



The Business Case for Energy-Efficient Buildings

New technologies and renewable energy systems tend to grab the headlines, but energy efficiency remains the single most cost-effective way to cut energy use in buildings. Energy management can also increase an organization's value, lower risk, and deliver other business benefits.

Quantifiable Costs Savings

Compared to typical buildings, high-performing buildings save¹:

- \$0.60 per square foot on operations and maintenance expenses annually
- \$0.50 per square foot on janitorial expenses annually
- \$0.53 per square foot on utility expenses annually

Higher Asset Value, Higher Rent, and Higher Occupancy Rates

Numerous studies show the premiums associated with energy-efficient buildings. Compared to typical buildings, energy-efficient buildings demonstrate:^{2 3}

- Sale prices from 1% to 31% higher
- Rental premiums 3% to 16% higher
- Occupancy levels up to 10% higher

Favorable Financing

Several studies on commercial mortgages find evidence of lower default risk among buildings with labels such as ENERGY STAR.⁴ As a result, these properties often secure better loan terms (longer interest-only periods) and lower interest rates (typically about 30 - 35 basis points) than similar non-labeled buildings.

Appeal to Investor Demand

Investors are increasingly considering environmental, social, and governance initiatives to be important and are also willing to pay a premium on these types of investments.⁵ Disclosing sustainability information helps public companies respond to this investor demand, and strong energy management programs can make a company more attractive to ESG-focused investors.

- 98% of the companies in the S&P 500 Index[®] publish sustainability reports.⁶
- Two-thirds of Fortune 500 companies have at least one climate or clean energy target.⁷

Regulatory Compliance

Dozens of cities, counties, and states⁸ have established mandatory energy benchmarking and transparency requirements for commercial buildings, and many are starting to implement building performance standards which will define how much energy buildings are able to use. Organizations that engage in energy management have an easier time complying with these laws and are well positioned for future regulations.

Brand Image

Americans are concerned about climate change and report that an organization’s environmental record is important to them. The ENERGY STAR mark is one of the most influential consumer emblems in the nation, with 92 percent of survey respondents reporting that they use it in their decision-making. Organizations that align themselves with ENERGY STAR, either by becoming a partner, or by earning ENERGY STAR certification for one or more of their properties, can benefit through association from the program’s strong environmental brand.

Building Case Study

BOMA - 1101 Fifteenth Street N.W.

Built 1973, Ren. 2024; 12 Floors @ 180,373 SF

Savings sq/ft annual basis Proj. Annual Savings

\$0.60 sq/ft O&M \$108,233.80

\$0.50 sq/ft janitorial costs \$90,186.5

\$0.53 sq/ft utility costs \$95,597.69

Total projected annual savings: \$294,017.99

Cannon House Office Building

Built 1908, Ren. 25/26 @ 800,000 SF

Proj. Annual Savings

\$480,000

\$400,000

\$424,000

\$1,304,000

- Empire State Building - **2,917,400 square feet**
- Salesforce Tower, San Francisco is a 61-story, 1.4 million-square-foot
- Willis Tower (formerly Sears Tower), Chicago IL, has over **4.5 million square feet**
- Bank of America Plaza in Dallas, TX, is a 72-story with **1.85 to 1.9 million square feet**
- Citadel’s planned 54-story tower, Miami FL, is set to be a **1.7-million-square-foot tower**

¹ https://www.gsa.gov/system/files/GSA%20Impact%20of%20HPB%20Paper%20June%202018_508-2.pdf (2018)

² https://www.imt.org/wp-content/uploads/2018/02/IMTBenefitsOfBenchmarking_Online_June2015.pdf (PDF, 138 KB) (2015)

³ <http://www.abettercity.org/docs/06.2012%20-%20Benchmarking%20report%20-%20Final.pdf> (PDF, 1.4 MB)

⁴ https://www.researchgate.net/publication/321223156_Green_Buildings_in_Commercial_Mortgage_Backed_Securities_The_Effects_of_LEED_and_Energy_Star_Certification_on_Default_Risk_and_Loan_Terms (2017)

⁵ <https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/investors-want-to-hear-from-companies-about-the-value-of-sustainability#/> (2023)

⁶ <https://www.theqaq.org/sp-500-and-esg-reporting> (2024)

⁷ https://info.climateimpact.com/hubfs/ClimateImpactPartners_FortuneGlobal500_2023_FINAL.pdf (2023)

⁸ <https://imt.org/resources/map-u-s-building-benchmarking-policies/> (2023)