Markets Say Green Buildings Earn More, Even in The Red State of Florida.

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Over the past two years the term "ESG" has taken a beating in headline culture wars, but on the **lease cash-flows** on the ground the tell a different story. **SG might be dead, but E is not!**

Mina's Real Estate Model (REM) methodically decouples the **impact of location and other building characteristics** which allow us to pinpoint where, when, and for whom certifications like **LEED** or **Energy Star** pay. That depth lets us separate true **"green alpha"**, if any.

For this report, we compared California and Florida, **a blue state and a red state**. We evaluated 80k+ investment grade buildings and analyzed hundreds of thousands of leases across the two states. REM contains 300 variables per state, methodically selected from 10,000+ market factors.

Using our proprietary AI and NLP methods, we have been able to pick up characteristics such as unit level view and general conditions of the buildings, architectural finishes, and various types of "soft information" that have real impact on valuations but are absent from all traditional databases.

Our database and models products of **2.5 years of advanced R&D** led by our Chief Economist, **Charles W. Calomiris**, Henry Kaufman Professor Emeritus of Finance at Columbia Business School, and former Chief Economist of the Office of The Comptroller of the Currency (OCC).

To estimate the impact of such certificates down to property level, LEED certification in this example, REM provides two outputs:

- **Counterfactual:** For buildings **NOT YET LEED-certified**, the expected percentage change in lease revenue per square foot if LEED certification were obtained.
- **Post-hoc:** For **ALREADY LEED-certified** buildings, the portion of current lease revenue is attributable to LEED certification.

State-Wide Picture: Premiums at a Glance

REM uncovers substantial financial premiums associated with green certifications—like LEED and Energy Star—across both California and Florida, with California exhibiting a visible lead. We picked Florida and California for this report because they offer a rich contrast in political climate, demographic composition, and industry mix among many others.

Figure 1: Mean Green Premium for CA and FL, % Premium on Leases

Certification Type	Average Revenue Premium	
	California	Florida
LEED	10.0%	7.2%
Energy Star	11.6%	5.6%

Source: Mina Analytics

Below we unpack ***why*** these buildings win on rent and value, then close with a note on how REM rigorously isolates the certification effect.

REM Snapshot

Why Trust the Numbers?

For FL and CA alone:

- 80k + investment-grade buildings
- Over 300k leases analyzed
- 10 TB unstructured data
- 10,000 factors for variable-selection pipelines
- 3 × more amenity detail than the biggest data vendors
- AI & NLP capture "soft" info: view, finishes, conditions, etc.

What's Next

Garage, conferencing centers, rooftop decks, gyms, etc.

each amenity gets its own **dollar-impact** model down to **building-level.**

We can instantly evaluate any building that is not in our sample.

Need a building-level analysis?

info@minaanalytics.com

1- Tenant Demand for Sustainable Space

Corporate occupiers have moved from "nice to have" to "must have." CBRE's 2024 Americas Office Occupier Sentiment Survey shows that **55 % of tenants explicitly factor a building's green certification into their willingness to pay a premium (or reject a building outright)**, with the figure jumping to 63 % for Class A portfolios. Large occupiers also rank "in-building sustainability" as the fastest-rising selection criterion, cited by 77 % of respondents.

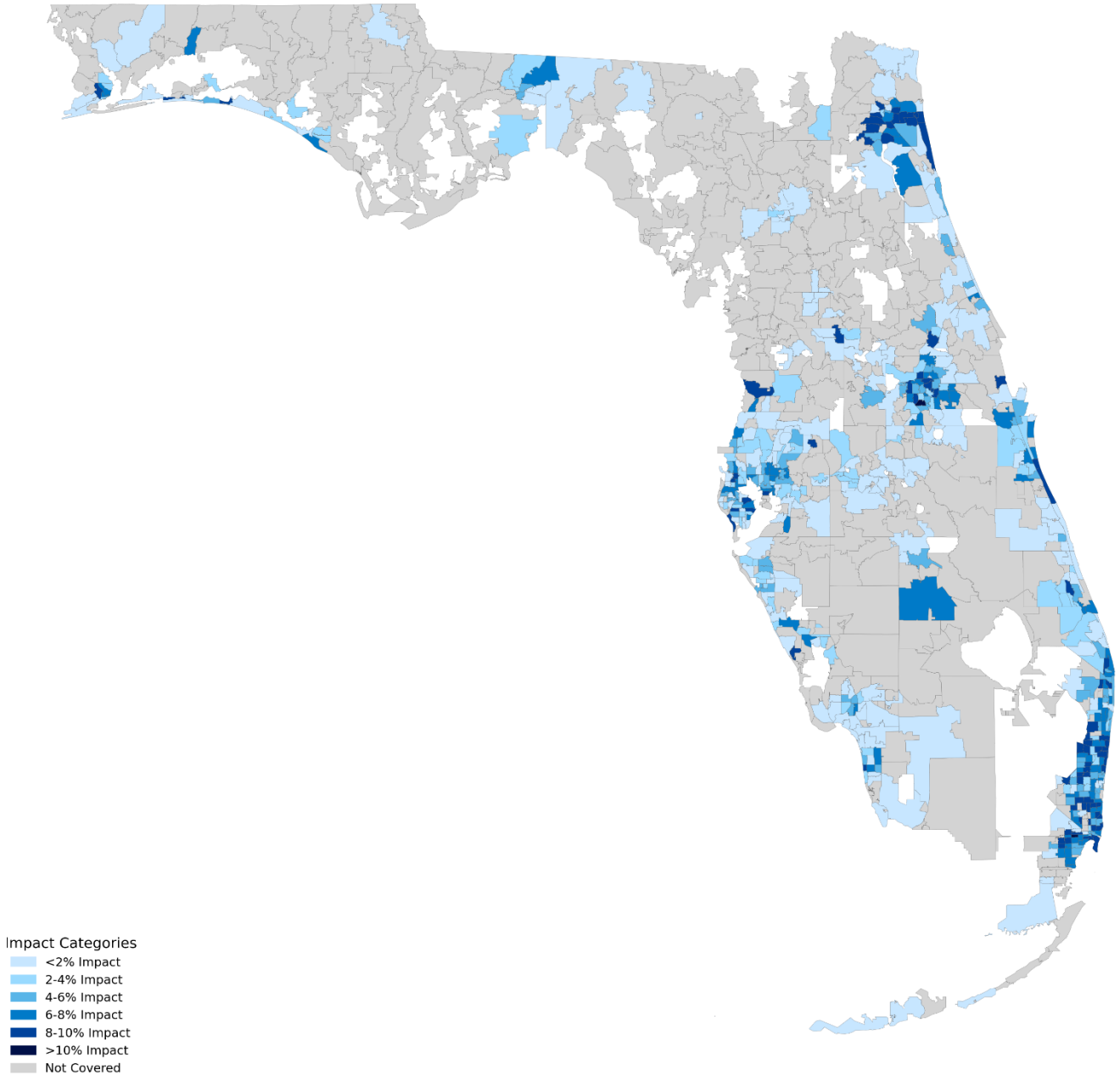
2- Certification As a Quality and Risk Signal

Green labels convey more than eco-branding; they are treated by the market as third-party assurance of superior construction, building systems and future-proofing. REM shows strong correlation between higher class and new builds. Our model controls for all these variables, making sure we accurately capture the effects of these certificates.

How We Control For "All the Other Stuff"

Mina's REM doesn't simply compare certified versus non-certified stock; it controls for more than 300 structural and locational variables per state—from age, height and class to ZIP-code demographics, amenity mix and even NLP-derived "soft" cues like facade quality or view. Forward-selection econometrics and cross-validation strip out multicollinearity and omitted-variable bias, letting us attribute the 10.0 % (CA) and 7.2 % (FL) premiums specifically to LEED status—not to newer vintage, bigger floorplates, or Class A addresses. In short, REM quantifies the certification lift with surgical precision, giving clients confidence that the "green alpha" we cite is real, replicable and bankable.

Figure 2: Florida LEED Certification Premium by ZIP Code, % Premium on Lease Prices

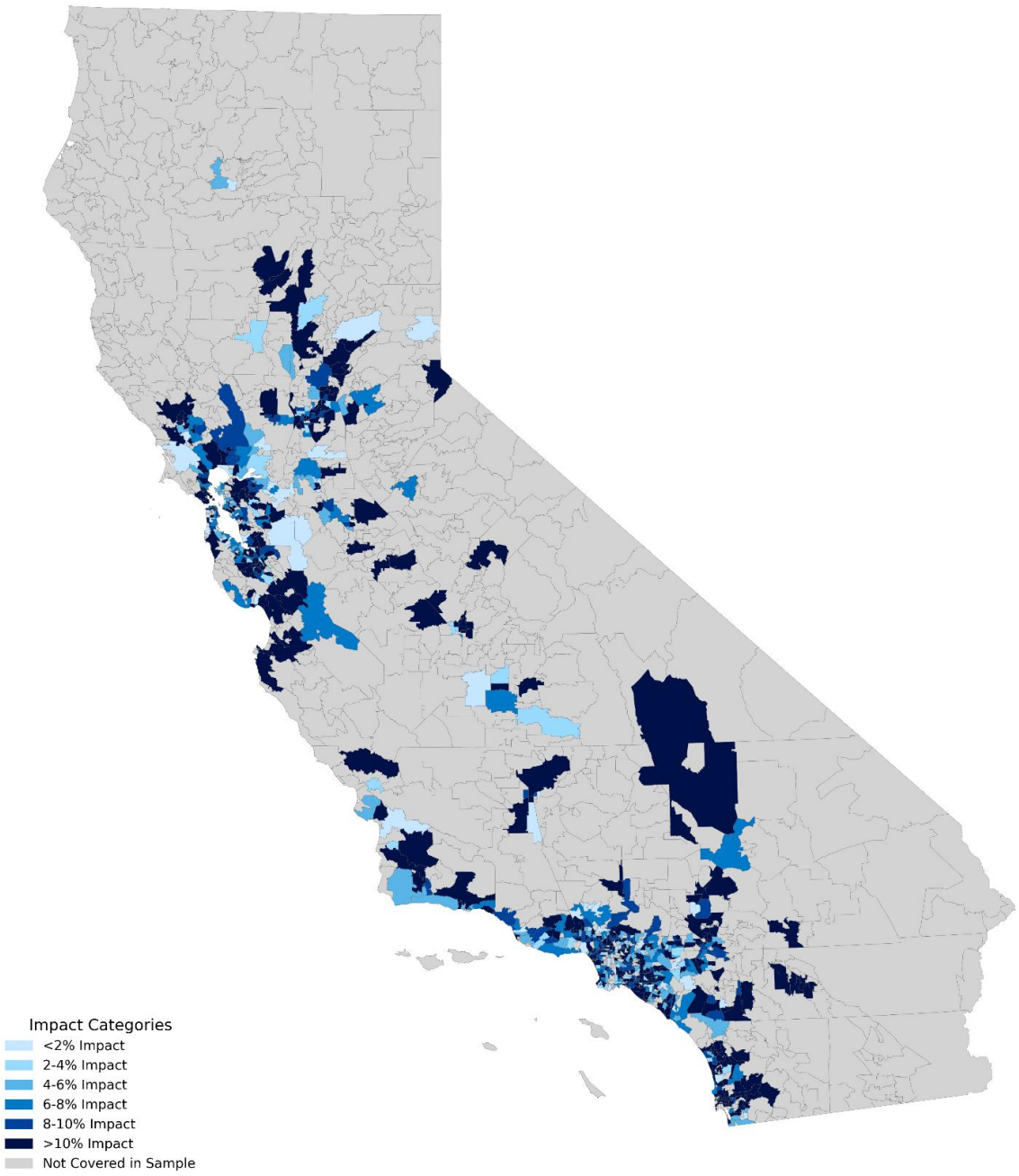


Source: Mina Analytics

California's economy leans heavily on technology and innovation, while Florida presents a diverse blend of tourism, healthcare, and retail. These differences matter. Rather than applying a one-size-fits-all model, Mina constructs custom REMs for each state, accounting for local heterogeneity in income levels, educational attainment, urban density, and market behavior.

By doing so, we isolate the true drivers of green premiums—revealing not only where value lies, but why it exists in the first place.

Figure 3: California LEED Certification Premium by ZIP Code, % Premium on Lease Prices



Source: Mina Analytics

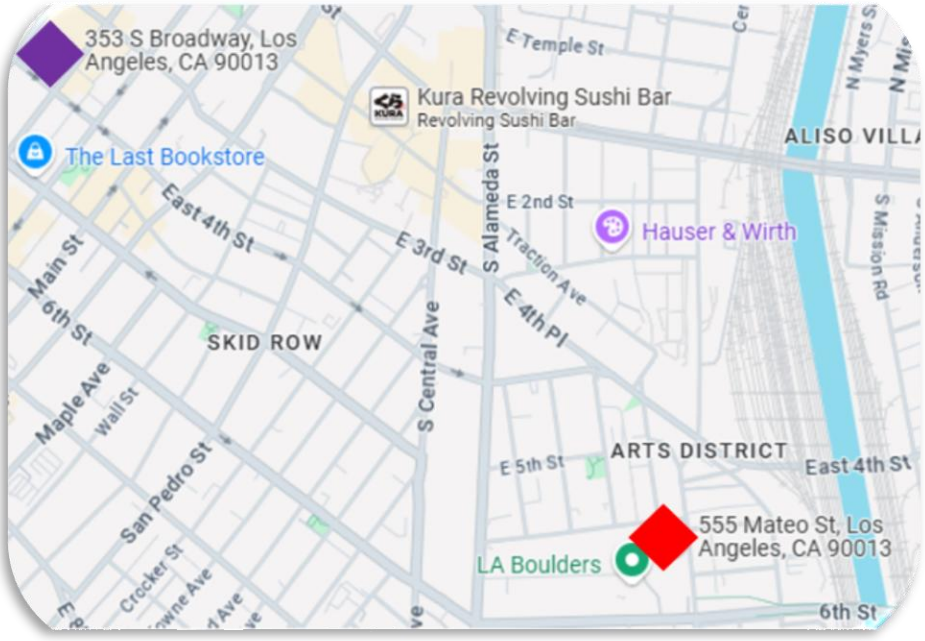
Street-Level Reality: Downtown LA Twin Buildings

Even at the street level **within the same ZIP code**, REM uncovers meaningful variations in green premium driven by differences in overall building quality and even location desirability variation - capturing soft information through our proprietary methods- as well as specific attributes like rooftop access, onsite cafeterias, and whether a building is tailored for retail or medical use. These building attributes are algorithmically selected and validated based on certain statistical criteria.

The two featured buildings in downtown Los Angeles (Figure 4) are NOT currently LEED-certified, placing them in the "counterfactual" category. According to Mina's REM, certifying these properties could increase lease revenue per square foot by 13% and 7%, respectively, translating into annual revenue gains of approximately $852K and $149K. This is the kind of alpha our REM uncovers.

By aggregating these building-level impacts, Mina's REM also generates ZIP code-level averages to highlight broader market trends. Figures 2 and 3 illustrate how LEED certification impacts vary significantly within California and Florida. As the saying goes: location, location, location – and Mina can help you **focus on the most rewarding locations with the right investment.**

Figure 4: LEED Certification Upside, Premium on Lease Prices



353 S Broadway, LA	555-581 Mateo St, LA
	
LEED Value Uplift: 13.1%	**LEED Value Uplift: 7.0%**
Annual Revenue Gain: $852,000	**Annual Revenue Gain: $149,000**

Source: Mina Analytics