

The cost of building green - perception vs. reality

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One of the hottest issues in the green building world is whether there is a significant premium to building “green” as opposed to the use of standard building products and practices. It is not uncommon for some members of the construction industry to say that the cost of building “green” can add 10 percent or more to the cost of construction even though there are studies that indicate that this is not the case.

The chasm between perception and reality was highlighted in a [recent study](#) conducted by the Northeast Ohio Chapter of the United States Green Building Council and Sustainable Rhythm, a consulting organization that works within the commercial, office, residential, green-space and senior-housing markets.

The 24-page study titled “Opening the Door to Green Building” was issued June 18 and is based on the responses of 200 participations (90 percent in Ohio) to an online survey given in March and April to four groups:

- Owners, facility managers and real estate executives, developers and tenant leasing agents (17 percent)
- Service firms including architects, engineers, interior designers, general contractors and trades, LEED consultants, commissioning agents, and legal/accounting and insurance professionals (59 percent)

Products companies including building materials and systems companies (17 percent)

- Government/advocacy including code officials, government agencies and nonprofit advocacy groups (7 percent)

The study focused on how the implementation of green building principles has transformed from a specialty market sector to one that is being considered across every building market. In doing so, participants were asked “if there is a significant cost difference between green building and standard building products and practices?” The results were:

- 62 percent “Yes”
- 26 percent “No”
- 12 percent “Unsure”

However, according to the study, “those who have analyzed the market have found that in reality, there is a negligible premium or as low as a 1-2 percent premium dependent on level of green building design solutions and/or the LEED certification level pursued (see [the Cost of Green Revisited, 2007](#), Davis Langdon and [The Cost of Green, 2009](#), Urban Green Council).” According to the study, the perception of a high premium predominates at the highest level with participants identified as owners, facility managers, corporate real estate and real estate developers, and those involved in tenant leasing and finance.

Regardless whether based in fact, it is noteworthy that when asked about perceptions relating to the cost premium for “green” building, participants provided the following responses:

- 1-2 percent more cost, 5 percent of participants
- 3-5 percent more cost, 19 percent of participants
- 5-10 percent more cost, 24 percent of participants
- 10-25 percent more cost, 37 percent of participants
- More than 25 percent more cost, 9 percent of participants

Views on the cost of building “green” are also reflected in the responses of participants regarding factors motivating the industry to build green. According to the study, reducing overhead costs of energy and increasing energy efficiency seem to be “the strongest resonating arguments in the market.” When asked “what kind of information would you like to see more of on green building from your vendors,” the study states that 75 percent of respondents identified “return-on-investment” as the most desirable content information for enabling decision-making.

Interestingly, the issue of climate change is perceived by a fair number of participants as a negative to promoting green building, which may reflect controversy in the industry as to whether the alleged environmental and climate change impacts are currently a widely accepted basis for building green and motivating others to do so.

