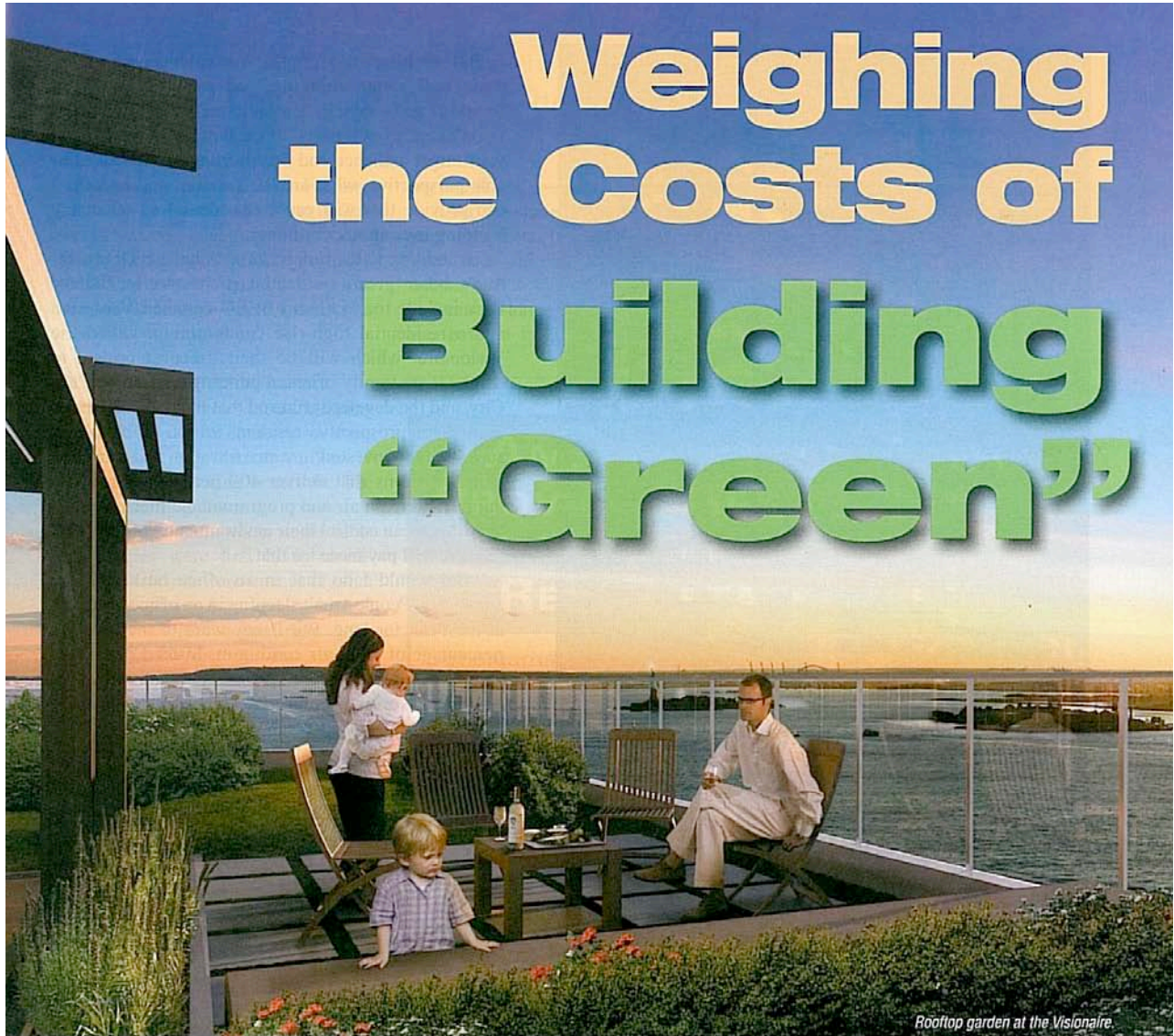


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Are Sustainable Buildings
Worth the Extra Effort?

By Steve Cutler

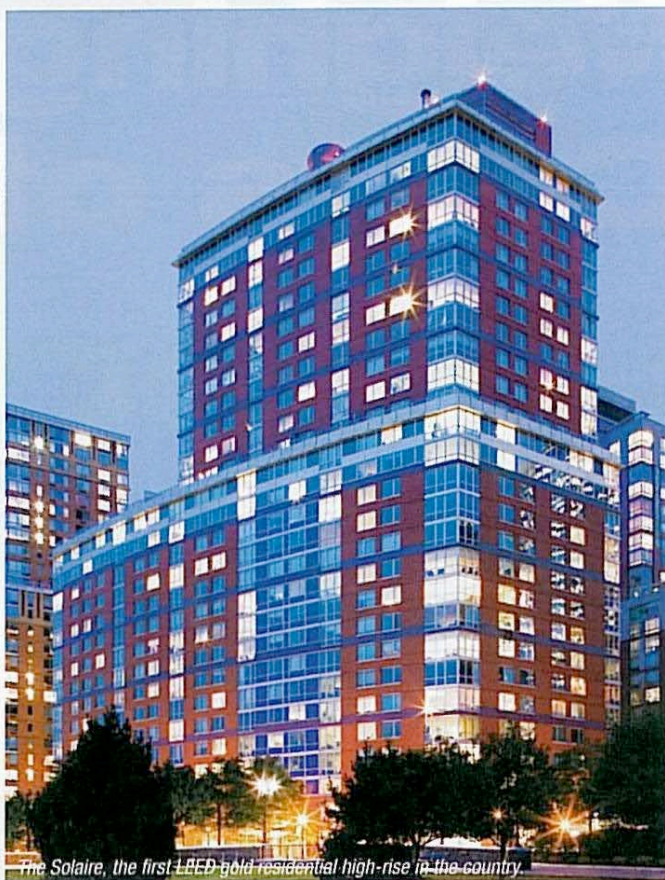
There's little doubt that building "green" adds value to new construction.

"The novelty has not worn off," says George Aridas, senior vice president of The Albanese Organization. "Building green has actually increased in value as people have become more aware of what a green building is."

Now the question before developers is: Is it worth the additional cost?

Basic Real Estate Thinking

The Albanese Organization is convinced that it is. "We've done studies over the years at Solaire," the first LEED gold residential high-rise in the country, says Aridas. "Comparing the green and non-green buildings in Battery Park, on average over the last few years we get somewhere between 6 and 8 percent more on a square foot basis. So if your market is \$50 a square foot in rent, and you get 8 percent more, that's \$1.4 million a year. Not bad." >>



The Solaire, the first LEED gold residential high-rise in the country.

But you have to do it right. "You can't get away from basic real estate thinking," advises Aridas. "You shouldn't go in saying, 'I want to make this green, and I don't care what it costs.' It's a function of looking at your target audience and determining, from a sustainable perspective, what are the services and benefits I can provide that will cause that tenant to select my building over another building."

In addition to the Solaire, The Albanese Organization's other green residential properties in Battery Park include the Platinum LEED-certified Verdesian and a residential high-rise condominium called the Visionaire, which will be their greenest project to date. All are family-oriented buildings in Battery Park City, and the developer figured that the biggest consideration for prospective residents would be health issues. So they invested in water filtration and four-pipe chiller systems that deliver 100 percent filtered and humidified fresh air and programmable thermostats.

"If they can control their environment," says Aridas, "people will pay more for that."

"But would I do that in an office building?" he adds. "No. People aren't sleeping in an office building, at least not for long. But I may want to increase the percentage of fresh air coming in. Instead of 30 percent, you may want to do 50 or 60 percent to create a healthier working environment and keep people alert."

Building “green” can add anywhere from 3 to 19 percent to overall construction costs, but the costs are coming down.

When they planned 1001 Franklin Avenue, a green office building in Garden City, Long Island, recalls Aridas, “We looked at energy and controllability. A commercial tenant is going to want to be able to control their systems.”

Cost Considerations

Estimates of how much building green adds to overall construction costs vary broadly, anywhere from 3 to 19 percent. But one thing is certain: The costs are coming down.

Not long ago, when sustainable technologies were first being developed, contractors were unsure of what they were getting into and cushioned their bids on jobs accordingly. Now that sustainable methods and systems are more common, the costs have become standardized.

Plus, the variety of products has increased tremendously. “When we did the Solaire,” recalls Aridas, “there was one ‘green’ paint. Now it’s hard to find paint that isn’t sustainable.”

Also, the relative costs have shrunk. According to Alice Cook, director of sustainability at Time Equities, a New York-based green-leaning developer, “Typically, especially for big projects in New York City, the costs of are so high anyway, it becomes a small percentage of the overall cost.”

Projecting the costs of qualifying for LEED certification for 50 West Street, a 65-story condo hotel, recalls Cook, “We had 27 credits that were cost zero.” For example, she says, “One credit requires that you have access to public transportation within a half mile,” an easy feat in New York City.

Developers should decide whether or not to make their job green from the very beginning. “You can’t go through design,” warns Aridas, “and then say, ‘what can we add on to make this greener?’ That’s an inefficient way to do it, and you lose your benefit.”

“When you do energy modeling and compare different types of glass, light-

ing and HVAC systems,” he adds, “they feed into the model so you can right-size your equipment. If you’ve picked all of your specs and design docs and someone says, ‘how can I make this green?’ you can no longer tweak the model — you have to tweak the drawing. And

drawings are very expensive to tweak.”

Aridas urges developers to consider the potential long-term liability of *not* building green. “I’ll steal a line from Doug Durst,” he says. “If you’re not building a sustainable building, you’re building an obsolete building.” ■