

THE HIGH PERFORMANCE PORTFOLIO:

# MARKETING A HIGH PERFORMANCE BUILDING



BETTERBRICKS  
Bottom line thinking on energy.

## SUMMARY

How do you maximize the marketing potential of a sustainable property and avoid the pitfalls of greenwashing? Start by learning how to tell your building's "green story." By understanding and conveying a new definition of value, you will differentiate yourself and better connect with your audience.

## IN DEPTH

With heightened public awareness around climate change, sensitivity for energy and the environment is at an all time high. Consumer demand has changed and the real estate market is responding with more attention to energy efficient, environmentally sensitive, high performance buildings. This represents a substantial trend in the commercial real estate market and savvy real estate professionals need to adjust to this change in the business.

The result of this evolving landscape is plenty of green building competition—after all, you're not the first to develop and market a green building. So how do you distinguish yourself from the group?

Before taking steps to market your building, ensure that you really do have a high performance building. This will help to avoid greenwashing—the act of misleading consumers regarding the environmental practices of a company. Specifically avoid messaging that misleads, overstates, is vague, or omits contradictory information.

With so many people trying to market "green," the only successful way to do it is to bring the message across the organization through communication. Integration of this thinking across all marketing efforts is key. When a company truly embraces sustainable thinking, this permeates throughout their organization rather than merely being a box they are trying to check. The more sustainability is aligned with the overall positioning of your company, the more effective the appeal will be.

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## IT'S ABOUT A NEW DEFINITION OF "VALUE"

The energy situation has changed. With heightened public awareness around climate change, energy has emerged as the leading factor of sustainability. It represents the most direct means of increasing bottom line benefits and reducing carbon emissions. With the rising price of energy—particularly the recent increase in the cost of gas and electricity—the value of energy efficiency is rapidly increasing, as is the risk of inaction.

**Recognize the importance of productivity and the human element.** The human-related benefits of a high performance building include: enhanced worker productivity, fewer days of absenteeism, better lighting quality, improved thermal control, improved air quality and decrease in tenant turnovers. These less tangible benefits should not be overlooked, as they lead to financial paybacks.

As property managers and building owners, endeavor to collect and track data to these questions, allowing you to quantify and understand the financial value of the human benefits provided by high performance buildings:

- Average annual employee cost?
- Average annual absenteeism rate?
- Average annual turnover rate?
- Estimated turnover costs to replace an employee?
- Average occupied square footage per employee?

**Understand and connect with the audience's philosophical commitment.** As bottom line driven as the industry is, legacy, reputation, community relations and corporate image—are still critical factors in this new value system. High performance, energy efficient buildings fulfill a philosophical commitment to business responsibility, increasing the appeal to some tenants.

It's still about the bottom line—just a smarter, more informed bottom line. When you get down to it, the above are all financial benefits. And the pure financial indicators as well as the value placed on the human and environmental side of the equation are only getting stronger.



## HOW TO COMMUNICATE IT

**Start with the financial motivations.** This is an investment business with expected returns, so highlight the financial returns, potential savings and the higher market value these buildings provide. Position these rewards as realistic and obtainable, while utilizing the language of the industry. Financial benefits include:

- Payback of energy efficiency, especially at a time when energy is getting more expensive. Incremental costs for a high performance building can be recouped through savings on energy costs (up to 30 percent compared to standard buildings).
- Shorter and better ROI, higher NOI, IRR, higher occupancy and rental rates, decrease in maintenance, reduced occupancy costs.
- And really, everything covered in this brief is financial in one way or another.

**Then describe the less tangible benefits.** The financial benefits of a high performance building shouldn't be judged based on initial costs alone. It's just as important to communicate the cumulative savings of the less tangible benefits mentioned above.

- Emphasize tenant appeal. A healthier workplace makes it easier to attract tenants and retains current ones, and higher occupancy boosts NOI.
- Don't be afraid to talk about your philosophy. Position yourself as visionary, in tune with Northwest values, aligning yourself with the new economy.
- There is no doubt that "green" is having a major impact on our society. With the enormous emphasis on our culture's quality of life, green buildings are increasingly sought after. Highlight the current market appeal by communicating that high performance buildings offer both "Eco" and "Luxury."
- Philosophically speaking, convey what you've done is good, but communicate this in a humble way.

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### Additional communication strategies to consider

- Use metaphors, analogies and equivalents. There are many issues and hot-button items that dominate the emotional space of real estate professionals. Linking or equating energy efficiency to these issues can raise awareness. For example: taxes and government. The issue has traction with the audience; therefore we can leverage the issue to help make our case if our benefits are similar in magnitude or scope to the implications of taxes. “Energy has gotten to where it rivals or even exceeds taxes,” John Beardsley, President of Fountain Village Development, owner of about three-quarters of a million square feet of commercial real estate in Portland.
  - Provide specifics/support and qualify terms. A certain degree of back up and verifiable numbers are necessary. Claims like “energy-efficient,” “carbon-neutral,” “sustainable” and “more productive” can be vague and un-compelling.
  - Seek out awards that formally recognize energy achievements, which lend credibility.
  - Remember that every building is different and requires its own marketing plan.
  - Talk to the benefits versus the features. Don’t make the customer or the broker work so hard; tell them why something is of value. This will also help avoid mistranslations of your pitch.
  - Position all green as positive in terms of functionality and operation of buildings and in terms of tenant experience, never an area of sacrifice.
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- Leverage efficiency and sustainability as a selling point.
  - Be transparent. At a time when greenwashing is at an all time high, it is important to be open. Sometimes, the best statement is “we’re working on it.” A methodical and measured approach signals prudence, care, and financial diligence. It also protects your reputation.
  - Be humble by distilling accomplishments into digestible, reasonable, local and meaningful information and by acknowledging what you know, what you think and what you do not know—in doing so, you can demonstrate your aim to make real changes in your operations.

- Be cautious of who you associate with. Guilt by association with a unreputable certification program, contractor, or business partner can erode the brand image you've created.
- Maintain message consistency. Does your sales pitch get translated correctly between the owner, the leasing broker, the tenant representative and the tenant? If a flyer focuses on locations, the website focuses on views, and the broker focuses on sustainability, the tenant loses focus.
- Tailor communications to your specific audience. Design your sales and marketing approach to the audience, and target the pitch to address their concerns, needs, issues—while speaking the same language.
- Market the people behind the product. It takes talent to design, manage, and operate high performance buildings. This talent can be a powerful selling point.
- Be aware of the competition. How do you compare? What are your strengths, weaknesses?
- Tell stories. Numbers alone don't make the case; look for ways to connect on a more personal level with your target audience.
- Less is more. Organize your sales pitch on a few key arguments, and don't overwhelm the audience visually or verbally.
- Don't just show and tell. A building is a tangible environment with sights, smells, sounds and an overall "vibe." Give customers an authentic experience by using marketing to tap into all five senses.

#### Some vehicles to consider in your marketing playbook

- Pursue earned media in addition to paid. Third-party endorsement in the form of press coverage lends credibility.
- Tenant tours are increasingly important, especially in a high performance building where even the boiler room, which you would normally hide, can lend credibility about energy efficiency. Incorporate green talking points into the typical tenant tour script, and educate brokers on them.
- Identify where tenants find properties (tenant representative brokers, listing services, word of mouth, news, personal experiences) and target those information sources.
- Consider direct marketing. Why? What is direct marketing for someone who doesn't know?
- Consider including informative signage on site. This "self-guided tour" can create an opportunity to point out the building's high performance features that are often felt, but not visible.

In a profit-driven industry, marketing your high performance building can help maximize the potential value of your investment and can also increase your competitive advantage.



## THE BOTTOM LINE:

- With heightened consumer awareness and consumer demand—including from tenants—for sustainability, this is a significant opportunity area.
- With increasing green building competition, you need to distinguish yourself.
- Maintain consistency across your messaging and carry sustainability throughout. Don't let sustainability merely be a box you are trying to check.
- Rising energy costs make direct financial benefits of this approach stronger than ever.
- This messaging only works for buildings that are high performance, if that's not what yours is, don't try to slap on a façade. Walk the talk.
- Helping people understand human benefits of a green building is where the even larger benefits lie.

Increased shareholder resolutions related to sustainability demand increased transparency and provide an opportunity to use verifiable results and achievements.



### USEFUL LINKS:

The High Performance Portfolio Framework  
[www.betterbricks.com/office/framework](http://www.betterbricks.com/office/framework)

US Green Building Council (USGBC)  
[www.USGBC.ORG](http://www.USGBC.ORG)

ENERGY STAR  
[www.energystar.gov](http://www.energystar.gov)

Green Globes  
[www.thegbi.org/greenglobes](http://www.thegbi.org/greenglobes)



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