



## LEED certification boosts cost of going green

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The Atlanta Journal-Constitution

It ain't easy being green. At least, not certifiably.

Just ask Connie Engel, a partner at Childress Klein, which manages and leases most of Atlanta Galleria, an 86-acre office park in [Cobb County](#) with six high-rise buildings.

The firm is not seeking certification through the U.S. Green Building Council to prove the buildings are LEED -- the acronym for Leadership in Energy and Environmental Design.

While proponents of LEED certification say it pays off in the long run in operating efficiencies, Engel voices a concern echoed by others in Atlanta's real estate community who've balked at the hefty price tag of applying -- up to \$27,500 per building.

That is the amount the council's nonmembers pay to apply for certification of buildings larger than half a million square feet. Members pay less, and smaller buildings are cheaper to certify, but that's just for the paperwork. The fees don't include the physical improvements needed to make a building green-compliant, nor consultant fees for help with the process.

"Just to submit the paperwork is \$14,000," Engel said of one project she is working on. "That doesn't seem right to us. We have to put any extra dollars that we have toward keeping or getting tenants."

Ashley Katz, communications manager at the Washington-based U.S. Green Building Council, said she has heard the concerns. "Cost is always something people bring up."

LEED certification, which is about 10 years old, is still evolving, she said. She believes professional fees will continue to come down -- but, regardless, the cost pays off.

[editorial]



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Building owners typically spend 1 to 2 percent more for a new building to meet LEED standards, but will get a 20 percent higher return on investment over the life of a building, she said.

Jack Rector, a LEED-certified engineer at Colliers International in Atlanta, said the payoff is that green buildings are cheaper to operate over time.

"LEED saves you about 35 percent in water costs and 15 percent in power costs. The break-even point is three to five years, so it does mount up very quickly," Rector said.

Steve Martin, managing principal with SDM Partners, agreed, saying the certification is like "having a Polo logo on your shirt." It's an automatic selling tool when dealing with some government agencies and corporations that require LEED certification for their real estate deals.

In Atlanta, that claim bears out in the list of 101 buildings registered as LEED in the council's database.

They include corporate, governmental and nonprofit entities such as the Atlanta Ballet, Atlanta Community Food Bank, the [city of Atlanta's](#) new public safety offices, Emory University, Invesco, Alston & Bird, Skanska, Herman Miller, the Weather Channel and the new World of [Coca-Cola](#).

But many real estate professionals told The Atlanta Journal-Constitution that instead of paying the certification fees, they make green improvements to buildings, then let their tenants know.

Robert Patterson, who has been heading up the renovations at 200 Peachtree, the former Macy's building downtown, decided not to seek certification.

"We are confident we would receive LEED certification based on the fact that we are a historical renovation, near transit, properly handled our demolition materials, chose substantial local content and installed new resource efficient systems," he said.

"However, LEED certification is expensive and the payments go to consultants and auditors as opposed to investments that save energy. We are now focused on how we operate the building to recycle materials, recycle oil into bio-diesel, and are even looking for how we can compost food waste."

SDM's Martin just bought Suwanee Gateway, a vacant five-story office building in Gwinnett, for \$7.7 million. It was built to LEED silver standards -- the lowest level -- but is not yet certified. While the previous owners already spent about \$160,000 on the paperwork, he will have to spend another estimated \$50,000 to \$75,000 to finish it.

"Why can't the design architects do this stuff and say, 'Yes, it's built to LEED standards?'" Martin asked.

Since 2000, more than 36,000 projects have been registered as LEED-certified, Katz said, and 12,000 projects were registered this year, the highest annual rate so far.

Chris Brown, senior vice president for Georgia operations with Duke Realty, said his firm is "absolutely pursuing LEED certification. Any building we build going forward will have some level of certification."

The cost to apply for certification on a \$10 million project becomes "immaterial," he added.

Still, not all real estate firms believe certification is necessary to get the benefits of "being green."

Clint Howell, a senior vice president at Jones Lang LaSalle, manages and leases Sanctuary Park, a 150-acre office park with nine buildings in Alpharetta.

Two of the newest buildings are nearly identically, but one is LEED-certified and the other isn't. The latter recently was leased to [Coca-Cola Co.](#), which will move a call center there from Dunwoody. Not having the certification didn't affect that deal, he said, and a Coke spokeswoman, Susan Stribling, agreed: "While this building is not LEED-certified, it offers many environmentally friendly features."

*Walter Brown, senior vice president of development and sustainability for Green Street*

Walter Brown, senior vice president of development and sustainability for Green Street Properties, a subsidiary of Atlanta-based Jamestown, said not all projects can be made green easily, including larger, older buildings with multiple heating and cooling systems pieced together, like Chelsea Market in New York.

So his company is developing a seal called "JT Green." Prospective or existing tenants will be able to click on it to view a project's sustainable elements.

He called it a more "feasible" way to address the green issue.

*doesn't require a hefty application fee, she said.*

For now, that's good enough for her.

So far, she said, she's not aware of any tenants that have walked away from her buildings because they weren't LEED-certified.

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