

# Newsweek

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## PROJECT GREEN

### The Sky's the Limit

Rents may be higher, but utility bills—and maybe your allergies—are better in a green high-rise.

By ANNA KUCHMENT

**W**HEN DAVID BACH MOVED into the Solaire, an environmentally sustainable apartment building in New York City, the staff presented him with an assortment of ecofriendly household and bath products, plus a pamphlet of tips for green living. So far, Bach has furnished his two-bedroom only with nontoxic, partially recycled or otherwise sustainable décor. Having long suffered from allergies and winter asthma, Bach says his symptoms have vanished thanks to the building's advanced air-filtration system. "I used to wake up every morning feeling like I had a cold," he says. He now takes allergy medicine only when he travels.

The Solaire made a splash in 2003 when it became the first high-rise apartment building to earn gold LEED (Lead-

ership in Energy and Environmental Design) certification from the U.S. Green Building Council for features like its photovoltaic panels, on-site water-treatment system and roof covered in soil and local vegetation. Since the Solaire won its certification, 43 residential towers have followed suit, and more than 300 are in the LEED pipeline. The Solaire's developers have branched out into new projects, completing a rental tower next door that became the first to win a LEED Platinum rating, the highest available. The team, made up of the Albanese Organization and architect Rafael Pelli, of Pelli Clarke Pelli Architects, is now at work on a third green Battery Park City project, the Visionaire, a luxury condominium with such features as a skylit indoor pool and elevators with brakes that help generate electric power. Their experience makes for a good case study on the business of building green.



**BETTER LIGHT THAN NEVER:** *The Solaire, rooftop heliostats, the Visionaire, solar panels*

**It's getting cheaper to build green:** Russell Albanese, president of the Albanese Organization, estimates that the green elements in the Solaire cost him an extra 17 to 20 percent upfront. That's partly because the design and development team had to spend extra time finding, researching and testing the few sustainable materials and products that were on the market back then. But the past eight years have brought "a tremendous market transformation," in which contractors are more knowledgeable about LEED requirements and many more green products are



negative, so he expects it to eventually become the standard.

**Green buildings don't have to be luxury:** There are few cities besides New York, with its combination of population density, sophisticated moneyed clients and city tax incentives for green builders, where high-rises like the Solaire could be so successful. But, says Pelli, leaving off expensive equipment like photovoltaic panels (which use sunlight to generate approximately 5 percent of the Solaire's electricity) and heliostats (giant mirrors used on the neighboring Verdesian to capture and redirect sunlight to a nearby park) would keep costs low while achieving many of the same benefits.

For David Bach, though, his rent premiums have paid off. Not only is his health better, but his utility bills are down and

available. By 2006, when the Verdesian was completed, Albanese's investment premium was down to below 15 percent, and with the forthcoming Visionaire it's down to about 5 percent.

**Tenants are paying to go green:** Rents at the Solaire run about 8 to 9 percent higher than at nearby non-LEED-certified buildings. Studios start at \$2,500, one-bedrooms at \$3,500, two-bedrooms at \$5,500 and three-bedrooms at \$7,500. But that hasn't slowed demand: not only is the building fully occupied, but there's usually a waiting list for apartments.

**The true monetary value of green is in dispute:** Real-estate appraisers are still not certain how much, if any, value LEED cer-

tification adds to the long-term value of a property. "It's entering into our calculus right now," says Jonathan Miller, president and CEO of Miller Samuel real-estate appraisers in New York City. Builders are go-

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ing green in an effort to make their projects stand out at a time when the housing market is slowing down and builders need a competitive edge. Miller does see ecofriendly buildings as a long-term trend. Not having the term "green" in your marketing materials, he says, has become a

he's discovered a new purpose in life. In fact, the investment adviser turned best-selling author of personal-finance books was so inspired by his experience at the Solaire that he wrote "Go Green, Live Rich," due out next month. In his case, the riches come in many different colors. ■