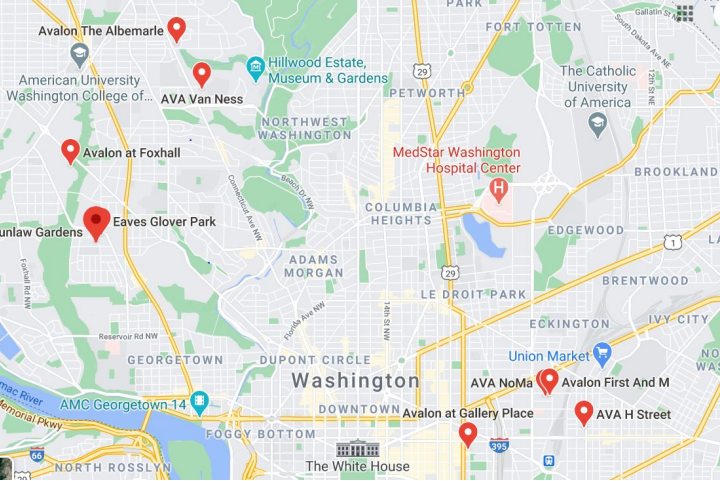


Multi-family REITs & Sustainability: Moving Beyond Competition

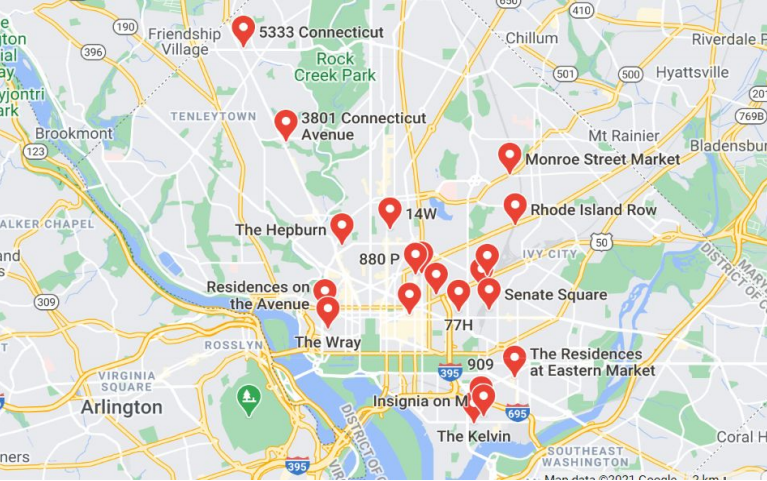
Cassandra McFadden
AvalonBay Communities (Equity REIT)
Director of Energy Management

Rentals in the District: Large Footprint. High Demand. Big Barriers. & Competition.

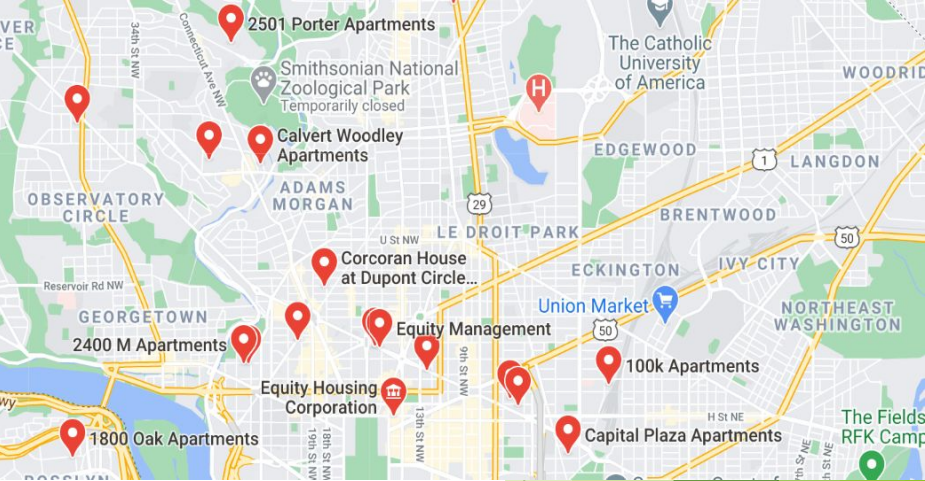
AVB



BOZZUTO



EQUITY



Basis of competition: Property owners compete for tenants on location, rental rates, amenities and design.

Focus areas: Compliance, property income, and external reporting.

Shift to: longer-term, building/ portfolio life-cycle analysis, & collaboration on/ “open sourcing” for sustainability strategies.

Critical Obstacles to Rapid Progress

- ▶ Traditional business models with sustainability as an addendum
- ▶ Business focus on bottom line, sustainability investments appear as “risk”
- ▶ Energy as a dense industry/ topic
- ▶ Leadership deterred by first-mover-disadvantages or free-rider concerns
- ▶ Sustainability strategy is not core competency or business focus
- ▶ Greater focus on compliance and reputation versus environmental progress
- ▶ Small number of employees/ associates engaged in sustainability journey
- ▶ Lack of synergy from board members
- ▶ Policies and regulations (+ Clean Energy DC Actions) as ceiling, not floor
- ▶ Delayed progress due to lack of information sharing and collaboration
- ▶ Taking for granted resident engagement
- ▶ **Competition > Collaboration**



Opportunity Alert: REITs (Limited) Open Source Collaborations



Magazine

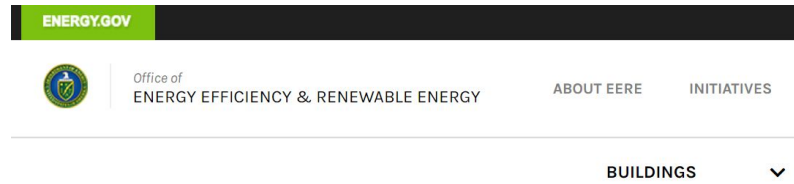
REITs Increasing Focus on Risks Due to Climate Crisis

04/05/2021



To Go Green, the Energy Industry Goes Open Source

Challenges around renewables are prompting players in the “traditional” sector to collaborate on software they can modify to address their changing needs.



All Our Patent Are Belong To You

Elon Musk, CEO • June 12, 2014

Yesterday, there was a wall of Tesla patents in the lobby of our Palo Alto headquarters. That is no longer the case. They have been removed, in the spirit of the open source movement, for the advancement of electric vehicle technology.

Tesla Motors was created to accelerate the advent of sustainable transport. If we clear a path to the creation of compelling electric vehicles, but then lay intellectual property landmines behind us to inhibit others, we are acting in a manner contrary to that goal. Tesla will not initiate patent lawsuits against anyone who, in good faith, wants to use our technology.



Regarding Buildings & Construction, to achieve Washington D.C.'s Carbon & Equity goals, the most critical obstacle for multi-family REITs in the District to overcome...

is to **connect sustainability leadership** in order to open source resources, innovation, and strategies.