

# Building **Green** The Business Case for **SRI Investors**

Leanne Tobias  
Malachite LLC  
(301) 229-1558 (202) 257-7254  
[MalachiteLLC@aol.com](mailto:MalachiteLLC@aol.com)  
[www.malachitellc.com](http://www.malachitellc.com)  
Copyright September 2005

# What Makes Real Estate Profitable?

- **Cost control**
  - **Operating costs**
  - **Construction costs**
- **Revenue Maximization**
  - **Time to lease up**
  - **Rental rate**
  - **Tenant retention**

How Does **Green** Fit In?

# Lower Operating Costs:

## **FAVORABLE**

- 30% utility cost savings
- Slower dollar growth in utility costs=  
predictability
- High quality engineering – more  
predictable operating performance  
over time

# Construction Costs:

## **Unfavorable to Neutral**

- Base Building: 2%- 3% green premium reported widely
- Green tenant improvements may be more costly than conventional

# The Good News on Costs...

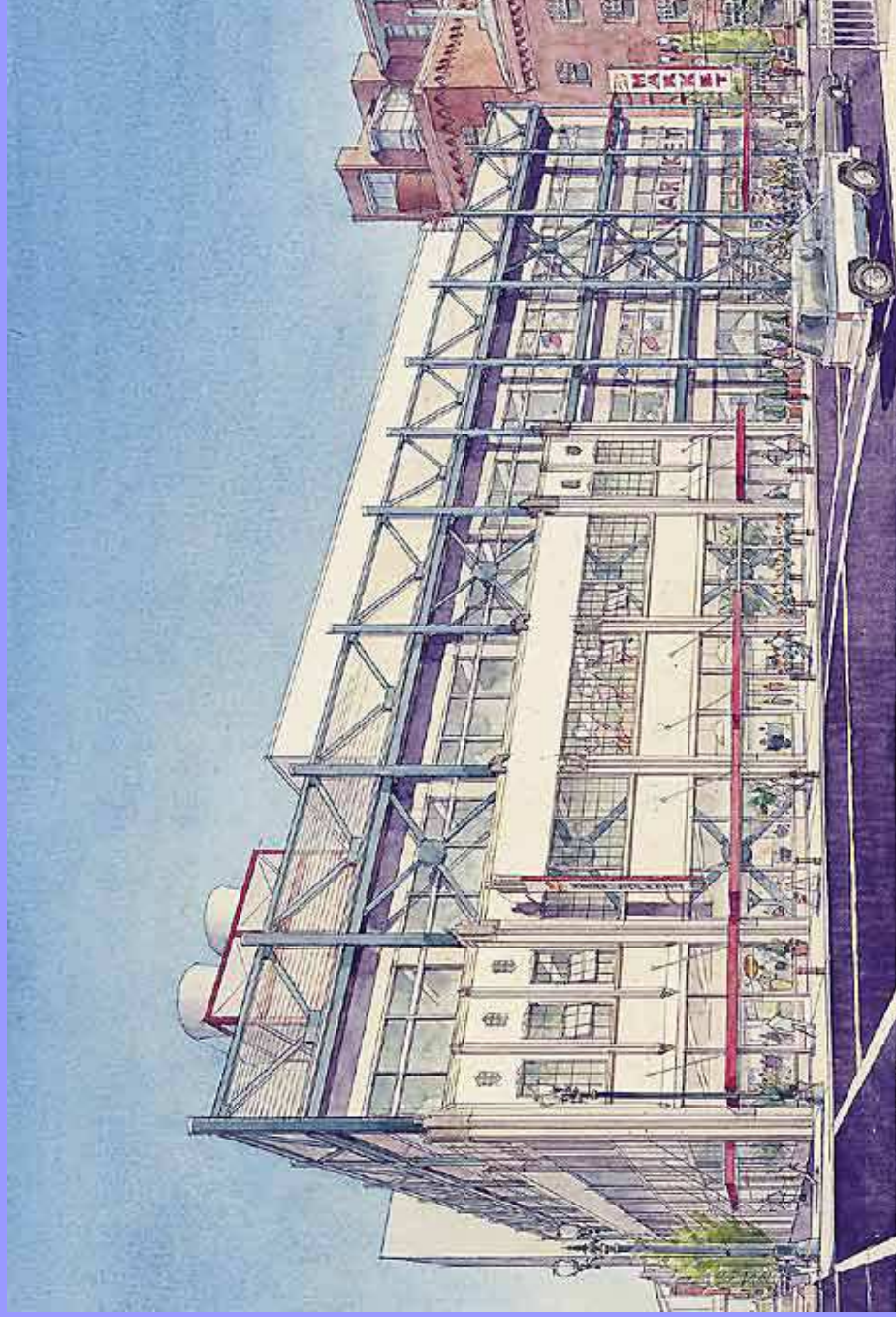
- Can often build for the **same cost** as conventional
- Growing industry experience cuts costs
- Increasing state, local, federal incentives for building **green**; [www.dsireusa.org](http://www.dsireusa.org)

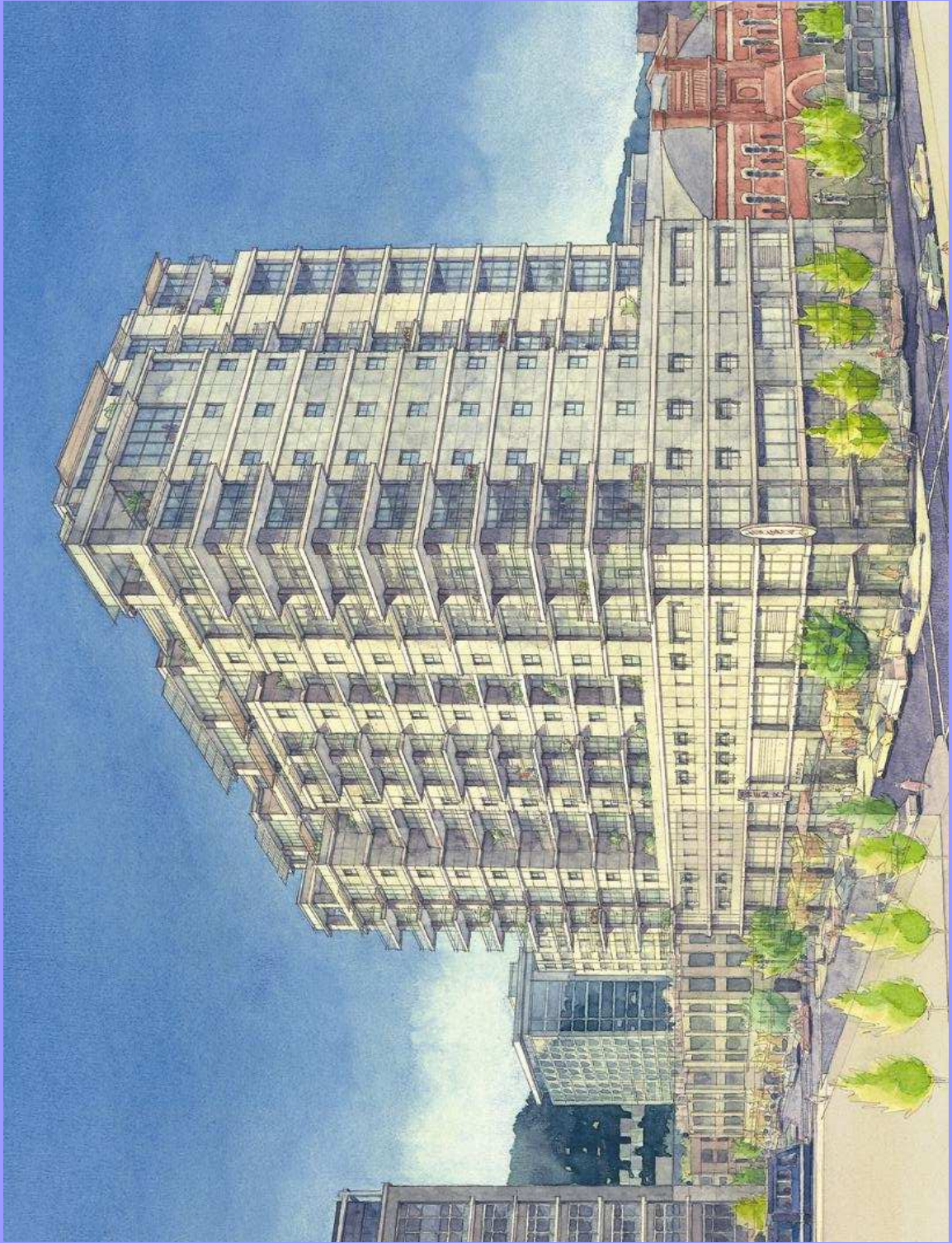
# REVENUES: FAVORABLE EVIDENCE EMERGING

- Shorter lease-up time
- Top tier rents
- Result: higher cash flows

# BREWERY BLOCKS

## Portland, OR





**1400 FIFTH AVENUE**  
**New York, N.Y.**



# Why **Green** = Market Success

Residential: **Green** = safe, healthy environments

Commercial:

**Green** = building quality, tenant comfort

**Green** appeals to “high end”, image conscious tenants

**Green** = lower tenant operating costs

Conclusion: **Green** can be marketed to tenants

# SUMMARY OF GREEN IMPACT

- **Cash flow maximization**  
Top tier rents   Lower operating costs
- **More predictable performance**  
Less downtime   Slower cost growth  
Fewer operating problems
- **Higher value real estate**  
Great for **SRI!**

# A Word on Selecting Managers

- **Team Experience**
  - Acquisitions
  - Asset Management
  - Experience in your market area
- **Aligned Interests**
  - Transparency
  - Strong due diligence & valuations
  - Independent appraisals

**GREEN: Great for SRI**

Leanne Tobias

Malachite LLC

(301)229-1558 (202) 257-7254

[www.malachitelc.com](http://www.malachitelc.com)

[MalachiteLLC@aol.com](mailto:MalachiteLLC@aol.com)