



CELEBRATING
63 YEARS

nerej

Data analytics makes commercial energy efficiency, efficient

January 26, 2012 - Green Buildings

Energy efficiency projects with attractive paybacks could save commercial building owners \$40 billion in annual energy spending each year. Data cited by McGraw Hill Construction shows that green buildings can drive roughly 7% higher rental rates, 5% higher occupancy rates, and 16% higher sale prices than comparable building assets.

Most realize that 'going green' isn't only about being environmentally friendly anymore; it's about dollars-and-cents. However, at current investment levels, commercial owners and investors will fall far short of capturing the potential value that they could be.

This dynamic is in large part due to today's highly manual process of identifying and evaluating energy efficiency measures - with 80 billion s/f of commercial space to cover. For many large portfolio owners, it's difficult to justify spending \$10,000 to \$50,000, or more, per building to conduct an energy audit that may or may not yield substantial savings opportunities.

Fortunately, data analytics-driven software, which has been long used in many business processes such as marketing and investing, is colliding with energy efficiency. With a very limited amount of information about a building, these powerful software tools can evaluate thousands of energy efficiency opportunities in a matter of minutes, without ever needing to step foot inside of a building or installing expensive hardware.

For building owners and investors, data analytics software provides a quick and accurate way to prioritize their portfolio with actionable next steps, while spending hundreds of dollars per building instead tens of thousands of dollars.

That's important. So often, building owners I speak with feel handcuffed by the lack of information they have on the benefits of energy efficiency for their particular assets, and are hesitant to take initial action.

Their concerns are valid. Of the 45 million s/f of commercial space my company Retroficiency evaluated last year, we determined that the average building would save 21% in energy costs by implementing efficiency measures that met owners' pre-defined payback thresholds. But taking a deeper look, the top 20% of buildings were projected to save 42%, while the bottom 20% were only projected to save 5%.

Data analytics lets you know which buildings are which. And that's why it's never been a better time to proactively drive energy savings and increase asset value while doing it.

Bennett Fisher is the CEO and co-founder of Retroficiency, Boston.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540