

Background on the Economic Benefits of Building Energy Performance Benchmarking, Disclosure and Labeling

Energy Ratings Can Make Properties More Profitable

According to new academic research, energy-efficient buildings have higher occupancy rates, fetch higher rents and sell for more than comparable but less efficient buildings.

- According to a March 2008 [national study by the CoStar Group](#), rental rates in Energy Star-labeled buildings command a \$2.40 per square foot premium over similar non-labeled buildings and have 3.6 percent higher occupancy rates. Report authors also found that Energy Star buildings sell for an average of \$61 per square foot more than their peers.
- A 2009 [national study by the University of California at Berkeley](#) found that buildings with the Energy Star label sold for 16 percent more than identical buildings without such labels.
- A November 2009 [University of San Diego study](#) of 154 buildings managed by CB Richard Ellis Group found that Energy Star buildings have 3.5 percent lower vacancy rates and 13 percent higher rental rates than the market average.

Managing Building Energy Use a Multi-Billion-Dollar Industry and Growing

- According to [Pike Research](#), the energy service industry – which includes businesses that provide products and services to help building owners measure, manage and reduce energy use – will double in growth over the next several years, largely due to expanded work in the commercial building sector. The energy service market is currently a \$5.6 billion industry.
- A November 2009 report by [Jones Lang LaSalle](#) found that a whopping 74 percent of corporate real estate executives are willing to invest in retrofitting spaces they own to save energy and improve sustainability. The report also found that 89 percent consider energy use and other sustainability criteria when looking to buy or lease office space.

Building Energy Use: The Elephant in the Room

Residential and commercial buildings consume 70 percent of all electricity produced in the U.S. and generate 40 percent of the nation's greenhouse gas emissions, according to the U.S. Department of Energy.

Americans know exactly how much energy their cars are using, yet they know little about how much energy their buildings are using – or wasting. Building energy performance rating and labeling would make building energy use as apparent to consumers as the miles-per-gallon ratings stickers on cars and help unlock the vast potential for energy savings in buildings across the U.S. Numerous studies have shown that a lack of consumer information on energy use is a key barrier to unlocking the energy savings potential in buildings.

- A lack of public awareness about energy use and waste in buildings is a major barrier to reducing U.S. energy consumption, according to a 2009 [McKinsey & Company report](#). The report recommends labeling buildings to increase public knowledge of energy use and waste.
- “Poor availability of information for consumers about their energy consumption” is a key reason for the “lack of a thriving nationwide marketplace for energy efficiency products and services,” according to a 2009 [Center for American Progress report](#). The report also states, “Deep building retrofits can cut energy use by 20 to 40 percent with proven techniques and off-the-shelf technologies.”
- Building codes and energy efficiency standards for new buildings will only get us so far, as only about 3 percent of the U.S. building stock is newly built or renovated each year. About three-fourths of the buildings that will exist in 2030 are already standing today, according to the American Society of Heating, Refrigerating and Air-Conditioning Engineers.