

Finding the Gold in Going Green



Grady Pridgen III, CCIM, CPM, SIOR, President of Grady Pridgen, Inc., St. Petersburg, Florida, is one of the largest commercial landowners in St. Petersburg. A member of the Florida Green Building Coalition and the U.S. Green Building Council, he is committed to creating sustainable high-density communities in redeveloped urban centers. Pridgen has won several awards for his projects including recognition as 2007 Real Estate CEO of the Year by Tampa Bay CEO Magazine.

By Grady Pridgen III, CCIM, CPM, SIOR

According to the U.S. Green Building Council (USGBC), buildings in the United States account for 65 percent of electricity consumption, 36 percent of energy use, 30 percent of greenhouse gas emissions, 30 percent of raw materials used, 30 percent of waste output (136 million tons annually), and 12 percent of water consumption.

Practicing Green

Environmentally-friendly technologies can reduce our demands on our natural resources, enabling us to strike a balance between a healthy economy and protection of these resources. Commercial properties can play a huge part in striking that balance.

Global warming, for example, is caused by carbon dioxide emissions released during the burning of fossil fuels. The effects of climate change include warmer temperatures, the lengthening of warmer seasons, the receding of glaciers, and more

intense, severe storm systems. By reducing and offsetting their carbon use, or “footprints,” businesses can do their part to reduce the effects of global warming. According to *The McKinsey Quarterly*, four of the five most cost-effective methods of reducing a business’ carbon footprint are directly related to the commercial property industries. These methods include installing appropriate building insulation and energy-efficient lighting, heating, and cooling systems.

But Green practices aren’t just good for the environment—they are good for business, too. Studies show that sustainable building practices reduce operating costs for business, provide employees with productive work environments, and enhance the bottom line—all while preserving the environment.

Green building practices incorporate water-conserving components, nontoxic materials, energy-efficient heating and

cooling systems, natural lighting, and intelligent building features. These sustainable technologies significantly reduce energy and water costs. In fact, it's estimated that Green buildings save 20 to 50 percent of energy costs.

Improved indoor air quality not only provides comfortable environments for employees; it also results in lower absenteeism, greater productivity, better recruitment, and less turnover. Perhaps the best example of increased productivity resulting from Green building technologies was a study conducted on daylighting in Orange County schools by the Heschong Mahone Group. Daylighting is the use of various design techniques to enhance the use of natural light in a building. The study found that students with the most daylighting in their classrooms progressed 20 percent faster on math tests and 26 percent faster on reading tests in just one year than those students with minimal daylighting.

Additionally, McGraw-Hill Construction points out that, compared to conventional buildings, Leadership in Energy and Environmental (LEED)-certified buildings have higher rental rates, lower vacancies, and an average increase of 7.5 percent in building values. A study by the U.S. Green Building Council demonstrated that New York Stock Exchange (NYSE) companies utilizing Green practices outperformed the remainder of the NYSE companies by 37 percent.

These benefits do not just apply to new buildings. Recent studies have shown that buildings retrofitted with Green features see an increase in value and get higher rental rates than existing traditional buildings. And buildings that can't easily be converted to Green see a substantial decrease in value and have lower rental rates.

It's true that sustainable building practices may cost a little more initially, but the long-term benefits are substantial. On average, an initial investment of two percent in Green building design results in a life-cycle savings of 20 percent of the construction costs—that is a 1000 percent return. Additionally, the initial investment is returned in an average of 2.6 years—and many experts currently project even shorter payback periods based on current utility pricing.

Many insurance companies now offer Green building insurance for certified buildings. These

insurance companies cover the cost to rebuild your Green technologies in the event your building is damaged. The rationale is that buildings with environmentally friendly features are less susceptible to future losses.

Through the use of sustainable building practices, many businesses have already discovered that it pays to go Green and that their employees are healthier and more productive. Cities are realizing the benefits, too. Since 2003, the number of cities with Green building programs has increased 418 percent. That's an increase from 22 to 92, according to the American Institute of Architects.

Business Finds Gold in Green

With LEED-certified stores in Illinois and Michigan, Target Corporation is experiencing the financial benefits of Green building. Sustainable principles incorporated into the buildings include continuous monitoring systems for optimum energy and water performance, high-efficiency irrigation for landscape watering, mass transit-oriented building locations, and shielded outdoor lighting that protects nocturnal environments. In all, the LEED-certified Target buildings use 30 percent less water than traditional buildings.

Office Depot has also incorporated Green building designs into several of its stores, including a soon-to-be-built LEED-certified building in Austin, Texas. In its Greensboro, North Carolina store, the company has included daylight-harvesting technology that removes approximately 250,000 pounds of carbon and greenhouse gases from the environment each year.

In fact, throughout North America, Office Depot stores saved nearly 66 million kWh of electricity, avoided approximately \$6.2 million in electricity costs, and reduced greenhouse gas emissions by about 10 percent. They did this by retrofitting nearly every store with T5 high-output lighting and by introducing an innovative energy management system.

When complete in 2009, Bank of America's Manhattan office will be one of the most energy efficient and environmentally friendly buildings in the world—and the first LEED Platinum (highest-rated) skyscraper. The building will feature technologies such as solar energy, a grey water recycling system, floor-to-ceiling insulated glass,

recycled and recyclable building materials (including insulation made out of blue jeans), a daylight dimming system, and state-of-the-art heating and cooling technologies. These heating and cooling units will not only provide the highest air quality inside the building but, using the building's air exhaust system, will release cleaner air into Manhattan. Bank of America expects that the approximately \$30 million invested in these environmentally friendly technologies will be paid back in less than 10 years.

This list of Green businesses is growing each day and includes Citibank, Dell, Google, Sony, and Wal-Mart. The truth is that Green building is a win-win for all involved—for the environment, for business, for employers, and for the community.

Florida's Green Is Golden

At Grady Pridgen, Inc., we renovated and retrofitted two of our existing commercial sites—the Grady Pridgen Corporate Office and Atlantis International—with environmentally friendly technologies that save businesses money.

Our sustainable practices are part of a statewide Green initiative. The governments of St. Petersburg and Pinellas County were the first in the state to be certified as Green governments. Most recently, Governor Charlie Crist (R) vowed to reduce carbon emissions and transform Florida into a global environmental leader.

During the summer of 2007, my firm transformed the 3,350-square-foot Atlantis International office into the first building in St. Petersburg, Pinellas County—and the Tampa Bay Region—to be certified LEED Silver for Commercial Interiors. The building now uses 40 percent less water and 35 percent less electricity for lighting. We also purchased two full years of Green power credits. The money used to purchase the Green credits goes toward creating and supporting alternative energy programs, such as wind, water, and biofuel.

We also incorporated Green innovation and technology into our corporate office. These

... Green building is a win-win for all involved—for the environment, for business, for employers, and for the community.

changes have resulted in a 37 percent reduction in the office's carbon emissions during the last three years. This achievement is due partly to the installation of hybrid solar lighting, which uses optical fibers to collect and distribute sunlight into the interior of a building.

To offset the corporate office's remaining carbon footprint, we partnered with Carbonfund.org. The money paid to offset our remaining carbon footprint supports carbon-reducing projects, such as renewable energy, energy efficiency

programs, and reforestation.

By April 2008, we hope to have a zero net energy corporate office. As part of this plan, we're installing the largest private photovoltaic (solar energy) system in Florida.

Through our carbon-neutral/zero-carbon undertakings, we are working to show other businesses how we can all get to zero net energy and thereby reduce operating expenses and become part of the global warming solution.

What Does the Future Hold for Going Green?

It looks like Green is here to stay. In 2003, approximately 33 percent of the LEED projects were completed by private business. That number continues to grow. Throughout the world, businesses are beginning to realize the benefits—both environmental and economical—of growing a Green business. These buildings add to the environment and natural resources, rather than depleting them.

The truth is that diminishing natural resources, global warming, and population increases around the world make it expensive and unhealthy to continue living the way we have been living.

Businesses that decide to go Green improve employees' wellness and productivity, are more marketable, and make more money through the use of efficient operating practices. In short, they're recognized not just as leaders in their field, but also as environmental leaders.