

Q&A with Ché Wall



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Ché Wall was founding chair of the World Green Building Council and managing director of the Asia/Australia-based Lincolne Scott engineering firm. In the year and a half since Wall's last interview with the Green Quotient (July 2006, page 74), green buildings have entered the mainstream because of their more recently proven financial benefits, as well as rising energy costs and increasing concerns about global warming. Wall talks about the latest trends in green buildings and real estate, and some surprising events.

How has the green building landscape changed over the past year and a half?

First, the U.S. Green Building Council model of a locally based, industry-led organization with broad stakeholder engagement is proving increasingly infectious. In addition to our five founding members, our organization, the World Green Building Council (WGBC), includes 11 robust councils in the United Kingdom, the United Arab Emirates, Brazil, and New Zealand. About 30 additional councils are forming in countries that include Germany, China, and South Africa, which proves that the council model works—whatever a country's political, socioeconomic, or bioclimatic structure—and is

clearly adaptable to suit individual countries' needs.

Second, this rapid expansion of green building councils demonstrates that the responsibility to create a sustainable built environment and future has been recognized globally: it is not just an issue for developed or enlightened countries. This expansion is also revising that old green mantra “think globally, act locally.” The World Green Building Council model says “think locally”—each market is different and requires local leadership and solutions—and “act globally”—leverage your peers and don't reinvent the wheel.

Third, as industry demonstrates its concern for the environment and joins with government and academia in the green choir, people are starting to listen. When a business adopts green building standards into its workplace strategies, it creates cascading changes far beyond those workplaces. Competitors suddenly take sustainability seriously. The business's developers and landlords have to deliver those green building standards in their facilities to retain the client and to strengthen the perception that they are at the forefront of green, which will snare the most attractive blue-chip lease commitments. The contractors and suppliers to those developers and landlords have to provide the highest level of green if they are going to retain their clients. Local, state, and even national governments must benchmark their own commitments against the business's green standards. When these serious change agents become engaged in green buildings, the race to green very quickly moves to a whole new level.

Fourth, the number of organizations implementing sustainable building-oriented projects is proliferating rapidly. The World Business Council for Sustainable Development [WBCSD] has launched its Energy Efficiency in Buildings project, the United Nations Environment Programme [UNEP] has launched the Sustainable Buildings Construction Initiative [SBCI], and the Clinton Foundation's Clinton Climate Initiative [CCI] has launched its Energy Efficiency Building Retrofit Program.

What is most important is that these bodies complement each others' efforts. The WGBC focuses on market behavior, the WBCSD focuses on products, UNEP leans toward policy, and the CCI has a political capital and mayors network. The WGBC convened a meeting among these parties late in 2006 to start the dialogue, and initial progress has been excellent.

I am concerned, however, that the UNEP SBCI could still aspire to the development of a global building rating scheme. It is attractive on the surface, but it raises serious problems. Each region has its own unique climate, development, and environmental concerns. For a global building rating scheme to meet every market need is an impossible task. It would struggle to deliver workable solutions and benefits to each market and run the risk of creating instead local market confusion and poorly calibrated solutions for each region. The Green Building Council model, on the other hand, is successful specifically because it works with local markets, climates, environments, and development issues.

Fifth, a huge change is the shift in how corporations now think about the environment, which I attribute to a combination of Al Gore's film *An Inconvenient Truth*, the U.K. government's *Stern Report*, and the February 2007 IPCC [Intergovernmental Panel on Climate Change] report. Each of these engaged with a broader audience than was previously reached and did so with a clarity of message and an urgency that is hard to ignore. Climate change risk is now being discussed at the board table.

Finally, in the real estate sector, reports from McKinsey [a management consulting firm] and the IPCC report in May identified a cost-abatement curve for greenhouse-gas emission reductions. Both reports stated that the building sector was the most financially attractive strategy that provided the greatest scope for significant emissions reductions.

Does this mean the thinking about green buildings has matured also?

Absolutely. Only a year ago, the question tenants most frequently asked was, “How much do I save if I reduce my green commitments?” Now the only question tenants ask

is, “How much more will it cost to increase my green credentials?” This is a huge shift in the perceived value of green investment.

Why is green refurbishment of existing buildings so important?

Existing buildings comprise 98 percent of downtown office markets. We have shown that green is not difficult when managed in a capital spend budget, and, indeed, tenants are starting to pay extra for their green aspirations. The challenge with green refurbishment—or rehabilitation, as I prefer to think of it—is that there needs to be a similar catalyst for the upgrade.

A traditional asset management strategy will replace building systems when they fail with a drip-feed capital spend over a number of years. The problem is that you inevitably end up with a shinier and slightly more efficient version of the system that was designed when the building was originally constructed. That is unlikely to provide the big energy savings and greenhouse-gas emission reductions the industry needs and that clients are starting to demand.

The only way the property sector will make deep cuts to the emissions footprints of our cities is to replace the technology in existing buildings with the systems being installed in new green buildings that reduce emissions by up to 50 percent.

If we can slash the commercial sector’s emissions by 50 percent, we will reduce our total emissions by 5 percent. Retail and industrial can make similar reductions, which will make deep cuts in our greenhouse gas emissions purely on the demand side.

Where is the catalyst to make the required changes?

We need incentives to accelerate green rehabilitations and get the corresponding reductions in greenhouse gas emissions. The method championed by the Australian Property Council is to accelerate the depreciation of assets that were purchased to reduce the environmental impact of a building’s operation.

The other method that would work is a building carbon emissions trading scheme. We are already seeing major resource companies factoring a shadow carbon cost into

investment decisions in anticipation of the inevitable. When a scheme is finally introduced, it will radically affect the return on investment for major capital spending.

The state of New South Wales introduced the world’s first carbon trading scheme some years ago, known as NGAC [New South Wales Greenhouse Abatement Certificate]. This created a new market for entrepreneurs. One company offered free installation of compact fluorescent lamps in homes in return for the homeowners assigning the company the carbon credits for the life of the lamps. The company replaced 3 million bulbs in one year, which is demand reduction on a massive scale, and it had plans to offer solar hot-water upgrades, too. It created employment for 240 people and provided greenhouse gas abatement with no cash cost to the customer. This shows how investment decisions become a completely different paradigm when a value is placed on carbon.

Unfortunately, our then-federal government [replaced in November elections], which had not taken action on climate change, tried to repair its damaged reputation this year and announced a national carbon trading scheme for 2012. No details or targets were given, except that New South Wales’s state-based scheme would be abolished. The result: uncertainty about the future value of state-based credits led to the collapse of the carbon market and the company had to lay off its staff overnight.

This salutary lesson says more about the lack of government leadership in Australia than the weakness of carbon trading schemes. What is most important is that if there is a market, it should allow for demand-side credits to provide the market stimulus required to slash our buildings’ carbon footprints.

What can the countries that are green building leaders do to help the lagging nations, particularly those struggling with potable water scarcity, rising energy costs and/or unreliable energy supplies, minimal infrastructure, and poverty—the countries that need green buildings the most?

The short answer is: get your own house in order and stop suggesting any green action that can be taken locally is insignificant

compared to the growth of China and India. The longer answer is: focus your efforts on the domestic market you understand, help local green building efforts in other countries, and share freely any intellectual property you created in the process of fixing your domestic market. The last thing that the lagging regions need is to be dependent on expensive, imported products or expertise. Once the local capacity is in place, then provide financial assistance.

Are you optimistic about the worldwide state of green?

We know that for every year we fail to invest in serious reductions of carbon emissions, the task just gets harder and more expensive. I am confident that common sense will prevail. Everyone knows where we have to go, but we are still searching for the most direct route. The most important need right now is an exemplar—a market that moves quickly to rehabilitate its existing stock and create some world-class new green buildings. If a hard-nosed commercial market does this without depending on legislation to act, then the rest of the world’s markets will take notice.

How will the November 24 federal election in Australia, which voted Prime Minister John Howard out of office and led to the formation of a new government under Kevin Rudd, affect Australian green policies?

There is a real sentiment of change in the air as to how Australia might participate in the global environmental debate. The actions so far have been significant: the first act of the new government immediately after being sworn in was ratification of Kyoto [Protocol on climate change], and the fact that Rudd and no fewer than four cabinet ministers went to the United Nations Climate Change Conference in Bali in December. The jury is still out on how the Rudd government will position itself on the built environment and shape an emissions trading scheme. **UL**

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