

SPOTLIGHT

'Green' Buildings Don't Have to Be New

By AMY CORTESE

JUST about every month, a glitzy tower rises somewhere in the country, boasting the latest in "green" design and technology. To many people, that is an encouraging trend, especially when considering that commercial buildings account for more than 60 percent of the nation's electricity consumption, according to government estimates, and generate 30 percent of all greenhouse gas emissions.

Yet these buildings represent a small fraction of the nation's estimated 4.5 million commercial properties, many of which were erected decades ago before sustainable, or green, designs became de rigueur. This vast stock of older buildings presents a much bigger opportunity to cut down on energy consumption and carbon emissions that contribute to the warming of the planet.

The real estate industry has recently begun to turn its attention to "greening" existing buildings. The United States Green Building Council — whose Leadership in Energy and Environment Design, or LEED, program has become the de facto standard for sustainable building — has guidelines that address older buildings. Called LEED for Existing Buildings, or LEED-EB, the three-year-old program provides a laundry list of steps that building owners and managers can take to operate and manage their properties more efficiently.

"With an existing building, you have to make the most of what you've got," said Doug Gatlin, the vice president for market development at the Green Building Council. "We recognized that most buildings are not going to go through a gut rehab," he said, adding that there were basic actions building managers could take to greatly improve a building's energy efficiency and effect on the environment.

Like the certification program for new buildings, the program for existing buildings assigns points for various steps, including efforts in recycling, water and energy efficiency and air quality. (If a building will be more than half vacant during a renovation, the council considers it new construction.) There are four levels of certification, from basic to platinum, which is awarded to the highest-scoring buildings.

After a slow start, and the release of a second, streamlined version of the

guidelines last October, the program has gained momentum, with hundreds of buildings lining up for LEED-EB certification. According to the Green Building Council, more than 60 buildings, including Adobe Towers in San Jose, Calif., the Discovery Channel headquarters in Silver Spring, Md., and the Merchandise Mart in Chicago, received certifications, and 840 more are in the process of doing so, representing more than a half-billion square feet of space.

In addition, the Clinton Climate Initiative of the William J. Clinton Foundation in 2006 created the Energy Efficiency Building Retrofit Program to facilitate the retrofit of existing buildings. Last fall, the foundation announced a partnership with the city of Chicago, as well as one with GE Real Estate to retrofit buildings in its portfolio.

As more companies look to reduce waste, along with their carbon imprint, they find that their buildings are one of their most immediate opportunities. For their efforts, they typically get a healthier, cleaner work environment, improved efficiency and lower operating costs, all of which can help attract tenants and employees. A 2006 Green Building Council study found that by retrofitting buildings, owners can save 90 cents a square foot annually, on average, in energy and other costs and earn back their investment in 2 to 2½ years. "It just makes good business sense," said George Denise, the general manager of **Cushman & Wakefield's** client solutions group.

In its role as property manager, Cushman & Wakefield worked on one of the most successful retrofits to date: the headquarters of the software maker **Adobe Systems**, which received a platinum LEED-EB rating for its three towers in December 2006. Adobe spent \$1.4 million on the project, but earned that back in savings in less than 10 months, the company said. It conducts tours for neighboring high-tech companies and visitors from as far as Japan and China.

"We're seeing building managers, developers and property managers wanting to come in and talk to us," said Randy Knox, the director of real estate at Adobe. "That's where this thing is going to be turned around."

Indeed, it can be much easier to undertake a retrofit of a building that is owned and occupied by a single corpo-



ABOVE, SALLY RYAN FOR THE NEW YORK TIMES; BELOW, USGBC



One of the largest buildings to get LEED certification is the Merchandise Mart in Chicago, with Myron Maurer, a senior vice president of Merchandise Mart Properties, and Christopher Kennedy, the president. The Adobe Towers in San Jose, Calif., left, also has LEED certification.

ration or government agency. It's a bigger challenge for large, multi-tenant buildings, which requires the participation of owners, leaseholders, occupants and contractors.

In addition, market activity of the last several years — when buildings were bought and sold at a frenzied pace — discouraged long-term initiatives.

For those reasons, LEED-EB is just gathering steam in the broader market. "We're seeing a lot of companies that want to be LEED-certified across their portfolios," Mr. Gatlin said. The council is working with 40 or so big companies — including **CB Richard Ellis**, Cushman & Wakefield and corporations like **Citigroup**, to apply LEED standards across their buildings, he said.

David L. Pogue, a senior managing

director of asset services for the Western division of CB Richard Ellis, said, "We can make the buildings perform as well as new buildings through proper management processes." The company said it would develop plans to certify more than 100 buildings in its portfolio over the coming months.

Early adapters are making a compelling case. Consider the Merchandise Mart in Chicago. Not only is it one of the largest buildings ever to get LEED certification (a silver rating), it is also one of the world's largest commercial buildings. At 4.2 million square feet, it takes up two city blocks in downtown Chicago and even has its own ZIP code. It has nearly 6,000 tenants, many of which have design showrooms that are often remodeled, and is host to trade shows.

When **Merchandise Mart Properties Inc.**, which manages the building, decided to seek LEED-EB certification in early 2005, it had to work with and train hundreds of designers, architects, contractors, painters and even demolition crews. "Working through that was super-complicated," said Christopher Kennedy, the president of the company, and a grandson of Joseph P. Kennedy Sr. The building was owned by the Kennedy family until 1998, when it was acquired by **Vornado Realty Trust**.

The Merchandise Mart had already taken several steps to become more environmentally friendly, such as work in recycling and energy conservation, thanks in part to the prodding of Mr. Kennedy's brother, Robert, who is known for his work with the Natural Resources Defense Council, an environmental group. But the LEED-EB program "gave us impetus to improve," Christopher Kennedy said. "Having clear rules and goals helps," he added.

Much of the effort came down to documenting the building's operations and training staff, tenants and contractors, Mr. Kennedy said. The effort, he added, has been worth it, especially given the Mart's design-oriented clientele, which tend to be at the forefront of the green design movement.

"The response from our tenants has been more than we could have expected," Mr. Kennedy said. "LEED certification is crucial to the mart and its future. It helps us compete, recruit employees and attract tenants." □