

Going green: Project envisions eco-friendly shopping center



Douglas Baum (left) and David Baum plan to turn an old lamp factory into a one-stop shopping center of green businesses. The 250,000-square-foot facility could house 100 shops. Tribune photo by Candice C. Cost

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When David Baum decided last year to convert the old Cooper Lamp factory in Logan Square into a one-stop shopping center of green businesses, he knew it would be a risky and expensive proposition.

"Wind turbines don't necessarily make economic sense today, but we want to engage the imagination," said Baum, who plans to spend more than \$30 million renovating the sprawling yellow brick structure where craftsmen once turned out custom-made lamps. "We do still plan to make a profit, albeit a small one."

Baum is aiming to tap into the growing consumer demand for eco-conscious merchandise and services. Dubbed the Green Exchange, he wants his project to become one of the first places in the nation to offer an entirely green space for entirely green work.

Baum envisions places like an organic restaurant, an environmentally friendly building supply store, green-friendly architects and eco-design firms. There could even be a sustainable clothing store, a bicycle shop and a car showroom, he said.

The project would be three times larger than The Jean Vollum Natural Capital Center in Portland, Ore., where roughly 20 tenants, including Patagonia, offer sustainable goods

and services in a 70,000-square-foot facility.

"The building's been open for five years and has been very successful for us," said Sydney Mead, the Vollum Center's program manager.

The big question is whether Chicago will support Baum's concept.

Critics say his chances of failure are great because while going green is a growing trend, the number of consumers is still relatively small. They suspect Baum's project may be too forward thinking and could face difficulties because green products often are pricier than commercial alternatives.

Yet, Chicago is ripe ground for such a project, proponents say. Led by Mayor Richard Daley, the city has been seeding the green movement, pushing rooftop gardens to aid cooling and retrofitting more than 15 million square feet of public buildings with eco-friendly lighting.

Searching for supporters

So far, two businesses have signed non-binding agreements with Baum. His leasing company, Baum Realty, is negotiating with more than 50 prospective tenants. The 250,000-square-foot building could house twice that many.

Joe Silver, co-owner of Greenmaker, a sustainable building supply store, maintains there are plenty of so-

cially conscious consumers who will support the Green Exchange, even if prices are higher than conventional counterparts.

Silver has tentatively agreed to open a second store in the Green Exchange. The flagship store has done well, despite its offbeat location at 2500 N. Pulaski Rd., he said.

"Our first year, we basically cracked a million dollars in sales, and we'll probably hit \$1.5 to \$2 [million] this year," he said. "Traffic flow has tripled, which means that maybe not this year but next year business will really be booming."

Higher prices haven't been an issue, he said.

"The only time we run into added cost is if you get recycled products. We're finding that most of the recycled products like recycled glass counters or cotton insulation are going to cost you more," he said. "Half of my store is already comparably priced with normal stuff in the market."

A gallon of mid- to high-end flat white paint at Home Depot ranges from \$16.95 to \$25.98. That compares with a gallon of low-toxin paint, which reduces odors and toxins that regular paint can carry, priced from \$27.95 to \$33.95 at Greenmaker.

For a double-flush toilet, which saves water by offering the option of a half or full flush, consumers can expect to pay around \$300. A toilet at Home Depot can run anywhere from \$70 to \$400.

"It's now moved into the lifestyle realm," said Charles Shaw, editor of Conscious Choice, an environmental magazine. "You have different value systems converging into the consumer market and it has become literally like a brand. Everywhere you look now, people are trying to commodify this clean-product movement."

Increased awareness

Over the past five years, the ethical-products business has experienced double-digit annual growth compared with low-single-digit growth in conventional products, according to Packaged Facts, a research group.

As global warming has become a hot topic, people are becoming more aware of the effect their purchases can have on the environment. Carbon emissions are no longer a foreign concept. Organic foods and hybrid cars no longer appeal only to people wearing burlap sacks and Birkenstocks.

The market isn't small: \$230 billion a year is spent on goods considered sustainable products and services, according to MarketResearch.com. Research shows 36 million consumers, or 12 percent of the U.S. population, happily embrace the green market, though 21 percent aren't interested.

But living and working environmentally friendly isn't cheap.

After buying the lamp factory for \$7.5 million, Baum plans to invest roughly four times that amount to make it green.

Though Baum and his brother, Doug, began developing real estate in 1989, this is their first big step into green development. Their development company, Baum Development, does about \$50 million in projects annually. Baum, with silvery gray hair and a radio voice, focuses on marketing, while his brother handles the majority of the contracting.

The factory, built in the early 1900s, today sits in disrepair. Large swathes of tan paint peel back from the facade and windows have spiderweb-like cracks.

Inside, worn wooden floors echo as Baum, dressed in jeans and a green jacket, and his brother walk among the massive concrete columns, evenly spaced throughout the building's four levels.

Their goal is to score a silver medal from the Leadership in Energy and Environmental Design. That accreditation, based on a rigorous rating of the building's environmental friendliness, is key to its marketing strategy.

"I think that if we wanted to do it simply to meet LEED standards ... you're talking about 3 percent to 5 percent more in costs than conventional construction," said Baum. "The way we're planning to do it, it will probably cost more than 10 percent across



Tribune file photo by Bonnie Trafelet
Ori Sivan (left) and Joe Silver of Greenmaker, a sustainable building supply store, have tentatively agreed to open a second store in the Green Exchange. Silver said higher prices aren't much of an issue. "Half of my store is already comparably priced with normal stuff in the market," he said.

Risky business

One sizeable risk is that green businesses may be targeting a very limited market segment, said Andy Hoffman, a professor at the University of Michigan's Erb Institute for Global Sustainable Enterprise.

"Do you really want to use a business model that is going to appeal to just 25 percent of the American consumer base?" Hoffman said.

He also points out that the Green Exchange will need to be a one-stop shopping center, much like the successful model Whole Foods has capitalized on in the organic food market. If shoppers are forced to buy goods for a home project at Home Depot that they were unable to find at the Green Exchange, patience will wear thin or evaporate, he said.

Critics also say the Green Exchange concept could backfire if Baum has to open up space for more conventional tenants to cover his costs. In fact, many green-product companies tend to sell their higher-priced goods online to avoid the overhead costs of renting commercial spaces.

Others question consumer acceptance of mainstream green products. Hoffman said mainstream consumers demand eco-friendly products and services provide higher quality than commercial alternatives.

"A hybrid car sells because it gives you better mileage, not just because it protects the environment," Hoffman said.

But Mead, program manager at the Vollum Center, said that when they opened, rents were also above market level and tenants were expected to pay for build-out expenses for their spaces.

"It was pretty scary," she said. "There were a lot of times when it really seemed like, 'Oh, my goodness, this project is too ambitious.' But it did not prove to be too ambitious."

The center, located in the Pearl district of Portland, was an old warehouse built in 1895, and required an investment of more than \$12 million, she said. Today, it is flourishing.

"We receive calls on a monthly basis and could have a building two times the size of ours and easily have it full," she said.

And then there are the skeptics who accuse the sustainable community of only catering to well-heeled patrons who can afford to be environmentally conscious.

"I think you really get a mixture of people who spend their money in these venues," said Shaw, editor of Conscious Choice. "The people that can afford it will obviously pay the premium, which makes some view it as an elitist movement, also referred to as eco-apartheid."

For environmentally friendly products to become truly mainstream, Shaw said it will ultimately require a turn on price. "No amount of conscience or moral superiority will get there," he said.

the board."

The building is divided into two wings, connected in a U-shape with a courtyard between them. The brothers plan to convert that courtyard into parking spaces, complete with electrical outlets for hybrid cars.

A new courtyard will be erected off the second floor. During a quick tour of the building, Baum pointed to a brick wall and said it will become mostly glass and open to a cafe.

"A 9,000-square-foot sky garden will be ... [part] of the courtyard," he said. Rain, collected in a cistern beneath the building, will be used to water the garden.

Along the raw ceilings, light sensors will be installed. They will cut off building lights to take advantage of natural light during the day, he said.

The rooftop, which enjoys unadulterated views of downtown Chicago, will also change, said Baum. He plans to install solar panels and a rooftop garden that will cover an entire wing of the building.

"We're not actually that green," he said. "We grew up recycling as kids, but we're not environmentalists."

His brother, Doug, who wears his head shaved and sports a leather jacket, agreed. "But we do really want to help be a catalyst for the green movement in Chicago," he said. The brothers say the building will also act as a construction laboratory. They intend to apply lessons learned from this project to future ones, and for good reason. By some estimates, the market for non-residential green buildings in the United States is \$43 billion a year.

While the extras will cost more than conventional construction, some experts estimate that going green can

eventually save as much as 20 percent of the total construction costs through reduced heating, cooling, lighting and water bills.

City paves the way

In Chicago, roughly 250 buildings, including City Hall, have--or will have--a "green roof," where a garden will help reduce the heat on a rooftop, thereby reducing summer cooling costs. The city also boasts 21 governmental facilities with solar-thermal technology, which uses the sun's energy to heat water.

"We're saving about 25 percent of our energy costs on our buildings that are green and about \$4 million a year just from lighting retrofits we've done," said Sadhu Johnston, commissioner for the city's environmental department.

Chicago, which many view as an incubator for green building, is known for expediting building permits for green construction and offering grant funds for solar panels and green roofs. Baum plans to take advantage of the city's help.

He expects construction to be completed by early 2008. His company estimates the average price for leasing space will be \$20 to \$30 per square foot, a relatively high rent for that area, particularly for office space, said Jim Kutill, vice president at Appraisal Research Counselors.

What's more, tenants may be expected to contribute to the building expenses for their spaces. Baum will provide them with a basic "vanilla box." How they choose to reconfigure it will depend on their needs.

Some argue that is a lot to ask of a tenant, in addition to other risks they'd be taking on.