

Going Green Can Keep You Out of the Red



PAUL CIALDELLA

Steps for keeping your sustainability strategy on track during an economic downturn

Today's real estate professionals wear many hats. They are responsible for maximizing return on their assets by improving cash flow, maintaining a positive public image, retaining tenants and increasing value.



Meanwhile, a softening commercial real estate market might force them to reduce discretionary spending or cut back on capital expenditures for projects such as lighting retrofits or installing water-saving fixtures in washrooms. But savvy property owners and managers are finding that green retrofit programs can actually increase asset value and provide substantial cost savings.

Research suggests that making judicious investments in energy and utility reduction programs will almost certainly earn a payback in two to five years.

One major advantage of sustainability initiatives is that no massive new infrastructure commitments are needed. According to a new Deloitte survey, *The Dollars and Sense of Green Retrofits*, prepared by green real estate authority Charles Lockwood, building owners and corporate tenants can introduce green benefits into existing occupied facilities—whatever their size, age, location, use or ownership.

The report also states that “existing commercial buildings that do not undergo a ‘green retrofit’ will lose a competitive market advantage within three years in terms of higher operation costs, lower productivity, declining attractiveness to workers, and negative brand image.”

Along with cost savings, the benefits of sustainability include compliance with increasingly rigorous legislation; reduced energy consumption; reduction in CO₂ emissions; and satisfying environmentally conscious employees and occupants. Implementing sustainability as a business

practice will put a company well on its way to preparing for any future government green mandates.

With the advantages of sustainability thus established, there are several important steps to keep projects in the pipeline—and profit-and-loss statements out of the red.

Organize it

Begin with an organized plan that allows for the prioritization of initiatives to keep budget constraints from hindering the project.

The first step involves evaluating current and past janitorial, office and lighting supply purchases. Online conversion calculators that can provide return on investment information about green product alternatives are helpful in this process. Evaluating maintenance, repair and operation expenses is always part of the budgeting process. Making it central to a sustainability strategy earns additional points with tenants and stakeholders looking to increase asset value and reduce operating expenses.

Then, consider introducing competitive bidding for such services as landscaping, pest control and janitorial. Along with ensuring fair market pricing, competitive bidding is a way to structure services that promote healthy and sustainable practices into a contract's scope-of-work. Property owners can request reductions of caustic cleaning materials, integration of pest management with reduced chemicals, and landscaping with lower erosion or reduced water. These enhancements can deliver immediate results to the bottom line—not to mention positive environmental and social benefits.

Fund it

There is an abundance of low-cost, no-cost opportunities available to help fund retrofit projects. For example, energy efficiency incentives and lighting rebates are available through federal and state agencies, utilities and local organizations. A lighting or plumbing retrofit program tied to a rebate could cost virtually nothing while saving thousands of dollars in annual utility costs.

Think about incorporating building commissioning as part of your overall strategy. If you're involved with developing a U.S. Green Building Council LEED® (Leadership in Energy and Environmental Design)-certified building, you are probably aware that building commissioning is an integral—and required—component of LEED certification. This is a relatively inexpensive way to evaluate whether mechanical, electrical and plumbing systems meet design expectations. In many cases commissioning offers a chance to discover if operating systems are performing optimally. If they're not, this investment provides an immediate payback if an upgrade is required.

Measure it

Now that a sustainability strategy has been identified and the investments have been made, make sure to measure the results. A good strategy should allow for easy tracking, modification when necessary and objective documentation

of successes. This critical step will save time and money, as well as ensure that future initiatives remain in your business's pipeline.

Following a few basic, but carefully considered, steps toward a greener path can have a positive effect on the bottom line. What's more, making sustainability a central strategy element will also bring measurable improvements in brand image and tenant relations.

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