

Tenant Broker's Playbook

Tenants have their own business to run, so they rely heavily on their broker to provide information and counsel about meeting their space requirements. As a tenant broker, you are uniquely positioned to help tenants understand the long-term implications of their leasing decisions, including how efficiency, health, and safety measures can affect everything from operating costs to worker productivity to ESG reporting. By staying current with related trends and local policies, you will guide your clients to the right choices, and gain or maintain their trust—and their referrals.

Take the Lead

- **Understand the latest regulations.** Ensure that you are up to speed on the latest rules and regulations about the City's Building Energy Performance Standards (BEPS) and updated building codes, and how they might impact your clients' site selection and lease negotiations. BEPS set minimum building performance standards for existing buildings. These standards are based on and measured against a building's benchmarking. Buildings that are performing worse than the standard for their property type will be required to improve their performance.
- **Become an expert in green leasing.** Green leases—also called energy efficient leases, high performance leases, or landlord-tenant aligned leases—refers to language in a landlord-tenant lease agreement that helps to ensure sustainable and healthy workplaces through smart design, construction, and operational standards.

Ask the right questions before starting the letter of intent (LOI)

- **Ask your client about their sustainability goals.** Some clients will have strong sustainability goals for their business. Others will have specific requirements for their space, such as a desire to pursue LEED certification, that the base building be certified for health and wellness considerations, or that they want a space that allows them to comply with greenhouse gas (GHG) reporting requirements. Asking a client questions about their sustainability goals, both in their business and their operations, shows that you are thinking about adding value, by aligning their goals with the transaction.

Get building performance data during the site search

- **Check the building's energy performance.** The City's large building (≥ 50,000 sq. ft.) owners have been required to benchmark their building's energy performance since 2017. That information is public, which means there's an opportunity for you to look at the City's Covered Buildings List to check out how a building is performing. This is important because it is an indicator as to how efficiently your candidate building's systems are operated which can affect tenant thermal comfort and indoor environmental quality. If a building has a high ENERGY STAR score, it means it has been historically one that is well managed with lower operating expenses.
- **Request the building's scorecard.** Ask the building owner to see the building's energy benchmarking scorecard, an annual report produced for every commercial building that provides information about building performance and how it compares to other, similar properties in the City.
- **Ask if the building is likely to be compliant with BEPS.** The answer to the question might affect a tenant's operational expenses.
- **Ask if there are any building sustainability achievements the tenant should be aware of.** Ask if there is anything the building has achieved from a sustainability perspective, such as awards, certifications, milestones, or progress towards goals, that the owner would like to share with a prospective tenant.



As you enter the LOI stage, during either a relocation or a renewal, be sure to follow up with additional questions.

Ask about the base building

- **Current building performance**
 - Is the building on track to meet the standard and be compliant with the first BEPS period? If not, what is the plan of action to bring it into compliance?
 - **Recent capital improvements**
 - Have there been any recent infrastructure upgrades to major building systems, such as mechanical and lighting systems or the building envelope? Note that upgrading infrastructure-related equipment not only improves energy efficiency, but also improves tenant thermal comfort, indoor air quality, and noise associated with HVAC equipment.
 - **Renewable energy**
 - Does the building have on-site renewable energy or a green purchasing power agreement in place? Note that, due to available incentives in the City, a typical renewable energy system investment will have a short payback period.
 - **Plans for improvement**
 - Has the building recently had an energy audit or undergone retro-commissioning? If so, ask to see the report. If not, ask if there's a plan to do so. Note that energy audits investigate the current condition of a building and provide recommendations for energy improvements. Retro-commissioning investigates and fine-tunes existing equipment to optimize operations.
 - Does the owner have a strategic energy management plan to implement the recommendations from an energy audit? If so, what is the progress on implementation? If not, is there an intent to develop one?
 - Which performance improvements will affect the owner's capital expenditures versus the tenant's potential operational expenditures?
 - **Certifications**
 - What green building certifications does the building have? Is the owner planning to pursue any additional ones, such as LEED Existing Buildings, Operations & Maintenance (EBOM)?
 - If an owner has, or is intending to pursue, EBOM certification, several of the credits include items such as energy audits and retro-commissioning, as well as a thorough review of the building's mechanical, electrical, plumbing, and, if applicable, renewable energy systems by a third-party engineering firm.
 - EBOM includes other, non-energy related credits such as green cleaning and integrated pest management that might also benefit your client.
 - Does the building have any other certifications such as a high Walk Score?
- This information may help your client fine tune a building selection because a high Walk Score may help in employee recruitment and retention. If your tenant does GHG accounting, travel to and from a site may need to be tracked by your client.
 - **Building Management System (BMS)**
 - What type of building management system (BMS) does the building have?
 - This system controls the building's mechanical system and potentially the lighting systems in common area.
 - **Mechanical systems**
 - How is the base building mechanical system controlled?
 - Many buildings have transitioned from pneumatic (compressed air) to a digital BMS. A BMS-controlled system allows for remote monitoring and control of the mechanical equipment, which can increase tenant comfort and energy efficiency.
 - What is the age of major mechanical equipment, including central plants, chillers, boilers, air handling units, and rooftop units?
 - New equipment tends to be more reliable, less noisy, and more energy efficient, as well as tends to increase thermal comfort.
 - Is the building using or capable of "free cooling" in the form of waterside or airside economizing?
 - Buildings capable of air-side economizing introduce more outdoor air to the building, which is not only more energy efficient, but also increases the ventilation within the building.
 - Have the HVAC motors for pumps and fans been upgraded with variable frequency drives (VFDs)?
 - VFDs provide the ability of the motors to ramp up and down based on demand, which results in energy savings.
 - What is the air quality in the building? Is there an opportunity to upgrade to a higher-grade filtration system, should the tenant wish to do so?
 - This should include a description of the filtration systems that treats the supply air being delivered to the tenant's space and a description of any air quality sensors that are used to control ventilation rates.
 - **Lighting**
 - Are their high-efficiency lighting fixtures and automatic lighting controls used throughout the building and parking garage?
 - Does the building have sensors to optimize the lighting in sync with occupancy and available natural lighting?
 - **Building envelope**
 - What is the condition of the building's envelope (including walls, glass, roof, etc)?
 - A well maintained building envelope will affect occupant comfort, air quality, and the amount of energy needed to heat or cool the space.
 - Is there a preventative maintenance program in place to ensure building envelope weatherproofing is in optimal condition?



Ask about the tenant's space

- Tenant assistance
 - Will the landlord provide any incentives or assistance for energy-efficient upgrades within the tenant space?
 - Items such as plug load controls, lighting fixtures and controls, and mechanical equipment within the tenant space can have dramatic, positive effects on energy efficiency and the landlord may be willing to provide incentives for such improvements.
- Sustainability guidelines
 - Does the building owner provide sustainable design and construction guidelines for tenants?
 - Guidelines like this (such as those found in certain LEED credits) help brokers find potential building owners that share the same sustainability goals as their client. Additional resources are available, such as those about sustainable leasing and operational guidelines.
- Submetering
 - Can the tenant's space be separately submetered to measure the tenant's individual energy consumption? If the space will not be submetered, how can a tenant determine individual usage?
 - It is important to measure and track your energy usage, and submetering gives a tenant that opportunity. From a billing perspective, submetering protects both the tenant and the landlord by ensuring the tenant pays for only the energy they consume, rather than a pro-rata share for the whole building. Submetering can also protect the tenant under BEPS, where they can demonstrate that their energy consumption is in compliance with any lease requirements.

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