

PRESS RELEASE

ASTM Forms Building Energy Performance Disclosure Task Group

The ASTM E50 Executive Committee recently approved creation of a new Task Group to develop a standard on *Energy Performance Disclosure for Buildings Involved in Real Estate Transactions*. The European Union's Energy Performance of Buildings Directive, legislation in California and the District of Columbia, recently proposed legislation at the federal level (Waxman-Markey Bill) and in a number of other states and cities for building energy use disclosure prompted the request to ASTM for development of the standard. The goal is to standardize the way that building energy use numbers are determined and reported in commercial real estate transactions, with particular focus on how they have been normalized, i.e., over what period of time, the heating and cooling degree days, occupancy, etc. In this way, prospective purchasers of properties will understand the numbers when they are disclosed, either voluntarily or in response to regulatory requirements.

Today, a building's energy consumption is playing an increasingly important role in real estate transactions. It can impact the transaction because less energy efficient buildings are becoming less competitive in the marketplace and can reduce the prospective tenant pool. To attract tenants may even necessitate reducing rents and impact planned rent growth built into the pro forma provided to the lender. Also, the growing number of cities and municipalities now adopting energy efficiency requirements in their building codes can impact the capital needs of any building involved in a real estate transaction in these locations, and therefore its valuation.

It is anticipated that the standard would be used principally by professionals conducting due diligence for prospective property purchasers and lessees, e.g., an addendum to a property condition assessment. The standard is expected to take into consideration factors such as property and building characteristics, electrical and heating fuel consumption, benchmarking information against peer buildings, the building's carbon footprint and energy audit history, whether the building has any "green" certification, rating or labeling, applicable energy efficiency codes, and available economic incentives, credits and grants.

The Task Group chair, Anthony Buonicore, P.E., CEO of the Buonicore Group and publisher of the daily newsletter, *Building Energy Performance News*, is now seeking individuals interested in participating on the Task Group. He can be reached at 800-238-1841 or ajb@bepinfo.com.

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