

How To Engage Tenants

... to share utilities data

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Introduction

Our industry is engaged in an important dialogue to improve sustainability through ESG transparency and industry collaboration. Building owners need tenant utilities data for ESG reporting but tenants are often reluctant to share data.

This article was published on GRESB (www.gresb.com) on Dec 1, 2023.

The pressure rises for robust utilities data

Every year, come GRESB submission season, sustainability managers are faced with the challenge of comprehensive energy consumption data. Simultaneously, inboxes fill with requests from investors and superiors demanding updates on efficiency initiatives and Green Lease Agreements. Understandably, tenants often hesitate to sign these leases and share their data. They question the direct benefit for them and the reasoning behind the added bureaucracy. This friction highlights a pressing pain point: while real estate owners depend on transparent utility information, occupants lack motivation to supply it.

Investors particularly seem to increasingly focus on robust reportings: 95% of investors use ESG data for their decision-making. Simultaneously, 87% of investors believe that they are being greenwashed. Deloitte found that executives overwhelmingly view improving data quality as a top challenge. With leased spaces accounting for up to 80% of building energy use, tenant utility information represents a major blind spot. The need for transparent utilities data is evident, so where does the process falter?

Meanwhile the facilities coordinator over at the tenant's office starts the day handling complaints about rising energy costs. With no access to usage data or control of building systems, they have limited options to cut consumption across leased locations. Even when manual monitoring is well scheduled, it is not always reliable, secure or frequent enough to fulfill ESG needs. Just imagine the property manager being sick during metering-week or forgetting the outside parking meter near the water well. Understandably, the latest requests flooding into landlord inboxes to share this hard gathered utility information just adds to the pile of bureaucracy.

Both sides struggle with this energy data dilemma. Property owners need insights to drive efficiency, meet tightening regulations, and satisfy shareholders. Tenants want autonomy, are slow to trust, and see little upside to engagement. However, to reach the ultimate goal, net zero, collaboration through aligned interests is essential.

Left unaddressed, this dilemma limits tenants' ability to improve energy efficiency. However, through purposeful communication and individualized technical solutions, owners can align tenant interests with ESG objectives to unlock the full potential of water and energy data.

Regulatory pressure is on the rise

The tenant dilemma has become more pressing as regulatory requirements for benchmarking and disclosure tighten. Regional policies mandating regular energy audits, transparency, and performance standards necessitate comprehensive consumption data.

Despite the fact that most multi-site businesses understand the need for transparency in utilities data, many are unaware of the rising regulatory pressure. In Germany, the recent “Energieverordnung 2032” has set a new timeline for smart meter rollout, requiring increased submetering and tenant data sharing.

By 2025, all consumers between 6,000 and 100,000 kWh per year and system operators between 7 and 100 kW installed capacity will need intelligent metering systems. At least 20% must have smart meters by end of 2025, 50% by 2028, and 95% by 2030. This regulation will make submetering at the tenant level essential to providing building owners the requisite insights for compliance. Similar policies focus on energy benchmarking and auditing. Performance standards are increasing the need for comprehensive tenant utility data across Europe. As regulations tighten, tenant participation and advanced submetering will become critical for owners in all countries to meet mandatory transparency requirements.

From obligation to opportunity: A mutual advantage

Traditional utility set-ups provide only aggregated consumption for the whole building. Retrieving granular insights on tenant consumption requires the active participation of tenants through monitoring access. This represents an added burden tenants are rarely inclined to accept as a result of data security and exploitation concerns. Tenants worry landlords will misuse insights to increase rent or invalidate leases. Some even fear behavior or business activity tracking. While these risks appear minimal, the perceived lack of benefits limits tenant engagement.

Thus, progress is contingent on reshaping the tenant perspective. As such, communicating the mutual benefits of energy initiatives is key. With transparent consumption insights, tenants can better manage their own consumption. Simultaneously, efficiency upgrades lead to reduced costs for HVAC and lighting.

Ultimately, tenant participation enables sustainability targets to be reached more quickly and more easily, in turn benefiting the environment and community. Optimizing energy efficiency without compromising on comfort generates lower operating expenses.

Occupants willing to share consumption data with owners build crucial trust in the process. This spirit of collaboration lays the foundation for an impactful sustainability approach.

Empowering tenants through technology

Smart submetering is a technological breakthrough for aligning tenant and owner interests because it provides granular consumption tracking in real-time. As neutral intermediates, smart submetering providers increase the visibility into consumption patterns for both tenants and landlords.

Empowered with this knowledge, occupants can tailor their habits for conservation, and owners gain critical data to optimize the sustainability rankings of their assets while simultaneously respecting the autonomy of the tenant. Integrating submetered insights across a portfolio enables robust benchmarking and presents opportunities for cost saving.