



GREEN LEASE LEADERS

CREATING SUSTAINABLE LANDLORD-TENANT RELATIONSHIPS

HOW BRANDYWINE
IMPLEMENTS SOCIAL
EQUITY AND CARBON
REDUCTION IN THEIR
PORTFOLIO



COMMERCIAL BUILDINGS ACCOUNT FOR APPROXIMATELY 20 PERCENT OF ENERGY USE IN THE U.S., WITH LEASED SPACES REPRESENTING 50 PERCENT OF CONSUMPTION.

Whether it is triple net, gross, or another standard lease structure, conventional leases often create a split-incentive issue where building owners are responsible for the capital costs of energy efficiency and sustainability investments and tenants reap all the benefits through reduced operating expenses and better building performance, or vice versa. Green leases, also known as high-performance or energy-aligned leases, include effective lease clauses to break down pervasive barriers in commercial, industrial, and retail properties by equitably aligning the costs and benefits of sustainability investments. Whether it is a commercial office, a warehouse, or a data center, a green lease enables landlords and tenants to better work together to save money, conserve resources, and ensure smarter, more efficient operation of buildings.

A study by the Institute for Market Transformation (IMT) found that green leases have the potential to reduce energy consumption in U.S. office buildings by as much as 22 percent, yielding reductions in utility expenditures in commercial buildings up to \$0.51 per square foot. This research shows that when executed, green leases have the potential to provide the leased U.S. office market alone \$3.3 billion in annual cost savings.

Launched by IMT and the DOE Better Buildings Alliance in 2014, Green Lease Leaders is the premiere industry recognition program that shines a light on forward-thinking real estate

companies and practitioners each year who effectively modernize their leases to spur collaborative action on energy efficiency and sustainability in buildings. As of 2022, Green Lease Leaders cumulatively represent more than 110 companies and 6.1 billion square feet of building space—a clear indication that green leasing is no longer considered an exception, rather it is becoming best practice across real estate markets. As building efficiency efforts have progressed to more advanced holistic approaches, green leases have evolved as well. The 2022 cohort of Green Lease Leaders span multiple property types, including industrial buildings and data centers that are using the lease to overcome split incentives and advance win-win energy action plans and sustainability goals.

In the following case study, IMT and the Department of Energy's Better Buildings Alliance highlight Brandywine Realty Trust, a long-time partner of Green Lease Leaders, and their notable work on incorporating social impact goals into their leasing practices. Brandywine joined the inaugural group of eight other companies that received Platinum recognition from Green Lease Leaders in 2022. This year, the program not only set a new record and expanded by 35%, it released a new Platinum tier that recognizes companies for integrating high-performance leasing and social equity practices into building operations. Brandywine's Platinum application focused on their social impact work in Philadelphia, where they are headquartered.

➔ THIS RESOURCE IS PART OF A SERIES OF CASE STUDY RESOURCES SHOWCASING EXCITING GREEN LEASE TRENDS AND BEST PRACTICES. VISIT [GREENLEASELEADERS.COM/RESOURCES](https://greenleaseleaders.com/resources) TO DOWNLOAD MORE CASE STUDIES AND LEARN HOW LEASE-BY-LEASE, GREEN LEASE LEADERS ARE IMPROVING LANDLORD-TENANT COLLABORATION TO DRIVE HIGHER PERFORMING BUILDINGS THAT HELP PUSH THE COMMERCIAL REAL ESTATE INDUSTRY FORWARD.



Brandywine Realty Trust (NYSE: BDN)

Brandywine Realty Trust is one of the largest, publicly traded, full-service, integrated real estate companies in the United States, with a core focus in the Philadelphia, PA, Washington, D.C., and Austin, TX markets.

MISSION: Organized as a real estate investment trust (REIT), Brandywine owns, develops, leases, and manages an urban, town center and transit-oriented portfolio. Their purpose is to shape, connect and inspire the world around us through our expertise, the relationships we foster, the communities in which we live and work, and the history we build together. Brandywine’s deep commitment to their communities was recognized by NAIOP, the Commercial Real Estate Development Association, when they were presented with the Developer of the Year Award—the highest honor in the commercial real estate industry.

Company Overview

- Organization Classification: Commercial Real Estate
- Portfolio Square Footage: as of 3/11/22 – 23,102,588 sf
- Schuylkill Yards’ Notable Properties/Projects: Uptown ATX, FMC Tower, Cira Centre, 1676 International Drive
- Scope Emissions: Scope 1 & 2 tracked
- Certifications: 54% of our portfolio is Green Certified
- GLL Level: Platinum
- GLL Since: 2014

“ONLY THROUGH PARTNERSHIP WITH OUR TENANTS ARE WE, AS AN INDUSTRY, GOING TO TRULY BE ABLE TO ACCOMPLISH THE GOALS THAT WE’VE ALL SET.”
- RONALD J. BECKER, SENIOR VICE PRESIDENT OPERATIONS & SUSTAINABILITY

Brandywine’s Green Lease Leaders Credits

CREDIT 1

Track common area energy use

CREDIT 2

Track common area water use

CREDIT 3

Disclose whole building ENERGY STAR score to tenant annually

CREDIT 6

Employ energy management best practices for the building systems you control

CREDIT 8

Meter tenant spaces greater than 5,000 square feet

CREDIT 9

Request annual tenant energy disclosure (energy usage and total charges)

CREDIT 10

Establish a whole building performance reduction goal in carbon or energy use intensity

CREDIT 12

Establish a whole building performance reduction goal in carbon or energy use intensity

CREDIT 13

Establish Social Impact Goals

Brandywine’s ESG goals and initiatives are aligned with the United Nations Sustainable Development Goals, and include 20+ outcomes related to affordable and clean energy, climate action, responsible consumption and production, good health and well-being, reduced inequalities, and more. Of note, Brandywine is tracking the following key performance indicators:

- Reduce water usage intensity 15% from 2018 to 2025
- Reduce energy usage intensity 15% from 2018 to 2025
- Reduce greenhouse gas (GHG) emissions intensity 15% from 2018 to 2025





Building Tenant Relationships Through Green Leasing

Brandywine has been part of Green Lease Leaders since its inception in 2014. Green leasing is embedded in every division of the company, from neighborhood engagement and community service, to the executive suite and CEO, to other stakeholders. The company and its partners drive social impact throughout the organization and neighboring community.

For Brandywine, applying for recertification and stepping up to the Platinum level of Green Lease Leaders was a natural step in their commitment to tenant-landlord

collaboration and stakeholder engagement. Their existing leases already incorporated the new qualifications for achieving the Platinum Level recognition (Credits 12 and 13). Green leases work to enhance partnerships with all occupants and unlock a building's efficiency. Brandywine takes this a step further and brings that value to their communities through deep engagement. The company's energy use intensity and carbon reduction goals are dependent on the success of their partnerships, and these shared commitments result in reduced operating costs for everyone.

➔ VISIT [GREENLEASELEADERS.COM/RESOURCES](https://www.greenleaseleaders.com/resources)

"IT'S GOOD TO SEE THE STUDENTS FROM THE MENTOR PROGRAM OR THE PARTICIPANTS IN THE APPRENTICESHIP PROGRAM CHANGE THEIR LIVES. TO GO FROM BEING AN HOURLY WAGE EARNER TO SOMEONE WHO HAS A FAMILY-SUSTAINING CAREER—IT'S MUSIC TO MY EARS."

- CHRIS FRANKLIN, VICE PRESIDENT, DEVELOPMENT



Often there are misconceptions that sustainability and green leasing are cost-prohibitive for both the building owner and tenant. Brandywine, however, sees it as an opportunity to maximize returns by operating more efficiently. Most sustainability projects have an upfront cost, like the installation of solar panels or Very High Efficiency Heating, Ventilation, and Air Conditioning, but rebates or other funding opportunities may exist from utilities, local governments, or federal tax credits. Brandywine implements upgrades in the most cost-effective way possible, sees a return on that investment, and can ultimately share cost reductions with tenants. Green leases, when used in coordination with other sustainability measures, can have a large impact on cost reductions and an owner-tenant relationship.

GOAL TO REDUCE
LIKE-FOR-LIKE ENERGY
CONSUMPTION BY

15%

BY 2025 FROM 2018 BASELINE

GOAL TO REDUCE
GHG EMISSIONS BY

15%

FROM 2018 BASELINE

Brandywine uses sustainability upgrades in buildings to connect with tenants through sharing reports and energy results with them. Many of their tenants have ESG goals of their own, so open communication and sharing ESG improvements is a benefit to tenants, as well. Another way Brandywine is transparent with tenants is through utility billing. Brandywine partners with a 3rd party vendor that uses anonymized data to rank each tenant in the building based on usage and shares tips on how to reduce energy consumption. Brandywine also completes nighttime checks and follows up with tenants to inform them of lights

and other equipment turned on overnight as another opportunity for savings. The company takes this evaluation one step further by offering to work with tenants on energy-saving improvements to drive down costs for both parties and uses this as an opportunity to explain the value of energy efficiency and sustainability. Some tenants use these benefits to apply for ENERGY STAR or LEED certifications, and Brandywine partners with tenants to help achieve these goals.

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Fostering Inclusive Business Relationships and Practices

There are a number of equity strategies that Brandywine uses in coordination with their green leases:

- community benefits agreement for new developments and social safety net contributions in partnership with tenants
- inclusionary efforts in supply chain management
- workforce development opportunities through apprenticeship and mentorship program

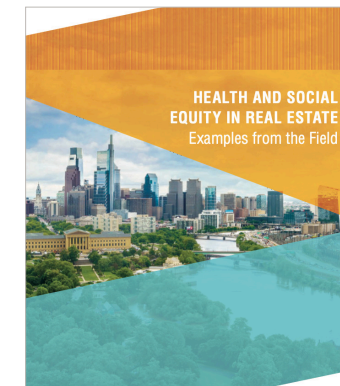
Community Engagement

As a real estate developer, Brandywine’s core objective is to develop space that benefits the community. They take a thorough approach to engagement by participating in neighborhood walks and meetings at churches, homes, and nonprofits to listen to the needs of the community. Real estate projects can be met with understandable skepticism from

“WE JUST LISTENED FOR A GOOD SIX MONTHS TO UNDERSTAND WHAT THE COMMUNITY’S NEEDS AND CONCERNS WERE. WE’VE ALL HEARD STORIES OF REAL ESTATE BEING BUILT AND THE FOLKS WHO LIVE AROUND THAT AREA BEING DISPLACED. WE WANTED TO TAKE AN ACTIVE ROLE IN NOT ALLOWING THAT TO HAPPEN.”
- CHRIS FRANKLIN, VICE PRESIDENT, DEVELOPMENT

communities, so Brandywine aims to create a positive impact when they are establishing new developments. They enter into Community Benefits Agreements with local organizations, and create additional employment opportunities for residents.

Tenants are encouraged to participate in events and spend time outside the building, interact with each other, and become part of the fabric of the community. Additionally, Brandywine prioritizes transit-oriented developments that encourage people to take public transportation conveniently and walk through the neighborhood or business district to bolster interaction and commerce in the community. During the COVID-19 pandemic, Brandywine partnered with tenants to get restaurants in its mixed-use properties open and the employees back to work. Brandywine organized with these businesses to deliver 38,000 meals to the food insecure in the Philadelphia area.



Supply Chain Management

Supply chain management is a key intervention point for real estate companies. In partnership with Philadelphia-based Drexel University and their Supplier Inclusion Initiative, Brandywine works with more diverse vendors and contractors. The program broadens the pool of suppliers by developing long-term relationships with minority-owned, women-owned, veteran-owned, service-disabled, LGBT-owned and small businesses.

Workforce Development

Training and networking programs in real estate are crucial—especially when companies can encourage new generations to prioritize sustainability. Brandywine’s apprenticeship program has provided benefit-rich, well-paying jobs for 65 people through Philadelphia’s building trades. The initiative recruits through city employment portals, houses of worship, outreach at small businesses, community day events, and more. The goal is to teach people in the community about the available careers in the construction trades.

Brandywine also participates in mentorship programs, including ones run by trade organizations like NAIOP, where they talk to cohorts of students along the East Coast educating about the opportunities in real estate, including development, property management, legal, civil engineering, architecture, and more. Brandywine takes pride in seeing how participants in the apprenticeship and mentorship programs go from earning hourly wages to starting careers that can sustain families and fuller lives.

Conclusion

Brandywine embodies sustainable values and practices in many ways—through its green leasing and environmentally-friendly building practices, and through its investment in long-term, community relationships. When coupled, this approach can address climate goals in a holistic way. Green leasing drives trust by demonstrating commitment to prioritize ESG. It is then easier to meet performance targets when everyone—owner, tenant, community—is contributing to mutually-beneficial outcomes. In today’s real estate landscape, companies tracking energy use, identifying and acting on carbon reduction goals, and incorporating social impact efforts are the leaders. Throughout their history, Brandywine has consistently shown that a great business model goes above and beyond the bottom line.



BECOME A GREEN LEASE LEADER

If you are a tenant encouraging your landlord to collaborate on sustainability goals, or if you're a landlord working closely with tenants to make their space more efficient and healthier, you might be a candidate for IMT and DOE's **Green Lease Leaders** recognition.

A first step is to **assess your lease and corporate documentation** in comparison to the standards specified by the Green Lease Leaders recognition program. Even if you are not currently including energy efficiency and sustainability in your lease, but practice sustainability in building operations and management, the Green Lease Leaders criteria can serve as a guide for enhancing a lease to account for sustainability.

➔ For more information on applying for Green Lease Leaders, or for help in building your own green lease, contact IMT at greenleaseleaders@imt.org or visit the Green Lease Leaders website to learn more about the program and how to apply for recognition: <https://www.greenleaseleaders.com/apply/>

