

# DISPATCH: Green building

## Corporate constructors weigh in on trend

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CHICAGO | At the fifth annual Chicago Commercial Real Estate Forecast, moderator **Geoffrey Kasselmann** assembled a diverse panel of prominent developers to prognosticate on 2007's corporate construction market.

Among the panelists were Bruce Armstrong with Golub & Co., Chris Macke with GE Real Estate, Fred Reynolds with CenterPoint Properties, Jeff Smith with Ryan Cos. and Steven Schnur with Duke Realty Corp.

During the discussion, **Kasselmann** broached the topic of green building, which has seen some initial acceptance in the commercial building community. **Kasselmann**, who views 2007 through 2009 as the market's "green tipping point," questioned the assembled developers on their acceptance of sustainability in regards to large-scale corporate development projects.

Conversation returned again and again to talk of the bottom line. With construction material costs rising, it still costs (on average) three percent more to build

a green building versus constructing the same building conventionally.

"How can we implement it effectively without negatively impacting the bottom line?" asked Armstrong. He suggested that green building—at least in Chicago—would become mainstream only when it became firmly entrenched in the city's permitting process.

Smith, speaking for Ryan Cos., offered a solution: focus on the most efficient sustainable solutions for now and embrace other green practices as they become cost effective. In practical terms, this means designing and building a property with a green mindset—but not necessarily striving for LEED certification every time.

"There's lots of LEED-inspired things you can do that are cost-effective and growing in popularity," Smith explained. At least for now, he says it's possible to spend "30 percent of the cost and get 80 percent of the results."

However, the panelists were quick to point out that they won't build green buildings if their customers don't demand them.

"This isn't something we can shove

down on users," said Schnur. "The groundswell has to come from the end user or the federal government."

In an example, Schnur described a recent project where Duke suggested developing a green building for the client. The associated costs, however, added about 20 cents per square foot to the price of the building—and the tenant declined to go green. Schnur's example illustrates perfectly the opportunity costs and risks associated with sustainable design.

"It's not something we can mandate," he said.

In the end, the panel offered an upbeat attitude on the future of green building. The fact remains that clients are willing to pay more for new, quality product, and green building offers that in spades.

Speaking for CenterPoint, Reynolds pointed to the new 1.6-megawatt solar energy system Google recently installed atop their Mountain View, California corporate headquarters.

"You start to see the world changing," Reynolds said. "Until then, it's up to common sense and corporate conscience."