

The Empire State Building Takes Leadership Role In Energy and Cost Savings for Tenants

What Brokers Need to Know How ESB Helps Tenants

On April 5, 2009, President Bill Clinton, New York Mayor Michael Bloomberg, and W&H Properties' Empire State Building (ESB) unveiled a new model for economically viable, replicable energy retrofits in the existing built environment to reduce materially energy consumption, operating costs, and carbon footprint. In this, our second of four publications, we would like to explain the impact of this work on our tenants and the brokers who serve them.

Look back a decade ago ... had anyone ever heard of the corporate position, "Chief Sustainability Officer"... very few companies were even focused on subjects like energy efficiency and carbon footprint reduction. Today, these subjects have become commonplace. The larger and more successful the company, the more focus there is on reducing exposure to energy costs and incorporating sustainability practices in everyday business activities and long-term planning.

Business leaders realize they have the ability to improve bottom lines and protect against risk by reducing energy consumption. Think about it: the three highest costs of occupancy for a tenant in New York City are salaries, rent, and utilities – in that order. Through a combination of payment for utilities for space under lease and the inclusion of utility charges in the calculation of escalation charges for operating expenses, for most tenants, energy costs often end up being the biggest variable of the three. Over the life of a lease, these energy costs can grow tremendously.

Many corporations, government agencies, and non-profits have introduced voluntary corporate mandates to reduce their carbon footprints. As evidenced by the Greener Greater Building Code in New York and similar legislated requirements around the country, legally imposed mandates are coming. How can a broker assist clients in addressing this new challenge and in the process demonstrate awareness of the cutting-edge concerns of one of today's leading issues? Consider ESB a forward looking, long-term solution for your tenants here today.



Everyone needs to see ESB not just for the visible results of our ongoing \$550 million top-to-bottom upgrading ... our fully restored lobby with new office-only areas on 34th and 33rd Streets, new elevators, common-area hallways, bathrooms, and more ... our unsurpassed array of tools and resources to assist tenants with achieving their corporate sustainability objectives. Signing a lease at ESB provides tenants improved energy efficiency to reduce overall operating expenses and provide a healthier, more productive work environment for their employees as well ... all at unmatched Pre-War Trophy rents.

The Empire State Building is undergoing a groundbreaking energy reduction program. In addition to tools which support our tenants in achieving high performance build outs, the energy retrofit program consists of eight rigorously evaluated and proven cost-reduction initiatives that will reduce the building's energy consumption by 38 percent. This is not "future-ware," but here today in our retrofitted windows, perimeter insulation, networked digital controls of every steam valve, air damper, fan, and pump throughout the entire building. This allows us unprecedented control over our HVAC system as well as unprecedented real-time monitoring and commissioning of our systems; if one damper is not functioning as designed, we know immediately.

Additionally, we give tenants a framework through which they can control, measure and reduce their own operating costs and carbon footprints, using ESB's new modeling, measurement, and projection

tools to implement cost-saving and short payback measures to optimize tenant space performance. We provide, as part of our new tenant “onboarding,” a suite of tenant services unlike any other landlord. Our guidelines provide a clear set of implementable solutions for a high performance space - from lighting and HVAC to layout. We are incorporating what we have learned in our pre-builts to build new small and large spaces and demonstrate the effectiveness and attractiveness of these strategies. We have working, full and partial floor installations in the building occupied by large credit tenants available for review for new tenants and their service providers.

Remember that utility costs represent the third largest component of tenant expenses (after salaries and rent). At ESB, we offer tenants proven pathways to reduce current costs and exposure to escalating costs over the lease term. There is no other Pre-War Trophy building ... nor Post-War building ... that can match our on-site energy efficiency team and web-based, real-time Tenant Energy Management System with instant feedback to measure, control, and make actionable recommendations for improving tenant efficiency. And these features are not limited to big tenants ... ESB now sub-meters electric in all new suites of more than 2,500 square feet of electricity use.

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Energy efficiency, however, is only one of ESB’s environmental advantages. The building’s new state-of-the-art building management system and HVAC infrastructure - including the largest wireless BMS (Build Management System) network in the world to manage climate control - provide fresh, clean air throughout every floor, with four individual air handling units per floor to enhance temperature control for tenants.

Adding to the impact of these high-tech benefits is ESB’s inherent structural advantage: the building’s center-core construction enables an unsurpassed window-to-floor-area ratio, providing deep penetration of natural light and air. That abundance of light is unobstructed by nearby buildings, even on lower floors ... and remember, as part of the retrofit program the existing windows are upgraded and reinforced as triple-glazed insulated panels for high thermal efficiency.

The full ESB advantage includes a cleaner, healthier environment for better worker productivity and retention, all at prices competitive to other, less advanced properties. Our comprehensive suite of “green” practices comprises tenant waste and construction debris recycling, the use of non-contaminating cleaning fluids and pest control solutions, recycled content in carpets, and low off-gassing paints, adhesives, and wall coverings. ESB operations are healthier, the ESB work environment is healthier, the ESB impact on the environment is healthier.

To what extent can ESB’s emphasis on sustainability actually help a tenant reduce its costs and improve its work environment? In our next publication, we will outline in detail the experiences of one tenant, Skanska USA, who reduced their energy consumption by 57 percent from their prior office during its first year of occupancy at the building. (Note: The reduction represents a comparison which takes into account changes in size and employee density.)

Consider the advantages: New, modern base building systems and a groundbreaking energy retrofit program that is setting a new world-wide standard for efficiency; advanced tools and support from the nation’s leading experts for controlling tenant electricity consumption and office climate; unparalleled access to natural light; a full suite of “green” applications to reduce exposure to toxins and allergens - all of it at a Pre-War Trophy price, typically half the price of modern buildings offering less than half of our competitive, productivity-enhancing, cost-containing advantages.

Try some of these thoughts out on your important tenant clients. Bring them to the Empire State Building’s world-class address right in Midtown Manhattan, conveniently located near virtually every major subway line and PATH train and virtually equidistant from Grand Central Terminal, Penn Station, and the Port Authority Bus Terminal in the heart of the revitalized 34th Street shopping and services Corridor.

Standing behind all of this is the financial strength of the Empire State Building Company. As with other properties supervised by Malkin Holdings, our generations of prudent investment and management provide tenants with the peace of mind that comes from a financially stable landlord who is fully capable of fulfilling all obligations for the entire lease term. In the meantime, more information on our groundbreaking program can be found at www.esbsustainability.com, or visit www.esbny.com.

Thank you for giving us the chance to compete for your business. At W&H Properties, tenant satisfaction is our number one priority.
(And remember, brokers always receive 100 percent of their commissions on lease signing.)



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