

How Green Are We, Really?

Not yet as green as we should be, say real estate industry professionals

Brad Molotsky, Executive Vice President, Brandywine Realty Trust: Sustainability, as a concept, has provided Brandywine with the opportunity to reevaluate our interactions with suppliers, customers, and the environment. Our Environments Team is identifying what our competitors are doing and what we can do to create a better result for our customers, shareholders, and employees, and determining what we can do more efficiently, for no additional cost or degradation in quality, to leave our properties and the environment in a better state than we found it. We've created a program that is measurable, implementable, saves dollars, reduces consumption, and changes our mindset to think more sustainably.

The 2008 Energy Master Plan put New Jersey on the renewable energy map and provided the foundation for making it the second largest solar installer in the country and No. 11 in the entire world. The Board of Public Utilities (BPU) is currently updating this document for the Christie

dollars to leverage investment and create jobs and growth—we need to get the Energy Master Plan finalized so that future investments are not bottlenecked by uncertainty. We need to get folks in the legislature and the administration to move forward bipartisan-supported bills like A2528, which allows use of societal benefits charges to fund energy-efficiency upgrades in existing buildings; A2529, which allows energy-efficiency upgrade savings to create energy credits; A2539, which requires disclosure of societal benefits charges on our utility bills; A1826, which encourages a sales tax exemption for hybrid and electric cars; A1104, which provides utility rates reductions for energy-efficient green buildings; and A2239, which provides tax credits for retrofitting existing green buildings.

We need to continue to educate our citizens about the potential savings that can be garnered by investing in energy efficiency and doing simple, no-cost things like purchasing sustainable cleaning supplies, recycling, and

reducing water consumption in everyday life without much, if any sacrifice. We need to press our 611 school districts and our counties to reduce energy costs by using tax dollars to install solar via a power-purchase agreement using third-party capital, which saves on utility costs with no cost to the taxpayer. We need to continue looking for ways to reduce our average cost of energy from 14 cents per kWh—which is among the highest in the country—so we can regain competitiveness with surrounding states to attract and retain business, and be more aggressive and creative in finding ways to give owners of existing building incentives to reinvest in the existing infrastructure and reduce our consumption demands on the electricity grid.

Robert Francis, Planned Companies: We currently have the most LEED APs—soon to be five—of any New Jersey janitorial and/or security company. We “green clean” more buildings in the residential and commercial sector, combined than any other provider. Over the past two years, we also built the first green state-of-the-art real estate training center, ORACLE, whose name embodies our company's mission: Owned by the students, Responsible to the environment, Actively seeking a better way, Client-centered in results, Limitless in possibility, and Excelling. ORACLE is gaining recognition, earning the Optimas Award for Vision by *Workforce* magazine.

Being environmentally conscious and caring has branded Planned as a company on the forefront of its industry, opening doors for new opportunities and subsequent growth. In 2009, Planned was selected to “green clean” Kettler's Alexan CityView located in Bayonne, a 544-unit complex that boasts the largest LEED for Homes multifamily community in the country.



Brad Molotsky



Robert Francis



Lisa M. Bromberg

administration; changes remain to be seen. Creating certainty within the plan and a predictable outcome on renewable energy-credit pricing is a critical part of maintaining and enhancing New Jersey's renewable energy position nationally. But should the state mandate “societal benefits charges” of approximately 22 cents out of every dollar in utility charges to fund these programs, or are these charges burdensome to the consumer?

We have an opportunity to put our money to excellent use in upgrading existing building stock—schools, hospitals, office buildings, homes, etc.—by investing in upgrading the efficiency of existing systems, thereby reducing energy consumption. That way, we create less strain on an already aging electricity distribution infrastructure. Upgrading systems is a win-win because it creates jobs in the engineering, architectural, construction, and plumbing industries and reduces consumption needs at the same time.

While New Jersey has some truly awesome folks in its Economic Development Authority, BPU, and Department of Environmental Protection and elsewhere—all of whom are looking for ways to use state and private

Additionally, the Kaiserman Family procured Planned as consultants for the historic Bourse Building in Philadelphia. Planned executives are often asked to participate in conferences such as IREM in Atlantic City. Going green has provided a medium through which Planned is able to further demonstrate our core value of continuously improving to raise the bar within our industry.

Large-scale tenants know that green cleaning products can do the same job as conventional ones; and that automated dispensers and automated controls save money and resources. They also understand that a healthier work environment enhances productivity and reduces absenteeism.

We stay ahead of the competition by never being complacent. We consistently work with others in both our industry and the green industry, to advance and enhance current green practices for future projects. I believe in the sound philosophy of sustainability, and that practices to conserve resources and enhance productivity are here to stay

Lisa M. Bromberg, Principal, Porzio, Bromberg & Newman, PC: New Jersey has done a great deal to promote green and sustainability, such as the Energy Master Plan implemented in 2008 and the American Reinvestment Recovery Act, but there is always more that can be done. Providing financial incentives and technological support is key to promoting these goals, and New Jersey should search out ways to identify tax and other financial incentives that will motivate its citizens to follow green initiatives.

Large-scale tenants are increasingly requesting green and sustainable buildings that are LEED-certified, along with reduced energy loads, recycled materials used in the building, water and appliance efficiencies, maximization of space, use of roofs for energy and gardens, and access to public transportation. These tenants want to publicize their commitment to the environment by demanding green buildings, which is an advantage to the landlords who provide such public relations in their buildings.

We have appointed a Green Task Force that has launched a number of green initiatives: deploying recycling bins throughout the office to encourage recycling all materials, transitioning to certified recycled paper, using a carbon-neutral plant that is green-seal-certified to produce our firm letterhead, defaulting printers to double-sided printing, purchasing EnergyStar-certified computers and other technology equipment. We have also become certified as an EnergyStar partner by EPA, which encourages us to improve energy performance, reduce greenhouse gas emissions, measure and track energy performance, develop and implement a plan to improve energy performance, and educate our staff and the public about our achievements.

Going green has certainly motivated and pleased our staff. Our firm has also benefited by raising the consciousness of our employees and appealing to their environmental concerns. The more we do to be green, the more attractive we are to current and potential clients. Our firm is committed to taking green and sustainable measures, with long-term goals of reduced electrical consumption and responsible environmental stewardship in mind.

Our latest idea is "Green for Green," a program that awards \$50 quarterly to the employee who suggests the most innovative, practical, green idea. This will motivate us to keep striving and be more environmentally aware. I believe green and sustainability will be more seamlessly incorporated into what we do every day: mass transportation, renewable energy sources, consumption. Buildings will be green, we will rely less on paper and paper products, and alternative sources of energy will be more accepted.

Matthew B. Jarmel, AIA, MBA, Principal, Jarmel Kizel Architects and Engineers, Inc: New Jersey has stringent stormwater and water-quality

regulations and continues to create legislation to protect our environment, watershed, and endangered species. New Jersey has also created a strong renewable-energy portfolio standard, mandating that 20 percent of the power sold in the state must come from clean, renewable energy sources by the year 2020, and the Solar Renewable Energy Certificate (SREC) program has helped make our state the fourth-largest solar economy in the world.

Large-scale tenants, major corporations, and international companies are sensitive about their carbon footprints; they want green and sustainable features such as clean air and energy efficiency through the implementation of lighting and HVAC retrofits. Buildings with these features are more marketable and desirable because for building owners and tenants alike, energy-efficiency means lower operating costs.

At Jarmel Kizel, 50 percent of our staff is LEED-certified. We created an Energy Solutions Design Studio to assist and educate our clients on energy upgrades that help make buildings and spaces more energy-efficient and also reduce costs. Most recently, we entered into a strategic partnership with Certified Pure Energy, a solar development company and investment fund. We also educate our employees, based on their fields, on water quality, and the design of stormwater runoff, fresh air ventilation systems, heat recovery units, and lighting and HVAC system retrofits. By going green, we are able to market the Energy Solutions Design Studio to our clients, creating new design opportunities. Going green has also increased our productivity and profitability: Our retrofitted lighting and HVAC systems reduced our energy costs by approximately 20 percent, and our staff feels more focused with the

"New Jersey has done a great job in making everyone aware of the necessity of environmentally sustainable buildings. Unfortunately, the state has not dedicated resources to ensure their construction."

—Robert Klausner, Day Pitney LLP

better-quality lighting and comfortable air temperature.

However, when it comes down to it, our company is not as green as we hope to be. The buildings we work in and the ones we design are responsible for approximately 50 percent of all greenhouse gas emissions in New Jersey and throughout the world. We can all benefit by committing to greening our buildings—you can never be green enough. The U.S. Green Building Council has influenced how building codes are written; over the next three years, I see many LEED requirements becoming building code requirements.

Tim Comerford, Senior Vice President, Biggins Lacy Shapiro & Company, LLC (BLS): New Jersey's Solar Renewal Energy Credit (SREC), coupled with a federal program that provides a 30 percent rebate on capital investments, has generated a large number of recently-completed solar projects, with many others in development. When dealing with new buildings and redevelopment projects, LEED certifications are in demand. For large corporations, developing more sustainable buildings has become

the norm because they provide initial cost-savings and long-term benefits, which may include greater occupancy rates, higher resale value, and social/public relations benefits. New Jersey's Pay-for-Performance program encourages companies to study the potential savings, implement improvements, and monitor energy savings to meet their pay-for-performance commitments.

BLS helps companies understand the financials behind going green. We've launched an energy-services practice to help clients develop comprehensive energy strategies that mitigate risks and provide a return on investment. Going green provides positive financial benefits. Energy incentives reduce operating costs, making the upfront costs associated with implementing energy conservation and renewable energy solutions more affordable.

Improved productivity as a result of going green is still being debated, but employee and company perspectives reflect positive results. From an employee perspective, a sustainable building provides better ventilation and lighting, and an overall healthier environment—potentially contributing to greater employee satisfaction and higher productivity. From a company perspective, a sustainable building may encourage employees to work longer, healthier, and more collaboratively in open-spaced environments.

As we advance through 2011 and beyond, we will see a greater push for accountability and net benefits test from companies, public sectors, and consumers. Companies will continue to seek

with reusable products. Some employees even work from home to reduce the carbon footprint. We're trying to continue moving into the next generation of sustainability by educating ourselves, adding new LEED APs, and committing to continued training.

Going green has given Aztec new opportunities in the marketplace and increased productivity thanks to low-VOC-emitting products, and proper lighting and air flow/temperatures in the office space, which make employees more alert and invigorated. We're as green as we can be, given the current non-LEED building that houses our office. Currently, almost all of the projects that we are working on are inherently green. With the sustainable products and procedures that we have today, I believe that the number of choices will only increase in the future; LEED will one day become the norm instead of being one of the select few certified institutions that we have today.

Clark Machemer, Vice President and Regional Director, Rockefeller Group Development Corporation (RDGC):

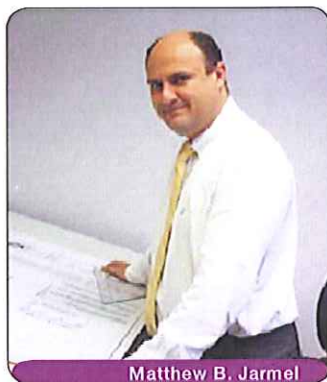
In order for sustainability to happen, the private sector needs to embrace it also. All companies are looking for some level of sustainability, but LEED certification is among the most popular. However, currently in New Jersey, there aren't many opportunities to go into a LEED building unless it's new construction. We're designing our buildings to obtain LEED certification.

We're constantly innovating development techniques, and recognize the need for Class A buildings to be environmentally-conscious work environments. Our buildings match the sustainability initiatives of clients who seek to minimize the adverse environmental impact of their buildings, while improving their interior environments for employees. Key design goals to achieve sustainability include: water efficiency, site development, indoor environment, energy, and material selection. LEED designations for buildings range from Certified to Platinum, depending upon a client's goals. The next generation of sustainability will require us to build green: A building will need to be sustainable in order

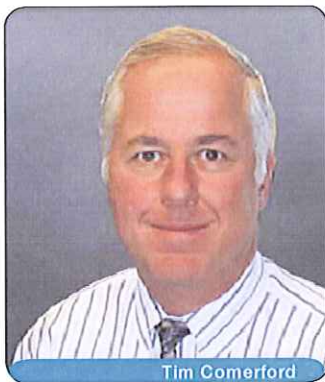
to be considered Class A.

We are making The Green at Florham Park the most sustainable mixed-use project in New Jersey, which has led to significant interest from companies like BASF in locating there. I'm not sure we would have gotten the BASF deal [BASF signed a long-term lease with RGDC in 2010 for a 325,000-square-foot office building in Florham Park] without our focus on green building. Our knowledge, commitment, and expertise in sustainability were clearly factors in their decision to locate with us. The main change in the future is that companies will recognize the value of having a sustainable building—a Class A building will need to be a sustainable building.

Jeff Chavkin, Co-Founder, Geoscape Solar: New Jersey is Number One in the country in terms of renewable energy incentives and programs, and the Sustainable New Jersey



Matthew B. Jarmel



Tim Comerford



Dorothy Zarnik

lower costs and greater return on investment for the added cost of building and going green.

Dorothy Zarnik, Principal, The Aztec Corporation: New Jersey can definitely do more by offering public energy rebates and embracing incentives for all renovations and new construction, not just designated growth areas. Many large-scale tenants are committed to a green office environment and have sustainability programs in place, but there are still interested in things like recycling programs, preferred parking for carpooling and hybrid vehicles, bike racks, shower facilities, low-flow plumbing fixtures, and a sustainable and efficient HVAC building system that promotes optimum fresh air input.

We have four LEED-certified professionals on staff and encourage our employees to become LEED-certified with provided training and updates on current requirements; we promote recycling; and we have replaced disposable kitchenware

program has been awesome at pushing towns to becoming more sustainable, but unfortunately there is still much to be done. In a recent Greenopia study of states' sustainability, New Jersey was ranked an underwhelming 30th. We're strong in recycling, but we don't have many green companies or a program to bring more LEED-certified buildings here.

Tenants are looking for green that makes sense. They want energy/cost reductions, usually achieved through energy audits leading to changes. Solar is a key component. The two issues are: Tenants require a quantifiable and realistic payback, and they need an energy partner to help them navigate the sea of incentive paperwork so that they can take advantage of the existing monies available to them. Solar meets many of these tenants' needs in that they see a great payback in a reasonable amount of time.

We've created various models that allow people, regardless of financial means or tax appetite, to be able to go solar. We had an 82-year-old customer who wanted to go solar ASAP to give her grandson a legacy of environmental and financial comfort.

Our business isn't as much about going green ourselves as it is about helping others go green. Obviously, the better we are at getting our message out, the greater the benefits to our business. We are aware that we are in a position to influence sustainable behavior, and we take that responsibility seriously. We try to teach our clients ways to lower their bills and live more efficiently, and we include a free energy audit with every paid site report.

Sustainability is a journey and no one should be judged for their efforts. If you start recycling today and you didn't yesterday, that's a win for everyone. At the end of the day, we're a business trying to earn a profit in the green space, while at the same time giving people a cost-effective way to use renewable energy to power their homes and businesses. There is always more that can be done, but many things are out of our control, and we also have to make financial sense for people. That is, by far, the biggest draw of solar energy: Our customers can *be* green and *make* green at the same time!

In the same way that smoking has become vilified by the next generation, wasteful, environmentally-damaging behavior is looked down upon, especially by the younger generation. Great story: At my daughter's middle school, one of the girls was being shunned by some of the other kids and didn't understand it. It turns out her mother dropped her at school each day in a big yellow Hummer. The kids were so persuasive that the girl's mother sold the car and purchased a hybrid—how's that for positive peer pressure?

In the not-too-distant future we will reach grid parity—equivalent pricing for solar energy versus traditional fossil fuels—and people will be able to create their own clean, distributed electricity without government incentives.

Brian Pawlowski (LEED AP, GGP, PMP), Vice President and Group Manager, Jones Lang LaSalle Americas, Inc

(JLL): Gov. Christie has made green and sustainable practices a priority, but until every building owner and tenant embraces this, the state is not doing enough. Large-scale tenants want buildings with certifications—LEED, EnergyStar, or even Green Globes. Most are concerned with energy consumption; some are sending out a green questionnaire to learn about a site's sustainable practices.

JLL has a division dedicated to sustainability and energy management. There is also a group of over 100 professionals working on how these issues affect commercial real estate. Sustainability is one of the pillars of our business; it's how we differentiate ourselves from the competition. Every JLL office uses sustainable practices—our Parsippany office is LEED Silver, and we have 15 LEED-certified professionals on staff.

Sustainability is part of our culture, which shows in the work we accomplish for our clients. The next generation of sustainability involves upgrading older buildings. Currently, we are working on the Empire State Building retrofit, taking it to LEED-Platinum status. We anticipate savings of \$9 million per year in operating costs. We're taking what we're learning there and applying that knowledge to retrofits in New Jersey—just on a smaller scale.

Until we don't have to rely on fossil fuels and are at net-zero water consumption, no company is green enough. Beyond that,



Clark Machemer



Jeff Chavkin



Brian Pawlowski

there is also an aspect of LEED that's not talked about much: how it improves the quality of life for people in the buildings. We'd like to get every building we touch certified by one of the current standards. I see a lot more legislative changes over the next few years. It will start at the federal level, move down to the state, and then to the local municipalities. There will be changes made that put more sustainable practices in building codes.

Adam Putter, President, Solar Roof Development, LLC:

New Jersey has done a fantastic job of promoting solar, reaching the point where virtually anyone with a home, or particularly a commercial building, should be evaluating the potential to save and make money from being green.

Large-scale tenants and commercial landlords are recognizing that making their properties greener and sustainable is not only helping them save money, but that the savings they can transfer to their tenants also makes their properties more attractive

to prospective tenants. If a tenant is deciding between a few properties, it certainly gives a landlord a leg up when their properties can offer energy savings now and in the future at no cost to the tenant.

We help commercial property owners evaluate and execute a transition strategy to become greener and put their business on a more sustainable footing. With the high energy prices, property owners are really doing their own businesses a disservice if they are not at least evaluating the energy opportunities that are out there. Our company is moving into the next generation of sustainability by reviewing long-term energy opportunities and liabilities with property owners, showing them the benefits that will accrue for 25 years or longer. It's hard to monetize any public relations benefit of going green, so it's all about the dollars, payback time, and return on investment.

As our world changes, being energy-efficient and having a plan for your business's energy needs will be imperative. The subsidies may not be as good in the future as they are today, but the need to protect businesses from rising energy costs will certainly be there.

Adam Pasternack, Director of Leasing, Russo Development:

We believe that New Jersey has been very supportive in advancing green principles to its people and corporations. There are further steps for New Jersey to take, like

have taken significant steps toward a more-sustainable office environment at our new headquarters in Carlstadt. Our focus on reducing our carbon footprint includes: Recent virtualization of consolidating overall servers and phasing out old hardware without actually having to replace it; enforcing a lights-out policy throughout the office; and arranging recycling bins in common areas, as well as larger outdoor containers to pickup recyclable materials weekly. Future initiatives include installation of solar panels and occupancy light sensors in common office areas, and a plastic-free and paperless office. We need to continue moving toward being as green as we can be. We have audited our office consumption, created an action plan, and emphasize to our employees and tenants the importance of sustainability and environmental awareness.

Green construction and building maintenance has become more mainstream. We believe it will eventually become the standard by which we measure business. Everyone has realized that sustainable construction and design are beneficial to owners, builders, and occupants, so everyone benefits.

Robert Klausner, Partner, Real Estate, Environmental and Land Use Department, Day Pitney, LLP:

From a public relations perspective, New Jersey has done a great job in educating and making everyone aware of the necessity of environmentally-sustainable buildings. Unfortunately, however, other than providing money for solar energy, the state has not, to my knowledge, dedicated resources to ensure the construction of environmentally-sustainable buildings, or used its regulatory powers to entice developers to construct or retrofit environmentally sustainable buildings.

Based on the views of the current administration, I highly doubt that any such regulations will be proposed in the near future. The state has been providing money for the installation of solar panels on buildings. Some people believe this money is just subsidizing an inefficient system that

will not correct itself as long as state money is available. As Bruce Springsteen said in a song, "With every wish there comes a curse."

Every major tenant I represent goes into every project enthusiastic about building an environmentally-sustainable building or space. Unfortunately, they all realize rather quickly that the cost of constructing such building or space outweighs the energy savings. Many tenants quickly scale down their goals. However, there are some companies that believe that the public relations benefits they receive from constructing an environmentally-sustainable building or space outweigh the costs.

When building environmentally-sustainable buildings began to be in vogue, the cost was fairly exorbitant. Over the last few years, as more and more professionals become comfortable enough to achieve LEED-Silver, -Gold, and -Platinum certification, the costs have been decreasing rather substantially. I can foresee the initial pricing for buildings including all the improvements necessary to achieve LEED certification. ■■



Adam Putter



Adam Pasternack



Robert Klausner

adopting similar goals and benchmarks, like New York City's building energy benchmarking program. State agencies like the Meadowlands Commission have gone above and beyond to drive and reward corporations and landlords in their district to take on "green" measures with the Meadowlands Challenge.

Our current tenants have expressed various levels of interest in working with us to make our buildings and their operations more sustainable. We are in the process of taking steps to alert our tenants of waste management and recycling options as well as public transportation available to them. We are also exploring energy-efficiency measures like lighting retrofits, efficient unit heaters and solar in all of our buildings.

We believe greening our business can act as unifier or a common goal between our company and our tenants. We are seeking LEED certification on three to four of our current and future development projects, and establishing green tenant practices within our existing portfolio of buildings. We also