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Developers, CEOs favor 'green' upgrades

By Patrick Gallagher



Benenson Capital Partners L.L.C. recently installed a 100 kilowatt solar panel installation at its property at 1600 Summer St. in Stamford.

The six-story, 260,000-square-foot building at 1600 Summer St. in Stamford is fully occupied, boasting tenants that include a unit of General Electric Co., Philips Electronics, North American Corp. and Aon Corp.

But that didn't stop owner Benenson Capital Partners L.L.C. from adding a \$450,000 solar panel installation to keep its building on the cutting edge in what brokers have described as a very competitive office market in the Fairfield County region.

"It's very important to us that we keep the building current, fresh and viable in the marketplace," said Gary Sedoruk, managing director of Benenson Capital, a privately held real estate investment and development firm. "We don't have any vacancy that truly comes to the market for a while, but regardless, you never know what could happen and you want to keep the building fresh and ready."

Given the office market conditions and a heightened focus within corporate boardrooms on environmental sustainability and on reining in energy costs, more and more landlords are choosing upgrades and renovations focused on energy efficiency, said Jonathan Metz, senior associate for planning, design and consulting firm Perkins Eastman.

“When you have the kind of market they have and when you need to do something to attract new tenants to the building, I’m not sure they have much choice,” Metz said. “What is cutting edge in today’s market? Well, it’s energy efficiency and environmental responsibility.”

In a recent survey of top executives conducted by PricewaterhouseCoopers L.L.P., 41 percent of U.S. CEOs and 52 percent of global CEOs who responded expressed concern about rising energy costs as a threat to growth prospects.

In response to rising energy costs, 35 percent of developed-market CEOs and 52 percent of emerging-market CEOs said they plan to increase investment in securing natural resources over the next three years.

Additionally, 43 percent of U.S. CEOs who responded to the PwC survey said they plan to increase efforts to reduce their companies’ environmental impacts.

Metz, who is LEED-accredited by the U.S. Green Building Council, said most renovations feature more affordable elements — such as new windows, insulation and light fixtures — over more expensive alternative energy solutions such as solar panels or geothermal heating and cooling systems.

“It depends on the owners — it depends on their bottom line and what they think will attract those tenants they’re all competing for,” Metz said.

In the case of short-term owners simply looking to flip a property, Metz said developers “don’t always want to go to green solutions that have a long payout — they want a quicker benefit, which you get with things like windows, insulation, lighting, more efficient heating systems.”

While a LEED certification — short for Leadership in Energy and Environmental Design — may be appealing for new projects or complete overhauls, Metz said many building owners would prefer smaller, more inexpensive upgrades.

“If they don’t think that slapping ‘LEED’ on the building will get them more tenants, they won’t go for it, but they all want to do things that’ll lower their operating costs,” Metz said.

The 100-kilowatt system at 1600 Summer St., which was installed by Stamford-based American Solar and Alternative Power L.L.C., will cover about 6 percent of the property’s peak electric consumption, Sedoruk said.

With state and federal incentives, he said the system will pay for itself in five to seven years.

While that “is not really that exciting when it comes to energy savings thresholds,” Sedoruk said, “when you put it into the scenario that this is a 15-to-20 year cycle for solar energy and that is a renewable source of energy ... it makes sense.”

In the past, Sedoruk said, Benenson Capital had looked into equipping the building and some of its other properties with solar panels, saying that “this was one property where all the different factors came together.”

“In the marketplace today, you’re putting a better face on your building if you take advantage of these types of installations and run your property as efficiently as possible,” he said.