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SIEMENS



CRE Review

December 2021

Welcome back!

As we close the books on 2021 and keep our eyes on the new year calendar, we are pleased to share with you the next edition of our CRE Review newsletter.

In this issue, we continue our discussion of sustainability, and more specifically, how the journey toward sustainability must begin by developing the right action plan. We'll also take a closer look at how Smart Buildings can improve the financial returns for mixed-use properties through incremental revenue opportunities.

Until our next edition, we at Siemens wish you and yours a safe and healthy holiday season and a prosperous new year!

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Strategies toward sustainability: developing the right action plan

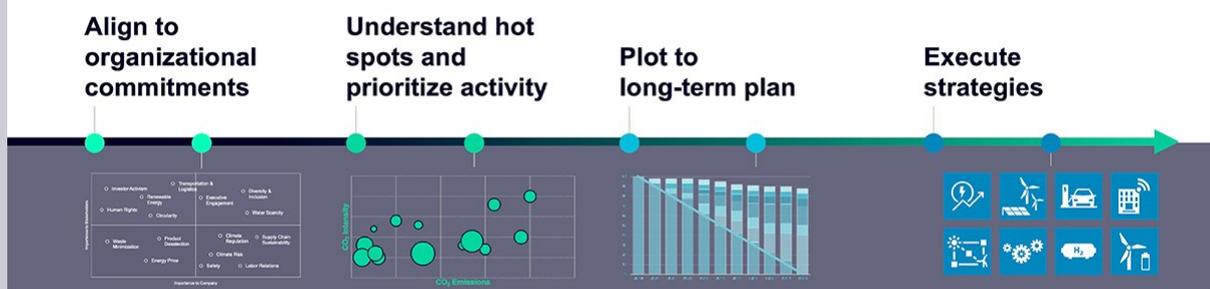


Rising demand for green buildings is creating opportunities for business growth, tenant engagement, new revenue streams, and so much more. In fact, the **October issue** of **CRE Review** reported that green properties have higher asset values, lease rates, and occupancy levels – creating a strong business case for sustainability investments. But the need for these investments goes beyond good business; as an industry, Commercial Real Estate is **responsible** for 40% of global carbon emissions. More than **30%** of the largest 2,000 publicly traded companies have committed to achieving net zero by the middle of the century.

In addition to understanding the “why” behind these investments, it’s essential to develop the right action plan to create a return on your sustainability investment.

Developing a plan begins with an assessment of organizational commitments, goals, and targets to ensure that all projects are ultimately aligned with established business objectives.

Developing the Right Action Plan



Next, examine opportunities and risks as they relate to the real estate portfolio to maximize the impact of a sustainability initiative. Because not all properties within a real estate portfolio are equal; given age, purpose, complexity, and technology adoption, an assessment with prioritization is key.

The third step involves establishing a long-term plan, identifying levers for success, forecasting impact, and aligning opportunities with targets. The last step is to create and execute an implementation plan that includes a projection of financial impact (including costs vs. benefits) as well as possible sources of funding.

At the end of the day, progressing from an organization's sustainability goals to an action plan may mean overcoming financial hurdles while also shifting organizational culture to embrace change. Neither is easy, but they can be achieved, especially when supported by the right combination of people, processes, and sustainable technologies.

At Siemens, we developed our sustainability action plan to include increasing energy efficiency programs and dependence on sustainable technologies such as smart grids broader use of renewable energy, storage technologies to reduce carbon emissions, and accelerated deployment of electric vehicles. Together, these strategies will enable Siemens' operations to be carbon neutral by 2030.

Mixed use, mixed needs: uncovering new revenue opportunities with smart building technologies



Real estate developers and investors are frequently seeking out new ways to expand and improve the financial performance of their properties. Increasingly, this can be supported through smart building technologies that create engaging, productive, responsive, and efficient experiences for building occupants.

For example, employees on their way to work have relied on their smart phones to help them find the fastest and most efficient way to navigate traffic and public transportation. However, when their building offers a smart building management platform and parking reservation system, employees who drive to the office can now use their smart phones to pre-reserve a parking spot. Likewise, access to the garage can be granted through license plate recognition, streamlining the entry process and improving tenant satisfaction.

This same infrastructure supports incremental revenue generation through preferred parking location vending. Excess parking capacity can now be offered to the public via a digital parking marketplace. As one example, a 120-parking space garage in a mixed-use project in New York is expected to generate \$325,000 annually via monthly charges to tenants and at large guests.

The automobile market is moving fast to all-electric vehicles (EVs). Adding EV charging stations creates an opportunity to delight employees, tenants, visitors, and retail shoppers alike. Moreover, the integrated billing system provides building owners an additional revenue stream.

We are seeing other high-performance building integrations that help capture incremental revenue opportunities. For example, in residential communities some developers have implemented their own private data networks to then become the resident's internet service provider. In one case, the CRE developer and the internet service provider are sharing monthly fees to community residents in a 20%/80% split. Other developers offer digital signage in the lobbies of their high-rise buildings to capture advertising revenue. A single 10 second ad run each week for can yield thousands of dollars in incremental ad revenue, which can grow with each additional client. Still more have implemented submetering for utility / energy consumption to capture incremental dollars. In short, by focusing primarily on the occupant experience in the building, it's possible to create a high-performance building that also generates incremental revenue for the building owner.

The key to success is not having a crystal ball for what the future might hold, but in leveraging innovative technology that leaders can use to help prepare commercial real estate for whatever the future might hold. Consider how the [Sterling Ranch](#) community envisioned, implemented, and now maintains a technology-forward, sustainable community development in the Colorado foothills. An integrated home automation and security platform combines with modern public safety infrastructure to create a welcoming, sustainable and safe, environment.

Mixed use properties that integrate smart building technologies create vast amounts of data, which then then can be captured and analyzed to further improve the occupant experience, retain tenants, command higher lease rates, and create incremental revenue streams that improve financial returns.

[Learn more about CRE](#)

Did you know?



Did you know?

62 percent of Millennials, 45 percent of Gen Xers and Baby Boomers, and 55 percent of the new Silent Generation prefer shorter commutes and want to live in walkable communities. And their 2020 survey showed that a significant demand for walkability remains strong for Americans of all ages.

Source: NAR 2017 Community and Transportation Preference Survey



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