



Green and the Workplace

Tough economic times call for tough decisions. Job cuts, restructurings, and slashed budgets have become the order of the day for many businesses. But companies also realize that staying committed to certain initiatives will help them remain competitive during the downturn and into the subsequent recovery.

As a leading global real estate services provider, Grubb & Ellis helps clients identify their real estate priorities – including those related to sustainability – through today’s shaky market conditions and beyond. If you were to ask what “sustainability” is, you would most likely get many answers. These days, there is no quick answer. While it is really based on a simple meaning – the ability to keep going over the long haul – sustainability has become the business buzzword du jour. It is now often used as an all-encompassing term covering efforts to solve the world’s environmental, social, and economic problems.

In fact, sustainability means different things to different people. Its use in the business world started out with an environmental slant, but it has lately become largely interchangeable with another, rather cumbersome term – corporate social responsibility, or CSR. Whatever you call it, sustainability, CSR, corporate citizenship, it involves a company’s efforts to take responsibility for the impact of its business activities on all of its stakeholders, including: customers, employees, shareholders, suppliers, communities and the environment.

Another term used frequently is going green. We’ve all seen the headlines: Retail giant sets long-term goal of “zero waste”... Software behemoth appoints Chief Environmental Strategist... Sneaker maker builds “green” warehouse with insulation made of recycled denim. Every day brings yet another example of the green movement sweeping corporate America. The green movement is not about environmentalists telling businesses what they need to do – it’s about businesses proactively finding

Consumer Price Index (CPI-U):
+0.4% in Nov. 2009
+0.2% in Oct. 2009
-1.7% in Nov. 2008
<small>Source: www.bls.gov</small>

Unemployment Rate:
10.0% in Nov. 2009
9.8% in Sep. 2009
6.8% in Nov. 2008
<small>Source: www.bls.gov</small>

The Fed (U.S.) Prime Rate:
3.25% Dec. 16, 2009 <small>(The Current U.S. prime rate)</small>
3.25% Nov. 04, 2009
4.00% Oct. 29, 2008
<small>Source: www.wsjprimerate.us</small>

real ways to make a difference while reducing costs and raising revenues.

To create a green workplace, many companies have learned to start with the building itself. A green building can reduce energy use by up to 50 percent, cut carbon dioxide emissions by up to 39 percent, decrease water use by 40 percent and eliminate up to 70 percent of solid waste. Those reductions flow through to the bottom line, ultimately offsetting any higher initial costs of construction or renovation. Higher employee productivity and reduced absenteeism are added benefits that come with the healthier air quality, better lighting, and improved temperature controls of green buildings.

What does it take for a building to be “green”? One of the most popular benchmarks is the esteemed LEED (Leadership in Energy and Environmental Design) certification, which is awarded by the U.S. Green Building Council (USGBC) to buildings that meet its standards for water savings, energy efficiency, material selection, and indoor environmental quality. Buildings can achieve one of four increasing levels of point-based LEED certification: certified, silver, gold, or platinum.

With 278.5 million square feet of commercial LEED-certified projects as of November 2008, and more than 100,000 LEED-certified buildings projected in the U.S. by 2010, it is clear that green is much more than a passing fad. The businesses, employees, and consumers of today – and tomorrow – all share the benefits. No doubt about it: green is here to stay.

OFFICE MARKET – THIRD QUARTER 2009

Market	Class A Vacancy %	Class A Asking Rents	Total Net Absorption
Atlanta	21.3%	\$23.88	(170,022)
Boca Raton	23.1%	\$34.02	13,875
Boston	13.4%	\$35.63	(615,523)
Chicago	19.2%	\$29.80	(219,316)
Columbus	13.6%	\$19.34	100,337
Dallas	20.5%	\$24.11	139,580
Denver	15.4%	\$23.87	174,903
Detroit	19.6%	\$22.34	(31,798)
Houston	14.0%	\$29.64	(153,576)
Los Angeles County	15.7%	\$36.72	(361,900)
Miami	17.3%	\$36.37	(94,554)
New York – Midtown	9.1%	\$75.73	(587,787)
New York – Downtown	8.0%	\$50.97	(6,887)
Oakland	16.7%	\$25.80	(207,534)
Orange County	23.5%	\$30.00	82,206
Philadelphia	13.5%	\$28.35	(183,484)
Phoenix	28.2%	\$26.29	(269,196)
Portland	13.9%	\$24.51	26,238
San Diego	22.9%	\$34.44	145,072
San Francisco	13.9%	\$33.56	39,796
San Jose	29.6%	\$31.80	(302,096)
Overall U.S. Market	17%	\$31.15	(11,270,000)

Vacancy: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant. **Asking Rent:** The dollar amount asked by landlords for available space expressed in dollars per square foot per year. Office rents are reported full service where all costs of operation are paid for by the landlord up to a base year or expense stop. **Net Absorption:** The net change in physically occupied space over a period of time.

If you would like more information on any market, please e-mail your request to: heather.goyan@grubb-ellis.com.

Disposition Spotlight



12121 & 12181 W. Bluff Creek Drive, Playa Vista, CA

FOR SUBLEASE

- Approximately 430,000 sq. ft.
- Beautiful campus environment located in West Los Angeles.

For additional info, please contact **Serge Vishmid** at 310.235.2924.

Outstanding Commercial Real Estate Loans All Commercial Banks, Seasonally Adjusted

Bank lending to commercial real estate has followed an interesting trajectory in recent years. After increasing steadily, the outstanding value of loans leveled off and began to decline in September 2008 when the bankruptcy of Lehman Brothers paralyzed credit markets. Then in the last week of September, loan volume spiked as panicked borrowers sought to tap their existing lines of credit to secure working capital. Since that time, loan values have leveled off and begun to decline; the number of loans maturing and not being renewed is greater than new loans being issued, which are few. With bank credit shrinking and the CMBS market still largely frozen, commercial real estate values have fallen by nearly 40 percent.

Source: Federal Reserve, Grubb & Ellis



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