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## **Owners will pay for green, but whether they will continue to pay for LEED is still uncertain**

March 24, 2011 - Green Buildings

To LEED or not to LEED, that is the question for a growing number of building owners.

The decision hinges on two main issues: Green building and LEED certification. A building can be green without LEED certification. With this in mind, owners wonder whether the LEED plaque merits the increased project costs. Depending on project's size and the rating pursued, soft costs can easily reach six figures.

A decade ago, owners faced the choice: green or not. At that point, green building was an owner's conscious decision, and green clearly cost more. Sustainable design and construction professionals were a novelty, and far fewer environmentally friendly materials were available.

LEED's inception in 1998, coupled with the growing body of evidence on global warming and other ecological damage, played a huge role in furthering the practice of green building. Now LEED-accredited professionals abound, as do green and sustainable products. Going green has become the norm.

This green mandate is good on all accounts. Green practices simultaneously lower operating expenses and conserve environmental resources by reducing energy use, water consumption, and waste. They also create better workplaces, utilizing more fresh air, natural light, and connections with the outdoors -- elements that increase employee satisfaction and productivity.

Finally, going green is the "right thing" to do, as most owners recognize.

John Kerrigan, executive vice president of Grubb & Ellis, Boston, notes that owners are generally willing to absorb initial higher costs, which are justified by higher occupancy rates and the higher rents tenants will pay for green spaces.

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### **Cautious About LEED**

Susan Packard and Mark Glasser, principals of Packard Design, say that many institutions, corporations, and owners are very interested in green and sustainable architecture. Aside from operational savings, these buildings offer additional advantages, such as tenant and employee attraction and retention. But Packard and Glasser say they are seeing more corporations and owners hesitate to pursue LEED certification.

The hesitancy stems not necessarily from increased costs of the building itself, but from expenses related to certification. Even with LEED's upgraded online filing system, certification paperwork is extensive and time consuming for the designers and consultants involved. These costs, as well as filing fees, are born directly by the owner and can quickly exceed \$100,000.

Packard and Glasser have worked on projects that, as built, met LEED requirements, but to save money the owners chose to forgo certification.

Operationally, LEED certification may not matter. But it may in terms of marketability.

## The Millennial Factor

Brad Black and Stacy Chamber, managing principals of Nelson, an interior design and architecture firm in Boston, see owners and an increasing number of tenants acknowledging LEED recognition as a significant factor for attracting and retaining young talent.

Sustainability commitments are key when looking to attract "millennials," known in part for their interest in community service jobs and projects that support sustainability. Green or sustainable buildings align with that desire to do good.

While corporate building portfolios don't need to be LEED-certified to be green, the LEED seal of approval offers a recognizable and highly marketable benchmark to influence potential hires. Chambers notes, however, that some companies, such as Bank of America and PepsiCo, are now reaching beyond the highest LEED rating to achieve zero carbon footprints. With sustainability becoming an increasingly strong part of a company's image, perhaps in time a corporate image will rest more on its "zero" status, not its LEED rating.

So, whether LEED certification matters depends on where you fall in the real estate continuum. LEED doesn't have a lock on green building or practices. You can be green without LEED. The costs of certification can be significant, but so are the benefits of sporting the LEED plaque.

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