

2023

REALTORS® & Sustainability: Commercial Report

National Association of REALTORS® Research Group



**NATIONAL
ASSOCIATION OF
REALTORS®**

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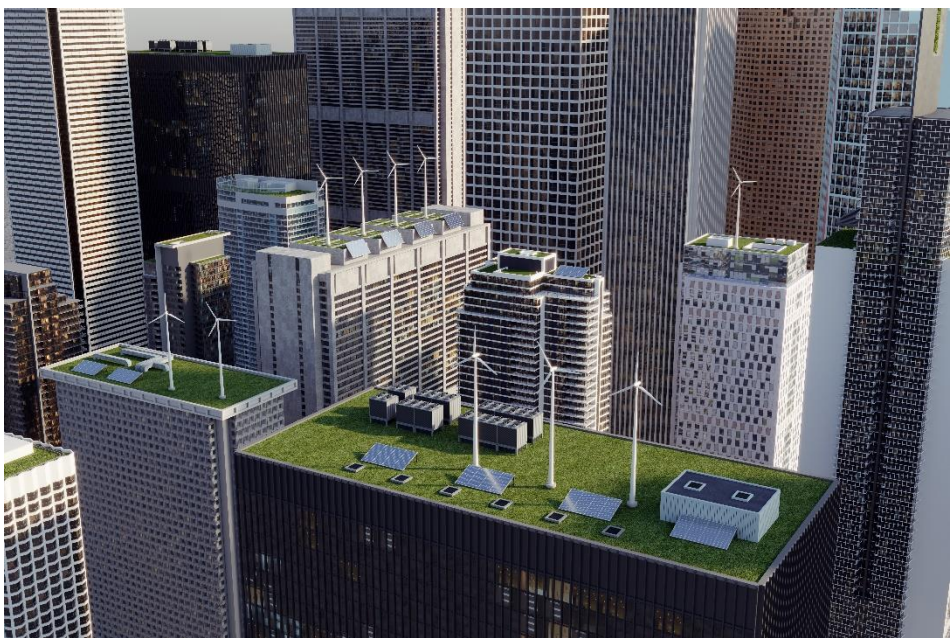
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REALTOR® Sustainability Program

The National Association of REALTORS® (NAR) is a leader in the dialogue on real estate sustainability among real estate agents, brokers, trade associations, and consumers. Identifying the growth of sustainability in real estate, the REALTOR® Sustainability program conducts outreach to members, trade associations, and agencies to raise awareness and engagement in NAR sustainability efforts. The program coordinates association benefits and resources for its members and is responsible for the implementation of NAR's Sustainability and Resilience Plan. It also introduces corporate social responsibility and triple bottom line concepts into NAR's decision-making practices, allowing NAR to educate and support sustainability in real estate through environmental, social, and economic contexts.

- **Vision Statement:** REALTORS® thrive in a culture of sustainability that promotes viability, resiliency, and resource efficiency.
- **Member Mission:** Provide leadership and strategies on topics of sustainability that benefit members, REALTOR® associations, and communities.

To find out more, visit
www.nar.realtor/sustainability.



Commercial Executive Summary

In July 2023, NAR surveyed its members about sustainability issues facing the industry. The findings are as follows:

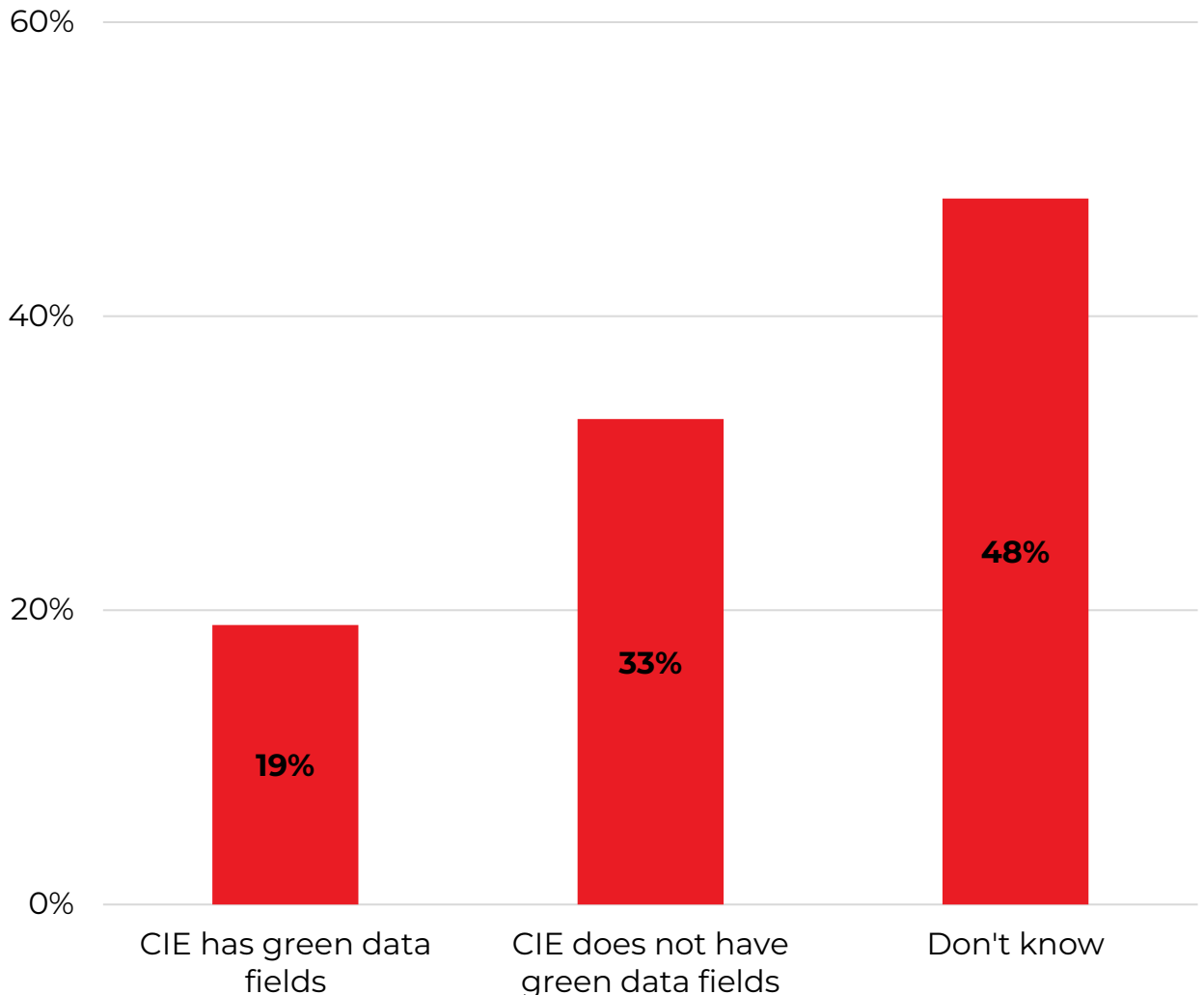
Commercial Highlights:

- Nineteen percent of respondents reported that their Commercial Information Exchange (CIE) had green data fields, compared to 33 percent that did not have green data fields.
- A majority of agents and brokers (65 percent) said that energy efficiency promotion in listings was very or somewhat valuable.
- Thirty-nine percent of REALTORS® said buildings with green certifications, such as LEED, Green Globes, or the Living Building Challenge, had increased commercial property values.
- Thirty percent of REALTORS® said buildings with green certifications, such as LEED, Green Globes, or the Living Building Challenge, spent neither more nor less time on the market.
- Thirty-five percent of brokerage firms had experience working with commercial building repurposing, such as converting empty malls into technical schools.
- Fifty-two percent of respondents were extremely comfortable or comfortable answering clients' questions about building performance, while 17 percent said they were uncomfortable or extremely uncomfortable.
- The building features that REALTORS® believed were most important to clients included utility and operations costs (34 percent), indoor air quality (22 percent), energy-efficient windows/doors (20 percent), and efficient use of lighting (13 percent).
- Fourteen percent of respondents had clients ask for advice on financing sustainability or energy efficiency building improvements.

Commercial Information Exchange

- Nineteen percent of respondents reported that their Commercial Information Exchange (CIE) had green data fields, compared to 33 percent that did not have green data fields.

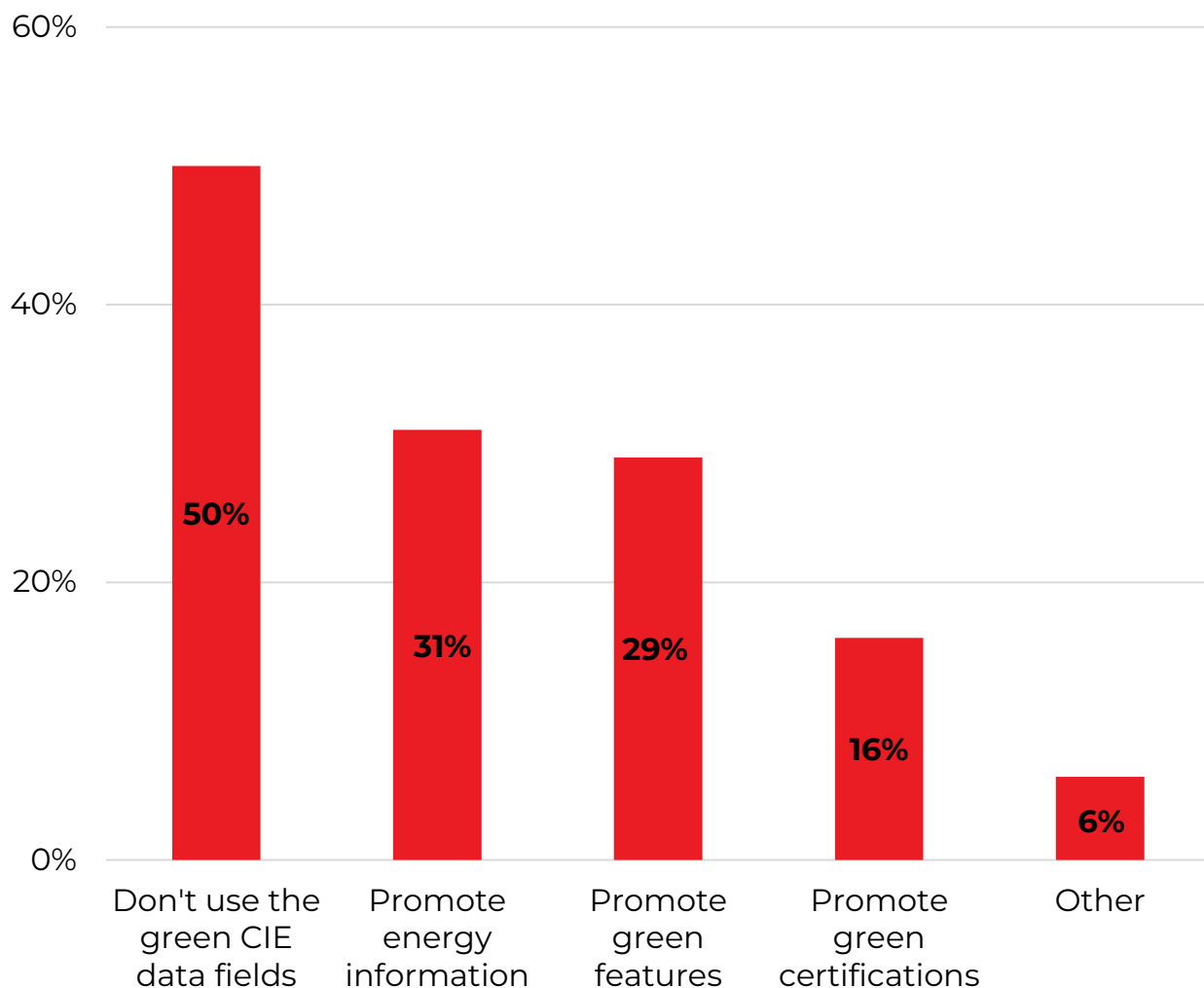
CIE Green Data Fields



CIE Green Data Field Uses

- Among those respondents who did have CIE green data fields, 31 percent used them to promote energy information, 29 percent to promote green features, and 16 percent to promote green certifications.

Uses of CIE Green Data Fields

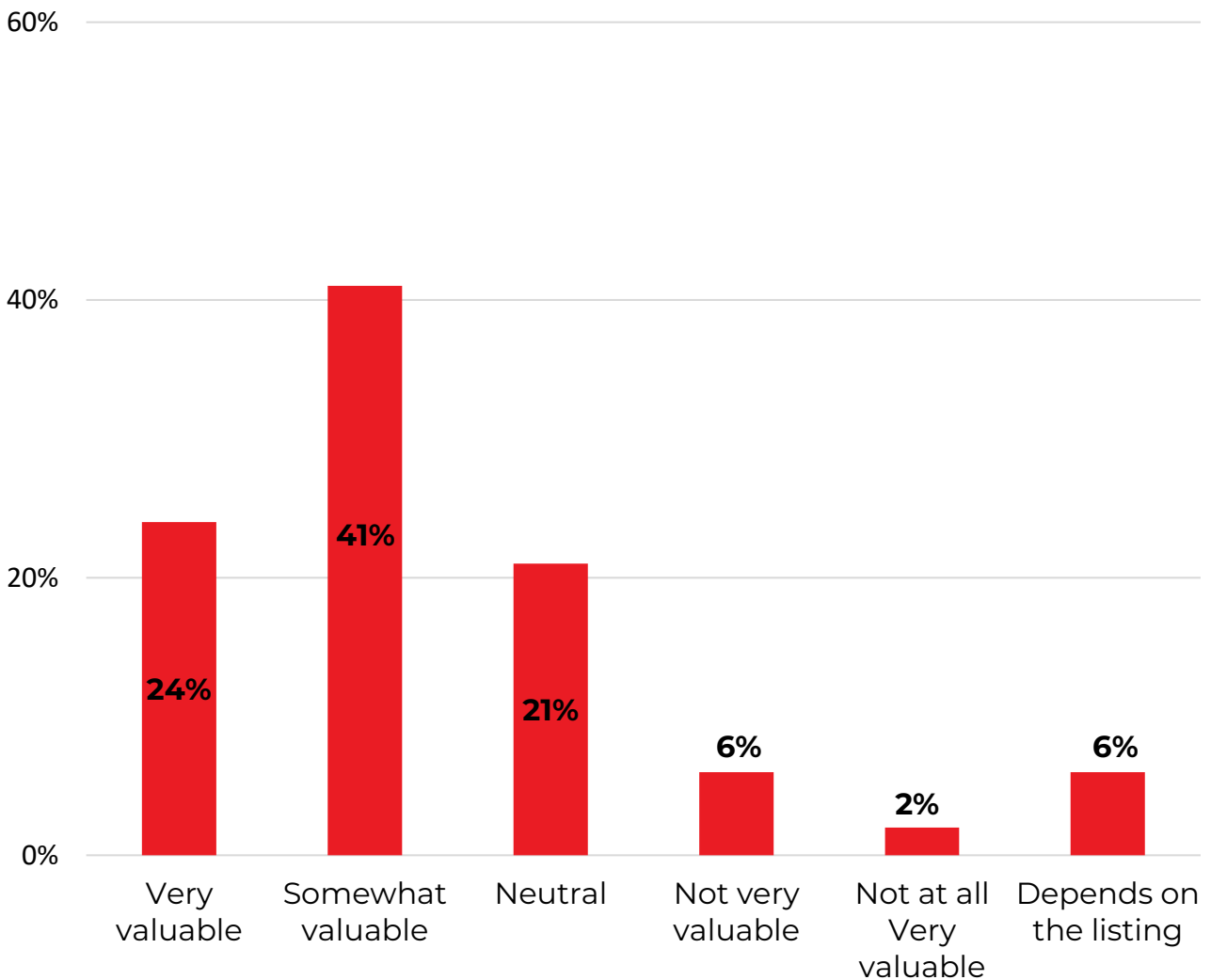


Note: Respondents were permitted to select as many responses as they felt applicable. The percentage distribution may therefore sum to more than 100 percent.

Value of Energy Efficiency Promotion in Commercial Listings

- A majority of agents and brokers (65 percent) said that energy efficiency promotion in listings was very or somewhat valuable.

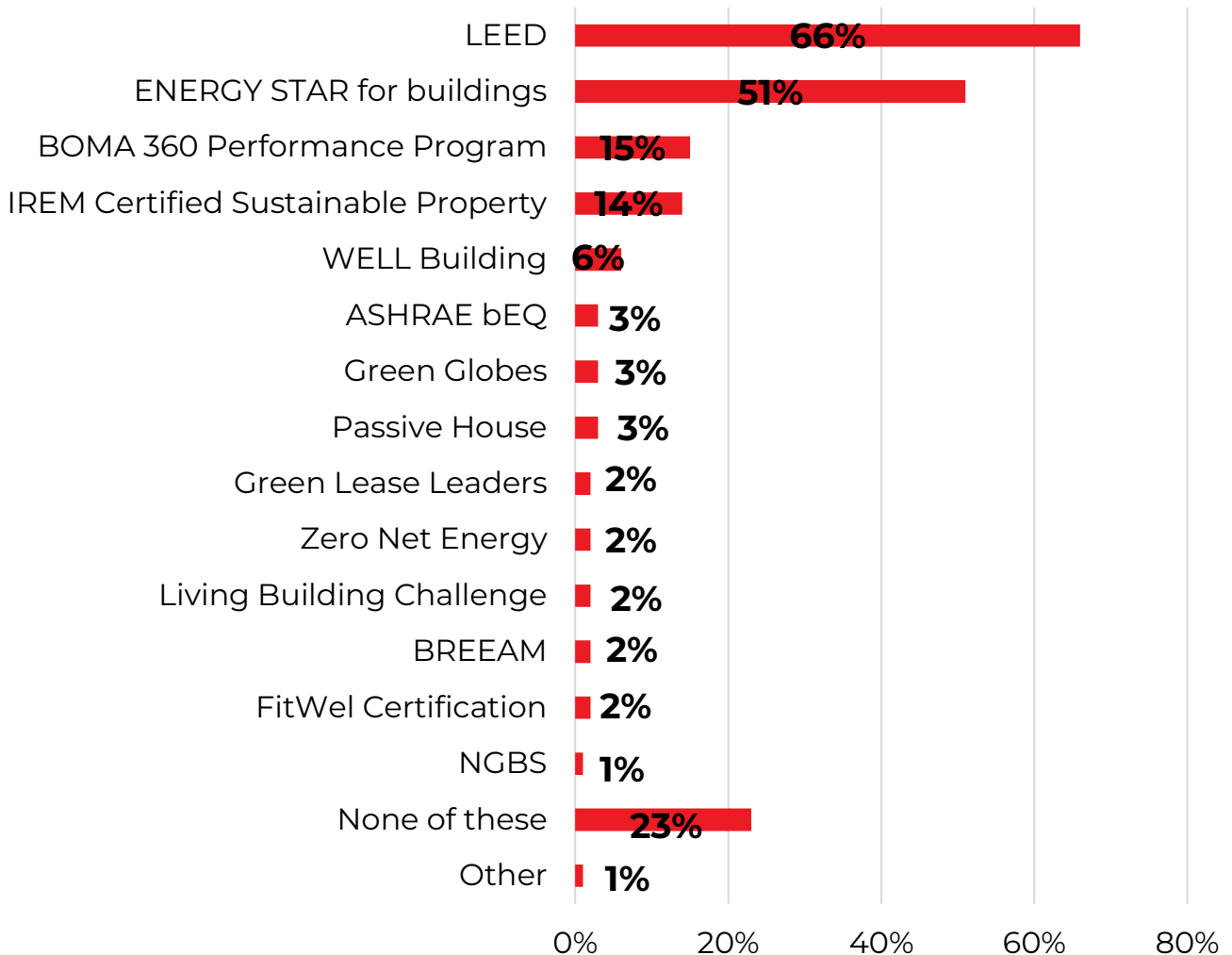
Value of Energy Efficiency Promotion



Green Building Certifications

- Respondents were most familiar with LEED (66 percent), ENERGY STAR for buildings (51 percent), IREM Certified Sustainable Property (14 percent), and the BOMA 360 Performance Program (15 percent).

Familiarity With Green Building Certifications



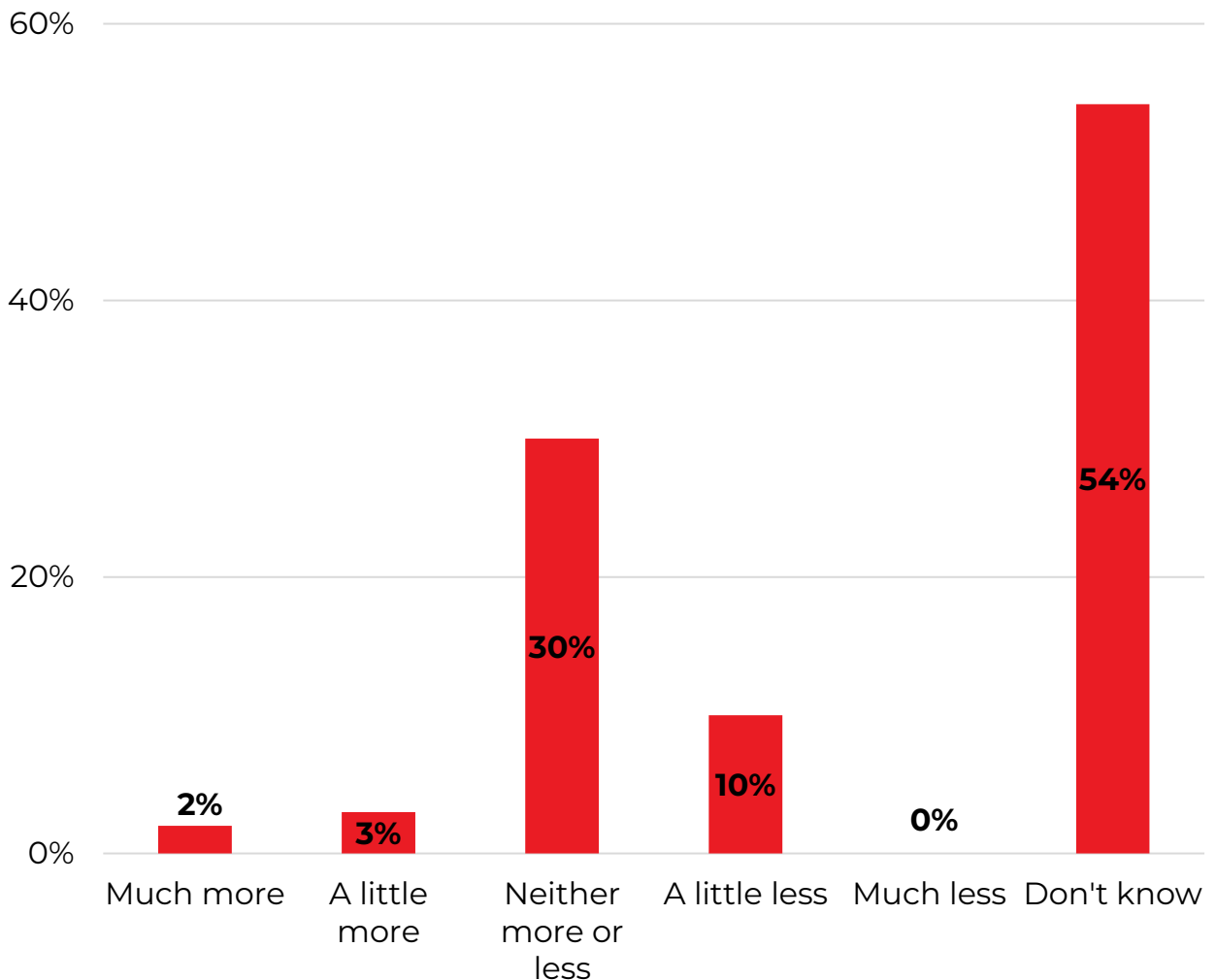
Note: Respondents were permitted to select as many responses as they felt applicable. The percentage distribution may therefore sum to more than 100 percent.

Among those green building certifications, respondents typically had experience working with LEED (30 percent), ENERGY STAR for buildings (17 percent), and the BOMA 360 Performance Program (three percent).

Time on Market – Buildings with Green Certifications

- Thirty percent of REALTORS® said buildings with green certifications, such as LEED, Green Globes, or the Living Building Challenge, spent neither more nor less time on the market.
- Ten percent of respondents said buildings with green certifications spent a little less or much less time on the market.

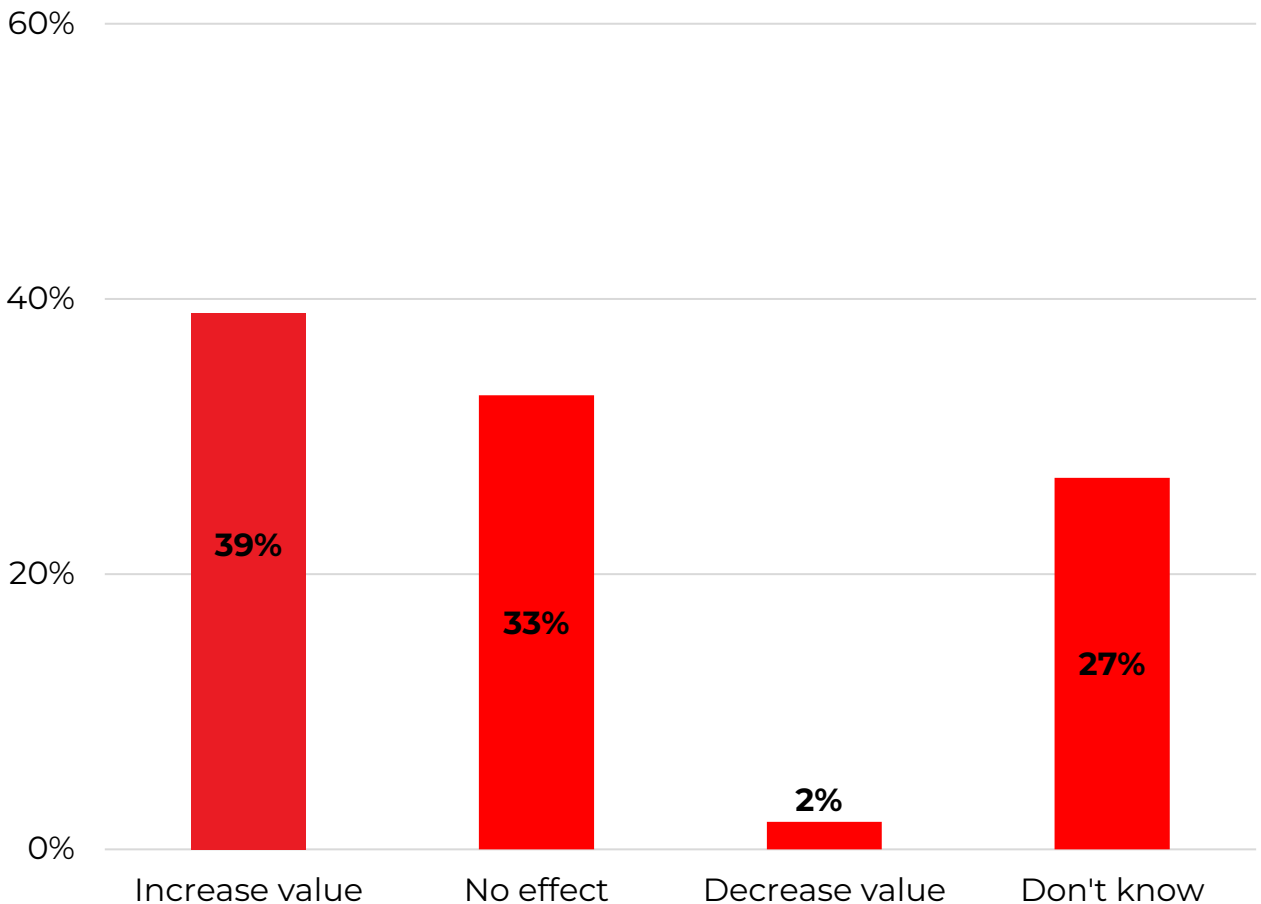
Buildings With Green Certifications Time on Market



Commercial Property Values

- Thirty-nine percent of REALTORS® said buildings with green certifications, such as LEED, Green Globes, or the Living Building Challenge, had increased commercial property values.
- Thirty-three percent of respondents said buildings with green certifications had no effect on the commercial property value.

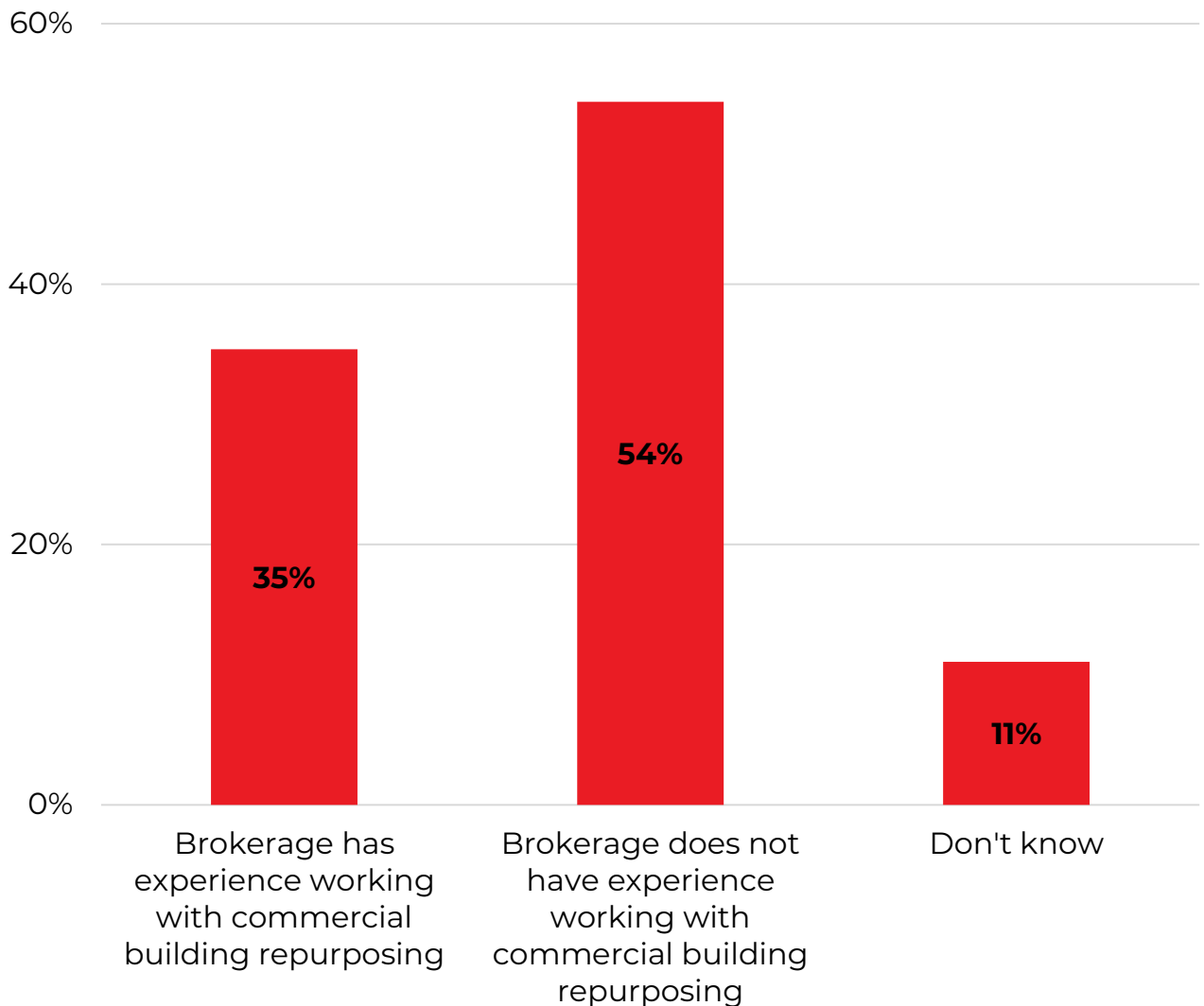
Buildings With Green Certifications Property Values



Commercial Building Repurposing

- Thirty-five percent of brokerage firms had experience working with commercial building repurposing, such as converting empty malls into technical schools.

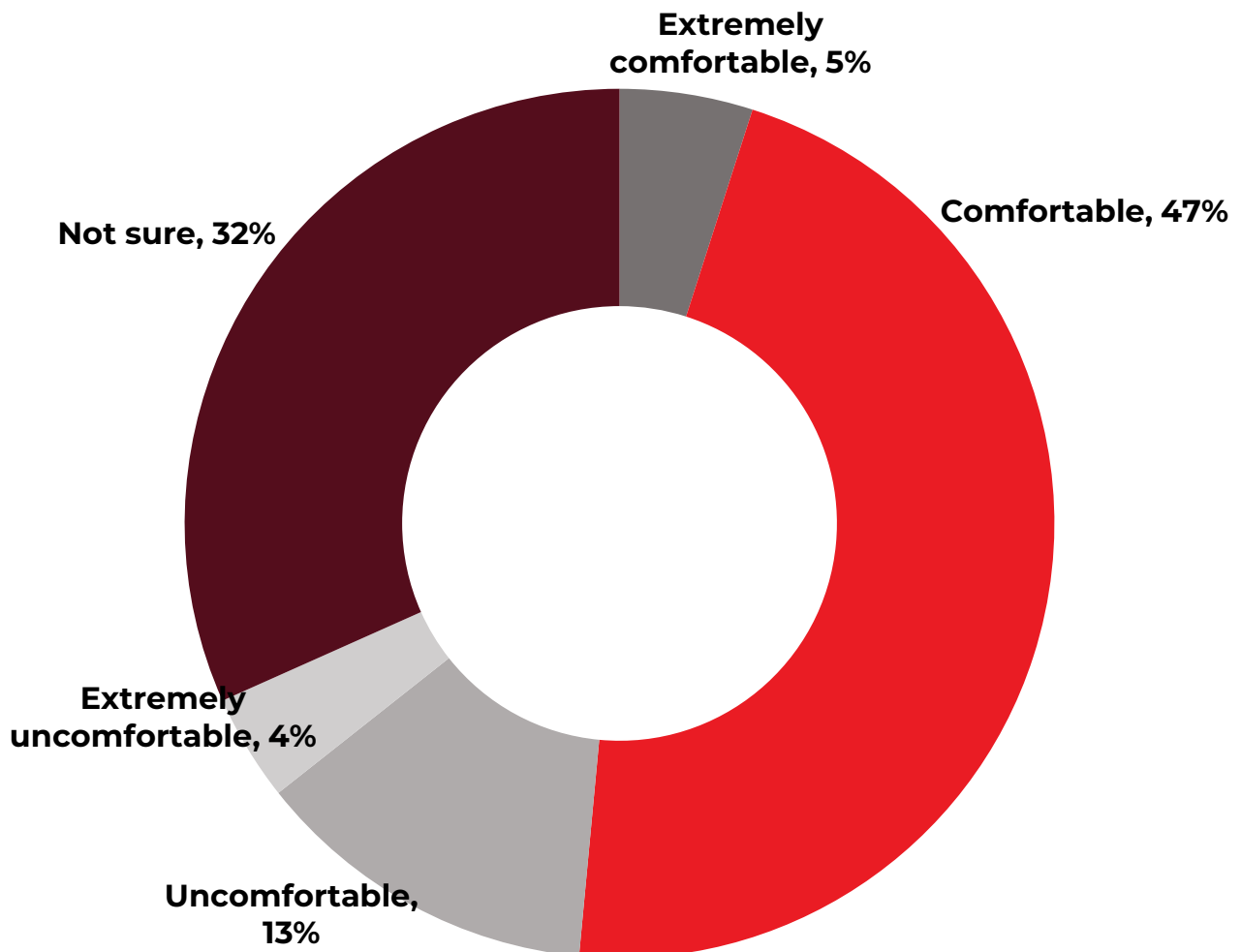
Commercial Building Repurposing



Comfort with Clients' Questions About Building Performance

- Fifty-two percent of respondents were extremely comfortable or comfortable answering clients' questions about building performance, while 17 percent said they were uncomfortable or extremely uncomfortable.

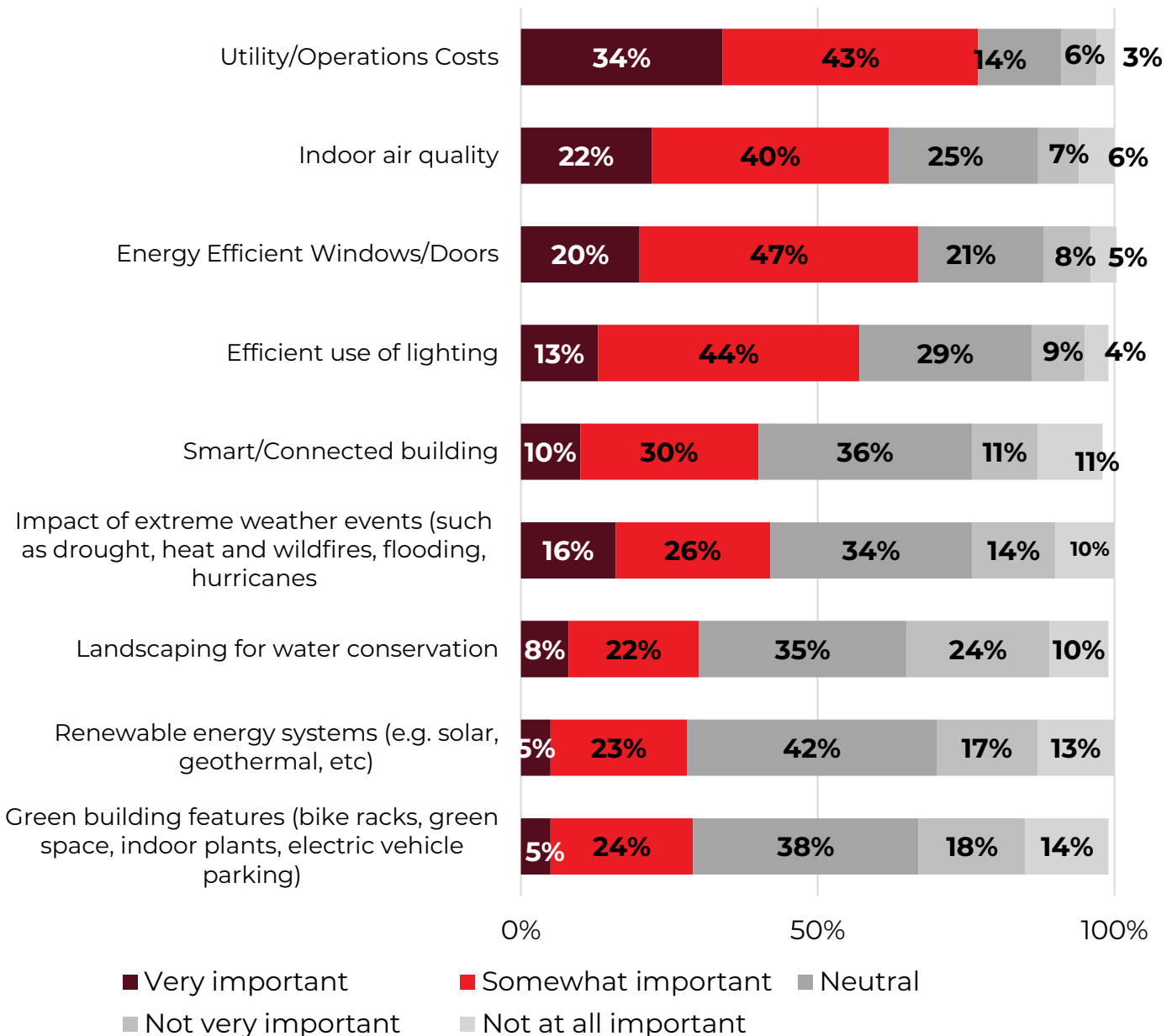
Comfort Answering Clients' Questions About Building Performance



Building Features

- The building features that REALTORS® believed were most important to clients included utility and operations costs (34 percent), indoor air quality (22 percent), energy-efficient windows/doors (20 percent), and efficient use of lighting (13 percent).

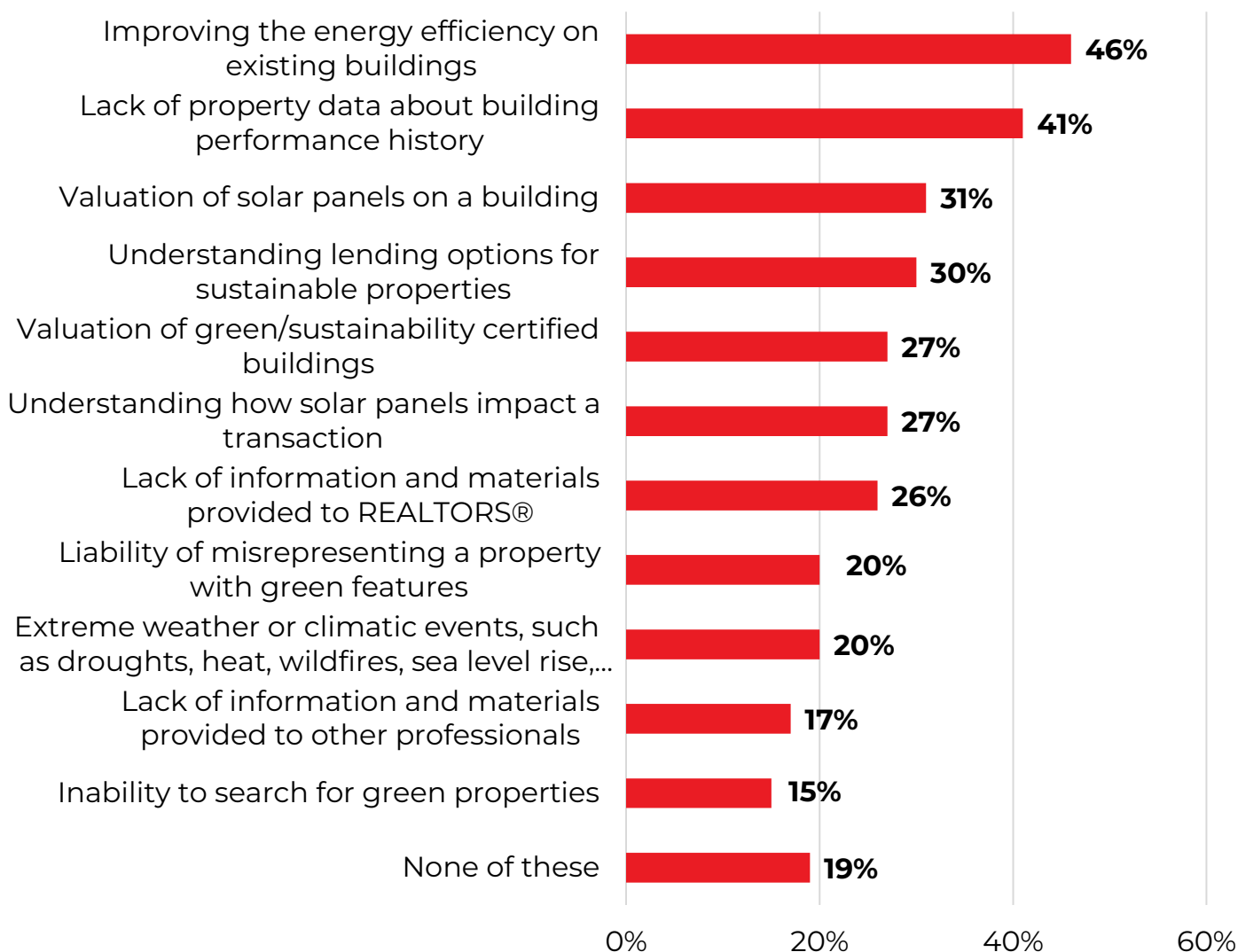
Importance of Building Features to Clients



Market Issues and Considerations

- Market issues and considerations agents and brokers listed as important included improving the energy efficiency on existing buildings (49 percent), lack of property data about building performance history (41 percent), and understanding lending options for sustainable properties (30 percent).

Issues and Considerations in Market

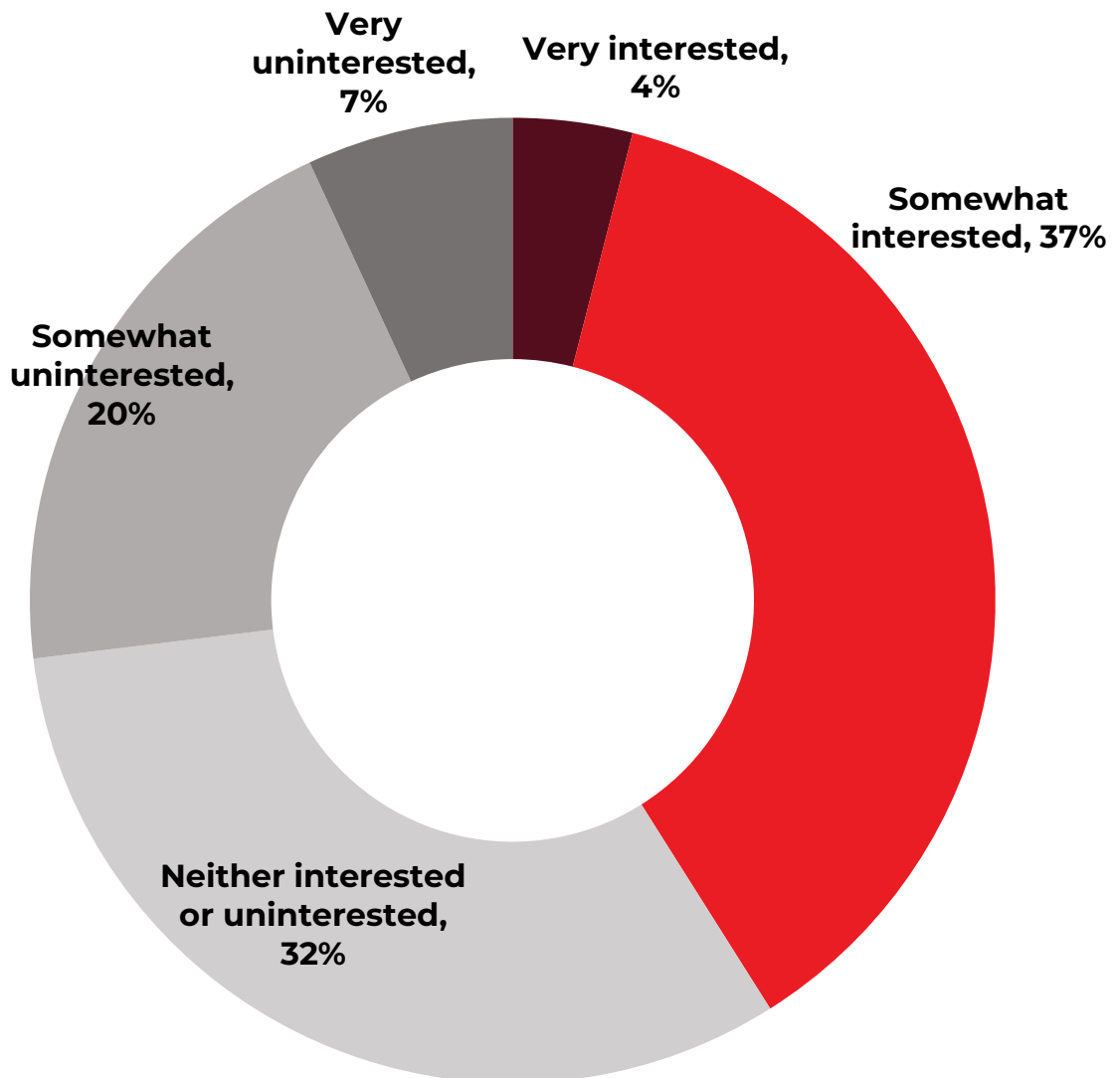


Note: Respondents were permitted to select as many responses as they felt applicable. The percentage distribution may therefore sum to more than 100 percent.

Perception of Client Interest in Sustainability

- Thirty-seven percent of agents and brokers found clients were somewhat interested in sustainability, and four percent were very interested.

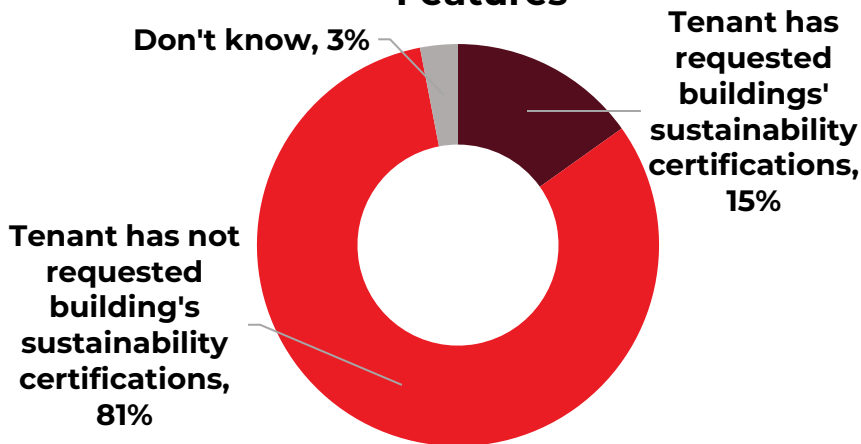
Perception of Client Interest in Sustainability



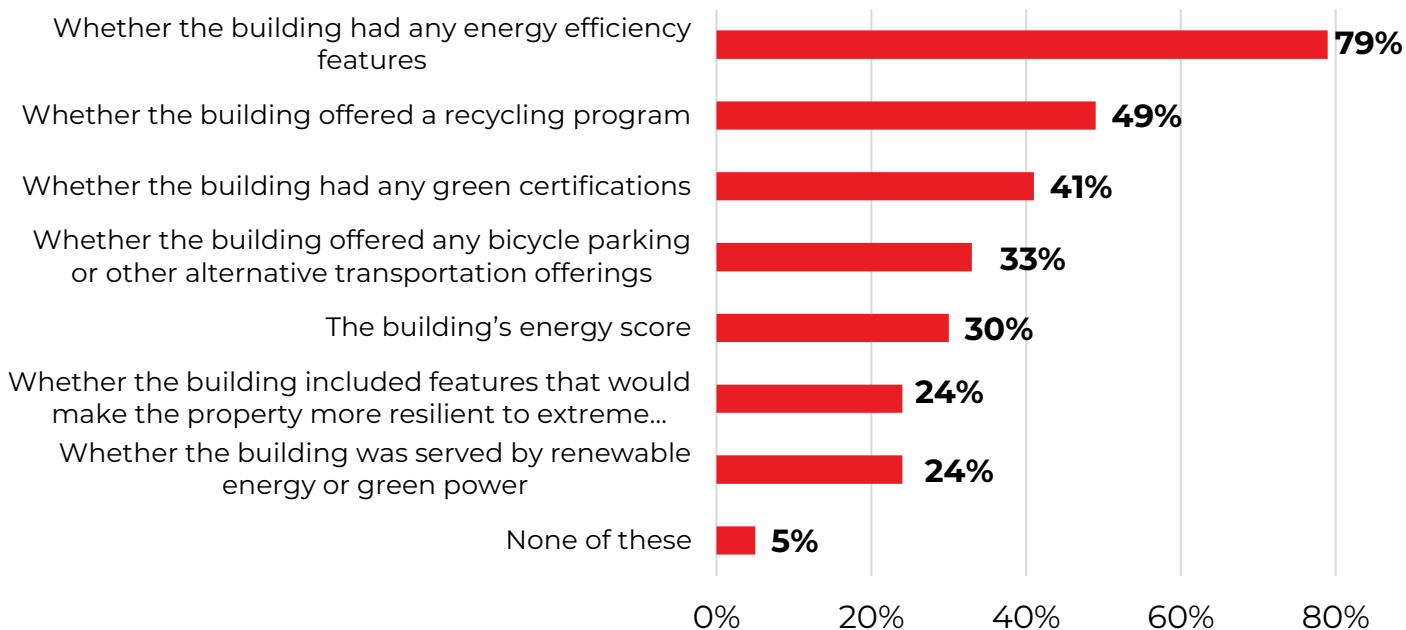
Buildings' Sustainable and Green Features

- Either as a landlord or tenant representative, 15 percent of respondents had requests from prospective tenants in an RFP or other pre-LOI documents asking for a building's sustainability certifications, green building features, or energy rating.
- Among those respondents who requested documents, 79 percent were energy efficiency information, 49 percent requested recycling program information, and 41 percent requested green certification information.

Requests About Buildings' Sustainable and Green Features



Buildings' Feature Requests

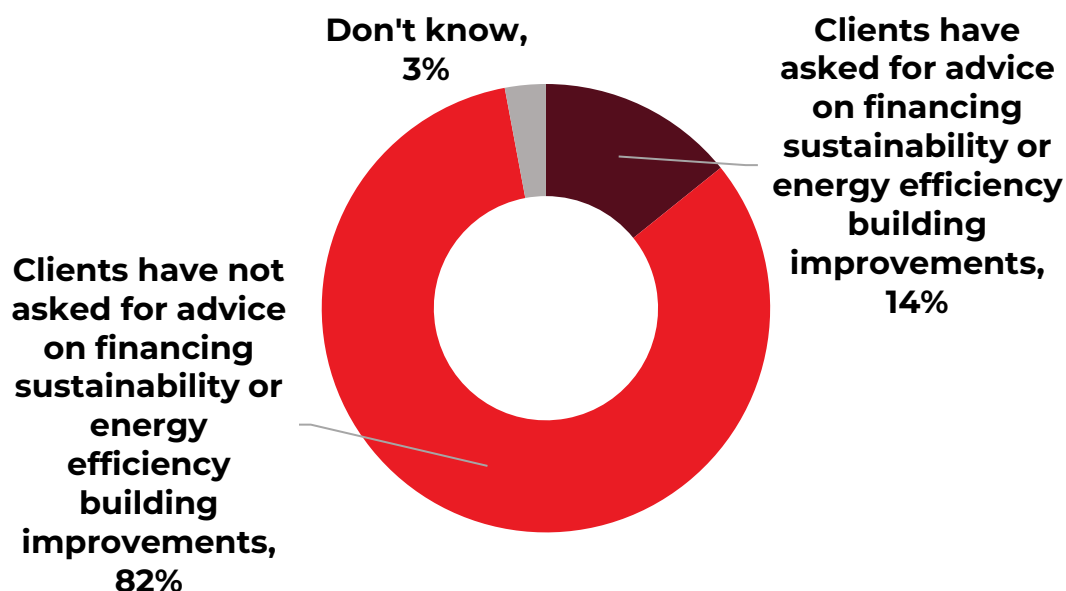


Note: Respondents were permitted to select as many responses as they felt applicable. The percentage distribution may therefore sum to more than 100 percent.

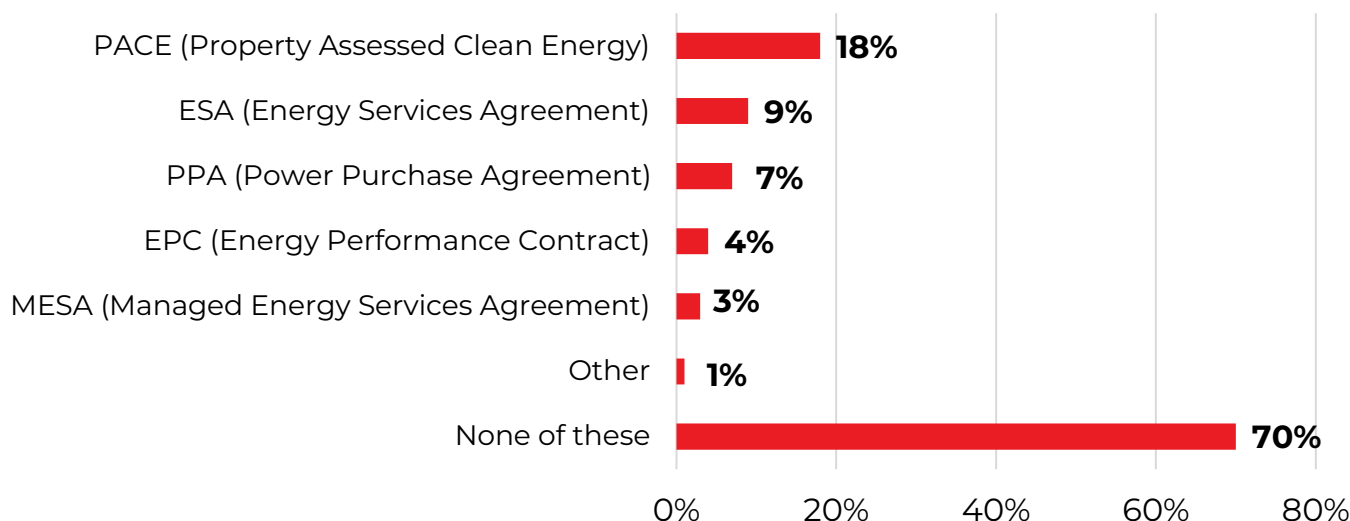
Financing Building Improvements

- Fourteen percent of respondents had clients ask for advice on financing sustainability or energy efficiency building improvements.
- Among options for financing energy efficiency or renewable energy investments, respondents were most familiar with PACE (Property Assessed Clean Energy) at 18 percent and PPA (Power Purchase Agreement) at 10 percent.

Advice on Financing Building Improvements



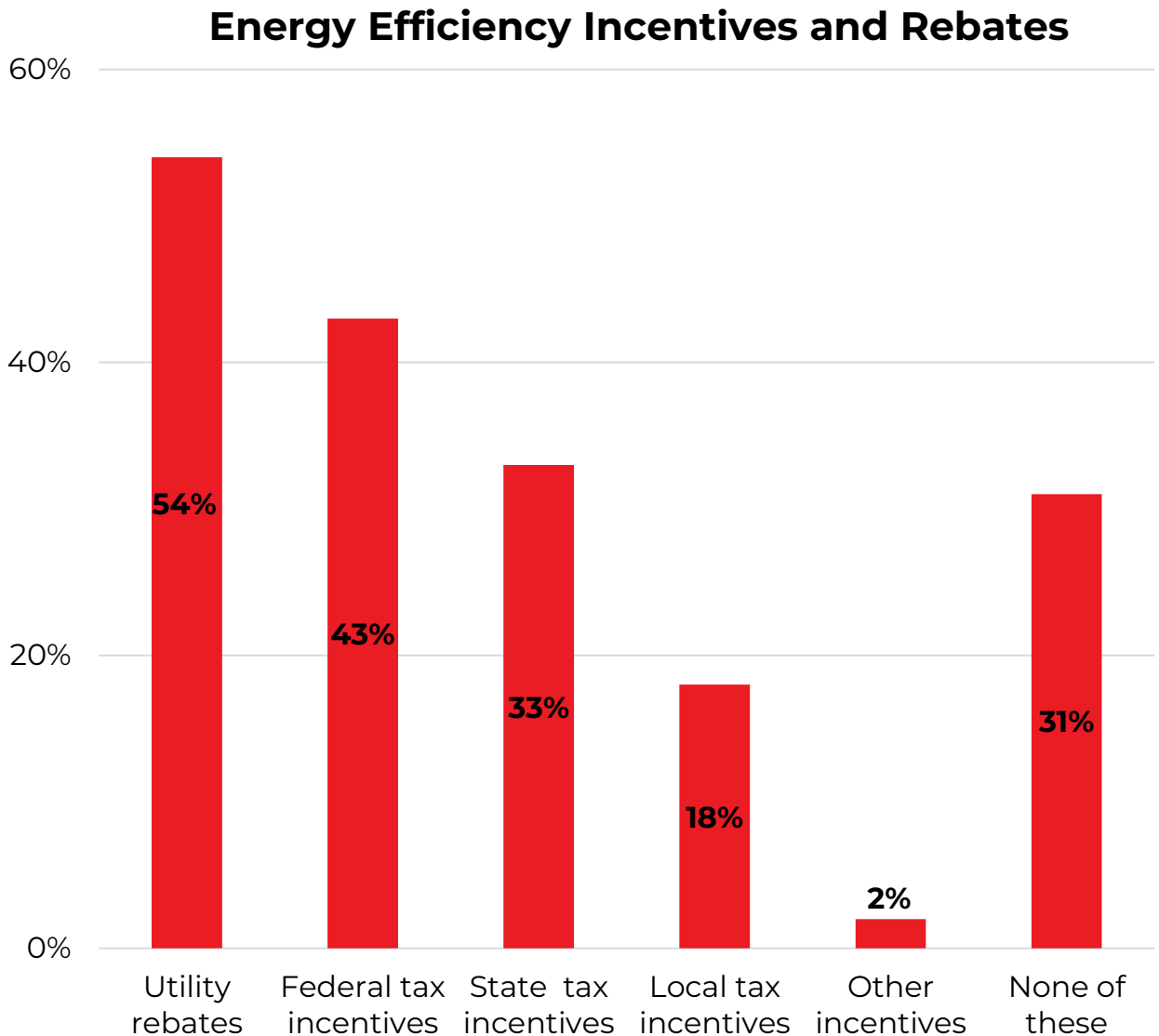
Familiarity of Financing Options



Note: Respondents were permitted to select as many responses as they felt applicable. The percentage distribution may therefore sum to more than 100 percent.

Energy Efficiency Incentives and Requirements

- Of the incentives and rebates available, respondents were most commonly aware of utility rebates (54 percent), federal tax incentives (43 percent), and state tax incentives (33 percent).

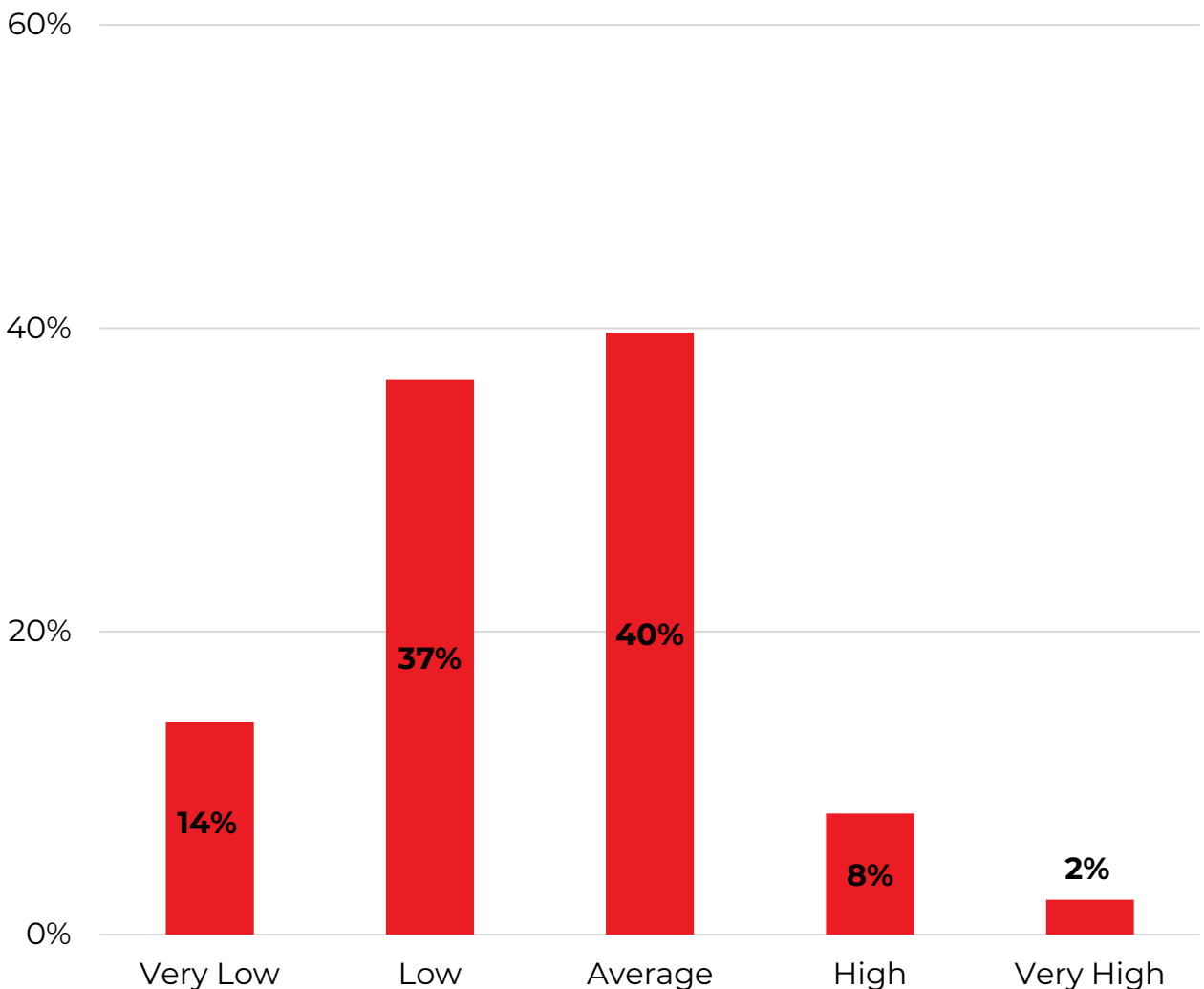


Note: Respondents were permitted to select as many responses as they felt applicable. The percentage distribution may therefore sum to more than 100 percent.

Knowledge of Energy Efficiency and Sustainability Management

- Respondents typically described their knowledge of energy efficiency and sustainability management for commercial properties as being average (40 percent), or low (37 percent).

Knowledge of Energy Efficiency and Sustainability Management



Regional Breakouts

CIE Green Data Fields in Listings

| Region: | Northeast | Midwest | South | West |
|---|-----------|---------|-------|------|
| CIE green data fields included in listings | 35% | 19% | 13% | 19% |
| No CIE green data fields included in listings | 28% | 37% | 34% | 31% |
| Don't know | 37% | 44% | 53% | 51% |

Green Building Certifications Affect on Property Values

| Region: | Northeast | Midwest | South | West |
|----------------|-----------|---------|-------|------|
| Increase value | 38% | 40% | 42% | 39% |
| No effect | 40% | 34% | 30% | 33% |
| Decrease value | 3% | 1% | 1% | 4% |
| Don't know | 18% | 25% | 27% | 24% |

* Less than 1%

Buildings' Time on Market with Green Certifications

| Region: | Northeast | Midwest | South | West |
|----------------------|-----------|---------|-------|------|
| Much more | 2% | 2% | 3% | 2% |
| A little more | 2% | 3% | 5% | 2% |
| Neither more or less | 41% | 27% | 30% | 27% |
| A little less | 11% | 7% | 12% | 11% |
| Much less | * | 1% | * | * |
| Don't know | 44% | 60% | 50% | 58% |

* Less than 1%

Regional Breakouts

Value of Energy Efficiency Promotion in Commercial Listings

| Region: | Northeast | Midwest | South | West |
|------------------------|-----------|---------|-------|------|
| Very valuable | 23% | 25% | 26% | 25% |
| Somewhat valuable | 50% | 40% | 42% | 35% |
| Neutral | 10% | 18% | 24% | 21% |
| Not very valuable | 8% | 6% | 5% | 7% |
| Not at all valuable | 2% | 2% | 1% | 5% |
| Depends on the listing | 7% | 8% | 2% | 7% |

Experience with Commercial Building Repurposing

| Region: | Northeast | Midwest | South | West |
|--|-----------|---------|-------|------|
| Experience with Commercial Building Repurposing | 28% | 40% | 38% | 33% |
| No Experience with Commercial Building Repurposing | 61% | 52% | 48% | 54% |

Client/Property Owner Interest in Sustainability Topics

| Region: | Northeast | Midwest | South | West |
|------------------------------------|-----------|---------|-------|------|
| Very interested | 7% | 2% | 6% | 2% |
| Somewhat interested | 33% | 42% | 42% | 38% |
| Neither interested or uninterested | 28% | 42% | 30% | 29% |
| Somewhat uninterested | 21% | 16% | 17% | 25% |
| Very uninterested | 11% | 7% | 5% | 6% |

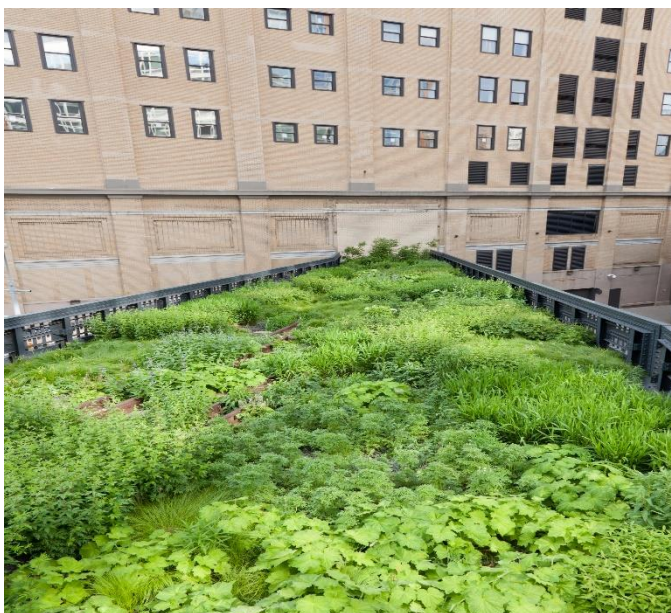
NAR Survey Respondents

- Among all of the respondents surveyed, the median age was 55, with 27 percent falling into the age bracket between 55 to 64 years, 22 percent between 45 to 54 years, 17 percent between 65 to 74 years, and 17 percent between 35 to 44 years.
- The primary functions of survey respondents were sales agents at 61 percent, followed by broker-owners at 17 percent.
- Respondents have been active as real estate professionals for a median of eight years.
- The regional distribution of survey respondents was highest in the South (51 percent), West (19 percent), and Midwest (19 percent), and lowest in the Northeast (11 percent).
- Survey respondents worked a median of 35 hours in a typical work week.

Methodology

In June 2023, NAR invited a random sample of 153,382 active REALTORS® to complete an online survey. A total of 6,520 usable responses were received for an overall response rate of 4.2 percent. At the 95 percent confidence level, the margin of error is plus or minus two percent.

The primary measure of central tendency used throughout this report is the median – the middle point in the distribution of responses to a particular question or, equivalently, the point at which half of the responses are above and below a specific value.



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The National Association of REALTORS® is America's largest trade association, representing more than 1.4 million members, including NAR's institutes, societies and councils, involved in all aspects of the real estate industry. NAR membership includes brokers, salespeople, property managers, appraisers, counselors and others engaged in both residential and commercial real estate.

The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict Code of Ethics.

Working for America's property owners, the National Association provides a facility for professional development, research and exchange of information among its members and to the public and government for the purpose of preserving the free enterprise system and the right to own real property.

NATIONAL ASSOCIATION OF REALTORS® RESEARCH GROUP

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