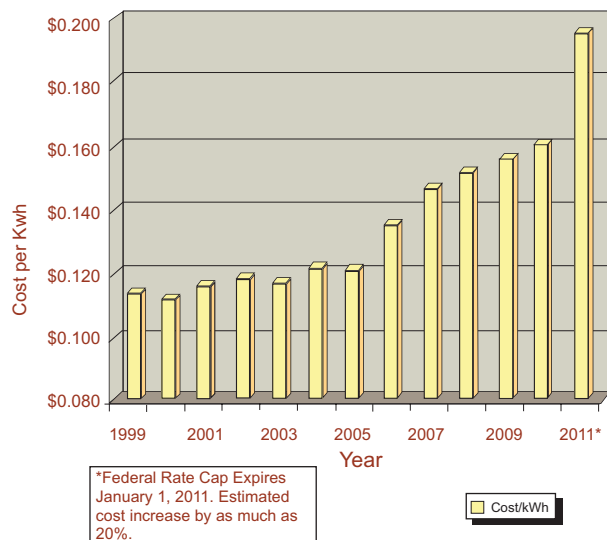
pay their proportionate share of the building's electric bill, it is difficult for a Tenant to benefit from their energy saving investments unless all building occupants follow suit. "The more ability the Tenant has to control and maintain their own energy consumption, the less payback they will be forced to share with the rest of the building's Tenants." – Phil Burkett.

The most appropriate time to broach this topic with a Landlord is when negotiating a renewal, expansion or relocation. If handled correctly, it may be possible to include the expense within the tenant improvement allowance at no up front or out of pocket cost to the Tenant.

2) Office Lighting contributes 25-40% of energy consumption. Replacing and reconfiguring traditional office lighting will not only reduce energy lighting costs by upwards of 20-30%, but can also aid in increasing employee satisfaction and productivity.

The use of natural light has many advantages over artificial lighting including significant financial savings in energy bills and encouraging effects on productivity in the workplace. Not all of-

Philadelphia Region Electricity Cost per kWh



office areas can utilize natural lighting, but there are a number of energy efficient alternatives, some of which can be used in conjunction with natural lighting.

CFLs (compact fluorescent light) and LEDs (light emitting diode) that use 50-80% less energy and last ten times longer, can be used to replace incandescent lighting. Although initially more expensive, costs are recaptured in approximately six months due to reduced maintenance and replacement costs.

CFL task lighting, which is light aimed at a specific task (e.g. desk light), combined with lower levels of ambient light from the ceiling mounted CFL light fixtures, is a great energy saver. This offers reduced energy consumption in tandem with flexibility for employees to control their own level of illumination for their

tasks.

Employing the proper lighting controls limits the quantity and extent of power usage. According to Ben Deitrich, Project Manager & LEED AP, of The Norwood Company, "One of the least costly ways to generate immediate energy savings is to install occupancy sensors in both open floor plan and closed office spaces. Additionally, the installation of automatic dimming controls takes advantage of available natural light. On top of the cost savings from less energy usage, the added benefit of implementing lighting controls is a longer lamp and fixture life, thus lowering replacement costs."

3) HVAC (Heating, Ventilation & Air Conditioning) equipment accounts for approximately 25% of a building's energy use, and efficiency is key to

FOR MORE INFORMATION PLEASE CONTACT:

Keith O'Brien
610.265.7700 ext 129
kobrien@jacksoncross.com

Kyle O'Brien
610.265.7700 ext 141
kyobrien@jacksoncross.com

Jackson Cross Partners
1010 W. Ninth Avenue
King of Prussia, PA 19406
www.jacksoncross.com

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OFFICE MARKET STATISTICS Ending Q2 2009

Market	Inventory/Existing		Vacancy			YTD Net Absorption	YTD Deliveries	SF Under Const	Asking Rates
	# Bldgs	Total RBA	Direct SF	Total SF	Vac %				
Philadelphia CBD	223	52,331,745	4,937,914	6,475,203	12.4%	(632,780)	0	0	\$23.25
Pennsylvania Suburbs	2,505	86,970,393	11,789,897	13,119,590	15.1%	(1,243,333)	391,211	1,047,982	\$22.70
Southern New Jersey	941	23,073,965	3,504,168	4,073,747	17.7%	(236,464)	390,362	65,800	\$18.90
New Castle County, Delaware	502	25,202,278	3,468,836	3,686,233	14.6%	(297,445)	0	73,500	\$22.30
Lehigh Valley	517	17,156,402	2,166,033	2,182,840	12.7%	(22,334)	142,097	130,000	\$19.50
Total	4,688	204,734,783	25,866,848	29,537,613	14.4%	(2,432,356)	923,670	1,317,282	\$21.50

Source: CoStar Property ®

During the Second Quarter of 2009 vacancy continued to rise. This led to negative absorption and depressed asking rental rates across the Philadelphia region, which has affected commercial property values. In a challenging office market, some owners may hedge declining income by reducing capital budgeted for building maintenance. It is now more important than ever to know how energy efficient a company's current or future building and/or suite truly is.

controlling energy costs. HVAC is a large capital expenditure and full comprehension can be a daunting task for those not familiar with the systems, but it doesn't mean you can't evaluate your existing building system or alternative buildings' system. There are key questions that a Tenant can pose to existing Landlords and to prospective Landlords when evaluating relocation options that will help the Tenant control costs.

- How routinely is the system maintained and evaluated? An older system, if properly maintained, may have a higher efficiency than a newer system that is not. General maintenance issues such as dirty air filters and coils, broken economizers, malfunctioning motors or dampers, fans running during unoccupied periods, etc., can increase any building's energy costs.

- What type of system is in the building?

Many mid-rise office buildings' HVAC systems are powered by 100% electric, while others may be a combination of electric, gas or water source. It's important to note the age of the system, in tandem with the pros and cons of each type.

- What controls does the Landlord have in place to monitor and control the system? Modern, web-based packages lower building operating costs, track energy data collection and measurement, maintain indoor air quality and quickly identify system issues. If the landlord does not have controls in place, there is a possibility the system is not being properly maintained.

- How much power does the HVAC system consume? While most systems are not separately metered, HVAC is a major expense and can be assessed by reviewing a building's annual electric costs. If the system is powered in an alternative manner other utility costs should be reviewed. In addition, Tenants should know whether the Landlord pays a General Service Rate or a High Tension Rate to the power company. High Ten-

sion Rates are provided at a lower cost per kilowatt hour due to the Landlord owning the transformer (stepping down the power themselves). "Bulk Rates" have also been known to be negotiated.

- Was the building designed with HVAC costs in mind? Tenants should evaluate the building's R-value (insulation rating), roof design (heat-island effect), building orientation (e.g. southern exposure) and other green initiatives that all help reduce HVAC power consumption.

4) ENERGY STAR is a joint venture between the U.S. Environmental Protection Agency and the U.S. Department of Energy that promotes energy efficient practices and certifies energy efficient products (residential & commercial) as well as commercial properties.

Office equipment can account for 40% of a company's energy consumption. Most office equipment is left running 24 hours a day

and rarely enters a "sleep mode". ENERGY STAR rated office equipment saves energy through special energy-efficient designs. Through its sustainable design, the equipment uses less energy when performing conventional tasks and also enters into a "sleep", or low-power mode, when not in use. By choosing energy-efficient computers, monitors, fax machines, printers, copiers, scanners, etc., companies can reduce energy consumption by a substantial amount.

In addition, ENERGY STAR certifies buildings which meet annual energy performance rating guidelines that measure current

“ Office equipment can account for 40% of a company's energy consumption. ”

Thank you for reading our 2nd edition of the Jackson Cross Partners Green Paper. The goal of the publication is to promote business efficiencies by providing information that aids in your reduction of occupancy costs through "green" initiatives as well as innovative cost reduction platforms.

Sincerely,



Keith A. O'Brien



Kyle T. O'Brien