

# What You Need To Sell Green

**The Benefits  
Fact Import:  
Customers.**

# Standard Benefit - Save-Sav

- Saving Money
  - Reduced Energy Bills
  - Payback Period
  - Return on Investment
- Save the Earth
  - It's the Right Thing to Do

# What Else?

- Resale
- Competition  
Advantage
- Risk Reduction
- Increased  
Profitability
- Other  
Considerations

# Market Value

**Net Operating Income / Capitalization  
= Market Value of the Property**

**Net Operating Income (NOI)  
= Income - Expenses**

**The lower your expenses the higher you**

# Rocky Mountain Institute Exa

Cap Rate = 10%

Pre Upgrades:

NOI = \$100,000

Valuation:

\$100,000/10%

**Market Value**

**\$1,000,000**

\$40,000 Upgrad

NOI = \$110,000

Valuation:

\$110,000/10%

**Market Value**

**\$1,100,000**

# Resale

## Competitive Advantage

- Two equivalent properties but one has implemented upgrades and the other standard upgrades

## Perceived Value

- The 2 most expensive office buildings sold in Chicago were LEED buildings. *(Trophy Office Tower Sales Sets Chicago Record)*

CoStar study finds that EnergyStar buildings sell for

# **Lease-ability/ Competitive Advantage**

- **Increased Profitability**
- **Healthier for the Environment**
- **Enhanced Corporate Image**
- **Lower Utility Costs**
- **Market Receptiveness**

# Employees are More Productive in Green Buildings

~85% of an office based business' expenses are employee related. At Genzyme Center, 58% of 920 employees reported an increase in productivity in a new LEED building over their old location.

Survey of current building related research conducted at C

- 13 Studies supporting productivity gains from HVAC in green buildings
- 14 Studies linked temperature control performance to productivity
- 7 Case studies showing that high-performance ventilation systems reduce respiratory illness 10-90%
- Replacing noisy magnetic ballasts with quiet electronic ballasts

mage



Companies don't question the expenses  
mahogany paneling in the board room

# Competitive Energy Bills

Trend in regulations requiring building  
publish energy usage

- Washington D.C. requires commercial  
publish energy use
- New York requires commercial building,  
multi-family, to post energy use

# Market Recognition

## Opportunities for market recognition

- Elevations Credit Union has implemented efficiency upgrades resulting in a 19% reduction in the carbon footprint:
  - Recognized by 10forChange
  - Newspaper articles,

# Risk Reduction

- Code & Oth Changes
- Elimination
- Fuel Cost Ir
- Cultural Cha

# Code & Legislative Change

Codes are requiring upgrades to existing building

- New York, California have already implemented requirements
- Colorado: Boulder County, Front Range

Requirements to post building energy

# Incentives

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As upgrades and green elements become required current incentives will be disc

# Prepare for Changes:



Protection from increased in fuel cost

Preparation for potential carbon taxes

Anticipation of continued cultural acc  
and demand for green and employee  
for green

# Business Case

- Increased Sales
- Decreased Operating Costs
- Increase in Profitability
- Decrease in Risk

# Business Case

## Increased Sales

- Daylighting can have a profound affect
  - Per a study of 73 stores in CA daylighting w for a 40% increase in sales (*Can Green Be Gold?*)

## Increased Lease Rates

- CoStar reports that LEED bldgs rent for premium and have 4.1% higher occupancy
- Energy Star buildings rent for \$2.40/sq

# Business Case

## Worker Productivity

- If 85% of costs are allocated to the cost of employees then increased productivity increases profit. *(Green Buildings and the Bottom Line)*

## Reduction in Sick Days

- Toyota recorded a 14% decrease in absences. *(Green Buildings and the Bottom Line)*

# Business Case

- Reduced Liability
  - Corporate Office Properties Trust has their projects in part to avoid potential liability
  - Fireman's Fund offers discounts for green buildings

*Green Building*

# Other Considerations

## Chemical Sensitivity

- Survey reported that 59% of travelers surveyed reported hotel based on availability of allergy free rooms

## Indoor Air Quality and Quality of Life for Seniors

- A John Hopkins study found that 53% of senior tested allergens and that asthma in seniors contributes to a d life, the more sever the more negative feelings the indi life in general. (*Senior Citizens At Risk for Untreated Asthma*)

# Summary

- Resale
- Compe  
Advan
- Risk R
- Increa  
Profita
- Other  
Consi

**Questions?**

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