

Problems Grow Over "Green Building" Values

Few Comps Make Setting Prices Difficult

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Property Valuation attorney Gregory F. Servodidio published an article in the December 11, 2009, edition of *The Commercial Record* about the valuation implications of the green building phenomenon -- both for green buildings themselves as well as for competing, non-green buildings. Because appraisers and other valuation professionals do not yet have much of the type of market data on green buildings that they typically use in valuing commercial buildings, "this leaves the income capitalization approach as the most potentially useful method," Greg writes.

Valuation professionals will need to determine if owners of green buildings are achieving higher rents, and if green buildings are leasing up more rapidly than non-green buildings in the same market. Given the energy cost savings that green buildings can achieve, "it is possible that the advent of green buildings in a marketplace could redefine what constitutes a Class A building in that market. The result could be a negative value implication for those non-green buildings formerly identified as Class A," Greg notes.

For more information, please contact info@pullcom.com.

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