

NAIOP-MD working to help developers evaluate their comfort zone in embracing the Class “A” of the future

by Cole Schnorf, President, NAIOP-MD

The terms “green” and “sustainable building” first entered the real estate vernacular at the turn of the century (the 21st century, that is) as forward-looking developers uncovered a unique opportunity to differentiate themselves from the competition, do something good for Mother Earth and help shape their image as good corporate citizens and neighbors. Quickly, the concept gained traction and added increased passengers to the bandwagon, enticing industry groups to begin searching for ways to facilitate the growth of green and reward those that executed the practice.

As real estate developers continue to evaluate their green comfort zone – and as the movement expanded to other related product types -- three separate and distinct categories have emerged. Companies that are 100% committed to building green in all future projects, a list that features some of the largest and smallest companies in the region, lead the charge. Next are the companies that make green decisions on a case-by-case basis, as determined by overall complexity, costs and demand by potential end-users. The final category consists of firms that have not yet received the “build green” memorandum and are still exploring options or closing their eyes until this latest phase passes.

Note to builders encompassing this last group. The train has left the station and has a head of steam as end-user demand, particularly fueled by the federal government, has accelerated developers’ appetite and incentive for going green – and staying that way. Further, jurisdictions across the country are rolling out legislation that includes carrots and sticks that further cement the fact that green is a trend, not a fad.

An increasing number of developers have embraced the quadruple bottom line approach – which represents twice the double-line theory which combined making money with acting as responsible corporate citizens. In the quadruple world, developers aim to make a profit, remain responsible to the environment, become an active participant in their community and create sustainable and green design. This is the new mantra.

One of the biggest challenges to successfully executing a green project is the assemblage of the right team – from the architect to the engineer to the contractor – and finding experienced partners. “Sustainable projects are most effective when a systems approach is applied to the design,” explained Peter Garver, Principal for Sustainable Development Partnerships. “For example, a high performance building envelope can allow for the right-sizing of mechanical equipment. The reduced cost of the mechanical

equipment washes with the increased cost of higher performance glass and insulation. Professionals that bring a big-picture perspective will design a greener and a better building.”

Taking a commercial real estate company green has become an easier task in Maryland thanks, in part, to a new Masters in Real Estate Development (MRED) program available through the University of Maryland at College Park. The track targets young and mid-career developers and offers focused instruction in sustainable development, with an emphasis on energy efficiency, adaptive re-use of historic buildings and transit-oriented development.

Thomas J. Bisacquino, president of the National Association of Industrial and Office Properties (NAIOP) refers to green as the “Class A of the future.” On the national, state and local level, NAIOP and NAIOP-MD offer educational conferences, webcasts, website resources and mentoring programs to help companies navigate the emerging and rapidly-expanding world of green. An emphasis is placed on demonstrating to companies that the design of the building – rather than the use of state-of-the-art and expensive technology -- is the key to achieving green.

Indoor lighting and air quality are key elements in sustainable design. This includes the orientation of the building’s windows to make better use of natural lighting and to capture sunlight longer, the installation of roof overhangs that provide increased shade and lessens heat and the placement of green gardens to cool rooftops and collect and re-use rainwater.

An increasing number of state and county jurisdictions are offering tax incentives for sustainable development and NAIOP-MD is organizing lobbying efforts to encourage a more widespread adoption of these policies. The local chapter continues to make green an important agenda item for our members, but does not place pressure on a company to adopt green practices.

Nationally and locally, NAIOP is focused on encouraging real estate companies to integrate energy efficient and low-carbon energy alternatives into its buildings. In concert, we are working to advance public policies that accelerate energy efficiency and encourage less carbon intensive transportation options. We also demonstrate to policy makers how real estate development companies have taken large steps (using smaller carbon footprints) in initiating these innovative designs and that the industry has been among the leaders in uncovering energy efficient solutions nationally.

It is important to gain the support and attention of local and state policy makers so this momentum can be continued, and the developers listed in the third category can move up the green ladder. Our industry is interested in the continuation and expansion of federal tax provisions that encourage energy efficient design and development. Sustainable buildings should also receive priority building permit review, improved tax

treatment and zoning density bonuses. Buildings that are retrofitted should receive expedited depreciation schedules, low-interest loans from utilities and utility rebates.

In the near future, developers that don't practice green will become the exception rather than the norm and will be negatively defined in this manner. Our industry is just scratching the surface in sustainable building and needs additional buy-in and support from policymakers to take the next (carbon-less) step.

Cole Schnorf is President of the Maryland Chapter of the National Association of Industrial and Office Parks. In his spare time, he serves as Senior Vice President and Director of Development for Manekin, LLC.