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## USGBC In the News Details

Title: Green Office Buildings Yield Financial Benefits  
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The Royal Institution of Chartered Surveyors (RICS) has announced the first study on the financial performance of "green" office buildings in the United States. Conducted by Piet Eichholtz and Nils Kok of the University of Maastricht and John Quigley of the University of California - Berkeley, the report evaluates the financial benefits of investing in green buildings that meet Leadership in Energy and Environmental Design (LEED) and/or Energy Star requirements.

The report, "Doing well by doing good? An analysis of the financial performance of green office buildings in the USA," claims to offer the only systematic evidence on the economic value of certification of green buildings in the United States. For each commercial building in the U.S. that has obtained a LEED and/or Energy Star label, researchers identified a control group consisting of all commercial properties located within about 1,300 feet.

The study finds that "green" labels can significantly impact market rents and values of commercial space. A key finding reveals that a commercial building with an environmental certification will rent for about three percent more per square foot with the difference in effective rent estimated at about six percent per square foot. The increment to the selling price may be as much as 16 percent, according to the study.

What does this mean? According to the study, the average effective rent for the 7,488 control buildings in the sample of rental office buildings is \$23.51 per square foot. At the average size of these buildings, the estimated annual rent increment for a green building is approximately \$329,000. At prevailing capitalization rates of six percent, the incremental value of a green building is estimated to be about \$5.5 million more than the value of a comparable unrated building nearby.

The type of green label associated with the building - LEED or Energy Star - also matters. The study indicates that tenants and investors are willing to pay more for an energy-efficient building, but not for a building advertised as sustainable. According to the report, a 10-percent decrease in energy consumption leads to an increase in rent of about 20 basis points and an increase in value of about two percent.

[Click here for the complete report.](#)

Some companies, including Dell, have gone so far as to have their entire office campuses powered by renewables such as wind.

In addition to energy efficiency in buildings, companies can undertake efforts to make their office furniture sustainable.