



## What is your definition of sustainability?

November 25, 2013 - Green Buildings

What is your definition of sustainability? Balancing mankind's activities and the environment? Developing an enduring economy? Promoting localism, community-building or social justice? Your knowledge on this subject may affect your real estate business! Sustainability projects must provide returns on investment. Businesses invest in sustainability to achieve paybacks from reduced water or energy bills. Developing walkable, bike-able, resource conserving developments with green buildings may lead to community acceptance and approvals. Others use it to compete for young talent that identify better with a green business. Toss any old analysis of green real estate's cost justification in the waste-basket, even if it is only two-years old. LEED certification to a Gold level is obtainable at near the same cost as a non-LEED rated building, according to John Prosser, a development adviser, and professor emeritus (ret.), School of Architecture/Urban Design, University of Colorado. Prosser attributes this to the construction industry's familiarity with LEED processes gained over more than a decade of experience with the standards, the availability of off-the-shelf green building components, which have come down in costs as they become more commonplace, and the efficiency of a systemic construction process embodied in LEED. No more premium prices for green building energy-efficient buildings and Energy Star rated equipment.

The economics of sustainability are changing quickly. There are more financing options for green buildings, and they are more marketable, less costly to operate, and more valuable. According to ULI, a class A office building is assumed to be a green building today. With 9 billion s/f of LEED buildings already built, this is not a peripheral issue any longer. Large investment funds have green criteria, and lenders like Wells Fargo and Bank of America consider utility bills in making loan decisions. Proposed legislation such as the SAVE Act, considers utility bills in all mortgage qualifications. According to USGBC, 53% of new residential property developments are green buildings. Most cities and states continue to change greening requirements. New government buildings are required to be green buildings. Some jurisdictions call for energy audits whenever there is a real estate transaction. If you are involved with development, ownership, marketing, or property management, this affects you.

Externally, conventional energy costs, which recur monthly, have continued to rise through this century, and are projected to continue to rise. In fact, the price of solar equipment has fallen more than 75% in the last four years. Tax credits, subsidies and special lending can make green even more affordable.

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