

Appraisers are not yet educated in benefits of sustainability, experts say

By Tyler Graf
June 2009

If you want to compute the extra value that the LEED gold 200 Market Place building possesses because of its myriad sustainable features by comparing it to the similarly sized, but uncertified, Umpqua Bank Plaza . . .

You typically can't, said Theddi Wright Chappell, a managing director for Cushman & Wakefield in Seattle and one of the few green appraisal experts in the United States.

There's little understanding, among appraisers, regarding the monetary worth of buildings' sustainable features.

"If people don't understand the benefits of sustainable buildings, then they cannot understand the added values of green buildings," Chappell said.

The problem is that most appraisers know little about sustainable features - such as eco-roofs, recycled materials and high-efficiency energy systems - and what they do know is not easily translatable to monetary value.

But work is being done to fix that.

Today, the Cascadia Region Green Building Council is releasing a report about commercial buildings. The report states that because the financial and investment communities require evidence that is measurable, an appraiser has to show, in quantifiable terms, that green construction is worth more monetarily than traditional construction.

That information is hard to come by.

Chappell believes there's "absolutely" a need to educate appraisers.

Ann Griffin, sustainability expert for Earth Advantage, said people are just now noticing that disconnect exists - between banks, builders and owners. This is leading to educational programs, such as a proposed five-day green building certificate program through the national arm of the Appraisal Institute, led by Chappell.

A certificate would vouch for appraisers' capability of supplying an additional level of evaluation, which would include collection of additional data, market and marketability analyses, land and site analyses and improvement analyses.

But Brandon Smith, a Leadership in Energy and Environmental Design valuation expert for the Cascadia Region Green Building Council, said that may be hard to achieve.

"There's always been a big communication gap between the building and design community and the green building and investment community about how to understand and translate and communicate the value of green buildings," Smith said. "We have to make sure that everyone now is educated about green buildings. "

That's why organizations such as Earth Advantage and the Cascadia Green Building Council are beginning to study sustainable buildings not simply to see how green they can make the city, but how much 'green' they can make for their owners.

Yet despite all the chatter about "disconnect," Dan Weldon, vice president and eco-banking manager of Umpqua Bank, doesn't see it. He simply sees a dearth of available information.

This is due in part to market conditions. Because so few buildings have sold in the last year and a half, there's little market data available.

"Right now, investors are holding onto high-performing buildings because there isn't a lot of data out there that shows that these buildings perform any better than standard buildings," Weldon said. "In order to have that data, you need ownership (to transfer hands). "

That won't happen, he predicted, for at least a year.

And that's a good thing, according to Chappell, because those in the building industry and their partners need time to learn how to value sustainable buildings.