

PUBLICATION

The Debut of LEED for Retail and LEED for Volume

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On November 18, 2010, the LEED (Leadership in Energy and Environmental Design) for Retail Rating System and LEED for Volume Program were unveiled by the United States Green Building Council (USGBC). LEED for Retail promises to make LEED certification more accessible and realistic for retailers and hoteliers in general, while LEED for Volume should streamline the certification process for those retailers and hoteliers desiring to certify multiple sites at the same time.

The demand for greener buildings, and particularly LEED certified buildings, by both governmental authorities and consumers continues to grow. However, until recently, only a handful of retailers and hoteliers had achieved LEED certification, primarily for two reasons. First, previous LEED certification systems did not account for the necessity of increased energy usage by retailers and hoteliers, and the lack of flexibility inherent in the LEED systems meant that only a few of even the greenest of retailers and hoteliers could obtain LEED certification. Second, LEED certification for just one site is a rigorous process that is both expensive and time consuming, and thus certifying a number of sites presents daunting challenges. However, with the debut of the LEED for Retail Rating System and LEED for Volume Program, the LEED certification process for retailers and hoteliers—especially those desiring to certify in bulk—just got easier.

The LEED for Retail Rating System and the LEED for Volume Program, which have been in pilot phase since 2007, were unveiled at the USGBC Greenbuild International Conference and Expo in Chicago. The pilot included over 80 project teams, including Chipotle Mexican Grill, Marriott Hotels, Starwood Hotels, McDonalds, Office Depot and Bank of America, most of which achieved certification during the process.

All retailers and hoteliers seeking LEED certification will now be required to build in accordance with LEED for Retail, which actually consists of two separate tracks—LEED for Retail: New Construction and Major Renovation, and LEED for Retail: Commercial Interiors. The New Construction and Major Renovation track addresses specifics for the construction of a new retail or hotel project or a major renovation of a new retail or hotel project. The Commercial Interiors track addresses the specifics of tenant spaces primarily where a retailer or hotelier is retrofitting an existing building, and thus the site or shell of the building is outside of the tenant's control. In developing the new LEED for Retail program, the USGBC recognized the rigidity of the previous LEED rating systems, and tailored LEED for Retail to the unique needs and issues of a retail or hotel facility. The new rating system includes threshold and calculation changes, submittal clarifications and new credits specific to retail and hotel projects.

Under the LEED for Volume Program, a prototype-based approach allows the applicant to certify a large number of projects at the same time, rather than on an individual basis. This program is for retailers and hoteliers planning at least 25 ground-up or interior construction projects. The primary goals of the LEED Volume Program are to streamline the certification process under each LEED platform, increase the efficiency of certification and lower associated costs, all without compromising LEED's rigorous benchmark standards. There are three general steps for compliance under the LEED for Volume Program. First, the applicant should submit an application to the Green Building Certification Institute (GBCI) for initial assessment. Once the applicant is accepted, the registration process begins, which requires the submission of a prototype project. Next is the precertification process, during which the registered prototype is reviewed by GBCI to confirm that technical uniformity measures, managerial practices and educational plans are in place, and to ensure that

procedures are in place for continued compliance with LEED requirements. Finally, once the applicant achieves precertification, it enters the ongoing certification phase and may begin work on all projects. To ensure continued compliance, GBCI conducts random audits of completed sites.

Two major hoteliers—Marriott Hotels and Starwood Hotels—were among the participants in the LEED for Retail and LEED for Volume pilots. Marriott plans to certify 300 hotels in the next five years. Construction costs for LEED certified Marriott sites are estimated to be three to four percent higher, but the sites are designed to be 25 percent more efficient, and Marriott plans to recoup the initial costs in five to six years. More than 60 Starwood Hotels across nine brands are pursuing LEED certification, and Starwood Hotels' Element brand requires LEED certification for all of its sites. The Element prototype has demonstrated energy savings of 18 percent and reduced water consumption by 30 percent.

Accordingly, LEED for Retail and LEED for Volume should allow retailers and hoteliers to quickly catch up with the ever-increasing demands of governmental authorities and consumers for greener (and LEED certified) sites. For more details on these programs, please visit www.usgbc.org.

Baker Donelson is a member of the USGBC and is steadily working to form a green building initiative from members of the Real Estate, Construction and Government Regulatory Actions Groups. Three of our attorneys—Kevin Garrison, Stephen Pudner and Trevor Jones—have earned LEED A.P. accreditation, which uniquely qualifies them to advise clients in industries related to construction and commercial real estate development and leasing, including builders, suppliers, developers, retail industries and engineers and architects, as to the LEED certification process and requirements.