



MEDIA RELEASE

ENVIRONMENT AND SOCIALLY SENSITIVE TENANTS FORCE COMMERCIAL LANDLORDS TO UPGRADE BUILDINGS

Release date: 9 July 2008

Property and construction consultants Davis Langdon have developed a web-based measurement tool to assist commercial property owners to make decisions about the long term performance of existing buildings.

The Property Performance Review (PPR) tool, to be launched at this month's Property Council Congress in Cairns, allows owners to better understand where their building and their portfolio stands against new contemporary social and environmental standards.

It gives owners comprehensive advice on increasing building yield and making decisions on whether to refit or to remove a building from an existing portfolio mix.

Davis Langdon managing director Mark Beattie said increasing awareness of environmental constraints will quickly focus community attention on retaining the built environment rather than assuming it can be replaced with new buildings as freely as in the past.

"Realisation that building a new, albeit a more energy efficient building, will take some 300 years in efficiency gains to repay the embedded energy of that new building is starting to be a community consideration," said Mr Beattie.

"This realisation and a revolution among tenants of commercial buildings demanding improved social and environmental performance are driving the rethink of refurbishment options."

Mr Beattie warned that the trend is significant for owners of existing buildings who may soon find it uneconomical not to comply with new tenant expectations.

"The revolution to improve the performance of existing buildings is being driven by tenants demanding improvements in energy and water efficiency, local environment, greenhouse gas emissions, safety and accommodation for disabilities, and compliance with regulations," he said.

"Put simply, there are already examples of tenants refusing to take up space in buildings which are not 'green' and building owners who ignore these new requirements will see their buildings lose value and even become obsolete.

"This Property Performance Reporting, in conjunction with EC3 Earthcheck provides a considered system of indicators to assess systematically, benchmark and report information that enables the development of a considered plan to retain and grow property and portfolio value.



“There are significant benefits for building owners who listen to the demands of their tenants.

“Relative performance metrics indicate competitiveness in this changing market by indicating gaps and the opportunity for recurrent cost savings.

“Savings in consumption will become an improvement driver as electricity is set to rise from around 10 per cent of typical outgoings to more than 20 per cent once the full impact of the emerging Emissions Trading Schemes takes effect.

“Energy efficiency improvement projects will suddenly have an acceptable payback period which tenants will demand owners to pursue.

“This will be quickly be enhanced if the Australian Emissions Trading Scheme involves abatement credits with a market value.”

Mr Beattie said in the past, building improvements were only considered economically viable if large tenants demanded them.

“Now smaller tenants are joining the race,” said Mr Beattie. “As the vast majority of buildings are relatively medium to small tenancies, the cost until now has been thought to be the only issue.

“Even these smaller to medium tenancies will have to face up to an increase in costs to achieve the higher standards and building owners will need to contain rent increases to remain competitive.”

Property performance reports provide owners with information on energy, water and waste to landfill and can provide an assessment of how a building’s current emissions perform against similar properties of similar footprint and climate zones.

Reports provide a general performance indication against tools including Australian Building Greenhouse Rating, Green Star, Commonwealth greenhouse gas targets, the Global Reporting Initiatives, Green Building Fund criteria, Property Council of Australia Office Grading, international environment and health standards and current building and compliance standards.

It gives owners a triple bottom line assessment of their property’s value in terms of building condition, environmental sustainability and social equity.

“Owners need to know what has to be done to compare with tenant expectations and how much it will cost,” said Mr Beattie.

“Armed with knowledge, they can make informed business decisions to retain, enhance or divest their assets.”



For further information, contact Barney Murray at Promedia Public Relations on 07 5593 2011 or barney@promedia.com.au.

Davis Langdon offers delivery and risk management services for construction, infrastructure and property ownership throughout Australia and New Zealand and internationally. Areas of business activity include Cost Management, Project Management, Building Surveying, Advisory Services, Certification Services, Specification Services and Urban Planning.