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Federal Agencies Subject to New Energy-Saving Leasing Requirements

WASHINGTON, DC, Dec. 20, 2010 – A new “green” leasing rule that establishes firm energy efficiency requirements for leases signed by the Federal government in privately owned commercial buildings is now in effect.

The Energy Independence and Security Act of 2007 directs Federal agencies to occupy space only in buildings that carry the U.S. Environmental Protection Agency’s ENERGY STAR label, a voluntary recognition for the nation’s most energy-efficient commercial buildings. Occupancy in buildings without the ENERGY STAR label is permissible in some instances if the landlord agrees to implement energy conservation measures in the leased space. The requirements became effective for all Federal agencies on Dec. 19, 2010.

“This transformational and fiscally responsible measure will conserve energy, save taxpayer dollars, generate job growth in the building and construction sectors, and reward the owners and operators of energy-efficient buildings,” said Cliff Majersik, executive director of the Institute for Market Transformation (IMT). “Especially in a new era of fiscal austerity, the Federal government is sending the right message by leasing only in buildings where energy dollars aren’t being wasted.”

The Federal government is by far the nation’s largest commercial tenant. In 2008, it leased more than 370 million square feet and paid more than \$6 billion for electricity.

Property firms in the private sector, such as Grubb & Ellis, a large commercial real estate services company, are providing leadership in helping building owners understand the new leasing requirements and helping Federal agencies work with owners to implement the policy.

“These new leasing provisions will directly impact the majority of buildings in the federal leased portfolio,” said Kurt Stout, senior vice president with Grubb & Ellis’ Government Services group in Washington, DC. “We applaud the government’s leadership in green leasing, but we recognize that best practices for implementation have not been fully determined. Federal agencies must work with the private sector to develop procurement procedures that will enable it to achieve its energy efficiency goals in a cost-effective and business-friendly manner.”

The General Services Administration (GSA), the Federal agency that handles leasing and property matters on behalf of many agencies, began integrating the new leasing requirements into its solicitation for offers (SFOs) in September, well ahead of the compliance deadline.

“We commend GSA for recognizing the value of this measure and taking steps to ensure smooth and timely compliance,” said David Leipziger, research associate with IMT. “We hope other Federal agencies follow the example that GSA has set.”

Measuring building energy performance using ENERGY STAR is becoming standard practice for many private building owners and operators, major commercial real estate services firms, and state and local governments to help measure and reduce energy consumption in commercial property operations. More than 10,000 buildings totaling nearly 2 billion square feet of floor space have achieved the ENERGY STAR label over the past decade, according to figures released this year by ENERGY STAR.

ENERGY STAR labeled buildings consume roughly 35 percent less energy than average buildings.

ABOUT THE INSTITUTE FOR MARKET TRANSFORMATION

The Institute for Market Transformation (IMT) is a Washington, DC-based nonprofit organization promoting energy efficiency, green building and environmental protection in the United States and abroad. IMT's work addresses market failures that inhibit investment in energy efficiency and sustainability in the building sector. For more information, visit www.imt.org.