

Executive Summary

NYU 9th Annual Conference on Sustainable Real Estate

Table of Contents

Energy Infrastructure & Grid Transformation	2
Adaptive Reuse & Urban Transformation	2
Climate Risk Management & Resilience	2
Workforce Development & Social Impact	3
Sustainable Finance & Capital Markets Innovation	3
Critical Challenges Identified	4
References	5
Panel Contacts	7

Executive Summary

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Conference Overview

The NYU Schack Institute of Real Estate's 9th Annual Conference on Sustainable Real Estate brought together industry leaders to address the intersection of sustainable development, energy infrastructure, climate resilience, and capital markets. The conference centered on the theme "Beyond the Blueprint," emphasizing the transition from traditional planning approaches to integrated, systems-based solutions for the built environment.

Key Themes & Strategic Insights

1. Energy Infrastructure & Grid Transformation

Grid Reliability Crisis: New York's grid faces mounting capacity challenges as NYISO projects up to 3,000 MW of thermal generation at risk of retirement by 2034, compounded by 517 MW in mandated NYPA plant closures by 2031. The system requires several thousand megawatts of new dispatchable generation to maintain reliability.

Data Center Impact: AI's share of data center electricity is projected to grow from 5-15% currently to 35-50% by 2030, while overall data center electricity consumption is expected to double. This AI-driven expansion creates significant competitive pressure for kilowatt capacity and land resources, particularly in the United States where data centers may account for nearly half of electricity demand growth through 2030.

Cost Implications: Energy costs are rising across electricity and natural gas markets. Buildings must implement sophisticated capacity management and sustainable mandates to control tenant exposure and operational costs.

Behind-the-Meter Solutions: Critical demand response and solar installations can provide building-level resilience. Peak demand shifting during the critical 4PM-8PM window and battery storage integration are essential for future grid stability. During this period, wholesale electricity prices can spike to \$60/MWh compared to midday prices of \$15/MWh, making demand management and storage economically valuable.

2. Adaptive Reuse & Urban Transformation

Financial Viability: Successful adaptive reuse requires sophisticated financial modeling against market usage and savings. Projects must navigate low-cost vacancy availability while investing in modern building systems and energy improvements.

Regulatory Framework: NYC's policy environment, grounded in flexible conversion regulations for pre-1961 buildings (recently expanded to pre-1990 buildings), provides pathways for adaptive reuse. The City offers financing mechanisms through the 467-m property tax incentive for office-to-residential conversions and municipal bond programs.

Circular Construction: The shift from demolition to deconstruction enables material recovery and reuse. With buildings and infrastructure representing 70% of global greenhouse gas emissions, and embodied carbon from construction materials accounting for 11% of global emissions (projected to be 50% of new construction's total carbon footprint through 2050), circular approaches and material take-back programs are becoming essential.

Best Practices: Turner Construction demonstrates industry leadership in sustainability, committing to Net Zero emissions across Scopes 1, 2, and 3 by 2040, with interim targets for Scopes 1 and 2 by 2030. The company has published embodied carbon baselines and targets 80% construction waste diversion by 2025 and 95% by 2035, exceeding typical construction recycling rates of 45-50%.

Executive Summary

NYU 9th Annual Conference on Sustainable Real Estate

3. Climate Risk Management & Resilience

Risk Taxonomy: Commercial real estate faces multiple risk vectors: knowledge uncertainty, market volatility, resource scarcity, and regulatory requirements. Weather-related risks and policy transitions are creating asset vulnerability across location, property type, and core infrastructure. [The US experienced 27 climate-related events causing over \$1 billion in damages each in 2024.]

Investment Horizons: Time-frame analysis reveals gaps in the capital stack between short-term ownership cycles and long-term sustainability requirements. Tenant demand for sustainable buildings is strong and growing (commanding 7-11% rent premiums), creating value bifurcation in the market. The 'sell-risk' timeframe presents particular challenges for owners deciding whether to invest in upgrades or accept discounts when addressing long-term resilience.

Portfolio Strategy: Asset managers must balance material risk exposure with occupier verification criteria. [The London market demonstrates a bifurcation: strong demand and premium pricing for sustainable buildings coexist with stranded asset risk for non-compliant properties. Energy-efficient Grade A space is achieving record rents as demand outstrips supply.] Resilient portfolios require short, medium, and long-term value strategies that align with both regulatory trajectories and market preferences for sustainability.

Technical Assessment: Risk exposure evaluation increasingly focuses on who the occupier is and their verification requirements, recognizing that regulatory mandates alone don't solve for emissions reductions. Corporate ESG commitments and tenant sustainability criteria are driving market differentiation between compliant and non-compliant assets.

4. Workforce Development & Social Impact

Corporate Governance: Engineering metrics and good corporate governance materially impact sustainable outcomes. The integration of profit maximization with social responsibility creates measurable value.

Housing Access: Workforce housing challenges require coordination across public policy, financing structures, and development timelines. Access to sustainable financing enables projects that would otherwise fail to reach construction.

Skills Development: The transition to sustainable building practices requires workforce training in new construction methods, material science, and performance verification systems.

5. Sustainable Finance & Capital Markets Innovation

Green Financing Mechanisms: Sustainable finance structures are evolving from voluntary frameworks to performance-based metrics. Corporate green bonds and sustainability-linked financing provide capital for both new construction and asset improvements.

Market Standardization: The shift from voluntary regulation to standardized metrics enables better capital allocation decisions. Green building certification and external validation (including renewable verification) drive investor confidence, with ESG-certified buildings commanding rental premiums of 6-11% and capital value premiums of 14-16% compared to conventional properties.

Integrated Approaches: National PACE (Property Assessed Clean Energy) programs demonstrate how to improve collateral value while covering both hard and soft costs through long-term, property-secured assessments. Performance-based building standards create measurable differentiation in capital markets.

Retrofit Economics: CRE assessment financing through PACE programs enables bulk owners to upgrade multifamily, commercial, and industrial properties through property-secured assessments. With financing repaid over the useful life of improvements (typically 15-30 years), these structures overcome the financing gaps and upfront cost barriers that traditionally prevent essential building upgrades.

Executive Summary

NYU 9th Annual Conference on Sustainable Real Estate

Critical Challenges Identified

- **Regulatory Complexity:** Fragmentation of building performance standards across jurisdictions creates compliance complexity without improving emissions outcomes. Harmonized, enforceable standards with aligned timeframes and methodologies are needed to reduce administrative burden while maintaining effectiveness.
- **Market Misalignment:** Market dynamics demonstrate strong tenant demand for sustainable buildings, with green-certified properties commanding rental premiums of 7-12% in major markets globally and demand outstripping supply by 50%+. The challenge is not insufficient demand, but rather accelerating supply to meet this demand while managing transition risks. Non-compliant buildings face emerging 'brown discounts' and stranded asset risk, creating urgency for portfolio-wide upgrade strategies that balance retrofit costs against premium capture and regulatory compliance.
- **Infrastructure Capacity:** Grid limitations and energy market transitions create operational uncertainty, with over 1,650 GW of renewable projects awaiting connections globally and grid planning horizons extending from 10 to 20 years. Buildings require long-term planning horizons (5-10 years minimum) to manage system behavior changes, coordinate with grid capacity and integrate behind-the-meter solutions like battery storage and demand response.
- **Verification Systems:** Differentiation between sustainable and conventional projects has improved significantly with 81% of sustainable bonds now third-party verified and new standards emerging (US DOE Zero Emissions Building definition, LEED v5, BREEAM V7). However, the shift from design-based to operations-based performance verification remains ongoing, and harmonization across frameworks requires continued attention.

Strategic Recommendations

- **Planning & Evidence:** Implement evidence-based planning studies necessary for long-term investments. Satisfy public policies while demonstrating clear financial returns.
- **Supply Diversification:** Add nuclear, renewables, and clean gas technology to support grid reliability. Pursue behind-the-meter solutions including battery storage and demand response.
- **Circular Materiality:** Embrace deconstruction over demolition. Establish material take-back programs and track embodied carbon through comprehensive assessment.
- **Risk Integration:** Develop portfolio strategies that address short, medium, and long-term resilience values. Match investment timeframes to climate risk horizons.
- **Capital Innovation:** Leverage green bonds, sustainability-linked financing, and PACE programs. Build to exceed code requirements to access favorable capital terms.

Conclusion

The conference underscored that sustainable real estate development is moving beyond aspirational goals to operational necessity. Tenant demand for sustainable buildings has materialized at scale, with green-certified properties achieving rental premiums of 7-12% and supply struggling to meet demand demonstrating that sustainability now drives both regulatory compliance and market advantage. Success requires integration across energy infrastructure, financial innovation, regulatory navigation and materiality understanding. The real estate sector must coordinate across multiple time horizons, addressing immediate grid capacity challenges while building long-term climate resilience. The "Beyond the Blueprint" theme reflects this reality: achieving sustainability requires systems thinking, cross-sector collaboration, and the recognition that buildings are not isolated assets but nodes in interconnected urban, energy, and financial networks.

The path forward demands evidence-based decision making, performance verification and alignment between capital allocation and sustainability outcomes, an alignment that market data shows is already delivering financial premiums of 6-16% for certified buildings while reducing operational costs and compliance risks. As demonstrated throughout the conference, the question is no longer whether to pursue sustainable development, but how to structure projects, financing, and operations to succeed in an increasingly constrained and complex environment.

Executive Summary

NYU 9th Annual Conference on Sustainable Real Estate

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Executive Summary

NYU 9th Annual Conference on Sustainable Real Estate

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End of Report

Executive Summary

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Agenda	
Here's what's scheduled for the event.	
Filters	Search
February 2, 2026	
9:00 AM ET	Breakfast & Registration 9:00 AM-9:30 AM
9:30 AM ET	Welcome Address 9:30 AM-9:35 AM  Samuel Turkowitz BS in Real Estate Candidate, Class of 2029 NYU SPS Schack Institute of Real Estate
9:35 AM ET	Opening Keynote 9:35 AM-9:45 AM  Suhail Y Tayeb Clinical Assistant Professor, Director, Center for the Sustainable Built Environment Chair, NYU Conference on Sustainable Real Estate, NYU SPS Schack Institute of Real Estate
9:45 AM ET	Panel 1: Energy Markets & the Future of Real Estate 9:45 AM-10:35 AM  Faris Badrawi BS in Real Estate Candidate, Class of 2029 NYU SPS Schack Institute of Real Estate  Brandon Fong Principal, Commodities Management Constellation
10:40 AM ET	Panel 2: Adaptive Reuse & the Future of Urban Living 10:40 AM-11:30 AM  Aribah Amir BS in Real Estate Candidate, Class of 2029 NYU SPS Schack Institute of Real Estate  Hrisa Gatzoulis VP, Head of Sustainability Rudin
11:35 AM ET	Panel 3: Climate Risk & Resilience 11:35 AM-12:25 PM  Holly Fletcher-Price MS in Global Affairs Candidate, Class of 2029 NYU SPS Center for Global Affairs  Jonathan Flaherty Global Head of Sustainability Tishman Speyer Properties
12:25 PM ET	Remarks – Dean Angie 12:25 PM-12:35 PM  Angie Kamath Harvey J. Stedman Dean NYU SPS
12:35 PM ET	Networking Lunch in Eisner & Lubin 12:35 PM-1:35 PM
1:35 PM ET	Remarks – Associate Dean Marc Norman 1:35 PM-1:40 PM  Marc Norman Larry & Klaus Silverstein Chair and Associate Dean NYU SPS Schack Institute of Real Estate
1:40 PM ET	Panel 4: Workforce, Housing Access, and Social Outcomes 1:40 PM-2:30 PM  Levi Karatz BS in Real Estate Candidate, Class of 2029 NYU SPS Schack Institute of Real Estate  Kenneth Adams President LaGuardia Community College
2:35 PM ET	Panel 5: Sustainable Finance & Capital Markets Innovation 2:35 PM-3:25 PM  Sofia (Sonya) Kovtun B.S. in Real Estate Candidate, Class of 2029 NYU SPS Schack Institute of Real Estate  Laura Bapaport Founder & CEO North Bridge
3:30 PM ET	Panel 6: The Future of Sustainable Development 3:30 PM-4:20 PM  Laura Cruber BS in Real Estate Candidate, Class of 2029 NYU SPS Schack Institute of Real Estate  Carlos Cerezo Davila Director of Sustainability KPF
4:20 PM ET	Closing Keynote 4:20 PM-4:50 PM
4:50 PM ET	Networking Reception 4:50 PM-5:30 PM