Green Leases and Green Leasing: A Terminological Overview of Academia and Practice

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ABSTRACT

Purpose
Through the use of existing literature and desk research from academia and practice, this paper will outline the degree to which there is a difference between the terms ‘Green Leasing’ and ‘Green Leases’ in academia and practice. Over the last decade, Green Leases have become an increasing recognised and applied method by which to improve the sustainability of building stock. However, a lack of research into the differences between the terms ‘Green Leasing’ and ‘Green Lease’ have the potential to stifle a consistent use of these terms. This paper endeavours to better establish this difference in order to provide credibility in the usage of both terms.

Methodology
The data for this paper was accumulated through sourcing academic literature (mainly from academic peer reviewed journals) where Green Leasing and Green Leases are of a primary or substantial focus. The analysis establishes how each paper uses each of these terms. Practice based literature will be sourced and analysed similarly in order to establish better definitions of Green Leases and Green Leasing.

Key findings
This paper establishes (with some noted exceptions), that the terms ‘Green Leases’ and ‘Green Leasing’ are used in both forms of literature in a manner that is relatively close to the dictionary definition terms of ‘Lease’ and ‘Leasing’. With these findings in mind, it is established that a Green Lease is the lease document itself, whilst Green Leasing is the process of renting and operating a rented sustainable building that may or may not have a Green Lease.

Impact of Study
This study has the potential to affect the terminological uses of both terms in order to provide consistency that will benefit both market penetration and academic research and dissemination. This study is also applicable outside the field of real estate, as it also has a relevance to the study and practice of law, Sustainable Facilities Management (SFM), architecture and the study of the built environment more broadly.
Keywords
Green Leases, Green Leasing, Sustainable Facilities Management, Corporate Real Estate, Offices

1 INTRODUCTION

In a world that has been focusing increasingly on the environmental impact of our daily activities, the fields of both Real Estate (RE) and Facilities Management (FM) are finding that sustainability and its related issues are having a noticeable impact on the way that they operate and do business. There are numerous drivers for this change, ranging from the likes of demand from customers, to corporate social responsibility (CSR), to the advantages of a Green building certification such as the United Kingdom (UK) founded but globally franchised ‘Building Research Establishment Environmental Assessment Method’ (BREEAM) (Collins et al., 2016).

A shift to a focus on the likes of issues such as sustainability will require new approaches by which to tackle them effectively. This in of itself is as numerous in approach as it is its scope, ranging from legislative proposals such as the implemented and later repealed ‘Carbon Pricing Mechanism’ in Australia ("About the carbon pricing mechanism," 2014), to technical solutions such as the development of Passive Houses. Office rentals is one area of the RE sector that offers significant potential in reducing a company’s carbon footprint. For example, one of the reasons is due the high level of energy consumption from the likes of computers and lighting, which could see a tangible reduction through the behavioural change of users (Mulville et al., 2013, p.80), which in turn could be an important factor for FM to consider in a wider building context.

Amongst other means by which to consider improving the sustainability of rental offices, is so called ‘Green Leasing’ and ‘Green Leases’, which have become an increasingly prevalent part of the RE landscape over the past decade (Bright et al., 2014, p.7). These types of leasing agreements are not only challenging to industry and scholars alike to rethink the roles of owners, tenants and their responsibilities, but are also facing new challenges such as those of terminological consistency that risk placing further pressures on Green Lease and Green Leasing development.

2 RESEARCH DESIGN

The purpose of this paper is to establish how the terms ‘Green Lease’ and ‘Green Leasing’ are being used in both academic and practice, and if there is scope to offer a more consistent definition that could be used by both sectors.

This paper will attempt to answer the following research questions:

1. How is the term ‘Green Lease’ being used in literature in both academic and practice?
   - To what extent are there grounds for a common understanding of this term?

2. How is the term ‘Green Leasing’ being used in both academic and practice?
- To what extent are there grounds for a common understanding of this term?

Each question will be considered in turn, and this paper will then conclude by discussing the extent to which the findings could lead to a more common understanding as to what constitutes the terms ‘Green Lease’ and ‘Green Leasing’

The data for this paper was accumulated from existing literature, sourced from the research search engine ‘Google Scholar’ in the case of academic literature, along with trade publications and the regular Google search engine for practice based literature, along with further literature from the library which the author has amassed over 4 years. The literature used for analysis is dated 2007 until 2018.

3 METHODOLOGY

3.1. Sourcing Literature

The data collected for this paper consists of desk research of existing literature from both academia and practice. The search for industry and academic literature is from 2007 to 2018. These years are important, primarily due to the more common usage of the terms entering RE and FM lexicon in around 2007, as stated by Bright et al (2014). In the case of literature from academia, this consists primarily of high impact academic journal articles. The benchmark for the quality of these journals is the ‘Norwegian Register for Scientific Journals, Series and Publishers’ (NSD), which provides Norwegian academics with a list of acceptable scientific publications for citation. The majority of articles were sourced through Google Scholar using the search terms ‘Green Lease’, ‘Green Leasing’ and ‘Green Leases’.

In order to reduce the search results, the publications were checked to ensure that they were connected to and directly discussed the sustainable built environment. The articles primarily came from the disciplines of the built environment, law, facilities management and real estate. Literature from books or other texts amassed by the author over 4 years which, adhere to the same academic benchmarks as those sourced from Google Scholar were also included in the analysis.

The standard Google search engine was primarily used to source from practice and the same search terms as the academic literature were used. Similarly as in the search for academic publications, pruning in connection to the built environment was conducted. This ensured that publications on relevant subject matters to study such as the ‘leasing of green vehicles’ were not factored in to the results. Almost all of the sources from practice have been procured from online resources. This was due to their availability and the lack of easily accessible hard copies available. In order to ensure their reliability, all of these sources are from organisations and not from private blogs or other less reputable sources.

A vital criteria for all of the literature featured in this article was that it had to feature any of the terms ‘Green Lease’, ‘Green Leases’, and ‘Green Leasing’ in their text. Documents and literature that featured these terms only in their titles, subtitles or literature list were excluded from the results. Documentation and literature that discussed these concepts but did not use the terms were also excluded from analysis in this paper.

3.2. Analytical Framework
The key analytical framework consisted of comparing the usage of each term in the text compared to the preliminary definitions that will be presented in the next section of this paper. The terms ‘Green Leases’ and ‘Green Lease’ were analysed together due their evident contextual similarity and the likelihood of them being used in the same context. The reasoning behind this approach was to see the extent to which their usages is consistent, and if there is a difference between academia and practice in how such terms are used.

In terms of a definition by which to establish an analytical benchmark, standard dictionary definitions will be used. In the case of ‘Green Lease’/ ‘Green Leases’, the Oxford Dictionary definition of “a contract by which one party conveys land, property, services, etc. to another for a specified time, usually in return for a periodic payment” (“Definition of ‘lease’ in English,” 2018) will be the benchmark by which to compare the terms in the literature analysed. In the case of ‘Green Leasing’, the ‘Free Dictionary’ definition of “the hiring out by one firm (the lessor) of an asset... to another firm (the lessee) in return for the payment of an agreed rental” (“leasing,” 2018) will be the benchmark.

The nature of this analytical framework also presents limitations. The limits of the paper in terms of the word count will limit the depth of possible analysis, and the possibility of thousands of results places restrictions on the feasibility of the scope. With this in mind, the results of this paper are indicative, as opposed to definitive.

4 Literature Review

4.1 A contextual definition of ‘Green Lease’ and ‘Green Leasing’

Although the primary focus of this paper is to unravel the conundrum of definition of both terms, a contextual definition of both is an important basis by which to focus the analytical lens of the results and discussion.

At the present time, there is no universally accepted definition of what constitutes a ‘Green Lease’, with many in academia and practice viewing its meaning as fairly malleable. Despite this, the British chapter of the Better Buildings Partnership (BBP), a collaboration of building owners aimed at furthering the sustainable credentials of their buildings stock, created one of the more cited definitions in their ‘Green Lease Toolkit’. They define a Green Lease as a “standard form lease with additional clauses included which provide for the management and improvement of the Environmental Performance of a building by both owner and occupier(s). Such a document is legally binding and its provisions remain in place for the duration of the term” (Bugden et al., 2013, p.2). They state that example Green Lease clauses could consist of “agree(d) targets and strategies to improve the Environmental Performance of the Premises and/or the Building on a regular basis”, or “reduction in or improved efficiency of water consumption” (Bugden et al., 2013, pp. 14,16 and 22).

In the case of ‘Green Leasing’, finding any kind of definition at all poses a very sizable challenge to research. One of the only definitions found in literature was offered as a part of Australia’s ‘National Green Lease Policy’, which describes Green Leasing as “the full set of environmental activities, considerations and impacts that occur throughout the entire leasing process. This process includes the period leading up to the lease agreement, the term of the lease and the end of a lease” (National Green Leasing Policy, 2010, p.5). Much like the case with Green Leases, there is yet to be a definition that is universally accepted.

5 RESULTS
5.1. Green Lease and Green Leases

5.1.1. Academia

In an investigation of academic literature, a Google Scholar search for “Green Lease” yields 578 results. In a look through these results, almost all of these hits correlate well with research into buildings (“Google Scholar Search for "Green Lease"," 2018). A search for “Green Leases” presents a similar picture with 600 results, almost all of which are relevant to the previously stated benchmarks. The search for both terms also contain the majority of the same documents.

A systematic search through the results shows that the majority of hits have a link in conjunction with discussions on tenancy agreements, as such keeping it mostly in the realms of being a ‘lease’ as per the dictionary definition. This is particularly the case where Green Leases are the primary focus of the article. Sayce et al (2009) for example states that a Green Lease is a set of environmental obligations that are codified within a lease (Sayce et al., 2009, p.276).

Brooks (2008) claims that the contents of a Green Lease can be variable, but he is specific in its definition. He defines it as a “lease document”, where the degree of repercussions for breaking a clause is up to the landlord (Brooks, 2008, pp. 8,11). In the academic study of FM, there has been an increased focus on Green Leases. Although Green Leases can be found in many FM publications through various degrees, it is only Atkin et al (2015) who appear to provide a definition. They describe a Green Lease as a “use of incentives to align parties towards sustainable business practices within the terms of a lease agreement” (Atkin et al., 2015, p 342), keeping it firmly in the realms of being a lease document.

However, not all of the academic references to the terms ‘Green Lease’ and ‘Green Leases’ are solely about documentation. Whilst looking through the authors library and Google Scholar results, there was a repeated reference to so called ‘Green Lease Schedules’, a term that yields 44 results on Google Scholar (“Google Scholar Search for "Green Lease Schedule"," 2018). Christensen et al (2007), states that a Green Lease schedule is an Australian Government invention aimed at setting out the duties, values and step wise processes. In addition they state that they are employed in order to “use the building in an ecologically sustainable manner by co-operating to directly reduce energy and water consumption and to participate in measures to bring about sustainability in the use and operation of the building in which the tenant is housed” (Christensen et al., 207, p.2). Whilst the ultimate goal of such a schedule is to create a tenancy agreement of some kind, the fact that it is a set of processes (as opposed to a document) places it more within the realms of the dictionary definition of ‘leasing’.

5.1.2. Practice

On the standard Google search engine, a search of the term “Green Lease” yields 49,000 results. Removing terms such as “bowling green” reduces this by nearly 1000, meaning that a sizable amount of the original results are not relevant to the study of buildings (“Google Search for "Green Lease"," 2018). A search for “Green Leases” delivers a higher level of hits, with 109,000. Similar levels of pruning reduced this to 30,000 with comparative levels of relevance, broadly speaking (“Google Search for "Green Leases"," 2018). As with academia, a sizable amount of the results showed the same publications for both terms.
A look through some of the most relevant search results also indicate a significant link with that of a lease or other kind of tenancy document. Law firm DLA Piper (2014) for example discusses leases featuring “Green Lease Provisions”, as a core part of their Green Lease dialogue (Piper, 2015). The United Nations Environment Program (UNEP) also discussed the Green Lease concept in their ‘Greening the Buildings Supply Chain’ report. Their discussions on the topic feature significantly in the context of Green building lifecycles, and more specifically the ‘In Use’ phase. They cite two major ‘Green Interventions’ in this process. Firstly, Green Facilities Management and the benchmarking and follow up associated with this. Secondly, they suggest “Green Leases” to be embedded into the lease structure of a Green building (UNEP, 2014, p.11).

Documentation is once again a concern for the majority of references to landlords. Property owner ‘Rom Eiendom’ for example view Green Leases as a core part of their sustainability strategy and within this context focus is the tenancy agreement. They endeavour to have such agreements in 30% of their buildings stock by the end of 2015 (“Innfører grønne leiekontrakter,” 2014).

There were however some (but ultimately very few) examples where ‘Green Lease’ and ‘Green Leases’ were used in the context of the dictionary definition of ‘leasing’. To UNEP for example, this kind of agreement in not binary, and is considered to be as much a ‘leasing’ process as it is a document, stating that this can result in “best practices in facility management” as well as simply the lease in isolation (UNEP, 2014, p.14).

5.2. Green Leasing

5.2.1. Academia

A Google Scholar search for the term “Green Leasing” returns 216 results. Whilst the vast majority of these results are relevant, a small amount of pruning was required to remove references related to leasing cars. This changed the number of results to 157 (“Google Scholar Search for "Green Leasing"," 2018). In terms of the use of ‘Green Leasing’ in academic literature, their use is rarely mentioned in the same terminological context as ‘Green Leases’ and ‘Green Lease’, but instead has more hits that orientated towards ‘Leasing’.

In terms of examples, Rameezdee et al (2017) use the term extensively, primarily in conjunction with what they describe as “leasing practices” (Rameezdee et al., 2017, p.10), along with the practices in buildings that include improving employee wellbeing (Rameezdee et al., 2017 p12). In the case of Janda et al (2016), they emphasise the separation of terminology and discuss patterns “of leasing and lease wording”. Indeed they define ‘Green Leasing’ specifically as “the environmental processes, engagement and practices adopted by landlords and tenants in relation to the building” (Janda et al., 2016, p.2), without ever mentioning the lease document. Bright et al (2014) use the term in the same context as the previous authors, referring to “Green lease practices” in their article (Bright et al., 2014, p. 8).

The author was unable to find any relevant usage of the term ‘Green Leasing’ that referred to a lease document.

5.2.2. Practice
A search on the standard Google search engine for the term “Green Leasing” returns 110,000 hits. With some pruning to reduce the search terms by removing hits relating to “cars” and “banking”, this reduced to 36,000 hits (“Google Search for "Green Leasing"," 2018). This a number too large to analyse in its entirety, however the first ten search pages which produced relevant results for the study of buildings. Similarly to the terms in academia, almost all results are related to the benchmark dictionary definition of ‘Leasing’. However there are some notable examples that deviate from this.

An example of this usage can be found in ‘A Better City’ (ABC), a Boston based non-profit organisation that deals with improving the city through sustainability and other initiatives. This organisation is clear on the difference between ‘Green Leases’, and ‘Green Leasing’, as evident in their work on looking into the barriers and drivers for implementation. They view a lack of knowledge on Green Leases (the document) as one, and unfamiliarity with “Green Leasing practices” being the other ((ABC), 2014, p.2). This is an opinion seconded by Craig Roussac of ‘Buildings Alive’, who when interviewed for TheFifthEstate’s Green Leasing guide called ‘The Tenants and Landlords Guide to Happiness’ notes that the lack of progress in the development of Green Leases is partially due the Green Leasing ‘process’ itself (Lynn, 2015, p.13).

The ‘Institute for Market Transformation’(IMT), an American institution that promotes the energy efficiency and greening of buildings along with founding their own ‘Green Lease Leaders’ program, has numerous mentions of ‘Green Leasing’ in their literature. Their wording however focuses on the benchmark definitions of a ‘Lease’ document. In their pamphlet ‘What is a Green Lease?’ (2015), they describe a lease document as “high performance leasing” (Feierman, 2015, p.6) and later in the paragraph they discuss it as a growing practice in real estate, once again referring to it as a document (Feierman, 2015, p.21).

6 DISCUSSION

Although the format imposed limits of this paper place restrictions on depth, a look at the existing literature appears to indicate some degree of terminological consistency in the terms ‘Green Lease’ and ‘Green Leasing’. This has been considered within the context of the degree to which the terms have a similarity with the benchmark definitions of the terms ‘lease’ and ‘leasing’ featured in the methodology section.

When considering ‘Green Lease’ and ‘Green Leases’, in academia this was focused primarily on lease documents, as opposed to any process related usage. There were some deviations from this in the usage of ‘Green Lease Schedules’, however this example was in relative isolation when considering the work overall. When looking at practice literature, the experience was similar to academia. In some practice literature however, there was also a closer link to considerations for FM approaches in some cases. This arguably straddles the benchmark definitions of ‘lease’ and ‘leasing’.

There was a common ground in the consistent usage of terms in academic and practice publications. Although there were some stresses towards certain disciplines that were not found in others (such as the case of ‘FM’ in practice literature), this can be considered to be indicative of the subject matter that is the focus of their writing, and less about a difference in the use of the terms.
When examining the usage of the term ‘Green Leasing’ in academic literature, the author found no deviation from the benchmark term of ‘leasing’. All of the citations found through the literature search indicate that the term is used to describe the process of leasing out a building, following the clauses of the lease, or enacting processes that may lead to the development and signing of a Green Lease. In some cases, the lease document was not a goal or a part of the process. The relatively marginal use of the term ‘Green Leasing’ however does place restrictions on scope. In practice, the usage of the term was more malleable.

Although the usage does weight towards ‘leasing’, organisations such as the IMT who have used the term to describe the development and expanded implementation of Green Lease documents.

With regard to consistency between academia and practice, this is less solidified than with a ‘Green Lease’. Although the vast majority of citations are in the context of the benchmark ‘leasing’, a deviation on this use in practice mandates the need to be contextually aware when looking at practice documentation.

7 CONCLUSION

In conclusion, the research in this paper seems to indicate that broadly speaking there is a pan discipline understanding to the terms ‘Green Lease’ and ‘Green Leasing’ across both academia and practice. This however does not cover all of the uses of these terms, as considerations found in literature from the likes of the IMT demonstrate that there are still sectors where the usage of terms are not consistent. In an interesting twist however, there appears to be more consensus on the usage of these terms than there is a universally accepted definition of a ‘Green Lease’ itself.

Another curious finding in this terminological discussion is the terms occasional link with FM. Whilst it is already understood that there is a substantial degree of importance for linking FM to a Green building (Collins et al., 2015), there appears to be a strengthening of this link as a literature focus on Green Leases and Green Leasing increases.

As mentioned earlier in this article, these results are ‘indicative’ and not ‘definitive’. An in-depth literary study, which includes a longer publication that could offer possibilities to increase the consistency in the use of these terms in the built environment, architecture and FM.

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