

## Companies Go Green to Enhance Productivity

Results of the 2010 CoreNet Global and Jones Lang LaSalle global survey on corporate real estate and sustainability

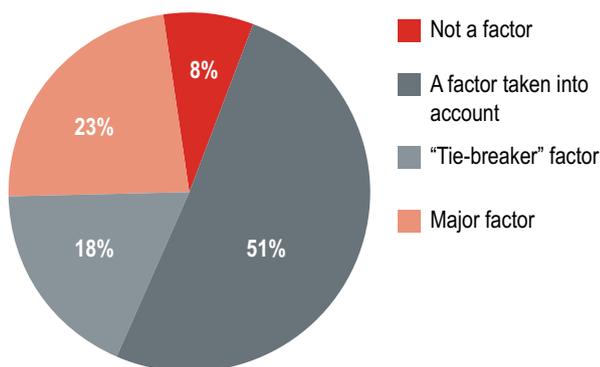
**Corporate sustainability programs today are increasingly focused on employee productivity and health as more companies say they will pay extra for green leased space.**

Companies that occupy office space around the world consider sustainability as a key factor in their space occupancy plans, and half of corporate real estate (CRE) executives say they will pay extra for space in green buildings, according to the fourth annual Sustainability Survey conducted by CoreNet Global and Jones Lang LaSalle (Figures 1 and 2).

The survey of CRE executives, who are responsible for real estate portfolios across the globe, reveals an industry in the process of reconciling the focus on reducing environmental impacts of buildings with the need to control costs and support corporate financial performance.

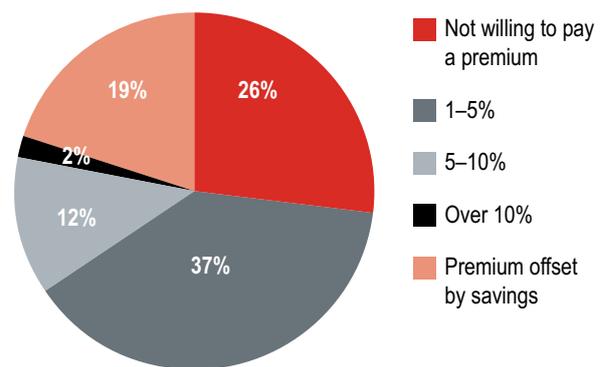
The results reflect an evolution in the industry. Five years ago, a CRE executive might have thought that sustainability was a costly way to make the company look good to employees. Two years ago, that same executive probably focused on energy management as a way to save money in the short run. Today, he or she may be pursuing green strategies that can enhance employee productivity in the workplace.

**Fig 1: Sustainability is Considered a Fundamental Factor in Location Decisions**



Source: Jones Lang LaSalle and CoreNet Global Sustainability Survey 2010

**Fig 2: Occupiers are More Willing to Pay Premium Rent for Sustainable Space**



Source: Jones Lang LaSalle and CoreNet Global Sustainability Survey 2010

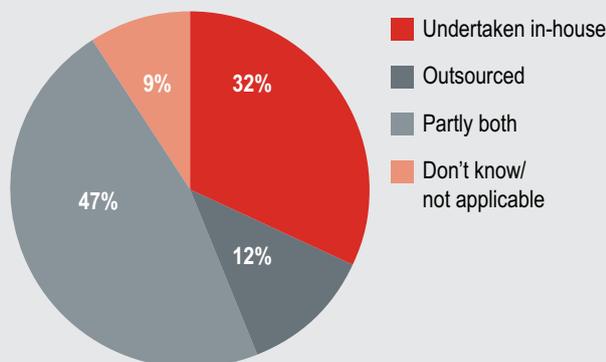
**Key findings of the CoreNet Global and Jones Lang LaSalle 2010 survey:**

- Sustainability is a critical business issue today for 64% of the respondents, with 92% considering sustainability criteria in their location decisions.
- The number of respondents willing to pay more for green leased space jumped from 37% in 2009 to 50% in 2010.
- The majority of respondents (57%) indicated that a payback period of one to three years for energy-efficiency measures in owned space is acceptable, while 30% said that a three-to-five-year period may be sufficient.
- 31% rank employee productivity and health as the top sustainability concern, and an additional 11% rate employee satisfaction as the most important factor.
- Green building certifications are considered by 88%, while 87% look at energy labels in administering their portfolios.
- 48% say that they are willing to pay a premium of up to 10% for sustainable space, while 2% say that they are willing to pay more than 10%.
- Respondents still focus on energy-efficiency programs (65%) and waste recycling (61%). On the other hand, 49% are implementing a sustainability-related workplace strategy project, and 48% are collecting sustainability data.
- CRE executives are highly involved in providing sustainability performance data and funding sustainability-oriented investment to reduce cost and increase employee satisfaction.

**Companies favor the hybrid approach to sustainability**

Once a project is in place, energy and sustainability services are most often undertaken via a combination of in-house and outsourced resources, with 47% of the respondents to Jones Lang LaSalle’s Global CRE Survey 2011 indicating that they use a hybrid delivery model (Figure 3).

Fig 3: Delivery Model of Energy and Sustainability Services Globally (%)



Source: Jones Lang LaSalle, Global Corporate Real Estate Survey 2011

**Paying for green space**

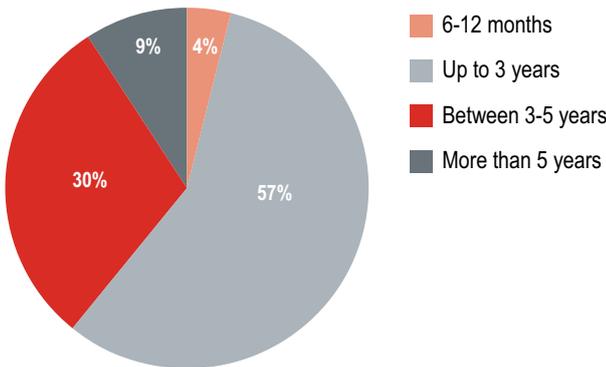
The jump in the percentage of respondents willing to pay extra for green leased space may be a reflection of a more stable economic climate today than in the past two years. An additional 23% say they would pay more in rent if it were offset by lower energy costs, reinforcing the idea that green space has financial benefits. In general, CRE executives are more willing to invest in space that they own than to pay extra for leased space.

Most survey respondents (57%) confirmed anecdotal consensus of one to three years as an acceptable payback period for energy-efficiency measures in owned space (Figure 4). Only 4% say they expect strategies to pay for themselves during the first year. Meanwhile, 30% say that payback periods of three to five years may be sufficient, and 9% would consider sustainability measures having even longer payback periods.

Although several energy management strategies pay for themselves during the first year, many companies have exhausted those opportunities and want to go to the next level. By replacing lighting systems or putting in “smart” systems, companies may see their investment pay off within three years.

A more extensive retrofit or a solar power installation will usually take longer to pay for itself; however, it still makes sense in some situations due to financial reasons or as a way for a company to demonstrate a commitment to sustainability.

Fig 4: Occupiers Expect a Brief Payback Period

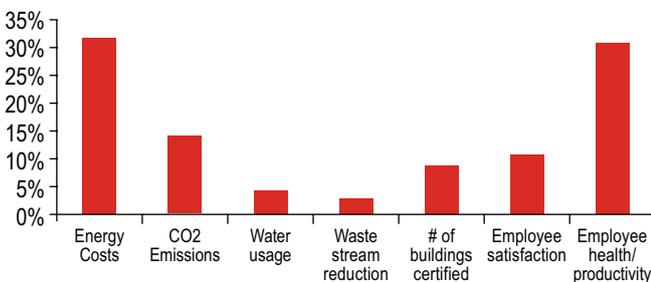


Source: Jones Lang LaSalle and CoreNet Global Sustainability Survey 2010

**Employee health and productivity**

A small but important shift in the survey results from 2009 to 2010 involves the relative importance of operational costs compared to the less tangible workforce benefits of sustainability. In 2010, 32% of the respondents rank energy cost as their most important sustainability metric (Figure 5), down from 37% who ranked it number one in 2009. At the same time, employee health and productivity ranks as the most important measure of success by 31% in 2010, up from 29% in 2009. An additional 11% rank employee satisfaction as the most important criteria.

Fig 5: Energy Cost and Employee Health and Productivity are Key Considerations for a Sustainability Strategy



Source: Jones Lang LaSalle and CoreNet Global Sustainability Survey 2010

**Conclusion**

Corporations increasingly view sustainability strategies as a permanent aspect of their business, and CRE executives are the key to implementing those strategies. The high percentage of CRE executives worldwide who consider sustainability in making location decisions shows how deeply this issue is ingrained in the business community.

These results reinforce the trends that Jones Lang LaSalle has experienced in serving CRE clients worldwide. The focus on containing operational cost remains a driver of many sustainability programs, but CRE executives also recognize the value of enhancing workplace effectiveness with strategies that promote employee health, well-being, and productivity.

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