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Infrastructure Creation of Knowledge and Energy strategy Development



Advances in green leases and green leasing: Evidence from Sweden, Australia, and the UK

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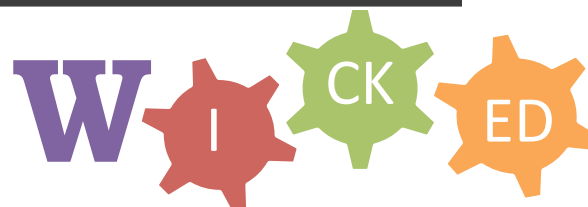
ECEEE 2017, Panel 2

2 June 2017, Hyeres, France



<http://www.energy.ox.ac.uk/wicked/>

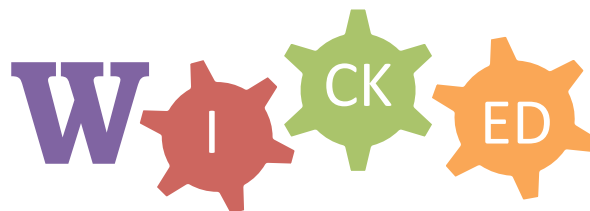
WICKED 2 year project (July 2014-June 2016)



<http://www.energy.ox.ac.uk/wicked/>

IEA DSM Task 24 (going strong since 2012)

- The first and so far, only (?), global research Task focusing purely on behaviour change in energy
- Since 2012, 9 countries have participated financially, with another 12 participating in-kind
- Over 300 behaviour change & energy experts from around the world have shared case studies, insights, stories
- Over 60 publications and >100 workshops and conferences
- Impacts international policy and how IEA & member countries view the energy system
- Uses fun and creative tools like storytelling, magic carpets and created a Monster (report)!



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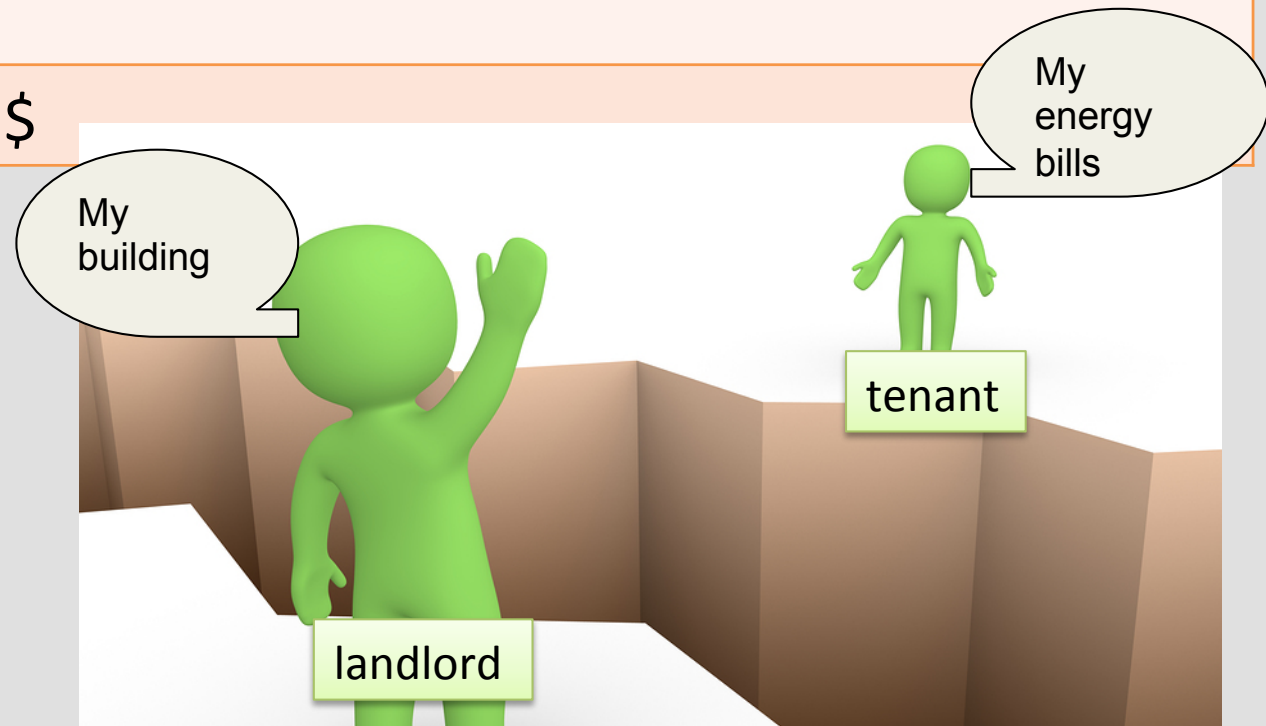
Leases vs. Leasing



'Greener' leasing practices: why?

Traditional Leases: problematic environmental practices

'Split incentives' \$



Landlord invests in plant, equipment, building fabric;
tenants pay energy costs (either directly or through service charges)

'Greener' leasing practices: why?

Traditional Leases: problematic environmental practices

'Split incentives' \$

Adversarial relationship: 'utility maximising'



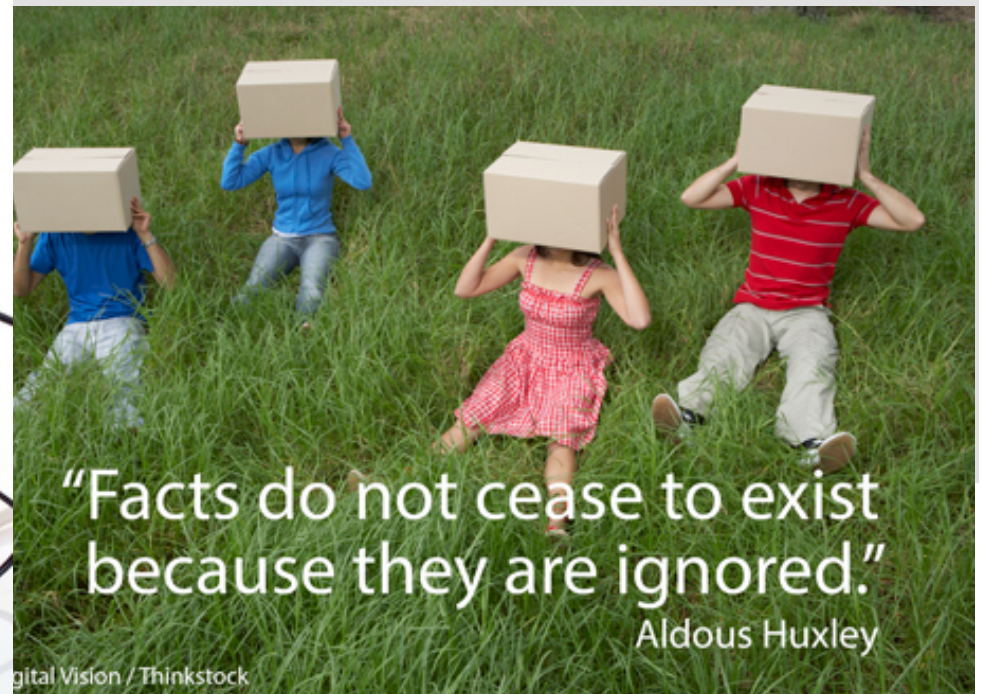
'Greener' leasing practices: why?

Traditional Leases: problematic environmental practices

'Split incentives'

Adversarial relationship

Ignore environmental issues



"Facts do not cease to exist
because they are ignored."

Aldous Huxley

igital Vision / Thinkstock

'Greener' leasing practices: WHAT?

Traditional Leases: problematic environmental practices	Greener Leases: environmental preservation and opportunity
'Split incentives'	"Green improvement" clauses: example, tenant allowed to upgrade and reap savings benefit; shared costs
Adversarial relationship	Working together: duty to co-operate in relation to energy management and sustainability
Ignore environmental issues	Data- sharing Maintain energy ratings

Comparison of green leases in UK and Australia

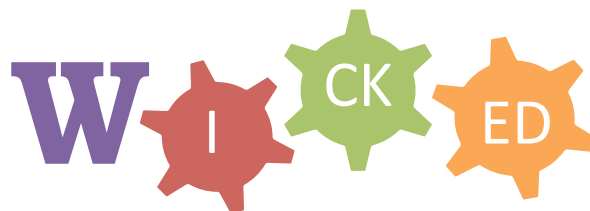
Janda, K. B., S. Bright, J. Patrick, S. Wilkinson, & T. Dixon. 2016. "The evolution of green leases: towards inter-organizational environmental governance." *Building Research & Information*.

- ✧ Leases are a private-private contract
 - ✧ NOT a policy tool
- ✧ Green leases *may* have more symbolic value than material impact
 - ✓ Lease clauses have little relevance to day-to-day operations
 - ✓ Early adopters suggest the **negotiation process provides a platform for discussion and cooperation**



Additional papers on leasing at ECEEE and beyond....

- Granell, R., D. Wallom, K. B. Janda, & S. Bright. 2017 "**Quantifying the impact of green leasing** on energy use in a retail portfolio: limits to big data analytics." In *Proceedings of ECEEE Summer Study*, 29 May - 3 June 2017 (Toulon/Hyères, France).
- Bright, S., D. Weatherall, & R. Willis. 2017. "A case study of **deep retrofit in mixed tenure (rented and owned) UK social apartment blocks**." In *Proceedings of ECEEE Summer Study*, 29 May - 3 June 2017 (Toulon/Hyères, France). Vol. 6, pp. 1429-1438.
- Bright, S., & J. Patrick. 2016. "WICKED **insights into the role of green leases**." *The Conveyancer and Property Lawyer* 80 (4):264-283.
- Patrick, J., S. Bright, & K. B. Janda. 2017 (forthcoming). Energy management, **minimum energy efficiency standards, and the diversity of 'green lease' clauses**. In *Handbook of Sustainable Real Estate*, edited by S. Wilkinson, N. Miller, T. J. Dixon and S. Sayce. London: Routledge



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Also:

- Norway
 - (Collins, Junghans & Haugen 2016; Collins & Junghans 2015),
- Ireland
 - (IGBC 2016),
- Singapore
 - (Chua 2014)
- the US
 - (Meister Consultants Group 2014; Kaplow 2009; Oberle & Sloboda 2010),
- Canada
 - (Sayce et al. 2009),
- 20 countries across Europe (Duquesne 2011).

Policy & Green Lease Context in Sweden, UK & Australia

- All three countries have building regulations & energy efficiency targets & rating schemes
 - E.g., EPBD in Europe; NABERS in Australia
- Green leases may refer to policy context
 - e.g., guarantee not to diminish rating (25% of Sydney leases)
- All three countries have intermediary groups made up of middle actors who have provided template green leases or toolkits
 - Sweden: Fastighetsägarna (Swedish Property Federation)
 - UK & Australia: Better Buildings Partnership
- Green leases tend to be used mainly by large landlords with prime properties

Green Leases in **Sweden**: Who, When, What?

- 2006-08: BELOK (21 large landlords)
 - Helped landlords & tenants cooperate on energy efficiency
- 2010-12: Fastighetsägarna (Swedish Property Federation)
 - Developed green lease contract in 2013,
 - 2500 green leases have been signed
- Other examples:
 - Ongoing cooperation between Houdini Sportwear (“a sustainable outdoor brand”) & Vasakronan (“the world’s first climate neutral real estate company”)
 - Want others to follow
 - Försäkringskassan (the Swedish Social Security Agency), approached by Vasakronan to sign a green lease agreement
 - Försäkringskassan now has 36 green leases with other landlords

Green Leases in **UK**: Who, When, What?

- 2007: UK BBP established & builds green lease toolkit
 - Large landlords in London
- 2013: UK BBP Announces cooperative green lease experiment with Marks & Spencer
 - M&S signs 80 green leases & Memoranda of understanding with BBP landlords and others
 - Details in other papers
- Leases held privately, hard to access (relative to Australia)

Green Leases in **Australia**: Who, When, What?

- 2006: Australian government sets green lease “schedule”
 - 2.6 million m2 (13% of property market)
- 2011: Sydney BBP formed
 - 2014 BBP sampled 500 of 7000 commercial leases Sydney
 - Found quadrupling of green leasing between 2008 and 2014
- 2013: Collaborated on “The Tenants and Landlords Guide to Happiness” showcasing “real life examples where shared intentions have assisted tenants and owners to collaborate”
- 2016: Introduces first “leasing standard”
 - Compliance logo
 - Scorecard, ranges from compliant (<25 %) all the way through to a silver (>50 %) or gold (>75 %) badge.



Room for voluntary improvement		Tenant	
		Business as Usual	Capacity to Improve
Landlord	Business as Usual	Collective inaction (no green leases) Sweden, UK & Australia: sub-prime markets, smaller landlords	Tenant-led green leasing Sweden: Försäkringskassan green lease with their landlord on Gotland UK: M&S new leases/MoUs with non-BBP landlords; Australia: Government GLS
	Capacity to Improve	Landlord-led green leasing Sweden: BELOK and Fastighetsägarna UK & Australia: BBP landlords in prime markets	Collective action (green lease nirvana) Sweden: Vasakronan and Houdini Sportswear UK: M&S new leases with BBP landlords Australia: <i>Tenant & landlord's Guide to Happiness</i>

Landlords leading tenants



Next steps:

- Private sector: potential interest in standardization
 - No international standard for what a green lease is and does
 - International property portfolios might be best served by an international standard
- Public sector: property portfolio as a national policy tool
 - Many governments own and rent large numbers of buildings
 - Legal documentation, energy data, and activities in the public sector are often more transparent than in the private sector

Thank you!



Katy Janda

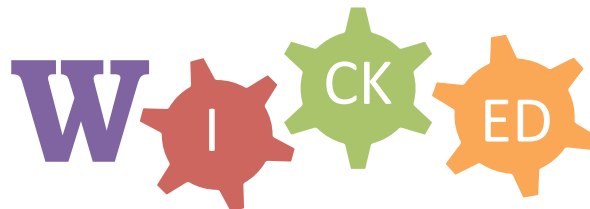
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