

BROKERS WEEKLY



Green gets its groove on after stormy recession ride

By Liana Grey



Before visiting Mercedes House, a luxury tower in Midtown West, prospective tenants can learn, through the project's website, that the glass-and-steel structure was designed by Enrique Norten, and that it zigzags above the Hudson River, offering unobstructed sunset views.

No mention is made, however, of the building's LEED Silver rating. And energy efficient features are hardly the focus of leasing office brochures. "It's in our marketing materials, it's an important thing. But most new buildings are LEED-certified," said Rachel Braver, a leasing agent at the 39-story building, which houses a Mercedes dealership at its base.

Indeed, there are over 25 LEED residences in New York, ranging from Markham Gardens, a middle-income development on Staten Island, to Extell's Lucida, the first certified green condo tower on the Upper East Side.

So the fact that Mercedes House rented nearly all of its 222 units within three months of opening — and that dozens have inquired about a condo portion still undergoing construction — may have more to do with the building's 1,000 s/f terraces and floor-to-ceiling windows than say, an efficient HVAC system.

MiMa, another high-profile rental tower, has recently begun advertising its environmental achievements. The 63-story mixed use project, developed by the Related Companies, was one of New York's first buildings to receive four Energy Performance points under the LEED program's updated rating system for new construction.

Some of the building's eco-friendly features impact residents directly, like low-flush toilets (a trademark of Related properties) and the use of green cleaning products. Others appeal to tenants' sense of responsibility to the planet.

Compact fluorescent light-bulbs were used during construction, saving \$300,000 worth of electricity, and gypsum wall board scraps were recycled. To celebrate a construction milestone, the team wore custom designed organic cotton t-shirts.

But as with Mercedes House, a larger focus of the building's marketing campaign has been its amenities package and location; bus shelter ads urge house hunters to relocate to the middle of Manhattan, and tenants have been lured by the M Club, a 44,000 s/f recreation facility, and the prospect of paying rent online.

Still, a handful of new developments, particularly condos, are playing up LEED certification as a primary selling point. "The feedback I've gotten is that a lot of buyers will only look at green buildings," said Marco Auteri, director of sales at the Toren, a condo tower in Downtown Brooklyn on track for LEED Gold.

On the building's website, energy-efficient features like a cogeneration plant are listed under a tab labeled "responsibility."

But it's really the health benefits of green living (and the prospect of a healthy long-term investment) that have been a draw.

One buyer, Auteri said, was looking to upgrade from a dusty pre-war apartment, and had narrowed his search to green buildings. "Just from spending 20 minutes here, he noticed a difference in air quality," Auteri said. "Our apartments are like zip-lock bags, sealed off from one to the other." Cigarette smoke and other fumes can't pass between units, and as a bonus, vents above each doorway filter in fresh air.

These and other green features are bound to impact resale value down the road, buyers believe. "The trend is that all buildings are going green," said Auteri. "You don't want to be stuck in a building that's not."

Buyers at the Toren, which is about 80% sold, are willing to pay a premium for filtered air and energy efficiency, he said. Otherwise, "in ten years, when you sell, you lose a bit of an edge."

When sales slowed during the recession, details like low-VOC paint fell off the radar. "In 2009, green wasn't so much a deciding factor as price," Auteri said.

Now, eco-marketing is making a comeback in Brooklyn, as inventory shrinks and environmentally conscious buyers continue to stream into the borough.

With its major thoroughfares, office towers, and shopping centers, the borough's commercial center may seem an unlikely hot spot as a green zone.

But down the block from the Toren, which sits on Flatbush Avenue near the entrance to the Manhattan Bridge, an abandoned lot filled with shipping containers is being transformed into a flea market. Each container will serve as a makeshift stall for food and other products.

Across the street from the market, two dilapidated brick buildings will soon be demolished and replaced with a park, Auteri said. An organic supermarket is leasing a storefront at the Toren's base, and a handful of LEED-certified rental buildings, including the Brooklyner, have opened in the neighborhood.

The area is on its way to becoming a green enclave, but it has a lot of catching up to do with the pioneering one across the East River, on the tip of lower Manhattan.

"When people think of Battery Park, they think of green buildings," said Michael Gubbins, director of residential management at the Albanese Organization.

Residents are known to recycle old bicycles, have campaigned for the greening of a neighborhood public school, and take advantage of 36 acres of open space tended by the Battery Park City Parks Conservancy. Thanks to a proliferation of green roofs, "people know it's 10 degrees cooler" inside the neighborhood's buildings on a hot summer day, Gubbins said.

Over the last decade, Albanese has built three LEED-certified buildings in the master-planned community, including the Verdesian, which has an electric car charging station, and the Visionaire, a condo tower with a garden and roof deck. The

oldest of the bunch is the Solaire, a 293-unit building at 20 River Terrace and the very first LEED-certified green residential high-rise in the nation when it opened in 2003.

Beyond a leasing office that educates prospective tenants on all things green, the building itself is a powerful marketing tool. Solar panels woven into the Solaire's curtain wall are easily visible to passersby and even inspired the project's name. Outside the building's entrance, plaques boast its LEED Platinum rating and status as New York's first green residential tower.

When the Solaire first opened, Gubbins estimates that 10% of residents were attracted to the building for its environmentally responsible features. Now, he places the number around 60%.

Because Battery Park City attracts a dedicated eco-friendly crowd, the Solaire has a lower turnover rate than the average rental building, Gubbins said. About 30% of tenants choose to leave when their leases are up.

When renters there and at the Verdesian are ready to purchase a home, the first place they'll often look is at the company's LEED Platinum condo development at 70 Little West Street. "People who rent here buy at the Visionaire," he said.

At all three buildings, residents have the chance to participate in a joint clothing recycling program. Over the first half of this year, Solaire tenants dropped off 5,200 pounds of clothing at a large bin in a storage room on the building's ground floor, Gubbins said. Residents at the Verdesian brought in over 7,000 pounds of old shirts, dresses, and pants. Down the hall from the recycling bin, a vending machine dispenses packaged organic meals from local restaurants.

"It's the perfect example of how people buy into [green features]," Gubbins explained. Residents often encourage their friends to move next door. "Our business here is referral driven," Gubbins said.

The Albanese Organization isn't alone in using eco-friendliness to inspire brand loyalty. Silverman, a company that converted a handful of historic buildings in Jersey City into luxury condos, has watched residents shift around from one property to the next.

"Renters in our other buildings are looking to buy here," said Sawyer Smith, the sales director at Hamilton Square, one of Silverman's latest projects.

After surveying residents at Schroeder Lofts, a condo building with bamboo flooring and low-VOC paint, a couple of years ago, the company discovered that environmental responsibility was the second most sought-after feature at the building.

At Hamilton Square, which has bamboo floors, recycled glass countertops, and double thermal pane windows, green is also an important factor, but not necessarily the top item on prospective buyers' wish lists.

"They'll come here because of that, or when they get here it becomes a major part of their decision," Smith said.

Auteri, the Halstead broker, has also encountered prospective buyers that were drawn to the building for its aesthetics or location, and then weigh the likes of air filters and censored hallway lights into their final decision.

"Once you start talking about green features, it's the frosting on the cake," he said.