

CONNECTED BUILDINGS REPORT

Research shows buildings with Wired Certification receive higher rent than peer buildings.

Introduction

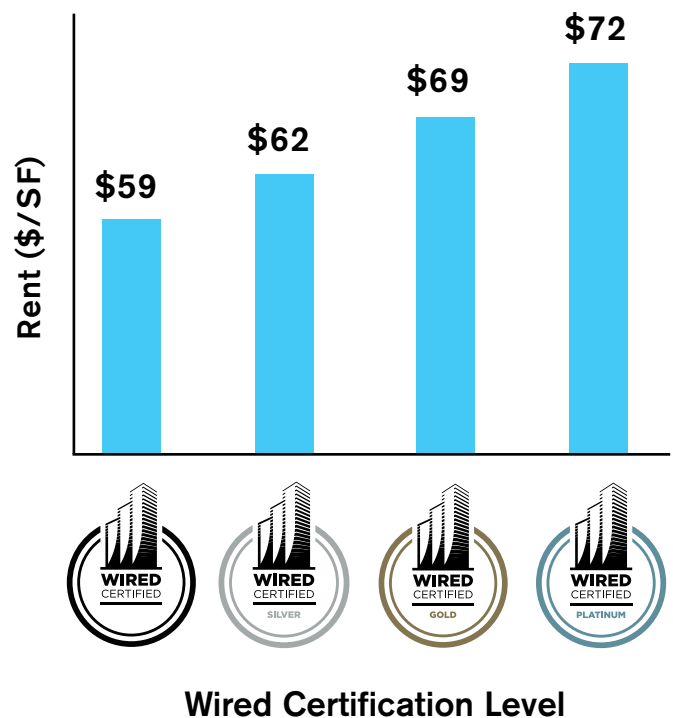
CoStar Portfolio Strategy and WiredScore both strive to stay ahead of market trends that will benefit building owners, so we are excited to co-present the following key takeaways from a CoStar Portfolio Strategy study of Wired Certified buildings. The buildings examined are in Manhattan, where WiredScore launched in 2013 and over 350 office buildings have achieved Wired Certification.

Buildings with Wired Certification receive higher rent than peer buildings

There are multiple factors beyond location that determine an office building's rental value. Internet connectivity is one. Tenants willing to pay more in rent expect best-in-class digital infrastructure. In the study, rents rose along with Wired Certification level, by an average of 6.9% between each level ranging from Certified (the most basic) to Platinum (the highest).

Findings

- Buildings with Wired Certification receive higher rent than peer buildings.
- As a means of competing for top talent, TAMI tenants are more highly concentrated in buildings with Wired Certification.
- Owners should think about improving internet connectivity as a way of raising rental revenue, particularly in Class B buildings.



Creative tenants locate in connected buildings

It is increasingly clear that technology, advertising, media, and information (TAMI) tenants are choosing the best office space in the best locations as a means of competing for creative talent.

Buildings with Wired Certification attract a higher concentration of TAMI tenants than unrated buildings. TAMI tenants take up 13.3% of Wired Certified Platinum (the highest rating) buildings in New York, but only 6.9% of unrated buildings and an average of 8.4% of buildings rated Wired Certified, Silver, and Gold.

Class B rental rates get the most lift from Wired Certification

Owners should think about improving internet connectivity as a way of raising rental revenue, particularly in Class B buildings. In the study, we found that Wired Certified Class B properties (awarded 3 out of a possible 5 Stars on CoStar's Building Rating System) generated up to \$7.50/SF in extra rent compared to non-Wired Certified properties, controlling for closeness to subway and building rating.



Ready to learn more about WiredScore?

Buildings that meet the Wired Certification standard are showcased prominently on CoStar, the world's largest CRE database, and are easily identified as cutting-edge offices by real estate brokers and businesses looking for new space.

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