

Results of the 2009 CoreNet Global and Jones Lang LaSalle global survey on Corporate Real Estate and sustainability

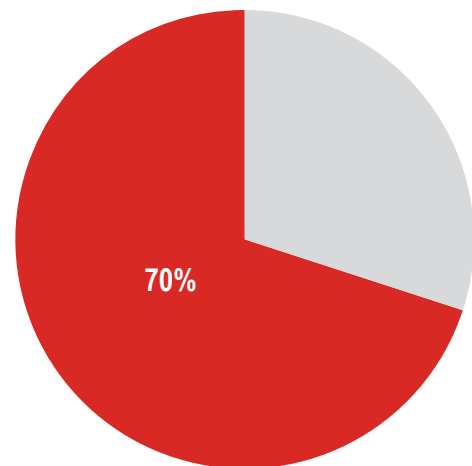
Corporate real estate (CRE) executives are more willing to invest in the sustainability of the space they own, despite economic pressures

The 2009 global survey shows that sustainability is still critical for 70% of CRE executives, with over 74% saying they are willing to pay more to retrofit owned space, but they remain focused on cost savings and are reluctant to pay more rent for leased “green” space.

CoreNet Global and Jones Lang LaSalle 2009 survey key findings

- Sustainability is a critical business issue today for **70%** of respondents and **89%** consider sustainability criteria in their location decisions
- Green building certifications are always considered by **41%** and energy labels by **46%** in administering their portfolio
- **74%** say they are willing to pay a premium to retrofit space that they own for sustainability criteria
- **21%** would only pay more rent for sustainable space if offset by lower operating costs, while **8%** expect to pay less and **34%** expect to pay the same
- **60%** are adopting workplace strategies to meet sustainability goals while reducing overall occupancy costs

Respondents who think sustainability is a critical business issue

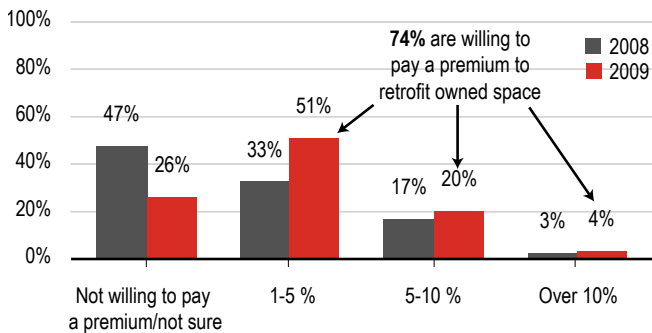


The third annual CoreNet Global and Jones Lang LaSalle sustainability survey, conducted in September and October 2009, shows that sustainability remains a key agenda item for CRE.

In a survey of CRE executives responsible for real estate portfolios across the globe, 70% said that they still consider sustainability a critical business issue today, despite the deepening of the global economic downturn since the last survey.

In 2009, 74% of respondents said they are willing to pay a premium to retrofit owned space, up from 53% in 2008. The majority (51%) are willing to pay 1–5% more, up from 33% last year, while 24% would consider a premium of 5% or more, up from 20% who said this in 2008.

Occupiers will pay premiums to retrofit owned space, but are reluctant to pay rental premiums for leased space



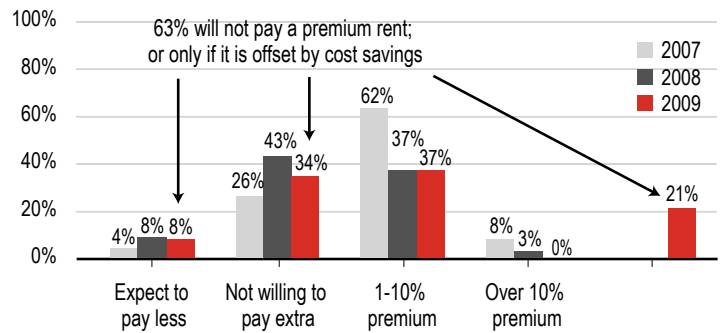
While more are willing to pay a premium, usually 1-5%, this could reflect an unwillingness to buy or build new sustainable space.

However, respondents remain reluctant to pay premium rent for leased “green” space without some form of payback. Similar to 2008, only 37% would consider paying a 1–10% premium in 2009, and 34% expect to pay the same while 8% would expect to even pay less for sustainable space. In addition, this year, 21% indicated that they would only be willing to pay a premium if it was offset by lower operating costs.

Energy cost was the most important portfolio metric for 37% of respondents, while 29% ranked employee health and productivity as the most important. There was also a significant year-over-year jump in the number of companies using workplace strategies in areas that not only serve sustainability goals, but that also help to reduce overall occupancy costs. This year, 60% stated that they use workplace strategies to help reduce energy costs by decreasing their overall space needs (up from 54%), while 49% use them to reduce employee commuting and business travel (up from 47%).

More respondents said they consider sustainability as a factor in their location decisions, rising to 89% this year from 76% in 2008. While a stable 89% of respondents continue to consider green building certification, the percentage that “always consider” them rose from 26% to 41%. A new question in 2009 further revealed that 90% of respondents consider energy scores or labels to be important and 46% “always consider” them in administering their portfolios.

The importance being placed on building design and performance information suggests that the introduction of mandatory ratings



CRE executives are less focused on securing sustainable space and more focused on their budgets this year.

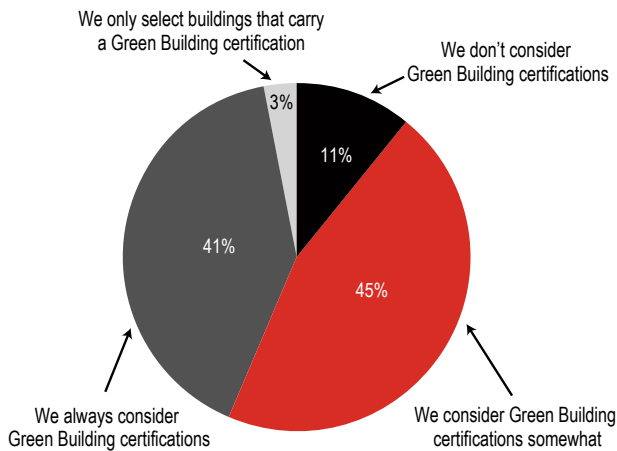
for new developments and refurbishments (such as GreenMark in Singapore and ENERGY STAR in some US states and municipalities) or mandatory disclosure of building energy performance (such as that in the UK, Japan or Australia) may be welcomed by occupiers in many markets.

At the same time, the “number of buildings certified” was ranked as the least important portfolio sustainability metric in 40% of cases. This suggests that CRE executives are focused on using green building ratings as a mechanism to evaluate and compare the sustainability of available space; they do not consider that having a “green-rated” building is a goal in itself.

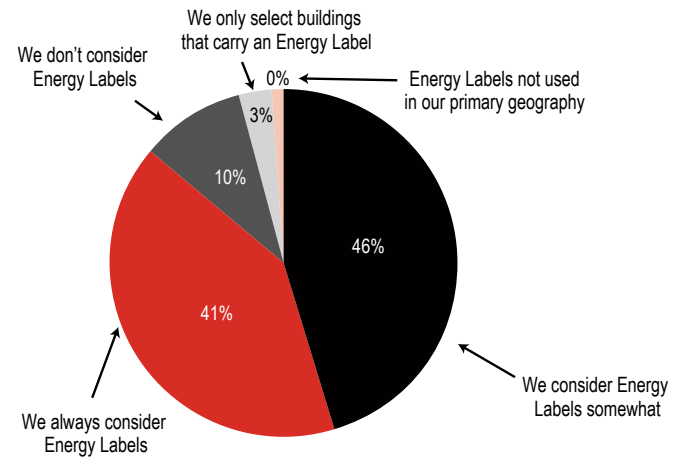
The importance of sustainability in real estate is not just being felt at the corporate level; it is also a professional and personal issue for CRE executives. Respondents indicated that they are more highly involved in sustainability activities across the board. Providing sustainability performance data topped the rankings with 45% of respondents “highly involved,” followed by funding sustainability-oriented investment (35%), and employee communication and feedback (30%).

This year, CoreNet Global and Jones Lang LaSalle also asked CRE executives to rate the importance of five different aspects of their individual involvement in sustainability. More than a third of respondents ranked each aspect as “highly important,” from enhancing their interaction with senior management to increasing career development opportunities. But the top-rated aspect by

Green building certifications and the influence of energy labels have increased in importance as a selection criteria



The increase in respondents who “always consider” shows that CRE executives see value in being able to effectively understand and compare the sustainability of different space.



The high importance placed on energy labels suggests that CRE executives also see value in being able to evaluate actual building performance.

far was the implementation of sustainability as an expression of personal values. Over half of respondents rate this as “highly important,” with a further 38% ascribing it medium importance.

For these CRE executives who are both motivated by and instrumental in implementing sustainability strategies, there remain a few significant challenges. One of the greatest right now is the difficulty in obtaining funds to implement sustainability strategies—67% of respondents said this is a “difficult or an extremely difficult” challenge. Also identified as “difficult or extremely difficult” challenges were insufficient comparable industry metrics (63%) and the availability of tools necessary for data collection (59%), as well as difficulty of both the building certification process (56%) and in calculating the ROI of sustainability initiatives (54%).

The survey results clearly demonstrate that sustainability as an issue is here to stay, but companies are increasingly aware of the commercial realities. It is no longer enough to simply be “green”; organizations want to see the benefits to the bottom line. CRE executives have an important part to play and are increasing their influence in this space. They are in a position to drive change. Will they take up the challenge?

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