

[Home](#)[News](#)[Technology](#)[Markets](#)[Personal Journal](#)[Weekend & Leisure](#)[Opinion](#)[TODAY'S NEWSPAPER](#)[MY ONLINE JOURNAL](#)[FREE TODAY](#)[RESEARCH & TOOLS](#)[FIND A JOB](#)[FIND A HOME](#)[Site Highlights](#)[New Journal Podcasts](#)

Listen to daily and weekly podcasts to get the latest news on personal finance, technology, business and much more! See a complete lineup.

## Real Estate's Latest Movement

'Social Responsibility' Slowly Gains Popularity; Taking a Cue From the EU

By **CHRISTINE HAUGHNEY**  
July 5, 2006; Page A21

A movement to encourage "socially responsible" investment is taking baby steps into real estate.

In the past year, a handful of conferences, academic papers and groups have sprouted, as advocates of this form of investing look for socially responsible ways to profit from real estate. The latest effort was last week in London, where landlords, academics and real-estate investors met to discuss standards that investors and companies could adopt.

Among the activities likely to be endorsed as socially responsible: energy-efficient buildings and development that doesn't contribute to sprawl.

Until now, "socially responsible investors who want to invest in real estate really don't have a way to do it," says Steve Schueth, president of First Affirmative Financial Network LLC, an advisory firm based in Colorado Springs, Colo., that helps clients with socially responsible investments.

### 'Practical Tools'

The two-day London meeting, hosted by Prupim, a unit of Britain's [Prudential PLC](#), and supported by the United Nations and the San Francisco-based Rudolf Steiner Foundation, focused in part on finding ways to determine how institutional investors can be more environmentally responsible in the way they run their building portfolios.

 [EMAIL](#)  [PRINT](#)

Start a **FREE** trial of the **Online Journal**



Subscribe to **The Print Journal**



**Free US Quotes:**

Symbol

Name

Get **FREE E-Mail** by topic

Check Out our **Mobile & Wireless Services**

**DIGEST OF EARNINGS**

Details of the latest corporate earnings reported for **FREE**.

advertisement

THE PERSONAL TRAINER

HELPING SHAPE UP YOUR INVESTMENT PLAN.

NEW



INTELLIGENT INVESTING OPTIMIZER

E\*TRADE Securities LLC

NEW FREE RESEARCH

E\*TRADE FINANCIAL

START INVESTING NOW ▶

### TODAY'S MOST POPULAR

- [North Korea Test-Launches Missiles](#)
- [World Cup Fans Card ESPN](#)
- [Fed's Course Is Top Concern for U.S. Economy](#)
- [Digital Music: A Primer](#)
- [Mexico's Voting Standoff May Test Democracy](#)

### COMPANIES

Dow Jones, Reuters

[Prudential Financial Inc. \(PRU\)](#)



Make investing easier with MarketWatch.

GET THE MARKET NEWS AND TOOLS THAT ARE:

- Timely and accurate
- Unique and comprehensive
- Easy to digest and use

Visit Now to find out why

Dow Jones Sites

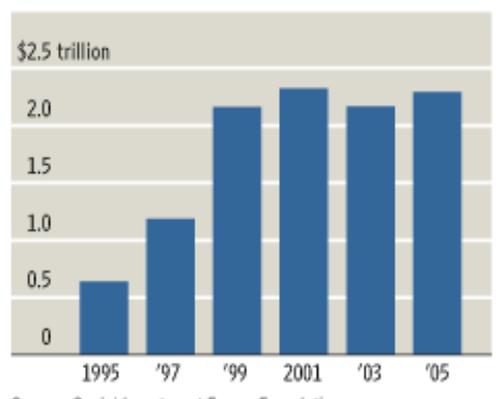
- [StartupJournal](#)
- [OpinionJournal](#)
- [CollegeJournal](#)
- [CareerJournal](#)
- [RealEstateJournal](#)
- [MarketWatch](#)
- [Barron's Online](#)

Customer Service

- [The Online Journal](#)
- [The Print Edition](#)
- [Contact Us](#)
- [Site Map](#)
- [Help](#)

## Financial Response

U.S.'s total socially responsible investment



Source: Social Investment Forum Foundation

"We spent the first half of the meeting really sharing experiences [on] what we're doing in this area," says Paul McNamara, director and head of research for Prupim.

At the same time, Boston College researchers are putting together guidelines to help investors evaluate the social responsibility of both public companies -- real-estate investment trusts and publicly traded home builders -- and privately held real-estate companies. By 2007, project senior research associate David Wood, who is working on a project associated with Boston College, says researchers hope to come up with "practical tools" to help investors such as pension funds assess, for example, how close buildings are to public transportation.

The stakes could be large. Socially responsible investors, defined as those who look for profitable investments in companies mindful of larger social purposes, are looking for places to park an estimated \$2.3 trillion in capital, according to data tracked by the Washington-based trade group the Social Investment Forum Foundation. (Based on that estimate, nearly one-tenth of all money that is professionally managed could be socially responsible investment.)

If socially responsible investors allocated just 10% of their money toward real-estate companies, they would own two-thirds of the total capitalization of U.S. REITs, estimates Gary Pivo, a University of Arizona professor of urban planning and natural resources. But since there are no standards in place, he adds, these investors "are unsure of who deserves their support."

### Popularity Overseas

So far, this investment philosophy in real-estate investing has gained more traction abroad. At the London conference, officials of Australian landlord [Lend Lease Corp.](#) described color-coded recycling bins at a construction site for easier recycling of wallboard and wood products. British commercial landlord Land Securities cited an annual £44,000 (\$81,000) power-bill saving for one property after sending letters to tenants promoting saving energy through minor gestures such as turning off lights.

"A lot of eyes get big with how some very simple things can generate real financial benefits," says Prof. Pivo.

Earlier this year Hermes Real Estate, owned by Hermes, the biggest British pension fund, published guidelines it follows to be environmentally responsible for activities such as land use and water consumption.

One impetus for the greater interest in Europe: The European Union recently mandated that office properties be ranked on a scale of A through F, based on their energy efficiency. Hermes Real Estate Chief Executive Rupert Clarke says he expects real-estate buyers and renters eventually will follow these energy-efficient

PRICE	78.16
CHANGE	-0.90
	9:48a.m.

[Lend Lease Corp. Ltd. \(LLC.AU\)](#)

PRICE	14.20
CHANGE	0.18
	7/4

\* At Market Close

### RELATED INDUSTRIES

- [Real Estate](#)

#### Personalized Home Page Setup

Put headlines on your homepage about the companies, industries and topics that interest you most.

• [Subscribe](#)

## Advertiser Links

Featured Advertiser

Accenture Presents  
**"High Performance"**  
 A Special Ad Section.

[Click Here ...](#)

[Manage Your Software Assets](#)

[DWS Scudder is here.](#)

[Boardroom Connection](#)

[New HP Workstations for Financial Markets](#)

NASDAQ Presents  
**"QQQ" Diversify your portfolio**

Work anywhere, anytime. Simdesk lets you securely.

CIGNA presents an archive of WSJ health-care articles.

Porsche Presents: An archive of articles from the Online Journal.

Work anywhere, anytime. Simdesk lets you securely. Free trial at [simdesk.com/signup](http://simdesk.com/signup)

Supply Chains. Synchronized. Solutions From UPS.

Order free annual reports on select companies.

standards. "It is too early to say if tenants are going to discriminate against an F building and favor an A building," he says. "But consumers certainly did on fridges."

## Calpers Sets Goals

Some U.S. institutional investors gradually are applying these strategies to real estate. Los Angeles-based commercial landlord Thomas Properties Group is shopping for investors for a \$500 million real-estate fund to buy or develop properties that have met the standards of the U.S. Green Building Council's program called Leadership in Energy and Environmental Design, or LEED. Investment firm TIAA-CREF, which recently formed a group to concentrate on social and community investing, says it has invested \$200 million to fund such projects as low- to moderate-income housing.

The California Public Employees' Retirement System recently established goals to reduce energy usage by 20% over the next five years in the \$5 billion worth of buildings that it owns. Calpers also is shopping for investments that support LEED requirements and has asked its real-estate investment partners to report more on their efforts to preserve resources. In 2005, Calpers said it saved 6.9% on energy costs for its core property portfolio, and two groups with which it jointly owned properties recycled nearly 70% of their total waste tonnage.

But with the relative decline in performance of REIT stocks partly due to rising interest rates, socially responsible investing advocates acknowledge any standards likely will be too late for this real-estate investment cycle. They hope guidelines will be in place for the next real-estate upswing.

**Write to** Christine Haughney at [christine.haughney@wsj.com](mailto:christine.haughney@wsj.com)

 [FORMAT FOR PRINTING](#)

Sponsored by

**TOSHIBA**  
 COPY • FAX • PRINT

[Return To Top](#)

[Subscribe](#) [Log In](#) [Take a Tour](#) [Contact Us](#) [Help](#) [Email Setup](#) [Customer Service: Online](#) | [Print](#)

[Privacy Policy](#) [Subscriber Agreement & Terms of Use](#) [Mobile Devices](#) [RSS Feeds](#)

[News Licensing](#) [Advertising](#) [About Dow Jones](#)

Copyright © 2006 Dow Jones & Company, Inc. All Rights Reserved

**DOW JONES**