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Preface

Journal Changes and Key Contacts

This is the second volume and full issue of the Journal of Sustainable Real Estate. Beginning with this edition, we will print a small number of copies, although the bulk of our distribution will be electronic. Seasoned professionals like myself often have concerns with a real journal that is purely electronic, so let me assure you that the academic review process, editing process and copy-editing process is identical to that of the traditional ARES print journals. There are a few significant differences, including some advantages. First, with an online publication, we have the ability to produce a four-color publication. Second, we can also accept links embedded into the papers or footnotes that provide additional information. If you do provide a link, it must not be to promote or sell a product or service, but simply to offer additional information or resources. An exception might be a book link, i.e., where to buy a book mentioned in the paper or a non-profit organization event. Third, we eliminate the need to use vast amounts of paper and incur other printing and shipping costs.

A new feature of this Journal is the posting of “Industry Perspectives” at www.josre.org. This is a compilation of papers that are worth reading and have been reviewed, but are not typical academic papers with literature reviews and empirical testing. They provide advice, strategy discussions, and synthesis. We expedite the process of publication by not copy-editing and typesetting these papers. Rather, we publish them as edited and formatted by the authors. Note that not all submitted papers are accepted in this section. We received about three times as many papers as we accepted in Volume 2, and we expect that over time we will receive even more submissions.

This journal has now been accepted in Econ Lit, the American Economic Association’s prestigious electronic bibliography. This will mean that citations of work published here are more likely than before when we were a relatively unknown publication.

The CoStar Group continues to fully fund this Journal including editing and prizes. The University of San Diego Burnham-Moores Center for Real Estate continues to manage the journal with the dedicated help of Myla Wilson and editorial assistance by Jeryldine Saville. The American Real Estate Society (ARES) continues to support the journal as one of its official publications, and we have three very capable associate editors who work with me to review papers and determine which papers are accepted. They are: Nico B. Rottke (Europe), European Business School, email: rottke.ebs@rem-institute.org; Robert Simons (North America), Cleveland State University, email: r.simons@csuohio.edu; and Kwame Addae-Dapaah (Asia), National University of Singapore, email: rstka@nus.edu.sg.

Submissions should still be sent to greenjournal@sandiego.edu or to nmiller@sandiego.edu with a copy to mwilson@sandiego.edu.
Acknowledgements

We thank the CoStar Group and the support of CEO and President Andrew Florance for funding this journal in full. We want to make it clear that while CoStar has provided the funding to us and data to many researchers, they have always provided complete independence and never asked to see any results prior to publication. I am also deeply indebted to Myla Lorenzo-Wilson, who has worked tirelessly on communications with authors, provided content and cover designs and otherwise managed the entire review process of the journal and to the University of San Diego’s Burnham-Moores Center for Real Estate for their support of this journal.

This is what we hope will be the second of many issues until such time that sustainable real estate becomes so mainstream that a separate journal is no longer needed.

We also want to thank our Editorial Board, especially the Associate Editors who deserve the red pen award for reviewing so many papers. Some members of the Advisory Board participated in a discussion in the Industry Perspectives section, and they continue to provide vital links by cheerleading submissions from those involved in sustainable real estate research.

CoStar

On behalf of the CoStar Group, I am very pleased to welcome the publication of the second issue of the Journal of Sustainable Real Estate (JOSRE), and to congratulate the authors whose original research is presented in this second issue.

CoStar Group continues to be an active supporter of academic research involving the built environment. As part of our ongoing efforts to increase awareness of energy efficiency and sustainability issues in real estate, CoStar has joined with the ARES to sponsor JOSRE with the goal of provoking thought and encouraging discussion by publishing a collection of research papers addressing sustainable real estate issues. CoStar has also undertaken a series of quarterly webinars with the U.S. Green Building Council and may soon start teaming up with the Environmental Protection Agency to provide information on trends and best practices.

Of all the core categories of energy consumption in the United States, the built sector is the least efficient and has the largest potential for cost-effective improvement. Addressing the impact that sustainability practices can have on this major business sector is critical.

And yet, businesses and public sector organizations face a daunting task in confronting the fundamental challenges presented by climate change, population growth, and resource constraints. If successful, their decisions may lead to the development of market-leading innovations and technologies and drive changes in business practices and consumer behavior needed to integrate sustainability on a large scale and achieve the economic rewards and long-term viability that sustainable principles offer. However, if we are unsuccessful in meeting those challenges, we collectively face increased costs, diminished opportunities, and a very real risk to our future.
Above all, confronting what I believe to be one of the greatest challenges of our
time requires innovative thinking and fundamentally questioning the accepted
status quo in our real estate and business practices. It requires careful consideration
of alternatives, clear-eyed analysis of risks, and thoughtful debate on the merits
of pursuing different strategies for securing our future and achieving our long-
term goals.

This rationale is motivates CoStar to proudly sponsor independent research into
sustainable real estate. In doing so, the goal is to help in a small but meaningful
way those investors, developers, appraisers, lenders, asset managers, government,
and land use regulators gain a better understanding of the issues associated with
sustainable real estate practices.

As more and more providers and occupiers of business real estate integrate
sustainability into their business strategies, we believe there will be competitive
advantages for innovative companies to unlock opportunities and capture profitable
growth. Through our support of this JOSRE, our hope is that independent research
in this area can spur additional interest and provide the insight and recognition
that helps bring about those needed changes.

In addition to sponsoring academic research, CoStar offers qualified university
professors and their students access to CoStar’s comprehensive online information
services for use in their research and in their educational endeavors. More than
1,100 professors and students at more than 150 universities are currently enrolled
in the program. To learn more about this program and the research resources
available through CoStar, I encourage you to visit www.costaruniversity.com. More
information on JOSRE can be found at www.josre.org.

Andrew Florance
Chief Executive Officer
CoStar Group

The U.S. Green Building Council

Buildings represent a nexus of impacts and opportunities for people and the
environment. We have ample documentation of the far-reaching consequences of
buildings for energy use, water consumption, greenhouse gas emissions, human
health, occupant productivity, and myriad other factors. The magnitude of these
impacts means that the design, construction, and operation of buildings also
provide far-reaching opportunities to reduce negative impacts and ultimately strive
to make active, positive contributions. This convergence of impacts and
opportunities means that buildings must be central to any effort to address the
sustainability of human activities.

Understanding this confluence of impacts and opportunities requires new
interdisciplinary approaches and strong connections between theory and practice.
As with so many new fields of study, the issues associated with green buildings
and real estate do not fit neatly into existing academic categories. Rather, the most
pressing and potentially rewarding intellectual challenges are arising at the
boundaries and interfaces between disciplines. JOSRE provides an urgently needed
vehicle for rigorous, peer-reviewed communication for the growing green building
research community that strives to bridge these boundaries and create novel
scholarship at the confluence of disciplines. Over time JOSRE has the potential to become a critical outlet for new work and, consequently, an essential part of the intellectual foundation for this rapidly growing research community.

*JOSRE* can fulfill this potential by providing a forum for the rigorous exchange of ideas and seeking an editorial balance that blends concepts and empirical observations to advance both the theory and practice of green building. In this issue, the editors and contributors have demonstrated this balance with an exceptional collection of papers. Going forward, I encourage the research community to reflect on the example set herein and the broader goals and aspirations of this fairly new publication. *JOSRE* provides an important outlet for findings that will help shape the future of all building.

**Chris Pyke**  
Director of Research  
U.S. Green Building Council
Foreword

The first paper, by Eugene Choi, focuses on the effects of municipal policies on seeking green building designations. In this follow-up from Volume 1, Choi continues to address important questions about effective policies for encouraging green development or retrofits. We need more work on this topic as we balance the carrot versus stick approach of incentives versus regulations.

The second paper, by Steven Laposa and Sriram Villupuram, provides a comprehensive examination of corporate sustainability policies. There are an increasing number of scorecards for reporting corporate sustainability, and the authors provide some insights into the issues yet to be resolved, along with some clear and valuable advice. The third paper, by Norm Miller, Dave Pogue, Jeryldine Saville, and Charles Tu, discusses the operations and management of green buildings. This study is a continuation of the ongoing collaboration between the University of San Diego and CB Richard Ellis, which looks at the portfolio of green properties managed by the company. Insights on the benefit of separate metering and the impact of ENERGY STAR ratings are discussed, along with a review of green building management and operating practices. The fourth paper, by Aaron Binkley and Brian Ciochetti, covers carbon markets and whether they provide hidden additional value for real estate owners making green improvements beyond energy savings and/or rent impacts. The fifth paper is by Kwame Addae-Dapaah, Tham Kok Wai, Mohd Jaafar Bin Dollah, and Yvonne Foo, who examine the impact of indoor air quality and office property value using a sample from Singapore. The sixth paper is written by Stephanie Rauterkus, Grant Thrall, and Eric Hangen, who discuss locational efficiency, mortgage default, and risk as tied to the sustainability of location, as well as a host of other demographic/social control factors. The remaining papers cover responsible investing, valuation, sustainable community development, barriers to sustainable development, wind farm impacts, reducing greenhouse gases, solar panels and tree regulations, corporate governance affecting sustainable investment or leasing policies, teaching sustainability, and the pay-off from energy improvements.

We hope that you find the papers in Volume 2 to be interesting and thought-provoking. We appreciate your sharing JOSRE’s website (www.josre.org) with as many appropriate individuals and organizations as possible. Thank you.

Norman G. Miller
Senior Editor
University of San Diego and CoStar