

GREEN BUSINESS CASE

BY ERICH SCHWARTZ



The debate over building and managing properties sustainably is over, and the opportunity to get on the train before it leaves the station is coming to an end. The key is to take a leadership role by developing innovative solutions that meet the new demands by businesses, people, and governments. So, what are the changes that need to be addressed, and is there money on the table?

Sustainability is being embraced by businesses to address concerns over rising energy and waste costs that will impact future profitability. The retail giant WalMart has stated its three broad sustainability goals include using 100 per cent renewable energy, eliminating all waste to landfill, and creating sustainable supply chains. Part of the strategy to achieve these goals is to develop highly energy efficient buildings and complexes. This is not a passing trend to placate current public concerns over climate change. This is strategic thinking to ensure WalMart maintains its competitive edge by mitigating fluctuating costs.

Federal, provincial/state, and municipal governments around the world are embracing sustainability. In British Columbia, the provincial and municipal governments representing every major city and town are pushing for sustainable development and to become greenhouse gas neutral. The BC Government wants to be carbon neutral by 2010. The town of Whistler wants to be 100 per cent sustainable by 2020. The City of Vancouver wants to be the Greenest City in the world by 2020 with 20,000 green tech jobs. The City of Surrey has also developed comprehensive plans to build sustainable centres interconnected with public transit. The push for the low-carbon economy is happening at every level of government around the world, and awareness has been heightened by the oil spill catastrophe in the Gulf of Mexico. Serious thought is being put into getting off our dependency on oil.

Individuals also want “green” places to live and work for both health and economic reasons. The perceived health benefits from living and working in green spaces has been quantified in a study done by the University of San Diego. Nearly half of public companies assessed agreed that a sustainable building provides a healthier indoor environment and that favourable amenities improved employee retention. Further, 55 per cent agreed that productivity increased after moving to “greener” facilities and there were fewer sick days vs. their previous location. The economic factor is easily quantified too. The cost of energy

continues to rise, and in the past 20 years there have been several periods when utility costs became prohibitive. People on fixed or low incomes are concerned about their ability to pay energy costs in the future, and are very interested in homes that have low energy requirements.

This has become a perfect storm wherein businesses, individuals, and governments are demanding green. Leadership is needed to address these changes in demands, and this starts by focusing on solutions with minimum or no environmental impact. Specifically

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use renewable resources to promote and preserve natural biological processes, and use non-toxic and biodegradable materials to prevent the progressive build-up of toxic substances. As well, build consensus among citizens, government, and the private sector which help to identify the

right blend of interconnected, pedestrian friendly, resource efficient, mixed-use districts that offer a wider range of goods, services, and experiences in one location.

This approach not only leads to better solutions, it leads to greater profitability. Businesses, governments, and people

are now more willing to pay up front for future benefits. In 2002 GlobeScan Inc. estimated that 22 per cent of consumers in the G7 countries were green consumers willing to pay a premium for ethical products. Further studies, even during the economic downturn in 2008, show continued willingness to pay more. Companies wanting to implement positive environmental and social strategies into their business model will further validate their ethical commitment by running their operations from a green building. Often these buildings and their exemplar tenants receive positive media exposure, the best kind of promotion available. This induces a positive reputation and brand image that can lead to greater customer loyalty, product differentiation, and higher sales. This approach is further supported by an independent real estate study conducted by the University of San Diego. It found that “green” commercial office space has on average higher than market rates for both occupancy and rental.

But what about existing “non-green” properties? Again leadership and innovation can find answers here too. For example, implementing separate metering can lead to significant savings in electricity and fuels. Separately metered buildings saved an average \$.42 PSF/year over comparable non-separately metered buildings — green or not.

The business case for building sustainably continues to gain strength, but of course at some point the market will shift and sustainable buildings will become the norm, possibly reducing the competitive edge. But this is not just about business and profit. Building green provides intangible benefits to the owner/operator such as pride in craftsmanship, pleasure in contributing to healthy communities, and wisdom in leaving a legacy of forward thinking. ❖

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