

GREEN BUILDINGS GENERATE MORE ROI

While doing research with my team, I found out that a new study by CoStar Group has found that "green" buildings outperform their peer non-green assets in key areas such as occupancy, sale price and rental rates, by wide margins. Full story below

HOW TO UPGRADE TO A GREEN BUILDING BASED ON LEED® AND ENERGY STAR® CERTIFICATION PROGRAMS

Prior to selling, or after an acquisition of a property, property owners or investors may upgrade their property and get LEED certification or earn the Energy Star label to maximize the value of their building, save on operational costs, and minimize the negative impact to our planet. [Full story below](#)

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GREEN BUILDINGS GENERATE MORE ROI

I am in constant search for strategies on how to maximize the value of commercial properties for the benefit of my clients.

While doing research with my team, I found out that a new study by CoStar Group has found that "green" buildings outperform their peer non-green assets in key areas such as occupancy, sale price and rental rates, by wide margins.

With all the hype surrounding measures on reducing carbon emissions by implementing efficient energy systems and innovative design in existing buildings, which takes advantage of surrounding environmental conditions such as lighting, temperature, wind, and water resource, among others, green buildings are finally producing higher ROI for developers and investors, due to higher demand, higher sales prices and lower operating costs.

Costs associated with green implementations are finally paying off, not only because of the good feeling of being involved in environmental stewardship, but also because the market is willing to pay a premium for an environmentally friendly property.

The results indicate a broader demand by property investors and tenants for buildings that have earned either LEED® certification or the Energy Star® label and strengthen the "business case" for green buildings, which proponents have increasingly cast as financially sound investments.

According to the report, Energy Star buildings are selling for an average of \$61 per square foot more than their peers, while LEED buildings command a remarkable \$171 more per square foot. This is a development that could attract institutional investors.

Andrew Florance, president and CEO of CoStar, called the findings a "strong economic case for developing green buildings" at a seminar hosted by the District of Columbia Building Industry Association (DCBIA) where the results from the study were presented. He added, "Green buildings are clearly achieving higher rents and higher occupancy, they have lower operating costs, and they're achieving higher sale prices."

How Can I Make My Property Green?

There are many ways to "green" your property, from installing bike racks and rainwater collection and reuse systems, to energy-efficient lighting and low-flow plumbing fixtures, installing energy efficient windows, turning off computers at night policy and adding motion sensors to control lighting are some of the measures that can be done. LEED and Energy Star, as benchmarking and certification programs, provide guides and checklists on specific measures to human and environmental health, allow to save energy, and reduce carbon emissions.

Many of the recommended efficiency designs and practices such as sun-lit windows, ventilators, upgrading light bulbs or office equipment, pay for themselves in energy cost savings.

Premiums that the market is willing to pay for LEED and Energy Star buildings, as indicated in the CoStar study, are a clear demonstration of the overall impact of energy efficiency on property value. The financial results can be applied to asset value, through increased NOI or net operating income.

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LEED and Energy Star provide guidelines on how to upgrade existing buildings to get green certification.

LEED CERTIFICATION

The LEED for Existing Buildings: Operations & Maintenance (O&M) Rating System provides a road map for property managers, portfolio owners and service providers who wish to drive down operating costs while increasing occupants' productivity in an environmentally responsible manner. LEED for Existing Buildings: O&M addresses building exterior and site maintenance programs, efficient and optimized use of energy and water, the purchase of environmentally preferred products and food, waste stream management and ongoing indoor environmental quality. It also provides sustainability guidelines for whole-building cleaning and maintenance, recycling programs and systems upgrades to improve building energy performance.

Divided into six main categories, LEED for Existing Buildings: Operations & Maintenance (O&M) Rating System's Prerequisites and Credits correspond to a point or points. To achieve LEED certification, buildings must meet all prerequisites in the Rating System and earn a minimum of 34 points. The flexibility of the Rating System allows building owners, managers and practitioners to determine which credits to pursue based on performance goals. Ratings are awarded according the following point thresholds:

Certified: 34 - 42 points

Silver: 43 - 50 points

Gold: 51 - 67 points

Platinum: 68 - 92 points

The six main categories of LEED for Existing Buildings: Operations & Maintenance (O&M) Rating System's Prerequisites and Credits are as follows:

Sustainable Sites: LEED Certified Design and Construction; Building Exterior and Hardscape Management Plan; Integrated Pest Management; Erosion Control and Landscape Management Plan; Alternative Commuting Transportation; Reduced Site Disturbance - Protect or Restore Open Space; Stormwater Management; Heat Island Reduction; Light Pollution Reduction.

Water Efficiency: Minimum Indoor Plumbing Fixture and Fitting Efficiency; Water Performance Measurement; Additional Indoor Plumbing Fixture and Fitting Efficiency; Water Efficient Landscaping; Cooling Tower Water Management

Energy and Atmosphere: Energy Efficiency Best Management Practices; Minimum Energy Efficiency Performance; Refrigerant Management; Optimize Energy Efficiency Performance; Existing Building Commissioning; Performance Measurement; Renewable Energy; Emissions Reduction Reporting

Materials and Resources: Sustainable Purchasing Policy; Solid Waste Management Policy

Indoor Environmental Quality: Outdoor Air Introduction and Exhaust Systems; Environmental Tobacco Smoke Control; Green Cleaning Policy; IAQ Best Management Practices; Occupant Comfort

Innovation in Operations: Innovation in Operations; LEED Accredited Professional; Documenting Sustainable Building Cost Impacts

About LEED

LEED is a third party certification program and the nationally accepted benchmark for the design, construction and operation of high performance green buildings. LEED gives building owners and operators the tools they need to have an immediate and measurable impact on their buildings' performance. LEED promotes a whole-building approach to sustainability by recognizing performance in five key areas of human and environmental health: sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality.

LEED, which stands for Leadership in Energy and Environmental Design, indicates a property's overall sustainability by awarding points for just about any sustainable feature imaginable. It is comprised of specific programs tailored for new buildings, existing buildings and tenant build-outs, and awards different tiers of certification such as Silver, Gold or Platinum, the highest.

For more information, visit the LEED Website: www.usgbc.org

EARNING THE ENERGY STAR LABEL

Buildings achieving a rating of 75 or higher and professionally verified to meet current indoor environment standards are eligible to apply for the ENERGY STAR. Owners may display ENERGY STAR plaque to convey superior performance. Highlighting the ENERGY STAR qualified buildings in your portfolio sends a positive message to lenders, appraisers, owners, investors, and potential tenants or customers.

Energy Star provides information on proven energy-efficient technologies that can produce energy savings of 35% or greater by following the staged process they outlined.

Energy Star advocates an integrated upgrade approach for success that includes the

following factors:

Involving the right people in your organization - EPA encourages top management commitment and targets top level executives in promoting energy performance and pollution prevention.

Benchmarking energy performance - EPA advocates benchmarking energy performance (EPA's portfolio manager) to optimize energy use and achieve maximum energy and cost savings, and using proven energy-efficient technologies and an integrated approach for building upgrades.

Communicating results - EPA recognizes participants' successes to increase public awareness on the benefits of energy performance. Nothing is more convincing than success!

The staged upgrade approach synthesizes these interactions into a systematic method for planning upgrades that enables you to maximize energy savings. The stages are:

Recommissioning: Periodically examine building equipment, systems, and maintenance procedures as compared to design intent and current operational needs.

Lighting: Install energy-efficient lighting systems and controls that improve light quality and reduce heat gain.

Supplemental Load Reductions: Purchase ENERGY STAR labeled office equipment, install window films and add insulation or reflective roof coating to reduce energy consumption of supplemental load sources.

Fan Systems Upgrades: Properly sized fan systems, adding variable speed drives, and converting to a variable-air-volume system.

Heating And Cooling System Upgrades: Replace chlorofluorocarbon chillers, retrofit or install energy-efficient models to meet the building's reduced cooling loads, upgrade boilers and other central plant systems to energy-efficient standards.

About Energy Star

ENERGY STAR is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy helping us all save money and protect the environment through energy efficient products and practices.

It developed an energy performance rating system that rates a building's energy efficiency on a scale of 1-100. A building that scores in a 75 or above on this scale (placing its energy performance among the top 25 percent among similar buildings) can earn an ENERGY STAR label. Receiving a rating for a building is easy and can be done at the energystar.gov Web site using Portfolio Manager, a free, online tracking and benchmarking tool.

For more information, visit the Energy Star Website: www.energystar.gov

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