



GREEN MARKETING

Why energy efficient buildings appeal to buyers

BY MARTIN DAKS



Ng

When Wu & Associates put its 3,600-square-foot Cherry Hill headquarters up for lease as it relocated to Mount Laurel in 2015, the energy-saving features of the design-and-construction firm's old digs were a marketing point, said Vice President Katherine Ng. "We pitched the energy-saving features of the building

— including a rainwater capture system that irrigates the lawn, low-flow faucets and toilet fixtures, a high efficiency HVAC system, and solar panels — as an attraction," she said. "A tech firm ended up taking the space, which isn't unusual since that industry is often sensitive to energy-saving features."

A combination of environmental sensitivity and a desire to cut back on costs means that more companies want office space that retains heat in the cold months and stays cooler in the hot months, according to some industry insiders. Many corporate tenants also want devices that use less water, and embrace other efficiencies like solar power.

In fact, after Wu & Associates completed a ground-up renovation of its 10,000-square-foot Mount Laurel headquarters, which is pursuing LEED Platinum certification from the U.S. Green Building Council, "we again used the energy-efficient features as a marketing point when we leased out about 4,000 square feet," added Ng. "Energy-saving features are also important to many of our clients because it hits them in the wallet or pocketbook. It's ideal when the concept is part of new-construction design, but energy savings can also be part of a tenant fit out or a retrofit, where simple design changes can have a big impact. We've done plenty of each, from new construction to fit outs, to retrofits."

Industry matters

By industry, technology firms are big embracers of energy savings, for budgetary and philosophical reasons. "High-tech companies typically run a lot of computers, which eat up a lot of energy," Ng said. "But a lot of times, their background plays a big part too. Many people with Silicon Valley or European roots are sensitive to environmental and energy-saving measures. Solar panels and hybrid vehicles, for example, are more common in the West Coast, compared to the Northeast."

In New Jersey there's a growing move to upgrade schools, many of which were built from the 1920s to the early 1960s, according to the state Department of Education. "The upgrades depend on the priorities of each district," Ng noted. "In general however, there's

not as much demand from professional services firms like lawyers and accountants."

"Green" technology has been a national fixture for at least a decade, said Lawrence Dickstein, president and CEO of Dickstein Real Estate Services, a commercial real estate broker and adviser. "Most of the demand is in office buildings," said Dickstein. "Many of them were built a long time before computers and cellphones became commonplace. Generally, the more modern the company or industry, the more concerned it'll be about energy. High-tech companies, for example, will pull out the ceilings and rip out floors to retrofit."

Culture matters, too

Changes in corporate culture, like the move to increase collaboration by tearing down barriers, can also play a big part, he added. "With the demand for open space architecture, you've got fewer traditional offices and cubicles, and more 'benching,' where rows of desks face each other, particularly in the pharmaceutical and biotech industries. This may encourage employees to collaborate, but it also means that you're putting more people into a space, so more heat is being thrown off, which puts more demand on the HVAC system. These days you need an efficient system with a higher air-exchange rate."

Dickstein just helped an IT services company in Central New Jersey to secure 7,000 square feet of space in a Class A building, "and HVAC and other energy efficiencies were definitely considerations," he said.

When commercial and industrial properties are greener, "less money will be spent on operational costs and fuel consumption, and more money will be available to attract talent, invest

in strategic initiatives and add to the bottom line," said Jeanne Perantoni, principal and CEO of SSP Architects. "The green features not only help with energy efficiency, but they also contribute to healthy indoor air quality and the creation of indoor environments that can increase focus and productivity."

Such features can include well-insulated building shells, North-South orientation and the use of sun shades, energy-star rated appliances, energy-efficient HVAC equipment — including heat recovery systems — occupancy sensors, natural light and LED light fixtures, she added.

More people are becoming aware of the need for a "green" approach, Perantoni said, thanks in large part to the education and mindset of the younger workforce, like millennials and Generation Z, "who have deep concern and connections to the planet and to living a sustainable lifestyle. This awareness has worked itself up the chain to business owners, real estate brokers, and those involved in the commercial and industrial sectors."

Small business owners and non-profits in particular "have always looked for ways to increase efficiencies and to lower their energy costs," Perantoni said. "For them, their bottom line survival is directly tied to reducing expenses, so they have always been vocal supporters of implementing energy-efficiency measures. Then the start-up technology companies made the connections between lower fuel costs and how this means more money being made available for programs and reinvestments, so in true high-tech fashion, they made it cool to be sustainable and energy-efficient. Today it is considered to be smart business and universally applicable to all building types, companies, and institutions."

So when the proverbial light bulb of imagination goes off today, it's likely to be an LED instead of an incandescent bulb.



Perantoni

Oldies but goodies

"Way too many" commercial building owners in New Jersey have not taken advantage of retrofitting and other incentives offered through the NJ Clean Energy Program and local utilities, said Raymond Perry, managing partner of NJ Green Energy Consulting, an energy management consultancy.

A technical school that wanted to cut costs by upgrading its 25-plus-year-old lighting system — and got a \$140,000 cost estimate — reached out to NJGEC, he said. "After analyzing their utility bills, I was able to qualify them for a comprehensive energy efficiency program that offered a 70 percent subsidy. The end result was that we were not only able to upgrade the entire facility to LED lighting, we also upgraded the HVAC equipment from the 1970s to high efficiency equipment," according to Perry. "The total net cost to the client was \$92,000 after the

NJCEP program subsidy. When completed, the project reduced energy usage by nearly 70 percent and the return on investment is estimated to be less than two years."

Older structures have a lot a potential for reuse, "especially if their 'bones' are good," said Jeanne K. Perantoni, principal and CEO of SSP Architects. "Often older buildings were built with large size window openings intended to let in a lot of natural lighting, a key design feature today. If a project can retrofit the shell and infill openings with high quality, insulated window units and then take advantage of ample floor to ceiling heights to install an energy-efficient displacement air system, then the existing infrastructure adds value to the bottom line and the economics of a retrofit project can go toe-to-toe with new construction in terms of speed to market and attracting tenants or business owners."