

Increase your property value

A growing trend in the industry is to increase property value by reducing operating expenses. Traditionally property managers have increased their rents to keep up with rising costs and to improve property value. Today, leading property managers are using energy efficiency as a way to improve property value and differentiate themselves from the competition.

Boost your marketing success

Energy efficiency makes sense from a marketing perspective as well. Renters are more educated, more discerning and more demanding than ever. They are looking at their own environmental impact and want to live in buildings and communities that strive to minimize that impact.

Improving the efficiency of your building gives you a competitive edge. Not only do you save money, but your building becomes much more attractive to renters looking for a green lifestyle:

- lower utility costs
- more comfortable living space
- smaller environmental footprint



"More and more, savvy renters are looking for communities with sustainable and environmentally sound design and features. Addressing that growing need through energy efficient upgrades increases marketability and improves the bottom line."

Jim Wiard
Portfolio Manager,
Guardian Management, LLC

Energy efficiency: a win-win-win

Improving energy efficiency in your building makes sound business sense. The significant monthly energy savings not only can improve your net operating income, it can increase your property value. You can increase the possibility that your tenants are happy because their housing is more comfortable, their utility bills are lower and they live in a building that contributes toward a more sustainable living environment.

As a result, your turnover rate and associated costs can decrease, further improving your bottom line. You can save money, differentiate yourself from your competitors and contribute to the health of the planet. It's a win-win-win!

Getting started

PGE and Energy Trust of Oregon make it easier than you think. Energy Trust of Oregon offers pre-qualified cash incentives and/or energy tax credits for many of these projects.†

To learn more about the Business Energy Tax Credit (BETC) and the Energy Trust cash incentives, call Energy Trust's Multifamily Home Energy Solutions program at **1-866-311-1822** or visit **EnergyTrust.org/Multifamily**.

For more information about cost-effective energy savings ideas for your properties, contact the PGE Business Services Team at:

503-228-6322 (Portland);
503-399-7717 (Salem);
1-800-542-8818 (outside Portland or Salem); and
Business.Services@pgn.com.

† In order to be eligible for these incentives, your property must be physically located within the PGE service territory.

Improve your **bottom line** through energy efficiency

- Reduce operating expenses
- Increase net operating income
- Increase property value
- Reduce tenant turnover rates



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Add up the savings

Consider increasing your property value with smart energy savings.

For example, let's say Evergreen Properties manages a 20 unit property for a client that generates \$98,100 in annual net operating income. Assuming a cap rate of 6.5 percent, the building is worth \$1,509,231.

Evergreen makes the following upgrades:

- Common area lighting retrofit (hallways, staircase, entry way, exterior)
- Laundry room upgrade (replaced washing machines with high-efficiency models)

These improvements yielded \$3,000 in savings on the property's utility bills. With a 6.5 percent cap rate, these savings translate into \$46,154 in added property value.

Energy Savings Investment

	Before	After
# Units	20	20
Scheduled Gross Rents	\$174,000	\$174,000
Gen. Operating Expenses	(\$42,700)	(\$42,700)
Utilities	(\$9,500)	(\$6,500)
Vacancies 5%	(\$8,700)	(\$8,700)
Property Taxes	(\$15,000)	(\$15,000)
Net Operating Income	\$98,100	\$101,100
Cap Rate	6.50%	6.50%
Market Value	\$1,509,231	\$1,555,385

After the initial investment, Evergreen immediately benefits from the monthly utility savings and a short payback period. The investment itself turns out to be just a fraction of the increased property value. The rest can be pure profit for the client.*

*Individual project costs, utility savings and investment results will vary.

Strategies that work

1

Common Areas

Since property managers and owners pay the utilities in these areas, reducing these expenses can directly benefit the bottom line and property value. Common areas include: lobbies, meeting areas, laundry rooms, staircases, hallways and exterior areas.



Strategies	Benefits
Lighting <ul style="list-style-type: none"> • ENERGY STAR® compact fluorescent lights • T8 fluorescents with electronic ballasts • Occupancy sensors • High-efficiency LED exit signs • Timers and/or photosensors on outside lights • Replace aging outdoor lighting with more efficient sources 	<ul style="list-style-type: none"> • Bulbs last 10 times longer (CFLs) • Payback in less than a year (CFLs) • Easy to implement • Low-cost investment • Longer lamp life • Lower maintenance • Improved light quality
Laundry Facilities <ul style="list-style-type: none"> • ENERGY STAR® washing machines 2.0 or more energy factor (EF) 6.5 or less water factor (WF) 	<ul style="list-style-type: none"> • Reduces water and sewer bills • Reduces hot water use; decreases water heater operating costs • Spins clothes drier; needs less time in dryer

2

Tenant Units

These strategies benefit both property managers and tenants. Property managers can save on water and sewer bills. Tenants can save on electric and gas bills. Additionally, lower utility bills can make the building more attractive to tenants, potentially reducing turnover rates.



Strategies	Benefits
<ul style="list-style-type: none"> • High-performance shower heads • High-performance faucet aerators • ENERGY STAR® washing machines 	<ul style="list-style-type: none"> • Reduces water and sewer bills
<ul style="list-style-type: none"> • Programmable thermostats • ENERGY STAR® compact fluorescent lights • ENERGY STAR® light fixtures • Replace & recycle old refrigerators 	<ul style="list-style-type: none"> • Tenants save on energy bills • Makes housing more affordable

3

Building

By reducing your baseline energy usage and improving tenant comfort, your building becomes more marketable: it's more sustainable, it uses less energy and it's a pleasure to live in. All of this can improve your occupancy rates and attract tenants who take pride in the building and treat it well.



Strategies	Benefits
<ul style="list-style-type: none"> • Insulation: attic, crawl space, walls • Air sealing: all cracks and leaks 	<ul style="list-style-type: none"> • More cost effective than replacing windows
<ul style="list-style-type: none"> • Energy efficient windows 	<ul style="list-style-type: none"> • Increases curb appeal and occupant comfort
<ul style="list-style-type: none"> • Mini-split heat pump 	<ul style="list-style-type: none"> • Add air conditioning without unsightly window units • No ductwork required
<ul style="list-style-type: none"> • High-efficiency water heaters 	<ul style="list-style-type: none"> • Use less energy to heat water



"Energy walkthroughs make smart business sense. We all know that saving a few thousand dollars per year in operating expenses can significantly increase the property's value for the owner."

Joan Carro
Vice President, Riverstone Residential Group