

24 February 2009

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Mandatory Disclosure of Commercial Office Building Energy Efficiency

Davis Langdon is a worldwide consultancy to the property and construction industry, has 11 offices in Australia and the company has a total of 101 offices around the world, employing around 5,300 professionals and support staff across a number of professions including project management, quantity surveyors, engineers, building surveyors, auditors and others.

Davis Langdon is a leading industry participant with active involvements with the Property Council of Australia, the Green Building Council Australia, employs NABER and Greenstar assessors and is active in researching the cost and benefit of "retro greening" Australia's commercial office building stock.

We write in support of Mandatory Disclosure of Energy Performance for commercial buildings. We agree that disclosure will increase awareness amongst occupiers and prospective occupiers about the building performance. However, we suggest in the absence of other drivers (such as Green Depreciation) it will act only slowly to improve energy performance of our building stock.

It is essential, that awareness translate to improvement. Effective improvement, in our view, will be derived in part from competitive tension in the property market which will be driven by tenants if disclosure leads to reasonable comparisons between buildings. Other drivers will be necessary.

Inclusion of Tenancy Areas in the Disclosure

We fear that inclusion of tenancy area disclosure, to be added to base building disclosure, will distort and prevent comparison between buildings because:

- Tenants use their space very differently such that a tenancy mix in one building might derive a very different disclosure amount from another building with a different tenancy mix.
- Within a building the tenancy spatial area changes over time and so energy consumption will change over time.
- Within a building the quantum of unleased space can change and have the affect of apparently improving the disclosed efficiency.

Davis Langdon believe, therefore, that the Mandatory Disclosure should apply to the base building only.

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Energy Efficiency Assessment Report

Davis Langdon strongly supports the inclusion of EEAR but believes it should have a validity of no more than five years (in lieu of seven years) for the following reasons:

- The total building stock is already comparatively old in Australia and performance improvement opportunities become progressively more dependent on larger capital injections as the building ages.
- Tenant sentiment and community expectations are changing more rapidly suggesting a building owner should complete a “gap analysis” more frequently. The requirement to provide an EEAR as five yearly (maximum) internal will encourage action by owners.

Davis Langdon also wish to point to the lack of benchmark information available to tenants in assessing their building or prospective building. Equally, owners find it difficult assess their buildings performance against contemporary tenant expectations. A NABERS rating will provide an energy benchmark but distort it if it includes tenancies (as discussed above). But building performance also includes other criteria, such as indoor environment quality, water efficiency, waste management, access to public transport and the like.

Davis Langdon is actively promoting to owners the need to improve their buildings performance across all these criteria via a web based assessment tool that provides a diagnostic and a strategy for improvement.

Davis Langdon requests consideration of its assessment tool, that it be an acceptable response by owners complying with the EEAR.

Thank you for the opportunity to provide this submission.

Yours sincerely



Mark Beattie
Managing Director