

Mosler Lofts
2720 Third Ave
Seattle, WA 98121

Case Study: August 2009
Real Estate Agent Version



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Built Green® MBA of King & Snohomish Counties
for the
Green Building Value Initiative

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Outline

Mosler Lofts is a collection of 150 New York loft-style condominiums and town homes and is Seattle's first condominium tower to receive both LEED Silver certification and Built Green 3-Star. The levels 4 & 5-Star were not available at that time – however Aaron Adelstein, Executive Director of the MBA of King Snohomish County's Built Green program, speculates Mosler Lofts would have achieved 4-Star with the new multi-family checklist by incorporating certain measures at the earliest stages of design.

In 2004 initial focus groups were asked simple questions about potential buyers' appetites for sustainability and "green" construction. Based upon positive feedback at this level, a more detailed survey was commissioned to ascertain the depth and commitment of that initial positive market response. The results indicated a strong public appetite for sustainability, resource-efficient design and a greater level of environmental responsibility. The survey further indicated that potential buyers, including those interested in condominiums, were willing to pay more for a building reflective of sustainable values, for a higher standard of construction and for a building offering a stronger defense against unknown future changes in resource and energy availability.

This case study examines the value added proposition of green under which the project was developed specifically via a paired sales analysis report. Traditionally, appraisers have had to rely on more anecdotal indications of the market value of green amenities.

We would like to thank both Sterling Hamilton of Hamilton Investments and Ben Kaufman of GreenWorks Realty who independently reviewed this case study, providing a healthy critique.

Project Description

The 150 unit, 12-story condominium tower, designed by the award winning architectural firm Mithun, with almost 6,000 of retail space at the ground level on .19,384 sq. ft. won a number of community awards for combining low-impact sustainable innovation with high-impact modern design and has been described as a model of sustainable urban living. In May 2008, the tower was described by the Seattle Post-Intelligencer as "the most interesting and provocative residential high-rise to appear in Seattle since World War II," while Seattle Homes and Lifestyle once called it "one of the most influential developments shaping the future design of the city."

The development started pre-selling in 2005 with 44 condos selling on the first day and was almost fully sold prior to completion of construction. All units fully sold in 2007. This rate of sales however was not exclusive to Mosler Lofts. The fact that the project was "green"

did not boost the rate of sales, but it did become an important market differentiator in a “hot” real estate market saturated with luxury condominium projects.

The design team further enhanced the appeal of the project’s live/work location through its makeover of Clay Street. Designated as a Seattle “Green Street,” the design team proposed the removal of diagonal, on-street parking in favor of parallel stalls and additional open space



that has created a more pedestrian-friendly environment with wider sidewalks and landscaping. Planted with a grassy swale, it was designed to help with stormwater management by attenuating runoff and allowing it to infiltrate and recharge the soil.

Rationale/Business Case

The Schuster Group had for many of their past projects incorporated green practices in their design and construction, but they had not previously pursued certification, nor actively marketed the green amenities of a project. Once their architects, Mithun, had introduced the idea of pursuing joint certification based upon the initial findings of focus groups, Mark Schuster then commissioned a public relations firm, Williams

Marketing, to conduct a more detailed survey across a broader sample set, with the goal of ascertaining the depth and commitment of the initial positive market response. When the results (included as an addendum at the end of this study) came back as overwhelmingly positive, Mark Schuster asked Mithun to design the project to incorporate both LEED and Built Green standards.

The Schuster Group states their primary business goal in developing Mosler Lofts as the first green certified condominium high rise in Seattle was threefold and very much influenced by Mark Schuster himself. The goals were:

- To create buyer awareness of green building in the local market.

- To reach local headlines, spreading awareness and knowledge of green building.
- To create new standards by obtaining a higher level of LEED certification on a residential high rise “to show that it’s not only viable, but a valuable thing to do”.

Furthermore the developer pursued green strategies for creating future added value for potential buyers that were not high ticket items and were incorporated into the earliest stages of design. This point was further verified in an interview with Mithun. When asked if they had encountered any resistance to the idea of joint certification, the response from Mithun’s Dan Swaab was that “the initial resistance we encountered was due in large part to the perception that LEED costs money. Whilst many aspects of the LEED process and construction necessary to meet USGBC requirements do represent additional costs, many more of those aspects actually save money. Survey results further demonstrated a market willingness to pay a little extra for the higher levels of performance and environmental responsibility signified by participation in LEED. When the math was done, LEED and Built Green proved to be a no-brainer from an economic standpoint.”

It was, however, a difficult challenge for the building to meet the basic energy code, let alone beat it by a percentage. Although “green” was one of The Schuster Group’s goals, a motivating goal was “to keep units affordable so young urbanites could afford to move in; basically the same folks who would be able to tolerate a small studio unit. Thus wall-to-wall & floor-to-ceiling glass was higher on the list of priorities.” Since there were a lot of small units (studios in the 500 sq.ft. range), it was important to make these units feel “big.” Swaab explained that the strategy of maximizing window area to “bring the outside in” can be contradictory to energy efficiency. So whilst the installation of windows and insulation beyond code requirements would ordinarily be considered “green” features, these strategies were required in order for the building to meet energy code.

This last issue is a classic example of the enormous complexities facing any design team required to balance the sometimes opposing forces of the business case with environmental considerations. Ultimately, the collaboration of The Schuster Group and Mithun led to design choices from both parties to achieve balance between profitability and environmental responsibility.

Key Green Features and Their Benefits

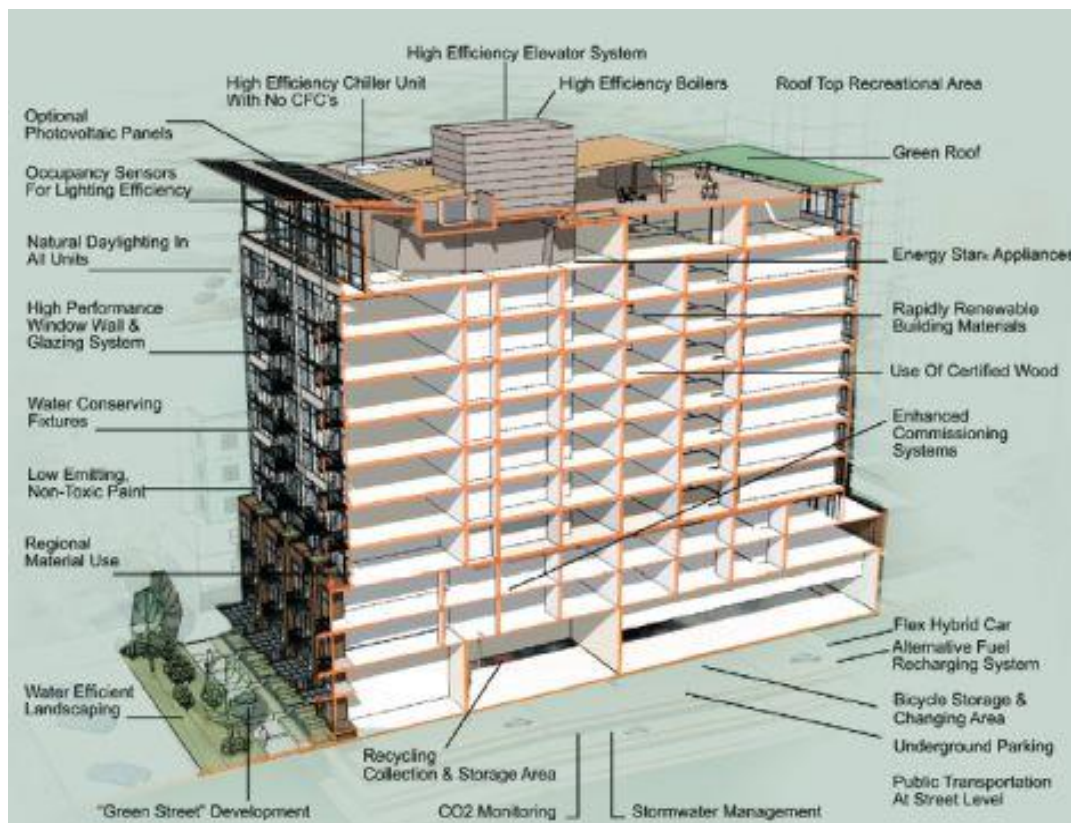
While Mosler Lofts provides us with the opportunity to compare the similarities and differences between the two certification systems used, it fell outside of the scope of work of this study. However King County and City of Seattle funded a study in November 2008 “Comparative Analysis - Built Green and LEED” which was presented at the Built Green conference in Seattle March 6th 2009. The study established LEED Silver and Built Green 4-Star as the baseline comparative standard. The study noted that “overall Built Green and LEED approach credits/points in very different manners. Built Green has a large volume of

credits to choose from, with some, but not all, based on measurable standards. LEED has a limited number of credits with varying levels of points for each credit based on specified performance levels. Both systems allocate generally the same percentage of points to energy and atmosphere related credits.”

With Built Green and LEED generally breaking points up into similar categories with both systems having the most emphasis on energy, the list of green features and benefits was drawn from both checklists, but organized primarily under the category headings of the LEED program.

Site/Location

- Feature: Close to public transport access - the location, as is true for most of Belltown, is in the bus ride free zone.
- Benefit: Easy to get to and from downtown without needing a personal vehicle, reducing pollution and land development impacts from automobile use. From an



economic standpoint, many buyers view proximity to mass transit as a benefit and this can influence the value and marketability of the building.

- Feature: Changing rooms and bicycle storage provided.

- Benefit: Bicycle commuting reduces pollution impacts from vehicle emissions that contribute to smog and air pollutions as well as requiring far less infrastructure. The opportunity for small commuting with a bike is further considered a health benefit.
- Feature: Hybrid Flex-car membership and Hybrid Car recharging stations.
- Benefit: Alternative fuel vehicles offer the possibility of reducing greenhouse gas emissions associated with motor gasoline. Hybrid vehicles are gaining traction in the market as the general public experiences the increasing and fluctuating costs of gasoline.
- Features: Infill and former Brownfield site.
- Benefit: By developing an infill site, damage to the environment is limited and the project capitalizes on its central location from which residents can walk, bike, ride or drive.
- Feature: Covered parking provided.
- Benefit: Heat island effects can increase ambient temperatures in urban areas by more than 10% in comparison to suburban and non-developed areas. By providing underground parking, the project limited the amount of uncovered asphalt susceptible to solar energy retention thus reducing the impact on local microclimate and human and wildlife habitats.
- Feature: Vegetated roof garden.
- Benefits:
 - Minimizes the heat island effect associated with urban development by reducing summer cooling loads that in turn reduce energy use, greenhouse gas and pollution generation and infrastructure requirements.
 - Provides a social gathering space and an opportunity to engage the outdoors.

Materials and Resources

- Feature: Recycled content carpet, insulation, gypsum, fly ash, concrete, vinyl and finger-jointed trim.
- Benefits: Recycled content materials reuse waste products that would otherwise have gone into landfills.
- Feature: Jobsite recycling – 75% diverted from landfill.
- Benefit: Construction and demolition waste accounts for about 40% of the total waste stream of the United States. General landfill tipping fees were substantially reduced throughout the construction process, whilst the project minimized its impact on existing landfill sites.

- Feature: Local and regional materials used.
- Benefit: The purchase of local and regional building materials within a 500 mile radius of the project supports the local economy, whilst reducing the transportation costs and environmental impacts associated with long distance trucking.
- Feature: FSC certified wood used.
- Benefit: Negative environmental impacts from irresponsible forestry practices include soil erosion and stream sedimentation and destruction of wildlife habitats. Third party certified wood encourages responsible forest practices.

Water Efficiency and Stormwater Management

- Feature: On-site stormwater management. The project site was previously un-vegetated and impervious. The project introduced many stormwater management improvements to the site. 43% percent of exterior street level area was converted into landscape and 18% of the roof area into gardens. The drainage system directs stormwater from paved areas into landscape beds on street level, and retains rainwater in landscaped roof areas.
- Benefits: Advanced infiltration and evapotranspiration methods slow stormwater, reducing peak flows and removing suspended solids and contaminants that have a negative quality on water quality. These features, once incorporated as site features, can add significant value.
- Feature: Water efficient landscaping.
- Benefits: Conserves local and regional potable water resources (on average landscaping accounts for 30% of water consumed daily in the US). In addition, reduced reliance on City metered water results in lower water utility costs to the Home Owners' Association. Properly selected plants are low maintenance and well adapted to both the local climate and the microclimates of the site.
- Feature: Water conserving fixtures.
- Benefits: Low-flow toilets, low-flow showers, Energy Star dishwashers and washing machines allow residents to lower their water use, which is reflected in reduced City water bills.

Energy and Atmosphere

- Feature: Enhanced commissioning.
- Benefit: Effective commissioning processes can result in reduced operating and maintenance costs as well as increasing occupants' health, wellbeing, thermal comfort and ownership costs.

- Feature: Enhanced refrigerant.
- Benefit: Commonly used refrigerants release compounds that result in damage to the atmosphere by contributing to the depletion of the Ozone Layer and releasing greenhouse gases. Chiller units were installed that use no CFCs.
- Feature: Conduit run for future photovoltaic system on roof.
- Benefit: Allows for an easy transition to solar photovoltaic energy when upfront costs become less prohibitive.
- Feature: High efficiency boilers.
- Benefit: Higher efficiency heating systems reduce the overall energy consumption for each condominium owner.

Indoor Air Quality

- Feature: Implement indoor air quality management plan during construction.
- Benefit: Controls the introduction of contaminants into the building, which invariably happens during construction. An effective plan will ensure the health and comfort of construction workers as well as future occupants. In addition preventing the clogging of HVAC equipment can prevent equipment failure and improve the system's energy efficiency.
- Feature: Low VOC emitting materials - adhesives, carpet, paints.
- Benefit: Reduces the quantity of indoor contaminants (in particular volatile organic compounds) that can be harmful to the comfort and health of installers and building occupants.
- Feature: Controllability of lighting and thermal comfort systems. Every residential unit has individual control of its heating and cooling, allowing the south side to be cooling while the north side may require heating. All multi-occupant spaces use occupancy sensors to control lighting, turning lights off when not needed.
- Benefit: Programmable thermostats, shades and operable windows were installed in each condominium allowing for a high degree of control over personal environment. Typically these strategies allow for energy savings from lower indoor temperatures, natural ventilation, and reduced solar gain.
- Feature: Thermal comfort design and verification.
- Benefit: Fifty-five percent of the building can be ventilated or cooled with operable windows. Most units feature at least one deck, balcony, terrace or townhouse stoop. Individual occupant comfort is maximized whilst minimizing the energy use associated with building conditioning.

- Feature: Daylighting. Approximately 85 percent of the building’s regularly occupied spaces have a daylight factor of two percent. Each of the 150 lofts has 10-foot-tall windows that allow maximum daylight to penetrate the units.
- Benefit: Reduces the need for electric lighting, resulting in decreased energy use. Particularly in the case of the smaller units, the windows also provide a sense of space and a high degree of connectivity with the outdoors.

Operations and Maintenance

- Feature: Green housekeeping
- Benefit: By providing Green Homeowner kits and instituting green housekeeping, occupants are encouraged and janitorial services are obligated to use green cleaning products, thereby reducing the exposure of workers to harsh chemicals and irritants and minimizing the introduction of toxic chemicals into the building.

Importance of Green Features in attracting owners, tenants

Whilst this factor had not been considered in the original business rationale, once the initial focus group and the in-depth survey results had been digested, the decision was made to certify the building to both LEED and Built Green certification standards. From that moment on, according to Ziegler of Williams Marketing, every effort was made to appeal to the urban eco-buyer and indeed over 80% of buyers were influenced in their decision to buy at Mosler Lofts simply because the building was green certified.

The following three tables are part of a Buyer Post Occupancy Evaluation conducted by Williams Marketing in 2007.

Was the fact that Mosler Lofts is going after LEED certification with sustainable building features important in your purchase decision?		
Answer Options	Response Percent	Response Count
Yes	81.6%	31
No	18.4%	7
	Comments	9
	<i>Answered question</i>	38
	<i>Skipped question</i>	2

What were your reasons for buying at Mosler Lofts? (Please rate each item) (1 - Not a Factor, 3 - Somewhat Important, 5 - Most Important)						
Answer Options	1	2	3	4	5	Response Count
Location	1	2	3	8	24	38
Value	2	2	10	11	13	38
Financing	25	1	5	4	1	36
Common area amenities	6	9	13	6	3	37
Exterior design	0	2	8	16	12	38
Interior finishes	0	1	4	17	16	38
Floorplan/Layout	0	1	10	16	11	38
Investment	2	6	9	12	9	38
Lifestyle Change	11	5	5	8	7	36
Green Building Features	1	4	7	15	11	38
Other (please specify)	1	0	0	2	0	3
Comments						5
<i>Answered question</i>						39
<i>Skipped question</i>						1

What sustainable features were most important in your decision to purchase?						
Answer Options	Very Important	Important	Neutral	Not Important	Didn't Care	Response Count
1. ENVIRONMENTAL PERFORMANCE, such as: recycling of building materials, recyclable rain water and the green roof plaza.	18	15	3	1	0	37
2. ECONOMIC PERFORMANCE, such as: reduced energy cost provided by energy saving appliances, water saving fixtures, low E glass and better insulation.	25	9	2	1	1	37
3. HEALTHY HOUSE PERFORMANCE, such as: low off gassing building materials and paint, no formaldehyde and natural ventilation.	20	10	7	0	0	37
Comments						1
<i>Answered questions</i>						37
<i>Skipped questions</i>						3

Other impacts on the environment

As non-urban development increases, the importance of choosing to develop previous Brownfield and/or urban infill sites increases. The design team chose creative solutions to integrate the building with its surroundings encouraging a greater sense of community.

An investment in renewable green power was also made to offset 35 percent of the building's electrical use for two years. Additional energy-saving design strategies included modulating the façade, over-sizing roof overhangs, and incorporating vegetation at the street level and throughout the building.

Social

Community amenities include a two-story library and reading room, business center, onsite manager, fully equipped fitness center, guest suite, and a rooftop terrace with views of Elliott Bay, the Olympics, Space Needle and downtown Seattle. The rooftop gardens provide community outdoor opportunities for residents with 2,643 square feet of vegetated space and 2,319 square feet of open space, including a barbeque area, conversation circle with fire pit, and party or gathering spaces for groups or couples.



On the street level, Mosler Lofts has a coffee shop with sidewalk seating and with almost 6,000 square feet of retail space activating the building's façade, there are ample opportunities to engage the community. The project's makeover of Clay into a "green street" reaches beyond its borders, creating a pedestrian link between Belltown and the Seattle Center and enhancing the walkability of the neighborhood.

Economic

A specific project cost breakdown was not available. However, on residential case studies it was the consensus of the steering committee of the Green Building Valuation Initiative that specific project cost information is less relevant to the valuation community than the examination, by means of a detailed property comparables sales analysis, of the value added proposition of the green features. The results of this analysis are handled later in the report.

Local/Regional Effects

As the first high rise green condominium project in Seattle, the project benefited hugely from massive press coverage. The project acted like a magnet attracting the buyers for whom green is a value for which they will pay. Mark Schuster assembled a strong design team ensuring Mosler Lofts not only hit many of the essential checklist items for buyers, i.e. location and beauty, but also met the demands of the environmentally conscious urban live/work buyer.

Bryon Ziegler of Williams Marketing believes that when The Schuster Group chose to develop Mosler Lofts in 2005 as a high profile green certified building "it set the tone and

raised the bar” so that now other builders are almost obliged to go this route if their buildings are not to be considered passé - at least in Seattle. Ziegler also commented that when so many condominium projects were launching sales with \$75,000 parties, Mosler Lofts had the edge because it was offering “substance over fluff.”

In the final analysis there are few buildings currently that can be considered true “sustainable” buildings. However Mosler Lofts “created conversation” and generated a greater level of expectation around and for green high performance buildings among Seattleites, dwellers of a city already well known as a leader in environmental design.

Findings/Post Occupancy Evaluations

The project had originally sought in the LEED-NC checklist a point for Measurement and Verification (Credit 5 under the section Energy and Atmosphere). This point, however, was disallowed by the LEED checklist reviewer primarily because, in the opinion of James Wigham of engineering firm Sider & Byers, the project had not sought Credit 1 Optimize Energy Performance, which was an inherent condition to receiving Credit 5. Sider and Byers had, however, done a full energy performance analysis of the building, including lighting, and individual electric meters had been installed. Obviously, once this credit was not approved, the stringent and costly requirement to measure and verify the building’s energy and water usage performance over its life was dropped.

Valuation Aspects – Paired Sales Analysis

This is a précised version of the original market analysis prepared by Ashlie Solow of ARS Appraisal Co., Seattle, WA 98118 in conjunction with GreenWorks Realty.

Background

The purpose of the report was to provide an overview of the Mosler Lofts Condominium project as they compared to non-green built construction condos in the area to determine whether there was conclusive evidence of a premium value for the eco-friendly, high efficiency amenities.

Mosler Lofts is a LEED Silver and Built Green 3-Star Condominium High Rise constructed by The Schuster Group. The structure is 12 stories in height and consists of 150 units with 6 different floor plans. The building is of “Good” construction quality with eco-friendly upgrades which include, but are not limited to, high efficiency appliances, sustainable building materials, high efficiency air conditioning, water conserving fixtures, low emitting non-toxic paint, natural day-lighting, consisting of glazed floor-to-ceiling windows in every unit.

Methodology

The appraiser relied on King County Records, NWMLS, and a documented list of closed sales in the building via Chicago Title Company in Bellevue. Difficulties in obtaining full descriptions for all Mosler Loft units and comparable units in other projects provided for some limitations and required significant reliance on NWMLS pictures and agent descriptions.

Market Analysis and Conclusions

In terms of market conditions, median prices in the greater Seattle area have indicated declining market values between 2007 and 2008; for the Belltown neighborhood, a 24% decline in overall condo sales was noted in 2008 down from 2007. Market values for condominiums (under one million) show a median price of \$420,000 in 2007, and a median price of \$393,950 in 2008. The price variance of \$26,050 demonstrates a 6% decline for condo sales in the subject area from 2007 to 2008. Current market conditions have continued to decline most notably following 1st quarter 2008.

All 150 units of Mosler Lofts consisted of presale transactions, which the appraiser identified over the 2006-2007 timeframe. In terms of market conditions, the greater Seattle area has seen a decline in home sales over the past year, most notably following 1st quarter 2008. The sales used in this analysis are based on stable marketing conditions, therefore it was not deemed necessary to adjust for marketing time and or sale date. Records indicate that presale units ranged from \$192,000 for studio units to \$1,725,000 for 3 bedroom penthouses. Resales from Mosler Lofts indicate a price variance that ranges from -1% to 21%, with a median 7% increase in sale price for resale transactions. The decreased sale price of -1% represents only 1 of the 14 units resold; therefore, it appears that the market demand for the Mosler Loft Condominiums remains intact.

Results

Based on the large scale of comparable features, the appraiser prepared a paired sales analysis of the units which, collectively, would best represent the appeal to a typical buyer of the urban type life-style. The primary units of comparison were floor location, view amenity, floor plan layout, and size. Other features such as bedroom/bathroom count were considered and adjustments were made for any variances. The view amenity is based on the quality and range of visibility as compared to the subject unit. The variances between views are typically a matter of preference for the buyer, and therefore skyline appeal is given subjective consideration.

Every attempt was made to derive comparable condos which best represented the individual floor plans in the subject building. It should be noted there was insufficient data to support comparable analysis for all unit types, therefore necessitating refining the analysis to reflect 3

categories which were used for this analysis. The categories are divided up by lower, middle, and upper floors, which typically is indicative of their market appeal based on similar patterns of view amenity. The units selected in this analysis consist of an average, derived from comparing similar style units within the Mosler Lofts project.

Group 1

For the first group, units were derived from the lower floors with restricted territorial views. The selected subject unit was a 428 square foot studio unit with a market value of \$250,000. Adjustments were warranted for floor location and size differences. The comparables ranged from 447 square feet to 503 square feet in size, with an indicated adjusted value range between \$231,000 and \$246,625 and an average value of \$239,383.

- Sales price showed \$10,617 premium, or 4.25% for the green amenities.
- Price per Gross Livable Area (GLA) for the subject unit was \$584.11 per square foot and the comparable units averaged \$510.69 per square foot, indicating a 13% premium or \$73.42 per square foot difference for green amenities.

Group 2

The second group demonstrates the comparison from 1 bedroom + den corner units located at the midlevel floors that share similar exposure and view appeal. The subject was a 1,146 square foot unit with a market value of \$655,000 located on the 8th floor. Due to limited available corner units, it was necessary to use a 2 bedroom unit for comparison. Adjustments are warranted for half baths, bedroom count, floor location, slight discrepancy in view amenity and square footage differences. The comparables ranged between 1,204 square feet and 1,270 square feet with an adjusted value range between \$620,250 and \$700,250, and an average value of \$669,667.

- Sales price showed a -2% or difference of -\$14,667.
- Price per GLA for the subject unit is \$571.55 per square foot and the comparable units averaged \$540.06 per square foot, indicating a 6% premium or \$31.49 per square foot for green amenities. This serves to offset the sale price variance.

Group 3

The last group represents 1 bedroom units from the upper levels above the 10th floor. The subject was a 1,200 square foot unit that sold for \$730,000 located on the 11th floor. Adjustments are warranted for half baths, floor location and square footage difference. The comparables were between 1,204 square feet and 1,244 square feet in size with an adjusted value range between \$667,500 and \$740,250 and an average value of \$712,667.

- Sales price shows a 2.25% premium, or \$17,333 for the green amenities.

- Price per GLA for the subject unit is \$608.33 per square foot and the comparable units averaged \$578.82 per square foot. This indicates a 5% premium or \$29.51 per square foot for green amenities.

There is the potential for further research which would possibly provide more analytical results for specific units in the building. However, with limited time and data available, this analysis suggests evidence that a typical buyer in a stable market would be willing to pay a premium for highly efficient green amenities and construction.

Interview with Agent

Bryon Ziegler of Williams Marketing was involved with Mosler Lofts from the early days of its inception through to the Buyer Post Occupancy Evaluations. He has also been responsible for leading other focus groups and marketing surveys more recently for the launch of (LEED Silver) Olive 8 hotel and condominiums and (LEED Gold) Fifth & Madison condominiums. His perspective on the green residential market is experiential and market driven.

When asked if Williams Marketing had changed the way they conducted the focus groups for Mosler Lofts in 2005, Ziegler responded that he felt the respondents (market surveys were conducted amongst people who had said they were in the market to buy a condominium in that year) “were perhaps unrealistically optimistic and enthusiastic. It was a hot market.” Williams Marketing has subsequently learned that they “get different (and somewhat less enthusiastic) results from online surveys as opposed to in person, when perhaps the people want to be seen to want environmentally friendly features. In the privacy of their homes it seems price is now king.”

With that said, Williams Marketing’s most recent online survey (January 2009) showed 20% of respondents now rate green building as a priority. Ziegler commented “that’s actually pretty good compared to if the survey were taken a few years ago.” In addition, he feels there are more buyers expressing interest in green building “because they believe a green building is synonymous with high performance building and is a good investment, will cost less to run and to maintain, and they are hedging their bets for the future on resale.”

When asked how important he felt the LEED and Built Green certifications in general were to the buyer, he responded that “who is the provider of the green certification is less important than the fact that its certification has been third party verified.” His experience is that in general the public trusts third party verifiers.

When questioned as to his thoughts on the value of green certification programs he felt “that there is not sufficient value in the LEED program to justify builders using it on small condominium projects (the cost of verification is too high which can be absorbed in say a 40

storey project, but not on smaller projects). On small projects, of much more importance is that the money be put into green features and that it be third party verified in some green building program. How the building is marketed is all-important. The key point here is that it is the cost of LEED verification, not the cost of many green features which, if incorporated in the earliest stages of design (Integrated Design Process) do not cost more to incorporate, which prohibits LEED being used more frequently as a certification program.”

Williams Marketing has taken what it learned from marketing Mosler Lofts and applied it to find the edge in today’s market. “The younger demographic, i.e. 45 years and younger, are more into green as a core value – they express their lifestyle as a social statement,” whereas the older demographic tends towards more of the essential Checklist items of Location, Beauty and Price. “When green is important to them it is because it translates as good value, saving money in utilities and maintenance and protection for future resale.”

Finally, Ziegler recommends sellers “need to take all of the reasons why people wouldn’t buy in their project and get rid of that objection. They should incorporate cost efficient green design into the building – especially since it doesn’t cost more if incorporated into the earliest design stages. No one project can afford to just market to one demographic – there has to be a mixture of marketing messages.” It seems the smallest contingent of people focusing on green building focus on environmental altruism. For most buyers today green has to pencil out.

A note on the Marketing Survey included below

While there are obvious flaws to a Market Survey which includes questions presenting the responder with even a remote moral dilemma, it was considered important by the consultants to include since it showed a clear intention by The Schuster Group to design to its identified target audience’s green values. How much this marketing strategy contributed to the premiums achieved cannot be determined, but it must be considered a positive influence.

The following 2005 Marketing Survey conducted for Mosler Lofts by the Williams Group is published here with the kind permission of the Schuster Group.



Survey Result Totals

Client: Williams Marketing

Survey title: Sustainable Condominiums Survey

Total number of respondents: 127

1. If you had a choice, would you prefer eco-friendly, low emitting materials for your home, such as wood from sustainably managed forests, recycled-content materials and locally manufactured projects, if it meant a 2% price increase compared to a conventionally fitted home?
(127 people answered this question)
101: 80% Yes
26: 20% No

2. If you could purchase a condominium that has minimal off-gassing from paints, carpet adhesives and other materials, and better than required ventilation and air filtration, would this influence your buying decision in any way?
(127 people answered this question)
104: 82% Yes
23: 18% No

3. Would you put a premium on purchasing a condominium in a building which provided a high-performance, energy-efficient envelope for a reduced energy bill, better thermal comfort and improved durability?
(126 people answered this question)
111: 88% Yes
15: 12% No

4. If yes, what percentage cost increase would you be willing to pay?
(112 people answered this question)
59: 53% 2.5%
41: 37% 5%
6: 5% 7.5%
6: 5% 10%

5. Better-quality windows can reduce energy use, reduce glare, have better operation opening and closing and continue operating over time without repair. Would you be willing to pay more to get these higher-quality, durable windows?
(127 people answered this question)
114: 90% Yes
13: 10% No

6. If yes, what percentage cost increase would you be willing to pay?

(116 people answered this question)

73: 63% 2.5%

33: 28% 5%

5: 4% 7.5%

5: 4% 10%

7. Would you consider paying a slight premium for Energy-Star appliances if it would lower your utility bills and provide a 5-7 year payback period?

(127 people answered this question)

96: 76% Yes

31: 24% No

8. If yes, what percentage cost increase would you be willing to pay?

(100 people answered this question)

59: 59% 2.5%

35: 35% 5%

2: 2% 7.5%

4: 4% 10%

9. Would you consider having low-flow showerheads/faucets and high-performance dual-flush toilets to lower your monthly water bill?

(123 people answered this question)

78: 63% Yes

45: 37% No

10. Would you be interested in the purchase of a private "roof garden" space that's remote from your own living space?

(127 people answered this question)

73: 57% Yes

54: 43% No

11. Would you be interested in the availability of a Flexcar (A vehicle that is kept on site and is available for homeowners to use on a shared/reservation basis. It would alleviate the need for homeowners to have their own car.) as an amenity in or close to the building?

(127 people answered this question)

53: 42% Yes

74: 58% No

12. Would you appreciate and use a bike room with racks located in the building?

(127 people answered this question)

87: 69% Yes

40: 31% No

13. As you know, much of the year we can have overcast skies in Seattle. Your condominium can be designed to optimize the amount of daylight and eliminate the need for artificial lighting during the day in your main living areas. How important is this to you?

(126 people answered this question)

	55	42	10	13	4	2	0	
Very important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Not important

14. How valuable is it that your building is a good environmental addition? (i.e., it uses less water, has more vegetation on site, uses less energy and fossil fuels, creates a healthier indoor air quality, and saves scarce resources in selecting materials.)

(127 people answered this question)

	46	29	20	20	3	6	3	
Very valuable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Not valuable

15. How important is it to you to be in a building that uses 100% green power (i.e. power from sources other than fossil and nuclear fuels), reducing your impact on global warming?

(127 people answered this question)

	29	16	26	22	14	9	11	
Very Important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Not Important

16. At what percentage return on investment would you be willing to participate as part of the building's condominium association in Photovoltaic green power for your condominium?

(121 people answered this question)

32: 26% 10%
17: 14% 7.5%
40: 33% 5%
32: 26% 2.5%

17. Would you be interested in an option to own a share of rooftop photovoltaic solar panels that generate all your electricity from the sun and generate a profit after 10 years? You would be a normal Seattle City Light ratepayer, but receive a 'solar' check up to \$2000 once a year from the utility under the new state law 5101. If utility rates rise you could be making a profit in less than 10 years!

(127 people answered this question)

102: 80% Yes
25: 20% No

18. Would you see this type of building as an important legacy to leave for the next generation?

(125 people answered this question)

105: 84% Yes
20: 16% No