



## IREM® From the Front Lines Podcast

[irem.org/learning/from-the-front-lines](http://irem.org/learning/from-the-front-lines)

### Episode 5.18

9/17/24 Release

Jackson Control Sustainability Awards

Todd:

Welcome to another edition of From the Front Lines, where we discuss both the day-to-day, and one-of-a-kind issues facing real estate managers. In this episode of From the Front Lines, IREM Program Director Maureen Powers talks to Greg Ericksen from Jackson Control about the 2024 Jackson Control Sustainability Awards. Over to you, Maureen.

Maureen:

Thank you, Todd. Greg, it is such a pleasure to have you with us today. We are so grateful for your partnership with the IREM Foundation and your sponsorship of the Jackson Control Sustainability Awards. Thank you so much for joining us today.

Greg:

It is great to be here. Thank you, Maureen.

Maureen:

We recently celebrated our second year of the Jackson Control Sustainability Awards program, recognizing exceptional performance among IREM Certified Sustainable Properties. For our listeners who may not be familiar with the program, award winners are chosen based on their significant contributions to sustainability, energy conservation, community engagement and environmental stewardship. Greg, before we discuss this year's winners, would you please tell us a little bit about yourself, your company and your motivation for establishing the Jackson control Sustainability Awards with IREM Foundation.

Greg:

Sure, I'd love to. So Jackson Control's purpose is to retrofit the technology of buildings to help save the planet. And you could probably call us a climate optimist instead of a climate pessimist, as far as what we do. I mean, we have the chance to see the benefit of upgrading facilities. We've been in business five and a half decades. We began as a technical support organization for the various manufacturers around the country, like Honeywell, Siemens, Johnson Control, Trane, and our role was to make sure that the contractors and the owners got it right when they were upgrading and kind of enhancing their facilities. We evolved with all technologies over the years. We basically started with air conditioning. I'll take you all the way back into the kind of mid-60s, when we started the conditioning of air and a lot of southern states really got on the map. And it's been an exciting process, you know, not to belabor some of the technology, but it started in pneumatics, moved to what's called direct digital controls, and now we're in what we call building IoT, building Internet of Things. But yeah, it's advanced quickly. If you look at the life of a building, maybe 100 years would be the average, you would typically retrofit a building five to 10 times during that

lifespan. So we're in an area that's highly active, quite honestly, much bigger than new construction, and it's, you know, been quite a learning experience, of course, for us along the way, and excited about the benefit that we could deliver as a result. But our vision is really to help buildings achieve net zero carbon pollution. And you know, to do that, we retrofit with devices that help with efficiency and cost savings. So I think this award maps perfectly with the purpose of our company and the vision that we have. It's a chance to really recognize the leaders, you know, recognize the people who are getting the job done out there from a sustainability standpoint. I noticed this morning the headlines on Bloomberg News was: "The World Has the Hottest Summer Ever as Climate Extremes Increase". That's kind of a frightening headline, quite honestly. What you'd call dangerous extreme weather. I think the awards start to focus on, you know, where the opportunity is to really make a difference. Buildings generate 40% of the carbon pollution, if you will. But there's another story there. The major cities, take Chicago, New York, really, any major city in the world, 80% of the carbon emission is coming from buildings. So if we don't get this right in buildings, we're really not going to solve the problem, and we're not going to create what they call a stable planet. So I think the awards are just a wonderful way to communicate, to message what's possible out there. I think, you know, the positive recognition for jobs well done, you just can't replace it. And you know, this isn't the next generation's problem. It's really our problem. You ask the people in Arizona and Texas, you know, or Greece and Turkey, you know, is this the next generation's problem? I think they're going to tell you we need to take care of it now. So we love being involved with this program. We think it's exceptionally managed from IREM's standpoint, and really just excited about the whole thing.

Maureen:

I love that you call yourself a climate optimist, especially after the news headline that you just relayed. We need some optimism, and we need these stories of hope and progress. So thinking about that, I'm wondering what have you found most exciting or encouraging about this year's award winners?

Greg:

So it's not only this year's award winner, it is the level of participation and competition that we saw in the in the awards in the process. I mean, there were over 600 nominations that were received. That's phenomenal. You know, 600 nominations and these plans were very, very well thought out. You can see that the message is getting across to the community, that it's something that, you know, we all need to do something about. The quality of the applicant was up, the commitment from the top management was very, very apparent, and was just a process of getting everyone involved. I mean, I don't know how you could become more encouraged about, you know, starting to find a solution than looking at these applications quite honestly. But you know, I'd have to say this: measurement makes miracles happen. I don't know if you've ever heard of that, you know, slogan before, but it's so true. And the CSP process, the IREM process, really creates that tracking, you know, it helps kind of identify the action plan that can be followed in order to make progress here, improve the environment.

Maureen:

Excellent. Thank you. Yeah, in addition to this exceptional performance that we see in the winners, and also in, as you mentioned, the 600 nominees that were reviewed, the award also recognizes the people, right, that are behind this and partnership. So from your perspective, how does partnership between all the different property stakeholders contribute to the success of these properties?

Greg:

Yeah, great, great question, because this is really where it all starts. You know, you hear people talking about nature all the time and the change that's occurring, but this is all really about people. And if you look at the facilities, the buildings, it shows you that, you know, we all need to come together in order to make a difference. Let's just take a look at the stakeholders that are involved in facilities, buildings. You have investors, right? The investors want what we call absolute returns, like they're going to put money in. They want to make sure it's, you know, well spent. You've got owners. They want to make sure they have happy tenants. You have the tenants, they want comfort. You've got the community they want good corporate citizens. You've got the employees, they want a great place to work, they want a career, they want a future. So sustainability gives everybody a platform to kind of sing out of the same hymn book, quite honestly. And just going back to you know, what impressed us about this year's process with basically the planning, strategy, the come together attitude that everybody had about making sustainability real and making a difference. So, you know, we kind of have a saying: anyone can make a difference, and everyone should try. So when you talk about, you know, getting everybody together here, you know, partnership, it's really exciting to see everybody in the in the same boat, rowing in the same direction.

Maureen:

I'm wondering, there are so many different aspects of sustainability, so many different routes that one can start on, in terms of ESG strategies. Where are you seeing the most progress right now, in terms of sustainability practices and ESG strategies?

Greg:

Sure, sure, we're seeing progress actually, on a number of fronts. And I'll take it from a very global perspective, first, from kind of a political standpoint from what I'll call a financial standpoint and then a technological standpoint. We're all headed in the right direction. I think that's the good news. I think the word of caution is, you know, time is running out, that we do need to pick up the pace. But you know, let's look at politics. Regulation is playing a very big role here in helping move this whole thing forward. There's some very aggressive goals that have been set, and I'll take New York as an example. You know, New York, with their climate act, they want to achieve 40% reduction in carbon pollution by 2030. That's only 60 months from now, maybe 72 depending on when you start. By 2050, they want to achieve an 85% reduction, 85% based on 1990 levels. So, I mean, these are aggressive targets, but these are the type of targets that really need to be in place to start to make a difference out there. I'll talk about kind of the financial world, you know, that's moving in the right direction as well. The SEC has recently approved what are called climate disclosure rules. They will be effective starting in 2025 for really the largest of companies that trade publicly. The next level of companies not considered the early adopters, but they will be required to start reporting on their climate initiatives and results by 2026 and then the rest of the publicly traded world needs to get on board, starting in 2027. But these are really powerful developments because, you know, this affects the investor community. This this kind of affects, you know, so many of the entities that we all are going to deal with. They need to focus on sustainability and what they're doing in this respect. Then I'll touch on the third area, the technology world, which is really our world. This is the Jackson Control world. Buildings are some of the world's most complex control systems. I think that's what people need to appreciate. A large building can have over 100,000 different, we call them points, that need to be controlled, where information can be gathered. And someday things like AI or machine learning will create what we call a self-driving building, just like a self-driving car. But those are all kind of exciting times. We have a long way to go there, but we're headed in the right direction. Give you an example: in the US alone, there are estimated to be 34 million buildings. Only 1 million of those buildings have been

upgraded to what we call the latest technology platform to achieve maximum efficiency and cost savings benefit. You know, that's less than 5% right, but I'll say that's changing rapidly. I mean, we see some new technologies coming on the market that will reduce the installation complexity. I refer to it as moving from the BlackBerry to the iPhone, if you will. What's going to happen, kind of in the building world. I mean, we're very excited to be a part of that. So technology's moving in the right direction, and there's some big solutions that are being considered as well from kind of a clean energy generation standpoint. We'll focus on what we do with property technology, and excited to do that.

Maureen:

So this is encouraging. So there's some powerful requirements that have been put in place, and aggressive targets and great progress in technology. I'm wondering, sort of conversely, what needs more attention here?

Greg:

Sure. So from a technology standpoint, people still need to understand the benefit they can achieve from upgrading their technology. Give you an idea, a 1% reduction or decrease in temperature in a building can result in up to 8% cost savings on utilities. I mean, that's massive for just a small change, right? And you know, not only the temperature setting, but there's lighting control, there's plug load control. There are just a number of different energy efficiency measures that are possible. As we get everybody on the same page, we're going to see some very substantial results. I mean, it's not unusual that we can see between 35 and 50% reduction in energy just with upgrades. But to get there, we think there has to be more standardization of the technology. We say in the profession that every building is a snowflake, meaning every building is different. So every engineering design has to be different. Every application is different, and it takes a lot of what we call application knowledge in order to get it right. But the more we can standardize this, the easier it's going to be for everybody to work with. And the, you know, installation is going to be less complex, the maintenance is going to be less complex, and we can move much faster to, you know, a building that can control itself, if you will. So we think that's really critical. I would say indoor air quality would be another area that got a lot of attention during Covid, but it has fallen off as far as how important it is. And when Covid hit, I mean, everybody took a deep dive into what indoor air quality meant. They had to, right, yes, but what we found is that, you know, after the advent of air conditioning, and, course, rising temperatures and the cities growing larger and larger, and everybody moving out of rural into kind of the cities we're spending more and more time indoors. In fact, you know, the latest statistic that we saw was that, on average, you spend 93% of your time indoors. So, and that's increasing, by the way, the warmer it gets outside, we may be close to 100% pretty soon, who knows. But, you know, the important thing is that ventilation and air quality inside a building is essential, and we think there just needs to be, you know, more and more attention paid to air quality. Pulmonary disease is still the number two leading killer out there behind heart disease. And there's a reason for that. There's a reason for that. So we think that it's really important that, you know, we start to get a better handle on indoor ventilation and tenants want that. You know, it's really, really important. I saw something the other day that the density of CO<sub>2</sub> makes it harder and harder to breathe. So, you know, absolute necessity to start reducing this carbon pollution. I'd say a third area that we think is really critical is what we call water conservation. And as a company, we elected to headquarter out of the Midwest because we felt that the availability of fresh water with the Great Lakes system for kind of our long term planning, you know, what we might look like in another 50 years was going to be essential, not only to us, but really all industry people, and we wanted to be around, really, the largest kind of fresh water body in the world. Maybe we take it for granted, because we live in the Midwest, only two and a half

percent of the world's water is fresh and only little more than 1% is surface water. So we think you know, more and more focused attention really needs to be placed on water conservation. Right now, the replacement cost for a gallon of water for desalination, for example, is \$1 a gallon. Well, take a look at how much water you know you use in your home or in a building, or what a data center uses. I mean, the industrial water consumption is enormous, quite honestly. So that replacement cost right now is very high, and people really treat it like a free utility, but it's not. So again, water, I think, is going to be a much, much bigger issue for all facilities as we move forward.

Maureen:

Thank you, Greg, yes, that's, I think, something that is in the news more often now, talking about climate refugees coming to join us, right, in the Midwest, to take advantage of the fresh water that we have here. It will be very interesting to see how many more companies join you in headquartering in the Midwest.

Greg:

Yeah, well, we think kind of the reshoring of manufacturing will occur in the Midwest to a large degree because of the fresh water that's available. Yeah, absolutely, quite a trend.

Maureen:

Well before I ask you our last question, I do want to give a plug to our exceptional winners, our 2024 winners of the Jackson Control Sustainability Awards. They include, Via, which is a multifamily property, 3100 Lee Trevino drive, a medical office and Hazard Center Office, which won the People's Choice Award for Sustainable Property of the Year. So my final question for you is: what advice would you give to those who aspire to win one of these Jackson Control Sustainability Awards?

Greg:

My advice would be to use the IREM CSP application as a great tool. It is a wonderful tool to benchmark and measure progress. It's extremely cost-effective. When we talk to our customers around the country, they talk about getting more IREM certificates. So I would say, use it. That is my advice. Again, it's an outstanding tool, it's an outstanding application, it's well thought out. It's well administered. You can enter the process year in and year out and again, measurement makes miracles. So you know, just a great tool.

Maureen:

Thank you so much, Greg for speaking with us today. We appreciate the opportunity that this award program provides to showcase these accomplishments and to share best practices and sustainability and we really look forward to our continued partnership in presenting the Jackson Control Sustainability Awards. As you mentioned, if any of our listeners want to be considered for the Jackson Control Sustainability Award, I invite you to visit [irem.org/certifications](https://irem.org/certifications) and select the IREM Certified Sustainability Property option. It is affordable and more accessible than other certifications out there, so please check it out. Thanks again, Greg. We appreciate you in so many ways.

Greg:

Thanks for having me.

Todd:

Visit [irem.org](http://irem.org) for more knowledge to take on real estate management's most dynamic challenges.  
That's [www dot I R E M dot ORG](http://www.IREM.org).