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Is your office headed for obsolescence?

Expert warns that many are

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Daily Record Business Writer

If someone tried to convince you to lease office space in a building without central air conditioning, you'd probably laugh in their face. Equally absurd would be moving your company into the top floor of a commercial structure without an elevator.

You're probably less likely, however, to rule out a building because it doesn't have a green roof, so-called daylighting capability or superior indoor air quality.

But before long, environmental and real estate consultant Charles Lockwood argues, those building attributes will become just as important to commercial real estate as things now considered standard, like central air and elevators.

In a recent article in the Harvard Business Review, Lockwood warned business people and developers that office and commercial space not built green will become obsolete. As energy prices continue to rise, more research shows the worker benefits of green building, and new technology becomes available and affordable, more business people recognize the bottom-line benefits of going green.

And the real estate world in Maryland is catching on.

When the legislature created the green building tax credit, it allocated \$25 million for the program from 2003 to 2011. Developers have already gobbled up all of that money and efforts are under way by some advocates to appropriate more funds.

As more and more developers jump onto the green building bandwagon, Lockwood believes those developers who are not building sustainable buildings will suffer.

"Think what happened in Maryland or Washington, D.C., when central air conditioning became standard in the '50s and '60s. It's exactly the same parallel. The benefits of central air were so obvious that landlords were forced to introduce it or watch their rents go way down," Lockwood said during a recent interview. "[Non-green buildings] will become increasingly obsolete, because the workers and the companies will recognize the green benefits and they will start leaving as green buildings become more available."

Almost 600 architects, engineers, developers, realtors, contractors and other building professionals in Maryland are accredited by the U.S. Green Building Council under its Leadership in Energy and Environmental Design program, or LEED.

Sean McGuire remembers when there were only 10.

McGuire, a natural resources planner with the state Department of Natural Resources, heads the department's environmental design program.

"When I started this eight years ago, there were a handful of LEED accredited professionals. Now some of the architectural firms have entire sustainable units," McGuire said. "Private developers are starting to see that these concepts work. They're cost effective if you look at it in the long run, they're socially responsible and they're environmentally sound."

Energy efficiency, and therefore cost savings, is perhaps the most obvious benefit of implementing green elements into a new or renovated structure. Characteristics such as larger windows to allow more light can eliminate some energy spending. Known as daylighting, the windows often accompany automatic dimmers that lower the level of artificial light in a space when more sunlight is available.

Adding a green roof to a building helps reduce the urban heat island effect and can help cut energy costs as well.

A green roof was one of many sustainable elements incorporated into the redevelopment of Montgomery Park, the 1.3-million-square-foot former Montgomery Ward warehouse in Baltimore.

Developer Sam Himmelrich Jr. said the green elements were included in response to a request to find new office space for the Maryland Department of the Environment.

The Request for Proposal (RFP) gave credit to applicants for sustainable design elements, and Himmelrich's company, Himmelrich Associates, won the bid.

"We had never viewed ourselves prior to that as being green developers," Himmelrich said. "But we had done projects where attention was given predominantly to high-quality materials and energy efficiency and life-cycle cost analysis. We realized we had been green developers for a long time."

Himmelrich decided long ago, he said, that incorporating energy efficiency and sustainable materials into a building is simply the smart way to develop commercial space. While it may cost more upfront, it saves money over the life of the building.

Other components Himmelrich incorporated into the design include high-efficiency mechanical systems, recycled building materials, insulated glass for the windows and perforated aluminum blinds to reduce heat. The structure also has a gray-water system. Rainwater that lands on the roof and parking lot at Montgomery Park is collected in tanks and sent into the building for use in the toilets.

"It isn't so easy to do but I think it will save us money over time," Himmelrich said.

Beer vats

Struever Bros. Eccles & Rouse had an easier time including gray water in its Brewers Hill project, perhaps simply out of luck.

The company known for sustainable design projects all over the city is converting the old National Brewery complex into a mixed-use green development.

Josh Neiman, the company's senior development director, loves to tell people about the innovative new use for several 50,000 gallon subterranean beer vats located under the complex.

"The stormwater is graded to go into those vats and they form a holding pen for the water, which gets recirculated through the building as gray water when you flush the toilets," Neiman said.

Green building is definitely catching on across all sectors of the development world, Neiman added.

"I think that green is the new black, to quote a headline from the New York Times," he said. "There's a myth about green building. The myth is that it is automatically going to cost more. There are times that it is going to cost more, but in the long run many of the items when you go through the LEED certification process don't cost more."

Things like using low-volatile organic compound paints and finishes add no extra cost and increase the building's air quality.

And while the economic benefits of better air quality are less obvious than, say, energy cost savings from increased efficiency, there is a growing body of evidence that green buildings contribute to better employee health and productivity, which also impacts the bottom line.

A report conducted for the California Sustainable Building Task Force in 2003 estimated that increased health and productivity could account for about 70 percent of the financial savings associated with green building.

Other anecdotal studies have found that employees benefit from better temperature control, daylighting and reduced chemicals in the air.

"Green buildings have lower operating costs, which includes lower electricity costs, for example. But for a corporation, utility bills are a very small part of their overall operating costs," Lockwood remarked. "The biggest costs for most companies, by far, are salaries. The real bottom-line boost [of green building] is in increased productivity. We're seeing numbers as high as 15 percent productivity increase at some corporations."

Because increased productivity and worker health is difficult to calculate, some companies may need a little more convincing before they go searching for green office space.

In the meantime, it seems commercial developers are getting ready.

Corporate Office Properties Trust has 17 buildings complete or under construction that the company hopes will receive LEED certification.

COPT's director of development services, Peter Garver, said prospective tenants are not yet insisting on green space.

But the company still found compelling reasons to move forward with its green program.

"The classic one is energy efficiency and lower operating costs. Another one is there's reduced risk of problems, and therefore liability, from mold and sick-building syndrome. Another reason is you get better buildings and the design process is taken up a notch," Garver said. "Then there's the whole market position. We really feel it's more of a trend than a fad. We think five or 10 years out that people are just going to expect that buildings are green."

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