



**How developers can harvest  
the benefits of green building  
accreditation while reducing  
risk and cost**

**2010-05-04**

Source: canstockphoto.com

# Agenda

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## Key Green Accreditation Challenges

Adapting Quality approach to Green

Integrated Approach to Green Buildings

Green benefits for Developers

# Key green accreditation challenges

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## Technical challenges

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- “ Environmental requirements touch all aspects of a building
- “ No environmental solution works in isolation so simply pushing down requirements to individual supplier doesn't work
- “ Local conditions like climate pattern and site location determine heavily best solution for a project
- “ Due to the rapid evolution of green building accreditation scheme, today's green buildings might not meet tomorrow's standards

## Business challenges

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- “ Choice of the appropriate green building accreditation scheme(s)
- “ Choice of green features to be integrated or not in the project
- “ Marketing strategy to maximize visibility and impact of the efforts invested in the project
- “ Mitigating the risk associated with green building accreditation scheme(s)
- “ Limiting the potential additional cost associated with green buildings
- “ Change to existing organization required to deliver green development

# Agenda

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**Key Issues faced by Developers**

**Adapting Quality approach to Green**

**Integrated Approach to Green Buildings**

**Benefits of Green for Developers**

# Quality and green have much in common

## Quality

## Green

“ Involves all aspect of a development projects



“ Involves all aspect of a development projects

“ All value chain must adopt quality approach



“ All value chain must adopt green approach

“ Must address source of non-quality



“ Must address source of green issues

“ Own ISO standards (9000)



“ Own ISO standards (14000)

“ Takes time to build a quality culture



“ Takes time to build a green culture

“ Quality can command a premium and become a source of competitive advantage



“ Green can command a premium and become a source of competitive advantage

“ Quality can be costly but can also reduce risk and cost at the same time



“ Green can be costly but can also reduce risk and cost at the same time

Quality approach can be applied component by component



Green requires an integrated approach



# Agenda

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**Green benefits for Developers**

# The case for integrated approach

## Case for integrated approach

Environmental performance depends on multiple factors and dependencies

A fully integrated approach looks at green requirements from start to end

Only then can developers make explicit and relevant trade-offs

For example choosing a inner city location  
 "façade options like orientation often very limited with negative impact on energy  
 "often good public transports connectivity, numerous amenities and potential reuse of existing structures

The alternative is to leave end result to luck

## Illustration with site selection



Level	<b>Platinum</b>
Site	<b>12/14</b>
Cost	<b>\$ 275 / ft<sup>2</sup></b>
Surface	<b>102'000 ft<sup>2</sup></b>
Project	<b>Hotel</b>
Year	<b>2008</b>

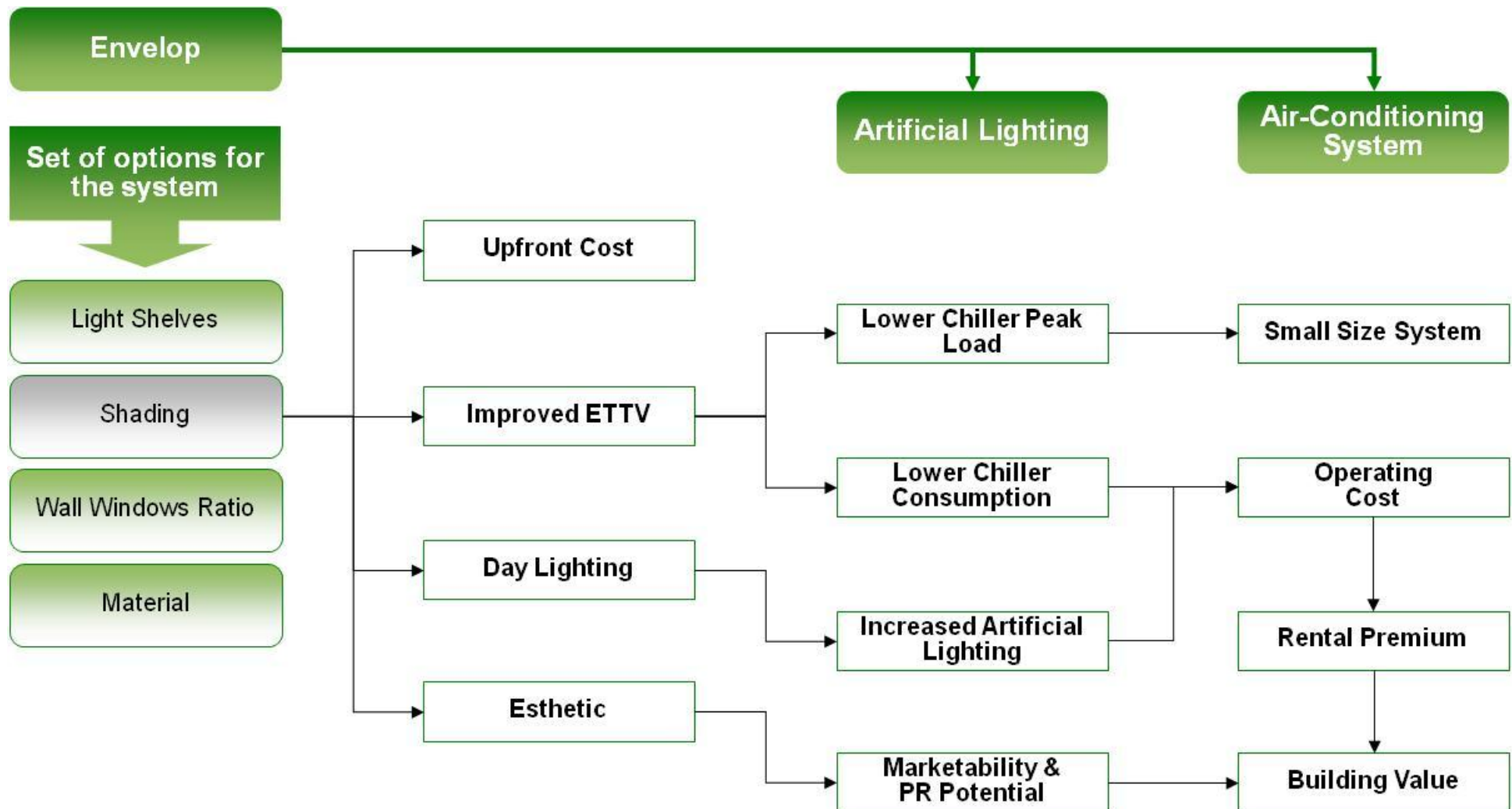


Level	<b>Certification</b>
Site	<b>5/14</b>
Cost	<b>\$ 446 / ft<sup>2</sup></b>
Surface	<b>56'000 ft<sup>2</sup></b>
Project	<b>Hotel</b>
Year	<b>2007</b>



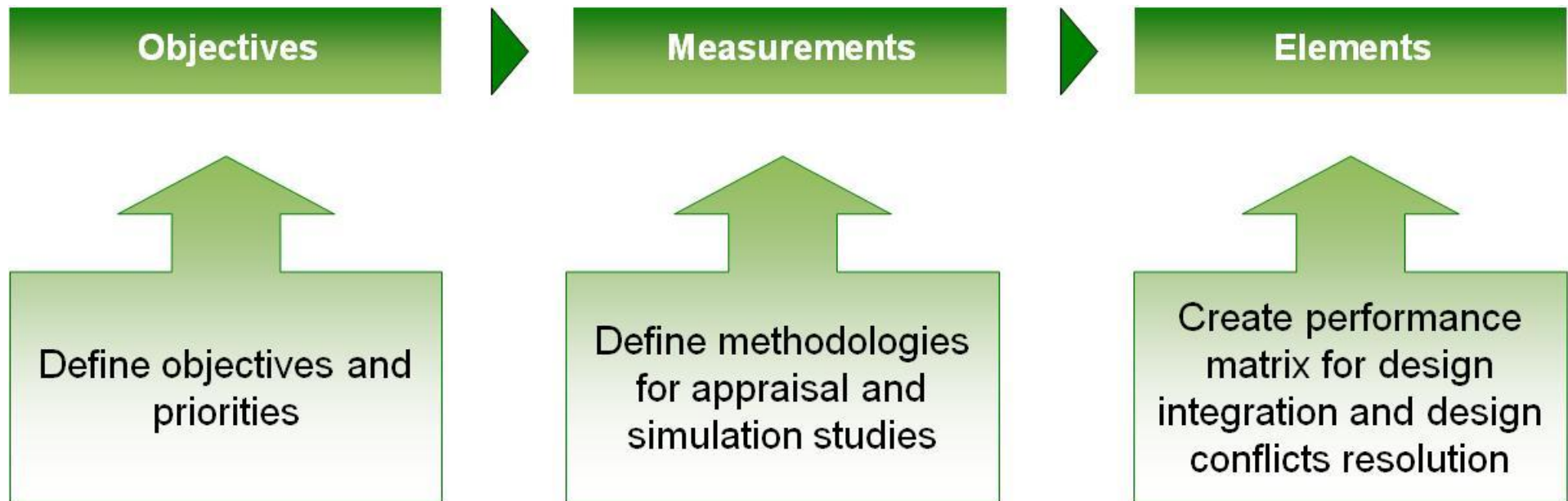
**Price x2 but only certified !**

# Integrated design: Adopting mutually supportive solutions

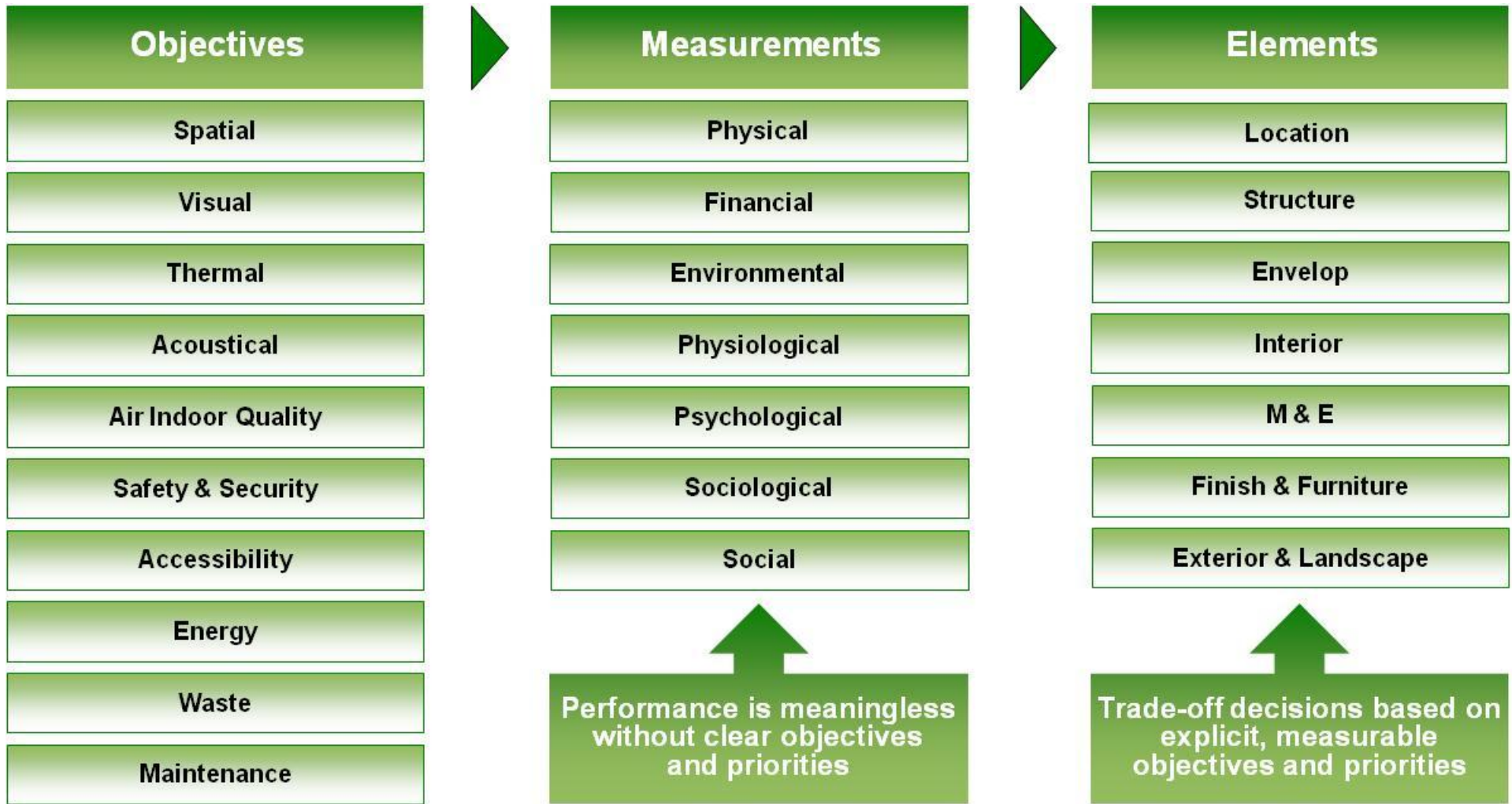


*Example of integrated design review process*

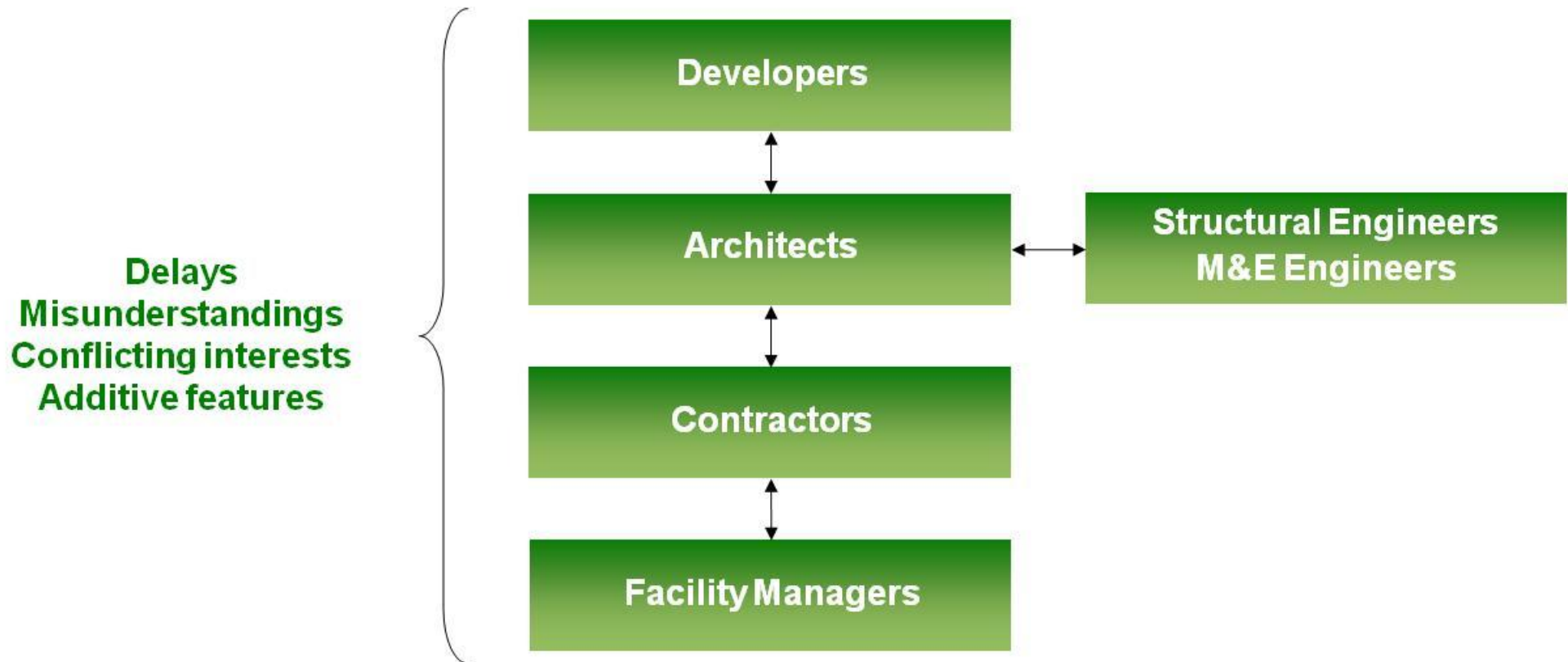
# Managing for performance



# Objective-driven approach required

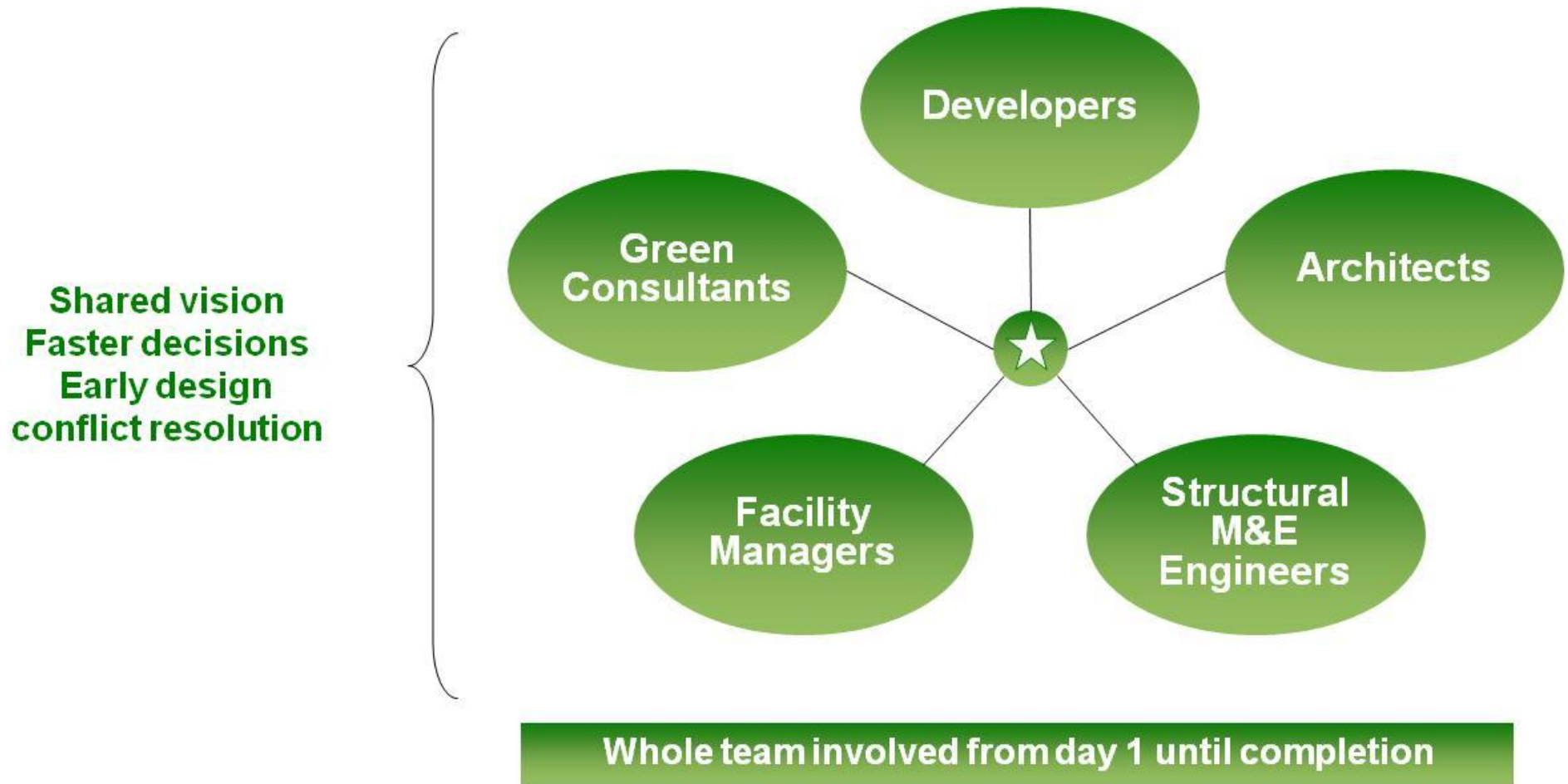


# Traditional organization not adapted



*Simplified illustration*

# Green integrated approach



*Matching approach with organization*

# Agenda

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**Key Issues faced by Developers**

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**Green Benefits for Developers**

# Green Buildings benefit Business

## Costs

- Reduce the need for consumption (insulation, integrated design)
- Use natural sources (daylight, water harvesting)
- Limit losses (leakage detection, efficient lighting)
- Right-size installation (small chillers due to improve envelop)
- Increase life span (reduced usage like low consumption lighting)
- Minimize maintenance and remediation costs (monitoring)
- Reduce health cost (low VOC painting, CO<sub>2</sub> monitoring)
- Increase marketing efficiency (free public relation)

## Revenue

- Improve marketability (higher performance building, comfort) and price
- Increase rental (green premium) and occupancy ratios
- Enable new product development (eco living, green townships)
- Trade carbon credit and develop CDM projects (renewable energy)
- Utilize potentially undervalued land (brown fields)
- Create opportunities for redevelopment

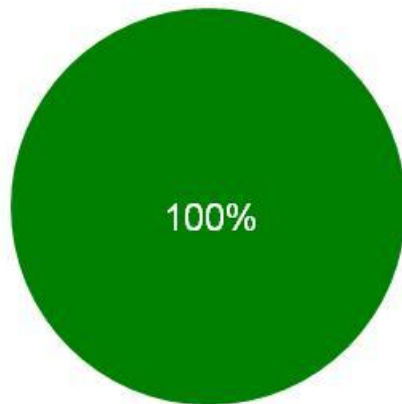
## Financing

- Tap specialized funds (green a key growing investment theme)
- Improve cash flow (inventory turn-over)
- Impact company valuation (investor relation, branding)
- Use public and private incentives (grants, tax rebates)

# Higher prices possible in Malaysia too

## Malaysian buyers like Green homes...

% Malaysians who would like to live in Green homes



## ...and are willing to pay more for them



(1) Survey during MAPEX expo  
source: Property Buyer 19 August 2009

# Going beyond accreditation: Marketing benefits of Green



## Starwood launched Green Hotels in 2008

### ELEMENT Hotel

- Extended stay hotels
- 5 new hotel since 2008
- 20 new until 2012 including Canada & UAE

### Positioning

“Modern, upscale and intuitively designed hotel experience that allows guests to live well and feel in control. ... with an emphasis on nature. **All Element hotels are LEED certified**”

### Business Model

- Franchising to third-party operators

### Key green features

Day lighting, energy-efficient appliances, water-efficient faucets



Source: <http://www.starwoodhotels.com/element/index.html>

# Thank you...



Source: canstockphoto.com