

Building owners turn shade of green

WITH Earth Hour only a week away, property owners and investors are turning their attention to all things green and sustainable.

One body, the Australian Direct Property Investment Association has joined its peers in making a formal commitment to the fostering of sustainability. It aims to help its members understand and promote the economic and social benefits that sustainable property investment brings.

Every new building planned for the CBD, such as Mirvac's proposed skyscraper at 8 Chifley Place, must adhere to the new green rating system and match stringent sustainability requirements. GPT's new Rouse Hill development is another project that was built to very high green standards.

The association president, Linden Toll, said that while many in the industry were still sceptical about the economic benefits of environmental sustainability, the mounting evidence to the contrary needed to be understood. The association, set up in 1999, is the peak industry body representing the \$20 billion direct property investment industry, with more than 250,000 investors.

"We conducted a survey of our members in September last year, in which sustainability was not rated as an important priority for [the association] for the next 12 months," Mr Toll

said. "Our members were not alone in the view that the link between sustainability and investment returns was tenuous. Primarily, the lack of investment engagement has been attributed to the belief that sustainability costs more.

"However, recent research has started to show that investment in sustainability delivers greater returns, tighter yields, better lease covenants, rent premium and lower out-goings. Accordingly, our members now want more engagement on these matters."

Mr Toll said that at last year's association conference members heard that making buildings environmentally sustainable could reduce annual running costs, add to market value by about 10 per cent and increase rents between 5 and 10 per cent.

Additionally, at the recent Green Cities Conference in Melbourne, 1200 delegates heard that buildings built with a focus on sustainability and nature were producing fewer sick days and enhanced productivity for its tenants.

Mr Toll said improved sustainability measures in the property industry had the ability to flow through to the entire business and industrial sectors, and that this in turn would affect fund manager returns.

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