

Green Building and LEED Certification: A New Standard in Property Management

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An intriguing new development in commercial design and construction is improving the way our industry approaches the construction of property and optimizing operating efficiencies for property owners.

Since I started in this business nearly 15 years ago, the commercial real estate industry has experienced steady change, calling for flexibility and an open mind. But from my vantage point, some missions endure, including relentless commitment to the varied dimensions of service – both for the buildings in a firm’s property management portfolio and for the clients who own and occupy them.

Carter not only manages all office space in Atlantic Station, a project in Midtown Atlanta that the community dubbed as the nation’s largest urban mixed-use redevelopment, the company also provides project management services for a portion of Atlantic Station. With this, the company has added yet another duty to the list: to develop and maintain environmentally friendly and responsible real estate in Atlantic Station that upholds the values of green building.

Over the past few years, the U.S. Green Building Council (USGBC) has developed a voluntary, consensus-based national standard for designing high-performance and sustainable buildings. In determining these guidelines, representatives from across the building industry collaborated to form what is now known as “Leadership in Energy and Environmental Design” (or LEED) certification. These new guidelines establish a common standard of measurement that defines green building and emphasizes innovative strategies for sustainable site development, resource savings and efficiency, material selection and indoor environmental quality.¹ According to the Green Building Council, LEED standards also seek to promote integrated, whole-building design practices, recognize environmental leadership, and transform the building market by stimulating green competition and raising consumer awareness.

In order to achieve LEED certification, a project must earn credits based on six categories of performance: sustainable sites, energy and atmosphere, water efficiency, indoor environmental quality, materials and resources, and innovation in design. Building projects must earn at least 26 of 69 available credits to be eligible for certification.² For new construction and land development projects, the decision to “go green” must be made in the very early stages of planning and be carried out through every stage - from initial groundbreaking to finishing interior touches.

Thankfully, it appears that the building industry is taking notice and rising to the challenge posed by USGBC. To date, more than 260 million square feet of commercial building space has been registered or certified under LEED specifications and a total of 2,080 registered building projects are currently registered for LEED standards for new

¹ U.S. Green Building Council (USGBC) Web site, www.usgbc.org, August 12, 2005.

² USGBC, www.usgbc.org, August 12, 2005.

commercial construction (LEED-NC). An additional 254 building projects have completed certification.³

By adopting development standards defined by USGBC and seeking LEED certification for their projects, all parties involved – owners, tenants, construction and property management teams – realize multiple benefits. More and more companies are getting serious about environmentally responsible development, realizing that the practice yields economical and logistical advantages; however, many are looking seriously at LEED certification for another simple, yet compelling reason: it's the right thing to do.

As the industry rises to meet the challenges put forth by USGBC, commercial real estate developers are taking the opportunity to apply USGBC standards and obtain LEED certification, citing that the “right thing to do” rationale is sufficiently convincing. For others, the various empirical advantages – economical and otherwise – prove to be more motivating.

As property managers, we are charged with the maintenance and upkeep of the properties once the final bricks are laid and construction crews roll out. As a result, we experience the life of a building firsthand, developing intimate knowledge of a building from inside out. For better or worse, we are held responsible for a structure's performance, the ones charged with maintaining a building's performance for the long haul, from its efficient use of water and energy to cost-saving measures to enhancing indoor quality. All of these components are addressed by LEED standards and contribute to a development's attractiveness to tenants and, thus, enduring value.

At the helm of Carter's property management portfolio, I have the unique experience of working with one of the pioneer LEED buildings in the Southeast. In conjunction with AIG Global Real Estate Investment Corp, the building owners, Carter has recently completed the LEED certification for the building at 171 17th Street, Atlantic Station's landmark office tower. In July 2005, this 22-story high-rise that anchors the Midtown Atlanta redevelopment became the first LEED Silver (Core & Shell) certified high-rise office building in the world. It is also the first high-rise tower to receive LEED certification of any kind in the state of Georgia.⁴

It is our goal that the portion of Atlantic Station that Carter is providing project management services for - the Town Center area, which will include 800,000 square feet of open-air retail and entertainment, as well as six mixed-use retail buildings with shops and restaurants – will achieve LEED certification upon completion, proving our commitment to a new way to build. The Atlantic Station team has seen firsthand how the myriad of green-building benefits have increased the value of our property at 171 17th Street and realizes that achieving LEED certification throughout the development will help create enduring value.

³ USGBC, www.usgbc.org, August 12, 2005.

⁴ Press Release: 171 17th Street Receives LEED Certification, July 12, 2005.

Among the most compelling benefits of building to LEED standards are the long-term cost savings that can be achieved with a minimal increase to the initial investment. According to USGBC, recently completed and certified projects have demonstrated that LEED can be achieved with a “common-sense approach to design and no additional dollars.”⁵ A 2003 report on the financial benefits of green buildings confirms this assertion, stating that “minimal increases in upfront cost of about 2 percent to support green design would, on average, result in life cycle savings of 20 percent of total construction cost – more than 10 times the initial investment.”⁶

The life cycle cost savings can be attributed directly to two primary factors. First, a building constructed to LEED standards can be operated at a lower overall cost to the owner from a utilities standpoint, savings that manifest themselves in reduced water and energy consumption. For instance, 171 17th Street features strategies for water conservation that resulted in a water use reduction of 37 percent, made possible by lavatory flow adjustments and landscape design that requires less irrigation.⁷ USGBC quotes research from the Environmental Protection Agency that states tenants can save about 50 cents per square foot each year through strategies that cut energy use by 30 percent – a remarkable \$50,000 on a five-year lease of 20,000 square feet. This is an attractive financial proposition for building owners and leasing tenants, in addition to the added benefit of decreased strain on the region’s environmental infrastructure. This reduced impact has potential for recognition by local governments, leading ultimately to lowered property tax liabilities.

The second factor contributing to a LEED building’s long-term cost savings relates to the lengthened life cycle of building systems and related equipment. Owners of LEED buildings recognize the value of an extended replacement schedule that results from equipment that runs more efficiently and effectively than traditional systems. This benefit translates into lower operating cost and capital expenditures over the life of the building, making a LEED building more profitable than traditional structures, thereby increasing market value.

Beyond financial considerations, and into our realm of management and maintenance, LEED certified projects offer benefits that far outweigh potential challenges. All told, the everyday management of a green structure is not much different from traditional building operations; the exceptions simply include assuring that the property’s additions and equipment replacements meet or exceed the original specifications for environmental and energy efficiency. As LEED standards gain wide acceptance, the property manager’s role involves educating contractors about the full range of acceptable building materials, from replacement finishes like paint, wall covering and carpet to maintaining systems with low or no chemical emissions.

⁵ USGBC, www.usgbc.org.

⁶ Greg Kats, “The Costs and Financial Benefits of Green Buildings: A Report to California’s Sustainable Building Task Force,” October 2003.

⁷ A report on the development at 171 17th Street by The Epsten Group, Inc., the property’s LEED consultant.

In return, tenants experience a major benefit of working in a LEED-certified building: improved indoor air quality and occupant comfort. Achieved through the careful selection of finish materials and installation techniques that minimize chemical emissions into the indoor environment, indoor air quality of LEED structures is superior to “non-green” counterparts and is intended to increase occupant comfort. At 171 17th Street, the occupants’ well-being is enhanced by the use of low-emitting materials and indoor pollutant source control, in addition to daylit interiors and direct views to the outside. The construction and design teams observed great detail in planning for the indoor air quality of the building, down to the permanent walk-off grates that reduce dust and dirt tracked in at the main entrances.

By building to the LEED standards explained above, tenants recognize the true value of a healthy indoor environment as it relates to enhanced employee productivity and decreased susceptibility to the molds and maladies contributing to “sick building syndrome.” This is a significant benefit when tenants consider how much time their employees spend at work, and the studies by EPA and other agencies indicating indoor levels of pollutants may be two to five times higher than outdoor levels.⁸ Thus, the health benefits of leasing in a LEED building might even contribute to a firm’s bottom line.

For tenants, the enhanced productivity and health benefits provided by a LEED-certified building add to cost savings generated by the operating efficiencies mentioned previously. This is made possible as owners are able to pass utilities and maintenance savings on to leasing tenants – a luxury that tenants of traditional, non-green buildings don’t experience.

The advantages of developing, owning and occupying a building constructed to LEED specifications create an overall winning proposition for every party involved. And from the property manager’s perspective, the maintenance and operating cost savings of green buildings in the short and long term prove to be only two true benefits of LEED certification. From all standpoints – financial, environmental and otherwise – it’s just the right thing to do.

The International Facility Management Association (IFMA) is the largest and most widely recognized professional association for facility management, supporting approximately 17,300 members. The Association’s members are represented in 125 chapters, 16 councils and one Special Interest Group (SIG), in 52 countries worldwide. Globally, IFMA certifies facility managers, conducts research, provides educational programs, recognizes facility management degree and certificate programs and produces World Workplace, the largest facility management-related conference and exposition. The Atlanta Chapter of IFMA has almost 500 members and provides networking, education and community service opportunities for our professional and associate members.

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⁸ USGBC, www.usgbc.org.

