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Talking Property

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Will going green add value?

Would you pay more for an energy-efficient house? Or one that was water-wise? When we polled our readers 62 per cent said they wanted the house they were buying to be eco-friendly, my first reaction was to ask; Are people just saying that?

Or are they following through and voting with their wallets.

Here is what you told us. The question posed was: Is the eco-rating of a home a major factor in your buying decision? And the answers were ...

Yes, absolutely: I would only buy a house that is designed to have minimal impact on the environment (27%);

Yes, it would be ideal if the house had some energy efficient measures installed such as solar panels or solar hot water: You can really make some good savings on your bill power bill and it also helps the environment (35%).

No, it's considered after other factors: A good eco-rating is nice to have however I will always first consider price and location (25%);

No, not at all: It's hard enough to find the right property without considering a property's eco-rating (12%).

Like I said it got me wondering. My feeling was that with the cost of housing having just leapt ahead in many parts of Australia, and the strong conservatism that has swept through consumer spending, many people would simply be happy to find something they can afford. Then again, you only need to look at the votes the Greens party received in the last election to know there is concern about the environment out there, so maybe that is translating to housing choice?

The whole question of eco ratings is pretty pertinent, given there's a move on to make energy rating mandatory across Australia for homes that being sold or leased. It's already in play for commercial spaces. See page 26 of this [Council of Australian Governments' document](#) where the council says it wants to "Phase in mandatory disclosure of residential building energy, greenhouse and water performance at the time of sale or lease, commencing with energy efficiency by May 2011." The group reasons that would make credible and meaningful information "publicly and readily available to market

participants to assist them in making lease/purchase decisions." The mandatory disclosure process could be modelled on that already enforced in the ACT.

If you take a look at houses for sale in the ACT you'll see that every one has an energy rating from 0-10. It's been that way since 1999. A 0-star rating is very poor and means the building shell does practically nothing to reduce the discomfort of hot or cold weather. A 5-star rating indicates good, but not outstanding, thermal performance. People living in a 10-star home are unlikely to need any artificial cooling or heating.

All good but will people pay for more efficient houses? There's an interesting government study, [Energy Efficiency Rating and House Price in the ACT](#), which found that if you've got two houses on the market that are pretty much the same except for their energy ratings, the house with the higher energy efficiency rating will command a higher price.

The study was based on 2005 and 2006 data, and ran various models. One found that "if the energy performance of a house improves by 1 star level, on average, its market value will increase by about 3 per cent (2.5 per cent in 2005 and 3.8 per cent in 2006). Therefore, if a property owner installs R4 ceiling insulation at an approximate cost of \$1200 they will, on average, improve the energy performance of a poorly insulated home by at least 1 star. This means that a detached house sold in 2005 for \$365,000 could fetch an additional \$8979 with only a 1 star improvement in energy rating".

That was before the surge in eco awareness of the last five years, and pre Al Gore's climate documentary, which seemed to have a big impact on the Australian psyche.

Seasoned ACT real estate agent Fran Coventry, from LJ Hooker Tuggeranong, says the energy rating of a house is a common talking point among her buyers. In older areas many buyers accept the houses will have a poor rating, but in newer spots where neighbouring homes tend to perform well, a poor rating will raise eyebrows. You can see why it would be important in Canberra – it gets pretty hot and cold there, and would be an expensive place to keep a draughty house comfortable.

Coventry goes so far as to suggest to vendors, that if they need to do anything to smarten up the home, they considering adding some energy efficient measures as they go. It could be something as simple as rubber-backed curtain and pelmets.

Angus Kell, NSW/ACT manager of building advisory service Archicentre, says its commonsense now that now people are more aware of environmental issues, and the rising cost of energy and water, that it would affect their property choices. He's says a well-designed house can slice a family's energy bill by one-third. Energy-saving bells and whistles can shrink the bills even further.

Would you pay more for an energy-efficient house? Or do you think it's a whole load of baloney?

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