

Decoding Carbon Accounting and its Impact on Real Estate

If you are like many people, the sustainability topic can be met with a range of responses, from optimism to skepticism to outright disdain. And truly, any of those responses has merit. Most people are tired of deciphering the nuances of what “sustainability” means and its impact on business. Understandably, the same range of emotions are extending to “carbon accounting.” So, why should we care now?

■ **A brief history.** Sustainability was defined in 1987 by the United Nations Brundtland Commission as “meeting the needs of the present without compromising the ability of future generations to meet their own needs.” Over 37 years, efforts have been devoted to understanding how the concept of sustainability can be made tangible and trackable. The culmination of these efforts and real-time metrics is what is collectively referred to



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as carbon accounting.

Industries have worked in a siloed approach to fine-tune their metrics, standards and certifications linked to sustainability:

- The built environment has undergone its evolution through U.S. Green Building Council LEED and WELL certifications along with Green Building Standards.
- Climate accounting frameworks (CDP, GRI, GHG Emissions, etc.) focused on the quantification of climate impacts have expanded to include different industries.
- Institutional investors (Blackrock, et. al.) are demanding public companies consider the impact of their operations by evaluating metrics related to their environmental, social and governance practices.
- International organizations have collaborated to establish the Sustainability Development Goals through the United Nations.
- Promises are made by many large and public organizations to be “carbon neutral” by a certain date.

What we are seeing today is the intersection of these isolated efforts leading to institutional and operational change.

■ **The why.** An often-cited statistic from a 2014 report by

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Most see a water tank.
We see smiles at bathtime.

**ENGINEERING
POSSIBILITIES.**

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The advertisement is a composite image. The top left shows a baby in a bathtub holding a yellow rubber duck, with the text 'olsson.com' in the top left corner. The top right shows the 'olsson' logo in green on a dark background. The bottom left features the text 'Most see a water tank. We see smiles at bathtime.' followed by 'ENGINEERING POSSIBILITIES.' in large white letters. The bottom right shows an aerial view of a water treatment facility with several large white tanks and two tall water towers, with the name 'Brighton' visible on the tanks and towers.



This Constructive project had a fast timeline with an upscale aesthetic and utilized manufacturers that are early adopters of carbon accounting.

the Environmental and Energy Study Institute is that within the U.S. alone, “40% of solid waste in the United States derives from construction and demolition.” This being the reputation and reality of the industry, carbon accounting is the next step to better understanding our impact. Just as the Securities and Exchange Commission normalized financial accounting to create stability in the economy following the market crash

that led to the Great Depression, carbon accounting is going to quantify our environmental impact. The establishment of standards, regulations and disclosures will force the industry to be accountable for its environmental impact.

■ **Impact on commercial real estate providers.** The most notable evolutionary change is how carbon accounting is impacting the built environment at the intersection of the user (tenant) and provider (owners, developers, etc.).

Local and federal regulations have increasingly put demands on further quantifying energy and material consumption. Whether hitting energy code standards or setting green building certification limits, the increased demand for considering the environmental impact across the construction and real estate industries has led to tracking the embodied carbon that goes into their space and how that can impact (negatively or positively) the occupants they are trying to attract.

Real estate providers will need to be accountable to those occupying their space to avoid being a liability on the reports that they will be required to submit.

■ **Impact on commercial real estate tenants.** International governments already have established directives and regulations requiring that organizations (of 500 or more em-

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Making Place

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ployees) submit a carbon and material impact report of their operations in the same fashion they would a financial report.

The European Union has established the Corporate Sustainable Reporting Directive, which mandates large public-interest companies begin recording their material impacts in 2024, with reporting required in 2025 (EU Citation). This includes multinational companies based in the United States that seek to operate in the region.

In the United States, the SEC is expected to release a similar requirement that any publicly traded company that files a 10-K will also be required to submit a report on the organization's climate impact (SEC Fact Sheet). In both regulations, the requirement exists to account for their use of real estate along with their scope emissions that extend beyond their direct operations and consider the life cycle of materials and goods.

■ **What to expect.** The integration of carbon accounting

into corporate real estate is poised to become a fundamental aspect of our daily professional lives. Unlike voluntary certifications such as LEED and WELL, these mandates are government-imposed with tangible consequences for non-compliance. Consequently, the evaluation of projects and facility operations will demand a broader perspective, as carbon considerations stand alongside traditional financial, scheduling, and operational factors. In essence, the industry will need to recalibrate its approach to building design and construction to align with sustainability goals.

These types of regulatory changes can be difficult and disruptive, but they can also provide opportunities for innovation and improvement in our built environment. Recognizing the magnitude of this transformative shift, numerous businesses, organizations, and manufacturers are taking strategic measures to ensure preparedness, acknowledging the necessity to align with environmental standards and contribute to a more sustainable future. \\

Lobby Modernization

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ports those needing a space for individual work, emphasizing the importance of flexibility in the contemporary workplace. City Center's lobby renovation is not merely a face-lift but a transformation that honors its past while propelling it into a vibrant and competitive future. The collaboration between DLR Group, interior design, and The Weitz Co., the general contractor, has resulted in a revitalized space that celebrates contemporary elegance and offers a dynamic experience for tenants and visitors alike. As the City Center emerges from this renovation, it stands as a testament to the potential of urban redevelopment and the power of thoughtful design in shaping the future of Denver's downtown core. \\

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Wonderyard

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our successful sister establishments, ViewHouse and My Neighbor Felix, Wonderyard is poised to be more than a trend. It's a concept built to endure, to thrive through the decades, constantly rejuvenating its offerings and ambience to stay at the pinnacle of Denver's gastronomic journey.

I cannot wait to see different groups of people, both locals and visitors, enjoying Wonderyard: friends reconnecting over our signature craft cocktails, professionals engaged in dynamic business lunches, discerning food enthusiasts savoring our culinary creations and couples

immersed in the romance of date night. Wonderyard is a haven where every visitor will find their niche. This is what people are looking for. This is what downtown needs.

Wonderyard is more than a restaurant; it is a manifestation of my love for Denver and my passion for creating unique, memorable dining. It stands as a testament to my belief in the endless potential of this neighborhood – a belief that has been the driving force behind all my endeavors. As downtown continues to grow and evolve, so too will Wonderyard, ever-adapting, ever-innovating and always capturing the spirit of this incredible city. \\



Timothy Gormley, TG Image
The lounge in the 717 lobby features a rich palette with darker materials, fostering a sense of warmth and intimacy.