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THE LARGEST WEEKLY COMMERCIAL/INVESTMENT NEWSPAPER IN THE WORLD

Reprint

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Friday, November 11, 2011

Changing demographics and demands are influencing real estate development

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Factors that have traditionally governed consumer choices are changing. Consumers are seeking out environmentally friendly stores, hotels and restaurants. At the same time, employees are searching for workplace environments which provide a more comforting and enjoyable atmosphere. These individuals are commonly referred to as the “millennium generation”.

As a result of changing demographics and demands, real estate development is being influenced. The intersection of governmental and consumer concerns, and their impact on technology and development manifest in the adoption of environmental initiatives such as LEED (Leadership in Energy and Environmental Design). This year Build Boston is specifically featuring an Innovation Pavilion for new products and technology. In order to understand how these products and technologies will impact real estate development, one only need to look at the core components of LEED.

One of the core components is sustainable sites. Here LEED intersects with local zoning and building codes, wherein the government tries to influence the types of development taking place on individual

properties or within communities. Considerations for site selections may relate to density, connectivity within a community, protecting environmental resources, maximizing open space, managing transportation and lowering emissions relating to transportation. The city of Boston has recently embraced a number of these initiatives, the most visible example of which would be Boston Bikes, which created a transportation option by strategically locating 60 stations and 600 bicycles within Boston neighborhoods.

A second core component under LEED is water efficiency. A highly visible example of the incorporation of water efficiency into redevelopment would be the Rose Kennedy Greenway. The horticulture department running the Greenway prides itself on efficient and sustainable maintenance regarding displays and support systems and uses a combination of sophisticated irrigation systems and extensive hardscaping to reduce water usage.

A third core component of LEED is energy and atmosphere. Buildings consume approximately 39% of the energy and 74% of the electricity produced in the U.S. and the goal of LEED is to improve operations by saving up to 20% of energy used by buildings. Principal examples of energy and atmosphere would be onsite renewable energy such as photovoltaic, wind, geothermal or hydro. The first noteworthy example of a commercial scale wind turbine within the city of Boston was constructed in 2005 adjacent to the Southeast Expressway. More recently, wind turbines have

been constructed in Medford and earlier this year, the largest wind technology testing center opened in Charlestown. Previously, the largest facility in the U.S. could test turbine blades no longer than 50 meters, however, this new facility can test turbine blades up to 90 meters long. This should help keep Boston and its surrounding communities on the cutting edge of technological innovations for wind energy projects.

As a real estate professional, the question presents as to how green initiatives are beneficial to the development process. The most obvious example is cost. While the initial cost of LEED initiatives are more likely to increase the construction cost of a project, if adopted properly, the net result will be to reduce operating costs to such a degree that they will offset any initial investment. The second consideration is responsibility to the environment. As an owner or operator of property, a responsibility to protect our environment weighs against the question, is this good for business? The answer will come from the “millennium generation”. Whether it’s the desire to have the newest and trendiest gadgets, to be environmentally conscientious or to have a view from your desk that enhances the quality of your workday life, the millennium generation is influencing how space is designed, constructed, and utilized.

The most recent example that blends these concepts together is the introduction of the first privately owned curbside electric vehicle charging station, recently unveiled

by The Lenox Hotel in the city of Boston on November 1st. The project presented many challenges, the least of which was the lack of any existing customs, practices, rules or regulations governing the proposed use. Extra time and attention is needed to negotiate licenses, contracts, and agreements which allow such initiatives to be incorporated. There are public charging stations being installed at other locations, such as at City Hall. In this instance, however, The Lenox Hotel’s installation was entirely privately funded. Their cost benefit analysis told them that accruing the cost to take on this initiative would, from a business prospective, be beneficial. If their history is any indication of whether their decision will be correct, with more than 20 years of environmental initiatives and boasting one of the greenest hotels in the country, I would tend to think that this too will be a success. In the end, consumers will be the true measuring stick. While the installation itself is innovative marketing for the hotel, the use of the charging station is what will drive other hotels (or retailers) to adopt other technology based green initiatives. When you look at LEED’s bottom line, the Lenox Hotel has used this innovative technology to benefit people, profit, and planet, which would not have been possible without integrating technology into real estate development.

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