

ENVIRONMENT®

Chelsea Group's Newsletter of Building Science Applications
For Owners, Asset Managers, and Property Managers of Real Property

Fourth Quarter, 2008

HIGHLIGHTS

Breaking Story:

Chelsea Group honored for innovation in sustainability
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Project News:

First ECO-Audits Show Value of the Chelsea Approach
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Learning Opportunities:

"BOMA Phoenix Compass Tour on Sustainability"
Tempe, AZ, November 6th

"BOMA Hawai'i Disaster Preparedness Week"
Honolulu, November 10-14

"USGBC: GreenBuild 2008"
Boston, November 19-21

Available Case Studies:

"Asset Optimization in a Highrise Building"

"Annual IAQ Monitoring at a Midwest Office Building"

"LSU Health Sciences Center: Preparing for Restoration after Katrina"

"Moisture Management at University Center"

"In the LEED at World Trade Center 7"

"LEED Logic for an Existing Building Portfolio"

GOVERNOR LINGLE OF HAWAII PRESENTS AN INNOVATION AWARD TO CHELSEA GROUP

Developing a way for commercial building owners to cut energy costs and to meet national efficiency standards has earned Chelsea Group, Ltd., recognition by the State of Hawaii. Governor Linda Lingle honored the Molokai-based firm for its "ingenuity and commitment to developing creative ways to improve Hawaii and help the state meet the challenges of the 21st century."



Presenting the Governor's Innovation Award to Chelsea CEO George Benda, Gov. Lingle praised the firm for developing "an innovative way to use virtual technology to help its customers around the nation become more environmentally friendly and energy efficient."

Benda noted that he "was extremely pleased and honored" to receive the award. He added, "We have shown that sustainability is not a pie-in-the-sky concept. It is achievable and within the means of most companies today." Chelsea Group, taking advantage of the advances in innovative information systems technology, conducts business through a virtual office platform in Honolulu, Phoenix and Chicago. Benda noted that "doing away with the need for bricks-and-mortar infrastructure dramatically reduces the need for business travel and commuting."

"Our experience in LEED certification has taught us that the process is long and complex. By simplifying the process with online tools, we have been able to offer our clients a cost-effective way to move through the process," Benda pointed out. "That will save money our clients can then invest in further physical improvements that will enhance the sustainability of their properties. We have a process that is data driven and ROI focused, and that is what our clients want," he added.

EVENTS

CHELSEA NATIONAL ACCOUNTS PROGRAM TO FOCUS ON SUSTAINABILITY AND ASSET VALUE



Chelsea Group is proud to announce that Lois Grobert has joined its team as Director of National Accounts. Grobert recently left Citigroup where she played a key role in their real estate sustainability program. "I'm excited about the really slick tools Chelsea Group has developed to advance sustainability," Grobert said. "And I have always been impressed with their emphasis on optimizing asset value. These are the things I will carry to our present and future clients"

CHELSEA REGIONAL OPERATIONS TEAMS DRAW NEW TALENT

Dave Munn, Chief Technical Officer at Chelsea Group, announced that Kevin Chock has joined the team as Regional Technical Manager for the Pacific. Chock brings industrial and utility expertise to the team. "With Chris Munn taking on the Western US region, and Terry Gorski still handling the Eastern US, we are ready to build our operations," said Munn. The moves respond to growing workload, particularly in sustainability. The regional teams provide the backbone of engineering and building science talent and field capability, delivering projects on time and within budget.

ECO-AUDITS: FIRST GENERATION PROVES THE VALUE OF THE CHELSEA APPROACH

The results are in: Chelsea Group ECO-Audits give asset managers a bottom line calculation of the hidden value to be found in sustainability investments at any given property. In a trial portfolio for a major pension fund, the three properties evaluated showed a potential realizable value in excess of \$20 million.

"The growing sophistication of owners and asset managers requires innovative thinking in sustainability management," explained George Benda, Chairman and CEO of Chelsea Group. "When the market turns and transactions begin, we expect savvy asset managers will be looking for every advantage in finding hidden value in real properties and we have a way to find that value," he added.

The Chelsea Group ECO-Audit offering was designed to fill a need in commercial real estate for a sustainability component in property condition assessments during the sale of a property. The Chelsea Group approach to delivering value to clients has produced a tool that offers the rapid identification of the potential value of sustainability investments – calculating the return on investment (ROI), internal rate of return (IRR), and the net present value (NPV) for a market Cap Rate (NPV CAP).

"The sustainability program NPV CAP gives a new and exciting way for asset managers to squeeze value out of a transaction in a turbulent market," said Chelsea Group's new Director of National Accounts, Lois Grobert. "And value will be the name of the game as the financial industry struggles to overcome the shocks of the past year," she added.

Sustainability has proven to be one of the few areas where value for commercial real estate remains vibrant in the present market. The social and political forces based in the global climate change initiatives combine with emerging technologies and energy market drivers to make sustainability management a hot topic. Chelsea Group's ECO-Audit approach offers an investment based alternative to narrow focus on LEED certification, and can be applied to all asset categories.

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