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# Green Building in the Marketplace

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## Today's Topics:

- Green Growth and the Rise Green Regulation.
- Wood Certification
- National Green Building Standard and the (IgCC).



*As preface:*

# **The Economics of Green:**

## **Green Still Growing**

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## Spending...

### New Residential Building

Driven by consumer demand and green building regs, green building has grown over the last three years, despite the recession. Indeed, it's the *only thing* that's grown in the building industry recently.

The green residential building industry saw an estimated \$12 billion in revenues last year and could easily top \$42 billion by 2015.

Source: Venture Beat.



## Spending...

### Retrofit

The last McGraw-Hill Construction study said that the green building retrofit market would grow to 20% to 30% of the total market in the next five years, reaching \$15.1 billion.

Currently, green building practices are used in 5% to 9% of building retrofits, with the market opportunity for major projects (greater than \$1 million in value) at \$2.1 billion to \$3.7 billion annually.



## Spending...

### Construction

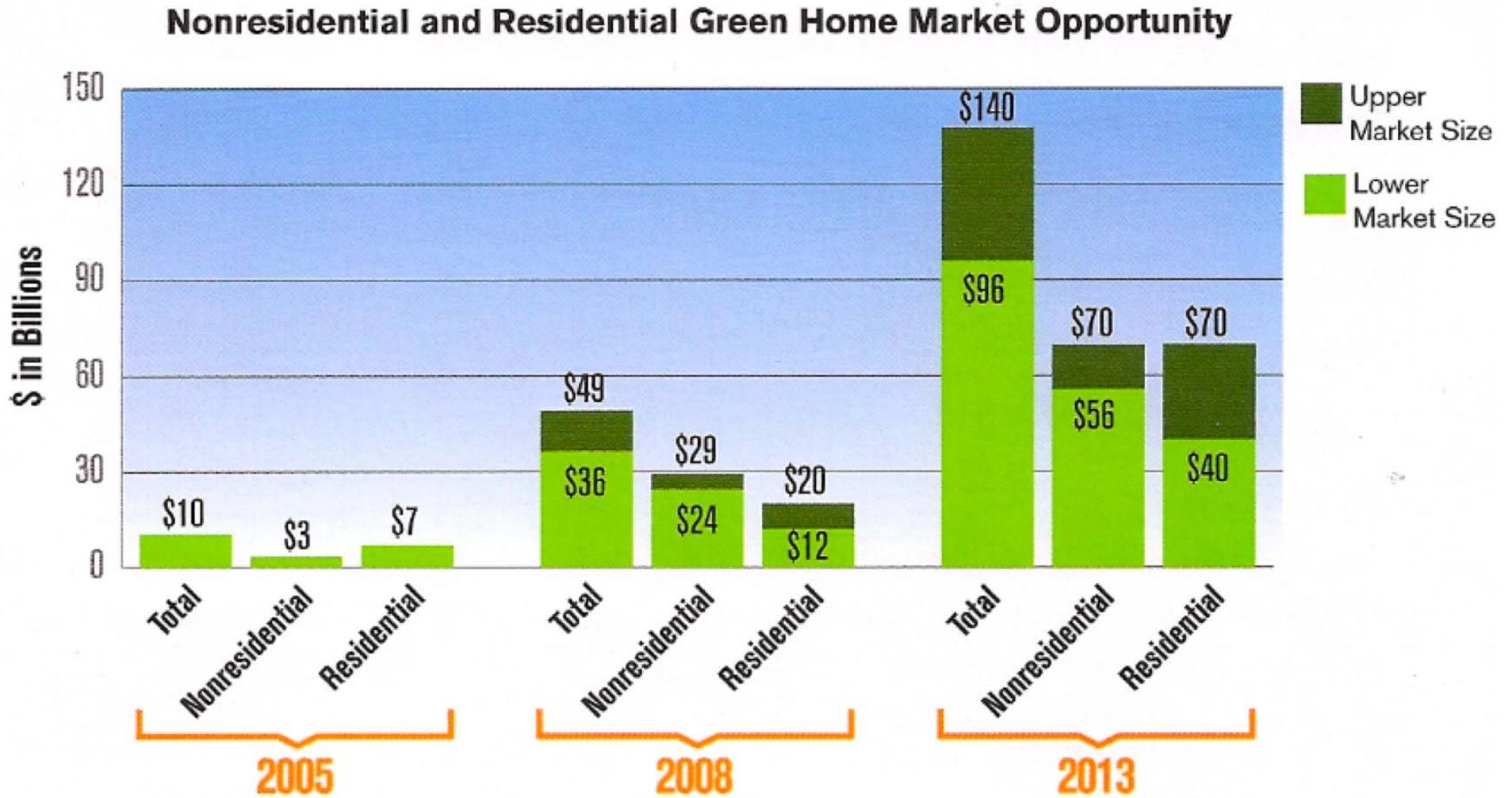
From 2010 to 2015, the total US green building market value is projected to increase from \$71.1 billion to \$173.5 billion. This represents a CAGR of 19.5% during this time period.

Green buildings will make up about 50% of the non-residential building stock by 2015, up from about 15% currently.

Sources:

Environmental Leader Insights  
Good Energies Inc.

# Spending...



Source: McGraw Hill



Growth...

## Certified Project Growth

LEED-registered projects *alone* could soon account for almost 25 percent of all new construction in the U.S., according to a new report from Frost & Sullivan.

The USGBC's goal of reaching 100,000 LEED-certified commercial projects by the end of 2010 is a sign the council doesn't foresee any deterioration of interest in green building...



# Who *Will Be* Buying Green?

Check out these stats from  
*Business Week*



According to a report in *Business Week*, “Millennial Generation” (born 82-01) are very socially conscious:

- ✓ 69% consider a company's social commitment when deciding where to shop.
- ✓ 89% are likely to switch brands to support a cause.
- ✓ 66% consider a company's social commitment when recommending products.
- ✓ 74% are more likely to pay attention to messages of companies deeply committed to a cause.



# Regulatory Trends

*“It’s an upsurge”*



## Regulatory trends...

AIA's *Local Leaders in Sustainability* reports that green building is increasingly *required* in building codes at city, local, and regional levels, notably with the adoption of the IgCC.

The adoption of green codes and regs is nothing short of an upsurge... but add to it how green-building standards like LEED and the National Green Building Standard (from NAHB) are being adopted voluntarily.

<http://www.aia.org/aiaucmp/groups/aia/documents/document/aiab081614.pdf>



## Regulatory trends...

The AIA *Local Leaders in Sustainability* has found that:

- There are 138 cities with green building programs, or more than 1 in 5 cities surveyed. This is a 50 percent increase in green building programs since 2007;
- More than 53 million Americans live in cities with green building programs; and
- 24 of the 25 most-populated metropolitan regions in the U. S. are built around cities with green building policies.



## Regulatory trends...

More...

The AIA *Local Leaders in Sustainability* has found that:

- More than 20% of U.S. cities with >50,000 residents have green building regulation and policies in place.
- When you look across all the cities surveyed for the study, more than 20% have green building programs.
- If you live in the West, there are 56 green building programs in just six states. The eastern region now claims 49 cities with green policies in place, a rise of 75% over 2007 numbers.



## Green Rating Systems...

### **Residential and Commercial Ratings**

On a national scale, LEED, NAHB, ENERGY STAR, and Green Globes now largely control the third-party whole-house / whole-building rating systems.

The International Green Construction Code (IgCC) and the National Green Building Standard (ICC700). Built Green is also becoming much more of a factor.



## Regulatory trends: Wood fiber

### Wood and Wood Fiber Certification “The Battle for Points”

LEED and NAHB both recognize wood certification and builders can get point(s) for using certain products.

#### The Great Green Points Debate:

- **LEED** accepts just FSC
- **NAHB** and others accept FSC, SFI, American Tree Farm, CSA, PEFC.



## What's Selling to Green Buyers?

### How should “green” wood and wood-fiber merchants be positioned for 2010 and 2011?

✓ For wood and wood-fiber products, merchants should consider engaging in co-op efforts with dealers to underscore the fact that wood fiber / wood...

- is a natural product
- is a sustainably harvested product
- is a non-toxic product
- performs well in life-cycle analysis
- is among today's very greenest products



## What's Selling to Green Buyers?

### ...more green positioning for 2010 and 2011

- ✓ Offer and advertise / feature the fact that your products can comply with the various green building standards.
- ✓ Develop labeling systems that show buyers exactly what green points the wood or wood-fiber products can comply with for any green standard that offers points.



## What's Selling to Green Buyers?

### ...more green positioning for 2010 and 2011

- Equip your dealers (so they can equip their contractor customers) with printed material and web-based resources that show the green qualities of your products. Use as much third-party validation as possible.
- Think: *Building Systems*. What green building / energy efficient system can you integrate your wood product into?



## What's Selling to Green Buyers?

### ...more green positioning for 2010 and 2011

- Corporate activities: The overwhelming majority of Americans want to do business with “green companies,” so anything you can do to bring third-party recognition to your company is positive.
- The economic value of your green activities is only truly valuable when people know about how you are going green. So engage in PR to publicize your effort going green.



## What's Selling to Green Buyers?

### ...more green positioning for 2010 and 2011

- Aggressively seek third-party validation of your products and processes, and advertise your compliance with third-party standards. SFI's program is an exemplary third-party standard.
  
- Other examples of other third-parties:  
Cradle-to-Cradle, Certified Green Dealer, EcoLogo (TerraChoice), CSI GreenFormat, GreenSeal, SCS, GreenGuard, NAHB Green Approved, to name a few.
  
- Become familiar with green washing and how to avoid it.



## What's Selling to Green Buyers?

**...more green positioning for 2010 and 2011**

**Seek editorial coverage of your products:**

- ...in such magazines such as *LBM Journal*, *Building Products*, *RDB*, *QR*, *Builder*, *Big Builder*, etc.
- **Post your products in online green databases**, such as GreenWizard, GreenSpecDirectory, GreenBuildingAdvisor where green product specifiers are searching today for green product alternatives.



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