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GREEN BUSINESS

Green Buildings: Fewer Sick Days, Higher Rents

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Environmentally-friendly construction practices have gotten a lot of hype over the past few years but do they really pay off as an investment? A new study found that tenants in green buildings experience increased productivity and fewer sick days. The research also found that that green buildings have lower vacancy rates and higher rents than non-green counterparts.

The study, conducted by the University of San Diego and commercial real estate broker CB Richard Ellis Group, found that tenants in green buildings such as the Behnisch Architekten-designed Unilever offices in Hamburg above are more productive based on two measures: the average number of tenant sick days and a productivity change. Respondents reported an average of 2.88 fewer sick days in their current green office versus their previous non-green office. About 55% of respondents indicated that employee productivity had improved.

Based on the average tenant salary, an office space of 250 square feet per worker and 250 workdays a year, the decrease in sick days translated into a net impact of nearly \$5.00 per square foot per year. The increase in productivity translated into a net impact of about \$20 per square foot. The study also showed that green buildings have 3.5% lower vacancy rates and 13% higher rental rates than the market.

The work was based on surveys of 154 buildings under CBRE's management, totaling more than 51.6 million square feet and housing 3,000 tenants in ten markets across the U.S. The study defined a green building as those with LEED certification at any level or those that bear the EPA ENERGY STAR ® label.

Another report out in the past week concluded that constructing new green buildings or retrofitting existing structures with energy efficient air conditioning, solar panels and the like will support 7.9 million U.S. jobs and pump \$554 billion into the American economy over the next four years. The study, by the U.S. Green Building Council and Booz Allen Hamilton, determined that green construction spending currently supports more than 2 million American jobs and generates more than \$100 billion in gross domestic product and wages.

The economic impact of the total green construction market from 2000 to 2008, the study found, was \$178 billion. It created or saved 2.4 million jobs and generated \$123 billion in wages.

The U.S. Green Building Council certifies LEED buildings and obviously has an interest in the movement, but Rick Fedrizzi, chief exec of the group said something remarkably down to earth in releasing the report: "Our goal is for the phrase 'green building' to become obsolete, by making all building and retrofits green – and transforming every job in our industry into a green job."

Can't argue with that.