

CONSTRUCTION BLOG

LEED Certification on the Decline while Energy Efficiency is on the Rise

AUTHOR: SANDBERG PHOENIX

LEED (Leadership in Energy & Environmental Design) certification is one of the most popular green building certification programs that is used throughout the world. The program was developed by the U.S. Green Building Council to provide building owners and developers with a framework to identify and implement practical design, construction, and maintenance of green buildings to foster environmental responsibility and the more efficient use of resources.

In the United States, LEED certified buildings grew from two in 2000 to its peak in 2013. In 2013 alone, there were 3,748 new LEED certified projects throughout the country. Since then however, statistics have shown a decline in new LEED certified projects. The State of Illinois, which has consistently been a national leader in terms of the annual number of new LEED certified projects, has seen a gradual decline of new projects from 174 in 2014 to 151 in 2016.

Given the explosive growth of LEED certified projects, to what do we attribute this slow but steady decline in recent years? For one, the costs of designing and constructing more efficient systems took a toll on owners before prices normalized as more manufacturers offered high efficiency solutions. Secondly, the costs for keeping track of sustainable practices and other certification requirements add up quickly. The registration costs for LEED certified projects are relatively small, but the costs for intermediate reviews and the overhead associated with tracking LEED points as well as the certification fees quickly add up. These large upfront costs often deter many builders from obtaining LEED certification. Realizing the pay-off from LEED certification and sustainable systems often takes years and is simply not in an owner's initial budget..

So what does the decline in LEED certified projects signal for the future of sustainable and energy efficient buildings? There is no doubt that the use of LEED certification will continue to be utilized by energy and resource conscience builders and owners who can afford the initial cost outlay. But perhaps the most lasting effect of the LEED program is changing the mindset of builders and owners to optimize value. End-user customers, whether they be tenants, customers, or subsequent purchasers aim to maximize the value of every dollar they spend. Apart from the obvious cost savings associated with energy efficient systems, there is a comfort and peace of mind associated with their use that factors into the value of the dollar spent which owners are willing to pay upfront to foster long-term and mutually beneficial relationships. The bottom line is that LEED has changed the way people think about energy efficiency in such a way that its core concepts continue to be implemented at an ever increasing rate despite the decline in builders and owners utilizing the LEED program.

For more information, please contact Joseph Devereux at jdevereux@sandbergphoenix.com, (314)-446-4359 or another member of Sandberg Phoenix & von Gontard, P.C.'s Construction Industry Team.