

## Energy

### A colorful look at the green condo phenomenon

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What attracts buyers to “green” buildings such as The Riverhouse in New York, the Arterra in San Francisco, or the Monarch Lofts north of Boston?

“All things being equal, if buyers are given the choice of two lofts, they will choose the one that has environmentally-friendly features,” said Robert Ansin, CEO of sustainable development company MassInnovation.

“There is a strong case for high-performance buildings,” said Brenna Walraven, executive managing director of USAA Real Estate and chairman-elect of industry group Building Owners and Managers Association (BOMA). “Previously, green features were considered primarily on the basis that ‘it’s good for our image, it’s good for marketing.’ Now there is greater awareness – and greater documentation – of the financial benefits of high-performance buildings.”

Rising energy prices drive developers and buyers to adopt green technologies. Most buildings today are still being constructed the way they have been for the last 50 years, when oil, gas, and electricity were inexpensive. “People don’t change until they have to,” said Charles Randall, managing director of Revival Funds. “When your energy bill goes up 50%, you feel the pressure to get energy-efficient, quickly. Green buildings suddenly become very attractive.”

“Because energy costs aren’t going down, there must

be a move towards greater efficiency,” said Ansin.

For buyers, “reducing your carbon footprint” is not just the right thing to do, but it also saves them considerable money. Using geothermal exchange, the average cost to heat and cool a 1200 s/f loft with 16-foot ceilings is \$700 per year, a savings of over 30% over conventional systems.

Additionally, Ansin’s Monarch project incorporates a number of “standard” green features such as a green roof, low-flow toilets, waterless urinals, faucet aerators, dimmers, compact fluorescent lights, and insulated windows. These features make the building more efficient, which reduces operating costs – thus lowering the true, long-term cost of ownership.

One of the biggest challenges for developers and brokers is to educate buyers about the environmental importance and economic benefits of less-common green features such as green roofs, graywater systems, and geothermal exchange and really sell the ‘eco-friendly lifestyle.’

“By using geothermal exchange instead of fossil fuels, we’ve reduced costs and have unlinked the price of heating and cooling from the rising cost of energy,” said Ansin. Instead of burning oil or coal, the geothermal system at Monarch Lofts uses local, renewable heat from the earth’s interior to heat and cool the residences.

“The geothermal system became a major draw for us,” said Ansin. “When buyers looked at comparable projects, they realized that their heating and cooling costs would be much lower in a building that had geo-

thermal exchange.”

Buyers are flocking to green buildings in areas with either high or fluctuating energy prices, or with high social consciousness. The greater Boston area is home to a number of green developments including the Macallen Building, and the Forbes Lofts.

The decision drivers for choosing to buy into a green building over a conventional building are not different than choosing a Prius over an SUV or shopping at Whole Foods instead of a regular supermarket. For some buyers, the emotional connection is stronger. For others, the motivation is purely financial.

Real estate marketers must recognize that people connect with green buildings the way they have connected with all buildings – as a lifestyle proposition. Buyers may want to reduce their environmental impact, but they do not want to compromise their quality of life or the way that they live.

The combination of green features with traditional amenities can be a powerful draw for buyers. Amenities such as sustainably-harvested mahogany roof decks or geothermally-heated pools and saunas present an image of sustainability that buyers can connect with more profoundly than a triple-insulated window.