Building Scene

Monday, September 25, 1989 O&E

Retain tenants by managing energy costs

Mention energy conservation to anyone who works in an office building and on thing comes to mind: a focking cover over the thermostat. But what is an office landlord to do? The energy crisis has long fallen out of favor in providing an incentive to conserve, yet the office sector is the single largest consumer of energy — 40 percent— in the U.S. economy.

ergy — 40 percent— in the U.S. economy.

Utility costs normally account for 30 to 40 percent of the total operating costs of an office building, excluding taxes. They are generally passed on to tenants directly or included in lease rates.

White ways developers of office.

cluded in lease rates.

White area developers of office space are competing to lure and retain tenants in the face of double-digit vacancy rates, tenants are becoming much more attuned to the savings energy management can office.

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Even though they may be expensive, it pays off in the long run if buildings are fully leased."

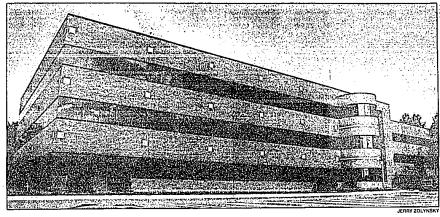
IN WHAT IS billed as an energy war, landlords are finding energy war, landlords are finding energy conservation and economic development can go hand in hand, and offlieses that are designed efficiently will slash energy bills, liberate investment capital and perhaps eventually save the utilities the expense of building new power plants.

"If you have an inefficient HVAC system that costs an extra 50 cents a square foot to operate, then the tenant is going to look at that as adding to the total costs," said Gerald ward, president of Equities Management, the management arm of Ekkin Equittes, Southieled.

"We also perform an energy analysis on consumption every month of each of our buildings, which gives us feechack and helps make sure our energy costs don't got out of line. It's one of the ways we stay competitive with other developers while maining a high eccupancy rate," development of the maining a high eccupancy rate, development and maintenance and m IN WHAT IS billed as an energy

with other developers while maintaing a high occupancy rate."
For Etkin's City Center II development in Southlield, Ward said the company chose an HVAC system that had a capital cost of \$78,000 more than an alternative system. "We felt the reduced costs for long-term operating and maintenance needs (of the more expensive system) would provide a payback in less than two years of operation."

Just as developers of office space



For its City Center II development in Southfield, Equities Management, the management arm of Etkin Equities, choose a more expensive heating and cooling system because its effi-

have discovered leasing decisions can hinge upon intelligent energy management, utilities have also found the incentive to save creates,

management, unions have area.

found the incentive to save creates, in a sense, another source of power, in a sense, another source of power increasingly, stuffering in a sense, another source of power increasingly, stuffering in a say, by subsidizing the installation of veatherstripping or providing free inspections — than to build additional power plants that have price tags in the millions.

"We can build more power plants, but they may stand idle if demand fails to rise as projected," said Michael Murphy, administrator of customer services for Detroit Edison.

"It's much cheaper to have energy conservation programs than to build more power plants."

cooling aystem because its effiONE COMMON WAY to conserve
energy in commercial office buildings, especially electricity, where
commercial and office buildings account for 75 percent of the nations
\$150 billion electric billi, its oplace
individual suites on their own ineters, Murphy said.
"If people pay their own bills, they
end to be much more conservative
with their energy needs, If you give
tenants the ability to control their
energy uses, and then give then
feedback, they will tend to use energy as efficiently as possible.
Ed Stehno, suit engineer for Consumers Pewer Co., advised office
building tenants to form energy
committies from among employees
to inspect and seek out ideas to save

ciency would provide a payback in less than two years of opera

money — such as lowering a high ceiling or replacing present windows with more efficient ones.

"The energy committies will meet one a month of the present of the control of the control

Windows with sophisticated coatings that keep heat inside during the winter and outside during the

townings may keep near insine uting the summer.

• Choosing office furniture, carpeling and paint that is light in color reflective purposes.

Daylight technology is being developed so that plastic light pipes bring sunlight deep into a buildings interior, reducing the need for artificial light.

Concentrated sunlight is collected and focused by roofiop mirrors, her immediate through a short vertical section of pipe and then split to fill network of ceiling-hung pipes.

The pipes are similar to glowing fluorescent tubes, except the color is more natural.

Commercial real estate courses taught at Walsh

By Doug Funke staff writer

contestivitor

Commercial real estate agents and brokers asked for it.

So Walsh College of Troy obliged. Walsh, through its continuing professional education program, will launch a series of courses next month to help commercial real estate participants keep abreast of goings-on in the industry.

"The commercial investment people came to us and said no college in Michigan is offering short-term training in the commercial area," asid Grace Smith, director of Walsh's CPE program.

"These people want to get a very concentrated short-term course that will keep them current on the job."

Three courses will be offered this fail. They are:

Commercial Real Estate Overview, which will examine such topics as how to get started in the business, long- and short-range prospecting programs, and marketing concepts. That class meets 6:30-230 pm. Wednesdays, Oct. 4-Nov. 1. The cost is 12/20.

Wednesdays, Oct. 4-Yrov. 1. 200 cs; \$240.

• Legal Issues, which will concentrate on the sale and lease of property as well as broker liability. The class meets 6:30-9:30 p.m. Tues-

days, Oct. 17 and 24. The cost is \$96.

• Negoliation and Transaction
Structuring Workshop, which will
examine the negoliation process and
include role playing and videotaping
of practice bargaining sessions. That
class meets 5:30-9:30 p.m. Mondays
Nov. 6-20. Cost is \$144.

"These are for people who are li-censed and probably have some ex-perience," said Maurice Richards, executive vice president for the South Oakland County Board of Re-altors and the Detroit Metro Com-mercial Investment Division.

"Someone like an attorney or CPA who deal with brokers but don't have a working knowledge — they might want to learn more about . . . prac-tices of the real estate industry," he said.

None of the courses can be applied to state licensing requirements now, Smith said, although college officials are working toward that goal.

All classes, which earn continuing education credit, will meet at Walsh College, 3838 Livernois, north of Big Beaver. Specific registration questions can be asked of Walsh's continuing professional education department at 685-8282 czt. 200.

Providing for repairs

wast is your recommendation for obtaining an adequate guarantee to casure that the liems to be fixed by the seller as said forth in a purchase

Make sure that your purchase agreement provides for an inspection of the premises both before the agreement becomes binding and shortly before the closing, and that there is adequate provision in the purchase agreement to insure that an exerow amount will be beld out of the closing process to reasonably meet the repairs. Make sure that your attorney is at cleding to insure that the exerow is put into effect and that it is beld by a third party such that the scrow is put into effect and that it is beld by a third party such as a title company or bank. Adequate provisions must be made for the timely completion of the repairs

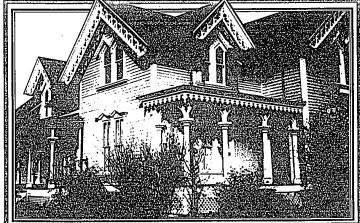


condo queries Robert M. Weisner

as well as the release of the escrow

Robert M. Meisner is a Bir-Robert M. Meisner is a Bir-mingham attorney specializing in condominiums, real estate and corporate law. You are invited to submit questions or topics for this column by writing Robert M. Meisner, 30200 Telegraph Road, Suite 467, Birmingham 48010. This column provides general in-formation and should not be con-struct as legal opinion.

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