

# **Green Building and Investment Strategies: Panel Introduction**

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2:45-4:15 PM**

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Today we have Nicholas Stolatis from TIAA-CREF, Hans Op 't Veld from PGGM, Ian Goltra from Forward Uniplan, and Don Moseley from Walmart to talk to us about green building and investment strategies.

Our financial markets are, we economists think, the decentralized long-term collective planning department of the human race. It is the job of financial markets to tell us how valuable assets are—how useful they are not just today but looking far into the future at amplifying our productive capabilities to make and use the things we want and need, and looking not just at a future that is like today but looking at and appropriately weighting the entire fan of possible futures spreading out from this day forward.

As we look forward, we can see one wing of the distribution of possible futures in which having buildings that are extremely energy efficient is extremely valuable—and in which having buildings that are energy-hungry are extremely costly, both because oil may hit and stay at \$200 a barrel and because mobs of angry environmentalists may trigger mass

boycotts of what you make if the buildings a corporation owns are not energy efficient when the last piece of Arctic Ocean ice melts some summer in the future.

Are these possible futures having an impact on asset prices now? If not—or if they are not having a big enough impact—there are opportunities for alpha here, if you can figure out which pieces of real estate are “green” and thus undervalued and by investing in them. If yes, then there are opportunities for profit in both building and renovating green buildings, and in spreading information about which buildings are in fact “green.”

That is, we economists say, the social function of financial markets, investment firms, and real estate portfolio choices as we move into a future in which a melting Arctic icecap and other environmental disruptions move closer to what might someday be solid reality.

Are financial markets, investment firms, and real estate portfolio choosers adequately performing this social function as the decentralized long-term collective planning department of the human race? Inquiring minds want to know.

So let me turn the microphone over to Nick, and say two further words: eight minutes.

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