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CoStar Green Report: Jones Lang LaSalle Acquires LEED Rival

Chicago Real Estate Firm Says Green Globes Is Sustainability Tool, Not Effort to Replace LEED; Tejon Ranch Co. Signs Accord With Environmental Groups For 1,400 Acres of Development Between L.A. and Bakersfield

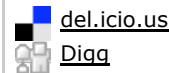
In this issue of CoStar Green Report:



- Jones Lang LaSalle Buys Developer of Chief Rival to LEED Standard
- Tejon Ranch Co. Signs Landmark Accord For Development North of L.A.

JLL Acquires LEED Rival

In a move certain to raise eyebrows in the industry that has grown around benchmarking and certifying green buildings, Jones Lang LaSalle Inc. (NYSE: [JLL](#)) has acquired the developer of Green Globes, an online interactive tool viewed



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as either a competitor or supplement to the U.S. heavyweight Leadership in Energy and Environmental Design (LEED) program, depending on who you talk to.

In the deal, JLL acquires Toronto-based ECD Energy and Environment Canada Ltd., an environmental consulting firm known for developing suites of online environmental rating systems for buildings, including Green Globes for the nonprofit Green Building Initiative (GBI) in Portland, OR, and Go Green for the Building Owners and Managers Association in Canada. ECD staff will join Jones Lang LaSalle's Toronto office, but other terms of the deal were not disclosed.

The GBI, which oversees and licenses Green Globes in the U.S. and emerged as an alternative to the U.S. Green Building Council's LEED standard in 2004, touts the program as "the practical building rating standard" on its Web site.

Green Globes' roots go back to 1996 when the Canadian Standards Association, a public/private group establishing safety and performance standards, published the Building Research Establishment's Environmental Assessment Method (BREEAM) as a guideline for existing buildings in Canada. It became an online assessment and rating tool for existing buildings under the Green Globes brand in 2000 and began developing standards for new building design.

In 2004, Green Globes for Existing Buildings was adopted by BOMA Canada, where it operates under the name Go Green Plus. Under the terms of the acquisition, Green Globes/Go Green standards will maintain independence from JLL and continue to operate under the GBI in the U.S. and BOMA in Canada.

JLL, which has emerged as a leader in energy conservation and sustainability in the commercial real estate industry, acquires ECD's technology platform for measuring sustainability and benchmarking across commercial building portfolios. The

tools assess new building design, existing building operations and interior modifications for their impact on energy, water and other environmental factors, along with occupant health and well being.

Although the upstart program is often described as a competing standard to LEED, Jones Lang LaSalle officials describe it as a supplement rather than a replacement for the well-established USGBC program, especially for owners of large commercial portfolios.

"Green Globes is more of a tool than a standard. We think they are very complementary," Dan Probst, chairman of energy and sustainability services at JLL, told **CoStar Advisor**. "LEED is clearly a standard that has gained wide acceptance and carries a lot of meaning for people in the marketplace, particularly for new construction.

"The marketplace is begging for a tool that will enable a quick assessment. Owners who have a large portfolio of existing buildings want to know where they stack up in terms of LEED. We think Green Globes is a great tool for doing that baseline assessment, and generating some recommendations to improve the buildings' overall performance."

"It's a fairly lengthy process" under LEED to assess the standard, Probst continued, adding that one scenario would be for an owner to start with a Green Globe assessment, then use the recommendations to pursue LEED certification "if they think it's important to have that designation."

JLL "definitely does not" see Green Globes as an all-out replacement for LEED or Energy Star, he said.

"We really see it as more of a tool; in fact, we're already looking at some enhancements to link it to Energy Star. We've already had some discussions."

USGBC officials were unavailable for

comment at press time.

While JLL supports LEED, Energy Star and BREEAM, "there are few efficient tools like the Green Globes/Go Green programs that allow owners to bring their entire portfolios up to these standards," said Lauralee Martin, JLL global chief operating officer.

Sustainability Helps Fuel Landmark Pact in SoCal

A decade ago, many in real estate circles scoffed at the notion that a significant portion of Southern California largest, most historic and environmentally sensitive tracts of open space could fall under the bulldozer for homes, resorts and distribution facilities.

For over a half century, environmentalists, state officials and the courts wrangled with the longtime owner of the 270,000 acres in Kern County and northern Los Angeles County comprising Tejon Ranch. Conservationists say the land, a throwback to the era of Mexican ranchos, is home to the California condor and at least two dozen other endangered or threatened species.

However, Tejon Ranch Co. (NYSE: [TRC](#)), the publicly traded real estate development and agribusiness company that owns the land, in May reached a landmark deal with a coalition of groups to preserve 90% of the ranch land 60 miles north of Los Angeles. In exchange, the Sierra Club, the Natural Resources Defense Council, Audubon California and other groups agreed not to oppose existing industrial projects and proposed development along Interstate 5, including the 1,400-acre Tejon Industrial Complex, the proposed Tejon Mountain Village resort and Centennial, a planned residential community of 23,000 homes.

Gov. Arnold Schwarzenegger endorsed the

agreement as the largest-ever private conservation of land, a historic deal that illustrates "we can protect California's environment at the same time we pump up our economy."

Not every environmental group is on board with the plan, particularly those who continue to worry about the destruction of condor habitat. And the Tejon Mountain and Centennial projects still require public comment and state and local approval.

However, the agreement extends and leverages sustainability work conducted over the last decade for the Tejon Industrial Complex, a fully entitled and operational warehouse and distribution center project. The center will total 15 million square feet at build out and is competing with industrial markets in the Inland Empire as a major West Coast transit point for goods shipped into the Ports of Long Beach and Los Angeles.

Some 3.1 million square feet are already vertical at Tejon Industrial, including IKEA's 1.7 million-square-foot and Oneida Ltd's West Coast distribution centers, a 606,000-square-foot spec building finished last spring and more than 60 acres of retail that includes a Petro Travel Plaza, a Best Western hotel, In-N-Out Burger, Starbucks and other food establishments. On Wednesday, Tejon Ranch announced that Famous Footwear, a retail division of Brown Shoe Co., will move into a 350,000-square-foot built-to-suit under construction.

"The reality is the resource plan that was put together was very similar to what's been discussed in the 10 years I've been here," said Barry Hibbard, vice president of industrial and commercial development with Tejon Ranch. "A few acres here and there that might be a little bit different, but it memorializes what was the intent all along."

As early as 1999, Tejon Ranch was hammering out voluntary air pollution emissions reductions with the air-quality

district and paying hundreds of thousands of dollars to model the potential impacts of an additional 15 million square feet of industrial space on the surrounding area. Further, the company helped rid the region of smog-belching post World War II agricultural and oil field equipment that was consistently the biggest polluter in the San Joaquin Valley.

"Before we ever turned a spade of dirt, we had 100% mitigation on the project," Hibbard said.

In addition to the distribution center itself, industrial developers like ProLogis, AMB and Tejon Ranch have sought ways to reduce unhealthful diesel emissions from trucks. Tejon Ranch Co. operates a large Petro truck stop at its industrial center. While most trucks stops require drivers to keep their vehicles idling to operate air conditioners and other equipment, Tejon Ranch supplies electrical power for an hourly fee that works out to a lot less for drivers, especially in the era of \$5.50-per-gallon diesel.

LEED has been behind the curve in achieving sustainability in industrial real estate, prompting industrial developers to improvise their own solutions.

"Whether it's LEED certified or not doesn't really matter. We want a product that's sustainable in design, material and thinking," Hibbard said. "The end goal isn't to just check the box. We look at the simple things: white reflective roof, reclaimed water, low-flow irrigation landscaping using natural rocks, groundcover, the Petro travel center which serves as a staging area for multi-axle trucks, and direct access to the freeway."