

REAL ESTATE JOURNAL



“Big Green is Here to Stay”

Today's 3 R's of Real Estate:

R Resources Renewables and Recovery

By **Bill Griffith and Dan Jasper***
*Big Green Conference Draws 250 to
Mall of America*

In its second year, the Big Green Conference drew over 250 leaders in business and government to the day-long gathering tackling issues from corporate sustainability to dramatic changes for the U.S. power grid, green retailing and the future of electric vehicles. As a sign that sustainability is not a passing fad, the conference more than doubled in size in one year in terms of sponsorship, exhibitors and attendance.

Green Retailers Take the Stage

Will Ander, green retailing consultant and author of “Greentailing,” moderated a panel discussion regarding green retailing best practices with representatives from Pepsi Beverages Company and Best Buy Company, Inc. Ander shared data from retailing research that indicates green product purchasing began to gain traction with consumers in 2006 and then leveled off by 2009.

While consumers consider manufacturers’ approach to recycling, energy savings and packaging to be important factors in purchasing decisions, Ander cited research indicating that price point is still the most important factor in buying decisions. In fact, most consumers are not willing to pay more for green products. Research indicates consumers also value having clear and reliable information available to them about the sustainability of products so they can make informed purchases.

Ander concluded on a positive note, sharing that “green consumerism” continues to gain traction, even in today’s challenging economic climate, as evidenced by consumers opting for the green choice when products are otherwise comparable in quality and price.

Pepsi Performs With a Purpose

John Greenwalt, Burnsville Plant Manager at Pepsi Beverages Company, explained how Pepsi’s approach to the green movement has led to changes in its manufacturing and bottling plant operations. He noted many adjustments to operations and products that have resulted in Pepsi being a more environmentally-friendly company producing a greener product without disruption to operations or a negative impact on its bottom line.

Greenwalt highlighted some relatively easy modifications that were made, including switching from incandescent light bulbs to energy efficient light bulbs throughout the plant. In addition, Greenwalt explained how the company has saved a considerable amount of energy by installing a timer on the door to and from the delivery dock. The timer minimizes the costs associated with heating and cooling the area by reducing the time the door is open. Citing Pepsi’s “Performance with Purpose” philosophy, Greenwalt stated the Burnsville plant continues to strive to become more responsive to the green consumer, including reducing the



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amount of plastic used in the manufacturing of Aquafina bottles.

Best Buy Seeks to “Close the Loop”

A focus on people, technology and

power was the foundation of the presentation given by Leo Raudys, Senior Director Environmental Sustainability for Best Buy. Raudys explained how Best Buy actively engages in a feedback loop with customers, employees and people across the supply chain, allowing them to provide customers with the sustainable technology solutions they want.

Raudys shared Best Buy’s “20 by 20 Carbon Reduction Goal,” pledging to reduce its U.S. carbon footprint by 20 percent by 2020. Best Buy has been successful in reaching similar goals in the past. For example, in 2008 the company set a goal to reduce its U.S. carbon footprint by 8 percent per square foot by 2012 and reached that goal well ahead of schedule in October 2010.

Another hallmark of Best Buy’s commitment to the environment is its pledge to “close the loop” on the lifecycle of consumer electronics. Best Buy has pledged to collect one billion pounds of consumer goods for recycling by offering in-store recycling kiosks, television and home appliance haul-away services, product trade-in and buyback programs. Best Buy has already collected over 140 million pounds in the first year of the program’s operation, aided by promotion through national television, magazine and newspaper ads, billboards, and

social media.

Roll Out of Electric Cars is Closer than You Think

Conference keynote, Jeff Miller of Better Place, closed the day with an amazing picture of just how close the electric vehicle market is to replacing gas combustion engines in places like Israel and Denmark. Better Place is one of the leading electric vehicle service providers in the world. With images of futuristic changing stations, Miller emphasized the ease with which electric batteries are swapped out of vehicles in just two minutes, the same amount of time it takes to gas up a conventional vehicle.

For car enthusiasts who fear giving up the fun of driving at the hands of an electric vehicle, Miller played a YouTube video for the audience that captured the sheer thrill of a young boy riding in a Telstra electric sports car that effortlessly zooms from zero to sixty in half the time of a gas powered car. Obviously, not everyone will drive an expensive sports car. That's Miller's point; to be sustainable from a market standpoint, electric vehicles must be comparably priced or even discounted below the cost of gas powered alternatives.

But how is this achieved in places like Israel and Denmark? First, the high price of gas driven by heavy taxes creates an immediate incentive to convert to electric. Second, and most important, is the availability of battery subscription plans, which is the most expensive part of the car. Subscription battery plans allow car owners to pay for their energy plant on a monthly basis in the same way

many people pay for cell phone service. An owner simply drives the electric vehicle into a changing station where the battery drops out from underneath the car, a new battery is snapped in, and away they go. Both the capital cost of the battery and the service charge for replacing it are built into the monthly subscription fee. Yet for most drivers, the easiest way to recharge is in their garages overnight. Way stations are necessary for long trips and when the battery has run out of energy a long distance from the garage.

Global Reach, Local Impact

For a country such as ours, that is addicted to foreign oil and subject to wild swings in fuel prices, electric vehicles make all the sense in the world; energy production is a local industry by necessity. According to Miller, over two-thirds of passenger vehicles and light-duty trucks could be replaced with electric vehicles without significantly adding to the power grid. The key is managing when and how drivers plug in and charge up. If they drive home, plug in, and then turn on the air conditioner and plasma TV, the grid will not keep up because charging is occurring at peak demand, not when demand is at its lowest point. However, if charging occurs at off-peak times (overnight, for example) the grid can "fill up" your vehicle with electrons without skipping a beat.

Signs of the coming wave of electric vehicles are everywhere; on the same day as the Big Green Conference, General Electric announced it will purchase 25,000 electric vehicles as part of its commitment to convert half of its glob-

al fleet to electric vehicles by 2015. It makes sense that GE, the leading provider of power generation equipment in the world, would lead with the largest electric vehicle acquisition to date. The purchase of GM's Chevy Volt is a shot in the arm for a beleaguered U.S. manufacturer that was once the bellwether of the health of the American economy.

Better Place announced plans to expand into the U.S. next year, starting with a small taxi service program in the San Francisco Bay Area. The program is modeled after a similar pilot program carried out in Tokyo. As Miller noted in his closing remarks, "if you can prove the technology works 24 hours a day in some of the busiest cities in the world, you can prove the technology will work just about anywhere."

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Dan Jasper is Director of Public Relations for Mall of America. Together with his team, Dan works with local, regional, national and international media to share the stories of the Mall. The most popular theme continues to be the environmentally-friendly aspects of Mall of America, including its having no central heating system and using 30,000 live plants as air purifiers.