

Marriott Turns up Volume on Green Building

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BOOKMARK



The Courtyard by Marriott at Settlers Ridge outside of Pittsburgh is slated to open late this summer.

Green building, as measured by the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system, has been slow to advance in the hotel industry. That could soon change.

Marriott International is about to offer a new green Courtyard prototype, which if built to specification, would automatically qualify for LEED certification. It's part of the USGBC's Portfolio Program, a pilot created to increase sustainable design by streamlining the cost and complication of the LEED process. The volume build certification, as it's called, gives developers a route to certification without having to custom design the building or deal with the USGBC and the tedious application process.

Marriott believes franchisees will save \$100,000 and six months of design time using the new prototype, compared to what a developer would spend to custom design and build a LEED-certified Courtyard. There is still a three- to four-percent premium to build the new prototype, but Marriott estimates a payback in three to four years with a 25-percent reduction in the hotel's energy and water consumption, and as soon as two years with added incentives available in many jurisdictions.

The new prototype doesn't include any site-specific LEED credits, so if it's built as specified in Anchorage or Atlanta, or anywhere in between, it will be certified. Developers can, and likely will, add site-specific credits to earn the higher Silver, Gold or Platinum ratings.

The volume build prototype could be available as soon as this month and for Marriott, it further enhances its global reputation as an industry leader. For developers, it offers an easier route to LEED certification, which many believe can boost occupancy and drive rate. The Portfolio Program gives the USGBC a vehicle to increase sustainable design, especially in an industry that has been slow to adopt. **Marriott plans to offer similar prototypes for its other select-service brands by the end of the year, and two other hotel companies are also a part of the USGBC's pilot program**

TURNING UP THE VOLUME

The USGBC created the pilot program for volume build certification in late 2006 to help spur green building. Custom-designed projects were slowly adding up, but by offering a bulk program the USGBC has already seen a massive increase in LEED-certified buildings in other industries. PNC Bank, the first company to join the pilot program, has built more than 60 LEED-certified banks with its volume build program. Stop & Shop has more than 50 locations certified through its LEED Existing Buildings volume certification.

Hospitality has lagged behind other industries with green building, in large part because of unique challenges specific to hotels, like the often-complex owner/management arrangements and operational issues such as varying occupancy levels. "This takes green building to a scale that is new to the hospitality industry," Marc Heisterkamp, the former USGBC director of commercial real estate, said before leaving last month for a position with Bank of America. "Certainly we have far more projects—(approximately) 1,000 pursuing LEED—which is far more than two years ago. It's a big change over that period of time, but this is what will actually change that to a larger degree. This will become what they do, versus the exception."

The reason Heisterkamp is confident the volume build program will work in the hotel industry is companies like Marriott are already adept at quality assurance and protecting brand standards, which will soon include some green design elements.

"You don't have to make the formal applications, you don't have to do all the modeling, the calculations and then have the USGBC respond," says Tim Osiecki, executive vice president of development for Concord Hospitality, Marriott's franchise partner in developing the volume build prototype. "As long as you sign up for the prototype and do exactly what they say, Marriott will oversee on behalf of the USGBC and effectively certify you have done it right, or not."



Tim Osiecki

Marriott submitted the design work on the new prototype to the USGBC last fall and expects final approval this month. The first three projects will have to follow the more traditional route to LEED certification to prove the prototype actually delivers enough credits. "We need to build three to validate this," says Karim Khalifa, Marriott's senior vice president of design and project management for the company's select-service brands. "But I'm not very worried about that; we just need to show the USGBC these really work. I think we have three hotels that are going to be very excited to do this."



A rendering of the Courtyard by Marriott at Settlers Ridge outside Pittsburgh.

FINDING A PARTNER

Simultaneous to the USGBC's pilot program, one of Marriott's top franchise partners, Concord Hospitality, was in the process of customizing the Courtyard prototype to build a LEED-certified hotel outside Pittsburgh at the Settlers Ridge shopping center development.

The management and development company has 66 hotels in its portfolio and had previously collaborated with Marriott on its redesign of the SpringHill Suites brand. "I don't

pick up the phone thinking I've got a franchisee on the phone," Khalifa says of Concord, "I've got a partner on the phone." All but nine of Concord's hotels are Marriott brands and the Raleigh, NC-based company will soon break ground on another Courtyard in the Pittsburgh area, also aiming for LEED certification.

As Concord planned and began building the Courtyard at Settlers Ridge in spring of 2009, Marriott became part of the project, learning and adopting what it could for its new green prototype. Concord is using several site-specific credits at Settlers Ridge, but worked with Marriott to target enough non-site-specific items to reach LEED certification. The five-story, 124-room hotel has topped out and Osiecki expects it to open late this summer and eventually earn a LEED Silver rating.

"We had been looking at projects like this in the past," says Concord CEO and President Mark Laport, "but until a few years ago, the costs to become LEED certified were so obnoxious we couldn't afford to do it." Osiecki explains the "aha" moment came when they figured out how to use a heat recovery wheel to capture existing tempered air and recycle it with fresh outside air.

"Over the past few years those cost burdens have become incrementally smaller and smaller," Laport says. "It's still costing considerably more, but we think it's the right thing to do, and hopefully our guests recognize it's the right thing to do and reward us with more frequency." Laport and Concord plan to only build LEED-certified or better hotels going forward.



The Settlers Ridge project will cost about \$500,000 more to earn LEED Silver status, about five percent of the \$9.6-million construction cost, but will save 319,000 gallons of water a year and about 24 percent in overall energy costs, Osiecki says. The project isn't a replica of the new prototype and Concord is dealing directly with the USGBC for certification, but Marriott has been able to take Concord's modeling and calculations to estimate costs and paybacks.

The project will take closer to 18 months to complete, instead of the typical 14 months, but Osiecki says that, and some money, is the cost of being an early adopter. He believes going forward the volume build prototype will eliminate the additional time and cost only about \$300,000 more, which hits the three-percent mark Khalifa projects on the typical \$100,000-per-key Courtyard.



The reduced time and costs with the volume build prototype make this an attractive offering for Marriott, albeit a bit muted because of the credit freeze causing a slowdown in new development. "The entire pipeline is waiting for financing, so we won't see a big flare-up, but I wouldn't be surprised if we see 10 projects signed up this year once people start seeing some success," says Khalifa, who adds that any currently stalled projects will be made aware of the new prototype in case there are opportunities to adjust the plans.

He knows other hotels companies will follow, but like Concord, they understand the price of being a leader. "I hope they all do," Khalifa says. "This isn't a race you want to win. You love to lead it, but not win it."