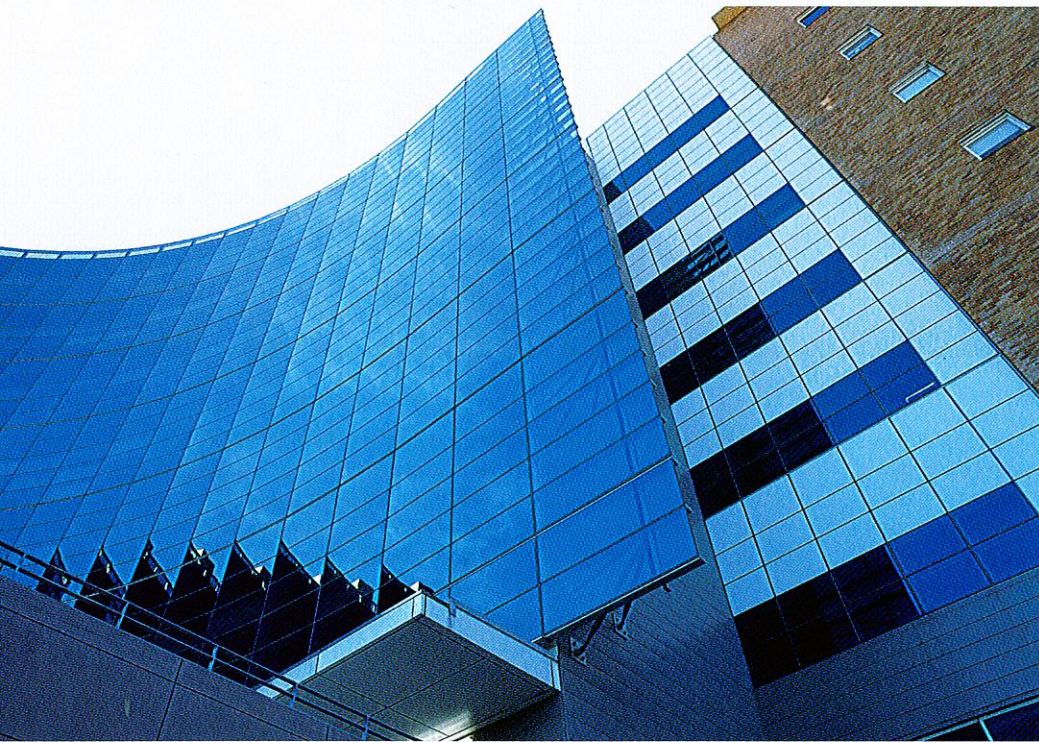


KNOWLEDGE IS POWER

MORE AND MORE TENANTS ARE DEMANDING GREEN OFFICE SPACE, POSING A PROBLEM FOR OWNERS OF OLDER BUILDINGS. ACCORDING TO **MARK BEATTIE**, KNOWING THE ENVIRONMENTAL PERFORMANCE OF YOUR BUILDING IS THE FIRST STEP TO AVOIDING BUILDING OBSOLESCENCE.



Buildings become obsolete for any number of reasons, but with today's rapid movement towards green buildings, another level of obsolescence has been created. This change is arguably the largest shift in user expectations since the introduction of air conditioning and is set to continue over the next decade.

While green features such as open windows and reduced lighting costs are already on the short list of desirable items, users are now demanding higher standards of sustainability for the space they occupy. They require buildings with less reliance on energy and lower building running costs. This means alternative, more appealing plant and equipment solutions.

There is little a building owner can do about an existing property's orientation, but new standards put demands on power usage options, including effective internal climate management and ventilation controls. The "need for green" can significantly impact building obsolescence, with "less green" existing stock becoming less competitive over both the short and long term.

Some of the reasons for this new level of building obsolescence include:

- Smart tenants with sustainability/social responsibility in their business charter. These building users, along with their discerning employees, are driving change at a grass roots level. This will continue as the new generation of environmentally aware Gen Y workers enters the employment cycle. They have no hesitation in asking why they are expected to work with a company that does not respect the environment.

- Employers competing for staff in a tight employment market. Employers are recognising that competition for staff means working conditions are playing a big part in prospective employees' decision-making processes. Employers are responding by offering conditions that align with Gen Y lifestyle and needs. These include buildings that provide adequate facilities for those walking or cycling to work, showers, bicycle ►

Some buildings offer significant green challenges depending on orientation including the Concord Hospital, Sydney (above).



Right: Open windows and reduced lighting costs are already on the short list of desirable green features like this building in Melbourne's Docklands.

Below: Mark Beattie



storage, fresh air, open spaces, good natural lighting and effective energy management systems – all attributes of a green building.

- Shareholder sustainability and ethical investments that are taking a critical look at companies who cannot demonstrate good corporate governance of environmental and sustainability issues.
- Expectations of clean working environments from existing employees, who are beginning to expect that they will be able to work in a healthy environment. These expectations in a tight employment market command a new look at existing buildings, their interiors and their energy usage.
- The introduction of environmental business management systems such as ISO 14001. More employees are recognising the significance of these environmental standards and OH&S obligations, which provide a sound guide to assuring environmental issues and building safety are reviewed, managed and resolved for the work place. These issues focus on matters such as asbestos, legionella, slips, trips and falls, waste, water consumption, recycling, energy and energy management, lighting controls and land fill. If existing building stock cannot match these standards they are unlikely to be at the top of a tenant's shopping list.

Building health check

In view of these drivers towards building obsolescence, portfolio owners would do well to reflect on how the new expectation of green buildings is going to affect them.

They would also be wise to undertake a critical examination of each of their existing buildings to assess what needs to be done to remain competitive in a changing market.

This examination might also be the opportunity to audit stock for ongoing compliance with new emergency safety requirements. It is clear from assessments undertaken by Davis Langdon that over 50 per cent of properties audited do not meet current BCA requirements. Faulty exit lights, expired fire extinguishers, blocked exit doors, noncompliant fire doors, escape doors locked, incorrect ventilation

and ineffective plant maintenance are all too familiar in existing buildings. If you add the typical inadequate DDA risk assessments, uncontrolled traffic management and contractors working in unsafe workplaces in your building, it is easy for prospective tenants to justify the additional cost of new and green buildings and go elsewhere.

Clearly some portfolio managers are responding to these new and higher challenges. They are carrying out obsolescence risk assessment affecting their properties and including the cost of meeting higher standards in their CAPEX and remedial works budgets.

There are some simple measures of building performance, using risk assessment tools, that enable buildings to be critically assessed and compared. Assessments should be uniform and consistent across the portfolio, with measureables such as physical condition, green imperatives, social norms and longevity initiatives. This provides uniformity and consistency in the assessments, which need to be based on objective evidence of compliance.

Performance risk assessments also identify those items that do not comply and enable each property to be benchmarked. A property risk assessment comparator clearly identifies those high-risk health, environment and compliance issues requiring immediate action. The property risk comparator is also a useful tool for owners to implement continuous improvement of their property in accordance with other planned and scheduled maintenance.

The property risk comparator is also the tool for owners of existing property to see how off the mark they are in comparison to the new green stock coming into the market. Property managers can then disclose and offset any uncertainty in a prospective tenant's mind, particularly if they are considering a green tenancy alternative. It also allows the property to be compared to its competitors.

Owners are better off knowing the environmental performance of their buildings now, before it becomes a problem, and then plan for progressive improvement. ☞

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