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Green still not on display in many retail properties

Washington Business Journal - by [Joe Coombs](#) Senior Staff Reporter

Creating a green policy has been equal parts numbers-crunching and psychology for Bill Morrow at **Federal Realty Investment Trust**.

It's been more than two years since he started researching ways to make the Rockville-based company more environmentally friendly. He has discovered there still is not a lot of guidance for retail property owners. In addition, it's a heady challenge to convince tenants they should recycle, upgrade their heating and cooling systems and conduct other green practices.

"It's been like trying to get a square peg in a round hole," said Morrow, Federal Realty's director of construction. "There are no standards yet for 'green' retail properties, so we've taken a different approach. We may not be building green buildings, but we're trying a combination of things."

An oil recycling program at Federal Realty's Bethesda Row property is one example. Restaurants turn over their used cooking oil, and Federal Realty sells it to another company for use in manufacturing biofuels. But even that wasn't easy to roll out.

"When you own a strip center, it's on a tenant-by-tenant basis," Morrow said. "Everyone controls their own space, and their capital outlays often aren't there in order [to make green changes]. It takes convincing."

Greening a retail center is not like constructing a high-rise office building with all the latest sustainable features. Standards are already in place for office structures under the program for Leadership in Energy and Environmental Design (LEED) developed by the **U.S. Green Building Council**.

But retail buildings have special challenges, said Justin Doak, LEED retail sector manager for the Green Building Council.

"In a retail environment, the building is built around the product," he said. "There are seafood restaurants, plasma TV dealers and stores that sell balls of yarn. From our standpoint, the challenge in developing LEED standards is the diversity of retailers. Most office environments



Joanne S. Lawton

Oil well: Bill Morrow of Federal Realty wants more restaurants to adopt practices such as recycling cooking oil, which Dartallian McKinney of Smarter Fuel is pumping.

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are essentially the same. You've got desks and computers."

Doak's organization is trying to create several LEED certifications for different types of retailers. Much of the work has involved energy use, including heating and cooling systems, because grocery stores and restaurants are "energy-heavy," he said.

Energy-efficient interior lighting, green-friendly windows and other benchmarks also are being included for the retail LEED certifications, Doak said.

One drawback is that technological advancements in restaurant grill systems and other appliances have not progressed quickly enough for retailers to incorporate them into their operations, Doak said.

"The heart of the matter for commercial interior situations is, some of these LEED prerequisites require a good relationship between landlords and tenants," he said. "What happens if a retailer wants to recycle but the landlord doesn't? That's why we're trying to come up with different options for different settings."

The retail industry is not alone in its apprehension with going "green," said Rusty Meadows, managing director of the D.C. office of architectural firm Perkins + Will.

Real estate developers in general have been slow to warm to sustainability, and many builders are hesitant to pay extra to make their properties environmentally friendly. Even when some measures prove to save money in the long term, there is a short-term fear of shelling out more money.

"The real estate industry only understands two reasons for a major shift -- cash or compliance," Meadows said. "If I can demonstrate to a developer that the initial investment and cost will yield a return that's acceptable to them, they'll go for it."

Chicago-based retail consultant Jim Dion usually works with clients on merchandising and branding strategy, but when he took the podium at the **National Retail Federation** conference in New York in mid-January, he talked all about sustainability.

The title of his presentation? "Green is the New Black."

Dion said he is getting his clients interested in small fixes that can make differences in their operations. Steps within reach for most retailers, he said, include cutting holes in ceilings to allow natural light, placing lighting systems on timers and replacing traditional computer monitors with energy-efficient flat screens.

"Flat screens pay for themselves in about three months," Dion said.

Some large companies, like outdoor equipment retailer **REI** and **Whole Foods Market**, have been using green practices for years, he said. Others like **Wal-Mart Stores Inc.** have recently adopted LEED-style policies.

Despite prominent examples such as those, the retail federation and other groups will need to

ramp up education efforts if they expect more stores to go green.

"For the vast majority of retailers, it just hasn't entered their conscience yet," Dion said.

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