

# Green Days Ahead for REITs

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Sustainability is no longer a buzzword or niche in business. It is becoming a core aspect of corporate social responsibility and is increasingly embraced within the REIT community. For REITs, sustainability started with an initial focus on cutting energy usage. That has developed into a broader view of “going green.”

In practice, that means not only investing in technology and infrastructure, but also embracing sustainability at the highest levels in the organization. REITs that are flourishing under society's green mandate have committed to putting standard operating procedures under the green microscope. These companies are incorporating principles of conservation and efficiency into everything they do.



At Public Storage (NYSE: PSA), we consistently invest in initiatives that cut costs and reduce our consumption of resources while seeking to maintain a top-notch customer experience. Part of that responsibility lies in making investments that reduce the components of our various utility requirements and reducing our contribution to the nation's landfills. Some REITs have even started looking at the financing of their businesses through the lens of sustainability. Earlier this year, shopping center REIT Regency Centers Corp. (NYSE: REG) became the first REIT to issue “green” bonds. The \$250 million generated by the bond sale has been earmarked by Regency Centers specifically to build or buy assets certified under the U.S. Green Building Council's Leadership in Energy & Environmental Design (LEED) program. Vornado Realty Trust (NYSE: VNO) followed suit with a \$450 million green bond offering in June.

NAREIT is also doing its part to promote and facilitate sustainability in real estate. NAREIT hosts an annual working forum for executives tasked with sustainability initiatives to meet with their peers to review recent developments and best

practices. The annual Leader in the Light Awards honor NAREIT corporate member companies that have demonstrated superior and sustained energy use practices and sustainability initiatives.

In 2012, NAREIT integrated the Leader in the Light award program with the international Global Real Estate Sustainability

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Benchmark (GRESB). Doing so publicly reinforced the important place of sustainability in our industry. Of equal importance, GRESB offers participating companies and institutional investors a measuring stick by which they can evaluate the impact of sustainability programs. Last year, the nearly 550 property companies and funds that participated in the GRESB survey covered almost half of the FTSE EPRA/NAREIT Global Real Estate Index and accounted for \$6.1 trillion in institutional capital.

Although the marriage of sustainability and business remains fairly new, the rapid evolution of strategies and tactics for companies to enhance their sustainability has shown no signs of slowing. REITs have proved more than capable of keeping up with — and exceeding — industry standards and investors' expectations.



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