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Buildings reach for the stars in 'green' quest

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Major commercial buildings in Australia worth a total of billions of dollars are going green with gusto, with the number of new office developments registered for the Green Star rating process more than doubling from 160 to 401 in just seven months, from April to October this year. Twenty four of these are in WA.

The new green paradigm - driven largely by demand from tenants seeking an optimal working environment - means non-green developments are likely to be devalued in the market, according to industry experts.

And in order to encourage the greening of existing buildings - which account for about 98 per cent of office space - the Property Council of Australia is urging governments to provide owners with a monetary incentive because upgrading to a higher green status carries a hefty price.

To retrofit these buildings, either by tarting them up, totally refurbishing them or rebuilding, would cost hundreds of millions of dollars.

Joe Lenzo, executive director of the WA division of the Property Council, says progress has been made with the Federal Government, which is considering an incentive of accelerated depreciation.

"If you spent the money to retro-fit your building to a Green Star, you would be able to depreciate that very fast and that is a tax incentive," Mr Lenzo said. "That is being discussed at the moment."

Green Building Council of Australia (GBCA) chief executive Romilly Madew agrees that incentives are needed.

"The GBCA would like to see government drive the uptake of the Green Star rating tools through incentives such as faster planning application, bonus densities, grants and tax concessions for building green," she said.

As well as building or revamping properties so they attain GBCA Green Stars - which involve a series of criteria including energy, water, indoor environmental quality and emissions - developers are also aiming for high Australian Building Greenhouse Rating (ABGR) levels which are awarded for improved energy efficiency.

Tuning an existing building up from a one-star ABGR rating to three or even four stars can be done with clever modifications to energy usage and the resulting power savings and greenhouse gas reductions are dramatic.

So far only three projects in Australia have been refurbished to achieve a Green Star rating. These are the GBCAs Melbourne office at 500 Collins Street, 40 Albert Road also in Melbourne, and 50 Pitt Street in Sydney, an office owned by Perth-based company Hawaiian.

As one industry leader put it, green ratings are a bit like airbags in cars - once they were a luxury but now they are standard.

"This year it has really transformed such that any new, investment-grade office building will now be a green building and have a Green Star rating," said Simon Carter, national leader of sustainability at Colliers International.

"Not only do we have the supply of green buildings in Australia but we now have demand from tenants so we have got the basis for a green building market.

"This will maybe put premium value on some greener stock but what will most likely happen in a market where green is standard is that non-green developments will be devalued."

Apart from tenants, other major drivers of the new phenomenon are governments and landlords.

"You dont want to be the landlord with the non-green new development," Mr Carter said.

The massive shift in thinking by the Federal Government to accept the impact of greenhouse gases on climate change has also prompted the move to green and State Governments are increasingly demanding green accommodation.

According to the Australian Greenhouse Office, the building sector has a significant impact on the environment and accounts for 10 per cent of Australias greenhouse emissions, 12 per cent of water consumption and up to 40 per cent of total energy.

Buildings also produce 40 per cent of landfill waste and 40 per cent of air emissions across the nation. The global target is to cut greenhouse gas emissions by 60 per cent by 2050.

Last month a \$1.5 million interactive web-based tool dubbed Your Building was launched to help developers, owners and tenants minimise the ecological footprint of the design, construction and operation of commercial buildings.

The Federal Government, via the Australian Greenhouse Office, provided \$750,000 to start the project which was a joint initiative with the Co-operative Research Centre (**CRC**) for **Construction Innovation** and the Australian Sustainable Built Environment Council (ASBEC).

CRC for Construction Innovation chief executive Keith Hampson says the built environment exercises an enormously important role in terms of sustainability in the community. "Its about water usage, its about energy usage, its about CO2 emissions, and we can do better," Dr Hampson said.

One of the barriers to uptake of sustainability options was that the developers spent the money but the occupiers reaped the benefits. "But the occupiers are now saying: We have to have a sustainable building or else we are not going to rent it," he said.

Going green is seen as future-proofing buildings so that they dont descend rapidly into obsolescence.

"It makes good economic sense now," Mr Lenzo says. "It is no longer something that you might think about because the market is demanding it."

It has been estimated that to incorporate green features adds 1-5 per cent to the cost, an outlay experts say is readily retrieved by lower costs for energy, water and waste disposal.

It has also been shown there are advantages in terms of the ability to attract and retain staff, productivity increases and reputation.

The Property Council of Australia revamped its grading system for office buildings last year and now any new developments vying to be classified as premium or A grade buildings need to have at least a GBCA four Green Star rating. However, several new premium developments are reaching for the stars and aiming to have the maximum rating of six stars.

Council House Two (CH2) in Melbourne is the first project to achieve a six Green Star certified rating.

In WA, the "big four" offices registered for five stars are one40william (CBus Property), Bishops See (Hawaiian and Multiplex), Raine Square (Saracen) and Century City - 100 St Georges Terrace (ISPT).

Last month 167 Westralia Plaza became the first new building in WA to achieve a four star Green Star - Office Design rating.

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