LEED for Financial Institutions

Leadership in Energy and Environmental Design (LEED®) affirms the integrity of green-building commitments by providing independent, third-party verification to ensure project teams deliver on: target savings set for energy, water, and other resources; driving the business case for sustainability; and reducing the project's overall environmental impact.

LEED-certified buildings cost relatively the same to build as non-LEED certified buildings, but cost less to operate. Using LEED strategies to increase the efficiency of buildings frees up valuable resources that can be used to create new jobs, attract and retain employees, or expand operations. Studies show that LEED-certified buildings have higher occupancy rates, lower tenant turn-over, and lease more quickly and for higher rates than non-LEED certified buildings. Many municipalities and governments offer incentives for LEED-certified buildings, such as tax rebates, density bonuses, and utility programs.[1]

Over 1,400 financial services facilities have achieved LEED certification, with 117 certified in 2014 alone; this represents 141,000,000 million square feet of space. LEED project registrations for financial institutions increased by 101% between 2013 and 2014.[2]

Certifying bank branches with LEED has become a priority for financial institutions who want to realize:

- Lower operating costs
- Increased productivity and worker satisfaction
- Higher property market value
- Enhanced sustainable image in the community

Lower Operating Costs

A landmark study by the firm Davis Langdon found **no significant difference between the average cost of a LEED-certified building and other new construction** in the same category. There is a perception that building "green" is expensive, but a study of 146 **green buildings found an average marginal cost of less than 2%.**[3] A similar study, specific to banks, showed that design and construction costs for LEED-certified banks are within the same overall cost range as the non-LEED certified banks. Seeking LEED certification added 2–3% to total building costs and less than 2% to the total project cost, and LEED-related costs were lower for experienced project teams. [4] In fact, according to Gary Saulson, Director of Corporate Real Estate for PNC Financial Services Group, ''each new 3,650-square-foot LEED-certified branch costs $150,000 less than the competition is building non-green banks for, while using 40%–50% less energy than a typical branch". [5]

Operating cost savings are a main driver of the business case for sustainability. **LEED-certified buildings use 25% less energy** and result in a **19% reduction in aggregate operational costs** compared to non-LEED certified buildings.[6]

Examples include:

- In a study of financial institutions, **annual utilities cost per employee** in LEED-certified facilities was $675.26 lower than in non-LEED facilities. [7]
- Owners of green buildings reported that their **ROI improved** by 19.2% on average for existing green building projects and 9.9% on average for new projects. [8]
- One major hotel project spent an estimated $184,000 for building energy efficiency improvements and has realized a **yearly savings** of $58,035, yielding a 3.17 year break-even point. [9]
- The University of Hawaii reported that it saved $3.4 million in 2014 alone based on its efforts at **reducing energy usage** through LEED-certified buildings.[10]

Increased Productivity and Worker Satisfaction

Recent research into the effects of LEED certification on 562 **financial institutions** (93 LEED-certified, 469 non-certified) found that, in addition to lower utility costs:

- Employees working in the LEED-certified branches of the same financial institution were found to be "**more productive and engaged in their work**." [7]
- Revenue increases for bank branches that become LEED-certified, **even when they offer the same products and services**. [7]

Higher Property Market Value

Building green is a significant predictor of tangible improvements in building performance, and those improvements add value. Studies have shown that certified green buildings command significantly higher rents. A University of California–Berkeley study analyzed 694 certified green buildings and compared them with 7,489 other office buildings, each located within a quarter-mile of a green building in the sample. The researchers found that, on average, certified green office buildings rented for 2% more than comparable nearby buildings. After adjusting for occupancy levels, they identified a 6% premium for certified buildings. The researchers calculated that at prevailing capitalization rates, this adds more than $5 million to the market value of each property. [3]

- Los Angeles ENERGY STAR and LEED-certified buildings showed a **distinct advantage in terms of sell-price and asking price**. In the past year, the asking price for non-green buildings in the Los Angeles area was $220/ft^2 relative to an average market sales price $244/ft^2. For ENERGY STAR certified buildings, the asking price was $239/ft^2 with a selling price of $337/ft^2; LEED-certified buildings in L.A. averaged $140/ft^2 in asking price, but sold for an average cost of $329/ft^2. [11]
- A McGraw-Hill study showed that **operating costs of green buildings decreased over five years** by 15% for new construction and 13% for existing building projects, and **building value increased** by 7% for new construction and 5% for existing building projects. [12]
- There are also a variety of **tax benefits and incentives available** for green buildings in different states and municipalities across the country. Typical examples of these incentives include: tax credits, grants, expedited building permits, and reductions/waivers in fees.

Enhanced Sustainable Image (which translates to dollars)

- A Notre Dame study of **PNC Bank's LEED-certified branches found that the LEED-certified branches brought in $3M more in customer deposits and originated 25.5 more consumer loans annually**.[7]
- In a recent Nielsen global survey on corporate social responsibility, more than half of respondents **(55%) said they are willing to pay extra for products and services produced or offered from companies that are committed to positive social and environmental impact**—an increase from 50% in 2012 and 45% in 2011.[13]
- Adobe Systems, Inc., a major software maker, announced in 2006 that it had received three LEED Platinum awards for its headquarters towers; not only did it reap **great publicity**, but the firm showed that it had garnered a net present value **return of almost 20:1 on its initial investment**.[9]

Value from a Bank's Perspective

"PNC is committed to creating a healthy workplace in which employees are comfortable, satisfied and productive while planning a sustainable work environment for our organization. For years, PNC has designed their physical space to allow employees access to natural light and fresh air. Many studies have shown that these items, along with other workplace amenities, have contributed to less absenteeism and less attrition. Some of the core principles of sustainable design that we follow include:

- Maximize natural light
- Reduce physical footprint
- Select eco-sensitive materials
- Design to reinforce flexibility and lifespan

USGBC LEED (Leadership in Energy and Environmental Design) is a rating system used to evaluate the sustainability of building projects. PNC's goal is to achieve LEED silver or above on all new projects. It is our responsibility to follow sustainable planning and design practices wherever possible.

3R Building Sustainability not only has the expertise to accomplish similar goals for your company, but has a team that is committed to their work and achieving sustainable work environments. While at Green Building Alliance I have seen 3R's dedication to sustainable design firsthand and highly recommend their services. It is our responsibility as Corporate Citizens to strive for healthy and efficient workplace environments and 3R Building Sustainability can help you achieve such a standard."

Janel G. Everly, LEED AP BD+C
Vice President, Portfolio Planning Manager
PNC Realty Services

Give Us a Call Today at 724.741.9900!

3R Building Sustainability specializes in high-performance building consulting services. The firm's expertise lies in defining the most efficient path to achieving our clients' goals, whether it is green building certification, energy and cost savings, or simply improving the health and wellness of its building occupants. Our team has worked on nearly 5,000 high-performance building projects around the globe – a wealth of experience and expertise we can put to work for you.

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