

Real value in a changing world

Contact: Margy Sweeney Jennifer Harris
Phone: +1 312.612.0343 +1 224.619.2190
Email: Margy.Sweeney@am.jll.com Jennifer.Harris@am.jll.com

Jones Lang LaSalle’s “Connected City” Study Ties Cities’ Smart Grid Use to Economic Drivers for CRE Health

Success of Jones Lang LaSalle’s IntelliCommandSM energy and facility management system underscores cost and efficiency advantages of “Connected City” companies and cities

ORLANDO AND SAN FRANCISCO, Oct. 8, 2012— A “Connected City” study by Jones Lang LaSalle revealed a correlation between municipal investment and application of smart grid technologies and three key economic indicators of the health of the commercial real estate (“CRE”) industry: strong employment, GDP growth, and positive office market occupancy. When Jones Lang LaSalle’s researchers compared “Connected City” smart grid cities with North American averages, they found that connected cities have an annual GDP growth rate that is 0.7 percent higher, an unemployment rate that is a full percentage point lower, and office occupancy rates 2.5 percent higher than less advanced cities.

“Cities that invest in smart grid technology and infrastructure, and that implement programs to enable energy-efficient corporate operations, are winning the competition for new businesses and job growth,” said Dan Probst, Chairman, Energy and Sustainability Services, Jones Lang LaSalle. “This correlation speaks to the value of strong relationships between public sector infrastructure custodians and power suppliers and the responsibilities of private businesses to be smart users of energy and to work together to drive productivity improvements at both the city and individual corporation level.”

What Makes a “Connected City”?

A smart grid is a power delivery system that uses advanced [information technology](#) to improve the effectiveness and sustainability of energy production and distribution, as explained by Jones Lang LaSalle researcher Christian Beaudoin in [this video](#).

To evaluate the impact of smart grid investment on economic performance, Beaudoin compared the economic performance of connected cities with North American averages. He began with a list of [Smart Grid Cities from U.S. News & World Report](#), identified according to a combination of regulation, financial commitments, time-of-use tariffs, reverse billing options and smart metering that enable companies and residents to manage energy usage more effectively. The 10 cities were then compared as a group with national averages for employment, GDP growth and office market occupancy, as demonstrated in Figure One.

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“The Smart Grid Cities were chosen on the basis of their investments in smart grid technology,” according to Beaudoin, Jones Lang LaSalle Vice President and Director of Americas Corporate Research. “Their collective strong economic performance should be of interest to corporations locating new operations, as well as municipalities considering an investment in smart grid technologies.”

Figure One: “Connected City” Economic Performance Comparison

Rank	City / Region	GDP Growth Rate	Unemployment Rate	Class A Vacancy Rate
1	Austin, TX	5.8%	5.9%	12.8%
2	Boulder, CO	3.9%	5.7%	12.3%
3	Fort Collins, CO	3.6%	5.8%	10.0%
4	Maui, HI	1.3%	5.7%	14.9%
5	Sacramento, CA	2.0%	10.7%	24.1%
6	San Diego, CA	3.1%	9.2%	15.1%
7	Tempe, AZ	2.2%	7.2%	27.7%
8	Toronto, CAN	1.0%	9.5%	5.4%
9	Washington D.C.	2.2%	5.4%	10.1%
10	Worcester, MA	3.4%	7.5%	16.0%
Group Average		2.9%	7.3%	14.8%
National Average		2.2%	8.3%	17.3%
% Delta		29.5%	-12.5%	-14.2%

Source: The ten cities were identified by U.S. News & World Report as “Connected Cities” with smart grid technologies in-place. Economic data comparison provided by Jones Lang LaSalle.

Smart Grids, Smart Corporate Energy Users

But what is a smart grid without a smart user? The vast majority of a city’s urban fabric is comprised of buildings owned or leased by private entities. To realize the full potential of smart grid technology, there has emerged a new approach to building automation and integrated facilities management, where data is aggregated across an entire portfolio, providing insights into achieving optimal performance. Remote, continuous monitoring of facility energy use provides the ability to effectively leverage connectivity with a smart grid to reduce energy cost and carbon footprint. In this way, on-the-ground service and automation technology offered through programs like the IntelliCommandSM platform provide a strategic interface with municipal smart grid technology.

Integrated facilities management systems that enable real-time energy use monitoring can make it possible for corporations to better manage their use of the public grid, achieving cost savings and carbon footprint reduction

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by proactively optimizing the power drawn off the smart grid. These systems make it possible to extend the benefits of the Smart Grid beyond the public infrastructure, and into privately held real estate.

These benefits are already widely anticipated. Today at the [CoreNet Global Summit](#) in Orlando, corporate real estate executives are gathering to look at top current corporate real estate and facility management trends, including the evolving role of buildings and smart grid technologies. In the recent [Corporate Real Estate 2020 research](#), CoreNet Global experts predict that by the year 2020, buildings will be contributors to the grid, not just consumers of energy. It will require both smart grid infrastructure and efficiently managed corporate facilities to achieve that synergy.

Similarly, tomorrow at the launch of the annual [Meeting of the Minds conference](#) in San Francisco, stakeholders from the public, private and non-profit sectors are gathering to discuss smart grid and other related issues and technologies. Speakers from Cisco, Oracle and other companies, including Jones Lang LaSalle's workplace and technology expert Peter Miscovich, will address the intersection of space, sustainability and the future of work.

A leader in the facilities outsourcing field, Jones Lang LaSalle's [Corporate Solutions](#) business helps corporations improve the cost, efficiency and performance of their national, regional or global real estate portfolios by creating outsourcing partnerships to manage and execute a range of services. This service delivery capability helps create new client relationships, particularly as companies turn to the outsourcing of their real estate activity as a way to manage expenses and enhance productivity and profitability.

For more news, videos and research resources on Jones Lang LaSalle, please visit the firm's U.S. media center webpage. Bookmark it here: <http://www.us.am.joneslanglasalle.com/UnitedStates/EN-US/Pages/News.aspx>.

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