

Growing importance of energy efficient homes « Mortgage Choice

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When you're looking to buy property, location, proximity to amenities, public transport and even architectural style are often high on many buyers' shopping lists.

A home's Energy Efficiency Rating, or EER, may not be as high on the wish list today. But with electricity prices rising, a home's thermal performance – that is, the amount of heating and cooling the dwelling will require to maintain thermal comfort throughout the year, could become a bigger priority for buyers and sellers alike.



Danielle King from [Green Moves](#) says she has no doubts that investing in improving the energy performance of your property will reap financial rewards in the near future.

“Owning a home is a long-term investment. Making it more energy efficient is also an investment, but it's one that can truly pay dividends. With electricity costs set to rise significantly, taking energy efficiency measures is about safeguarding against these impacts as well as reducing your impact on the environment and reducing your greenhouse emissions.”

“Taking steps to improve the energy efficiency of your home has the capacity to increase the value of your home and make it more attractive to prospective buyers.”

EER and new homes

The [Green Building Council of Australia](#) (GBCA) introduced minimum star rating requirements for new homes across all Australian states and territories in 2003. New homes have a star rating which is an assessment of the building's thermal performance (the amount of heating and cooling the dwelling will require to maintain thermal comfort throughout the year).

What affects a home's EER?

There are many factors that can affect a home's EER, the main ones being:

- a home's layout
- the construction of the roof, walls, windows and floors

- the orientation of the building on the site – where windows are placed, shading in relation to the sun and local breezes and generally how well the home suits the local climate

EER and existing homes

Homes are rated on a scale of 0 to 10 stars, with 10 being the most energy efficient. The higher the rating the less cooling and heated is needed to keep the home comfortable.

In April 2009, the [Council of Australian Governments](#) (COAG) agreed, subject to regulatory impact assessment requirements, to introduce a mandatory disclosure scheme across Australia to provide information about the energy, greenhouse and water performance of existing homes at point of sale or lease.

The scheme will require homeowners that sell or rent houses, flats and apartments to provide information to prospective buyers and renters about the energy, water and greenhouse performance of the home following a standard approach.

However, industry pundits suggest that getting all states and territories to agree on a national scheme by 2011 is looking highly unlikely.

Australian Capital Territory

In the Australian Capital Territory (ACT), it is already compulsory for real estate agents to include the mandatory disclosure rating in advertising materials for sale of a house.

The existing EER in the ACT only takes into account the thermal performance of the building structure and excludes installed heating and cooling, hot water systems and lighting.

When a nationwide mandatory disclosure scheme is introduced, it's anticipated that these additional elements will be included.

A report commissioned by the Australian Bureau of Statistics (ABS) investigated [the effect that energy efficiency ratings had on ACT house prices](#). It found that if the energy performance of a house improves by 1 star level, on average its market value will increase by around 3-5% per cent.

Queensland introduces Sustainability Declaration

Since January, anyone who markets or offers a house, townhouse or unit for sale in Queensland must complete what's called a 'Sustainability Declaration'. It's a mandatory checklist that the homeowner must complete before selling.

Getting started with energy efficiency

Homeowners should obtain an assessment/review to identify the best options for their home. The [Association of Building Sustainability Assessors](#) (ABSA) is a good place to start.

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