

COMMON CENTS

ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT IS A PROVEN MONEY-SAVER IN THE COMMERCIAL PROPERTY SECTOR, AND BIG BUSINESS IS REALLY CATCHING ON, SAYS **EDWINA IKIN**.

Since the late 1990s, there has been a considerable shift in evaluating environmentally sustainable development. Now, far more than just a building's eco-sensitive, money-saving characteristics is taken into account.

According to industry experts, it is also the contribution to its occupants' well-being, as well as adding to a city's character, that will determine a development's worthiness. And big business is only just beginning to realise what developers have known for some time – that ESD, integrated with these other considerations, equals true value for money.

"Green is a part of the overall issue, but we need to ensure our cities are culturally sustainable, socially sustainable – that they architecturally respect the hierarchy of the city and that they promote the wellbeing of the occupants," says Michael Drapac, executive director of Drapac, a Melbourne-based property developer and investment management group. "Integration is key to comprehensive sustainable development."

Drapac believes that to ensure ESD becomes truly mainstream, the current concept of 'value for money' in commercial properties must be redefined.

"People understand the value-for-money proposition in just about every other aspect of their lives, whether it's with cars, food, clothing or housing, but most just don't get it with commercial space and it should be a basic principle. Things are improving, but the industry as a whole needs to take responsibility to educate the decision-makers," says Drapac.

For investors, the advantages offered by a quality building are clear. They include an increased functional life of the building, increased tenant retention, increased rental returns, higher capital values and decreased statutory costs. A major hurdle for developers, though, is tenant attitudes, and tenants are ultimately the decision-makers.

"Many developers are committed to great things regarding ESD design, but their plans keep getting 'de-spec'd' by tenants," says Drapac.

Value for money

A recognised benefit of ESD is a significant decrease in a company's operating costs, but the belief that offices built around the principles of ESD are prohibitively expensive is still pervasive. In fact, the opposite is true, with only a nominal initial investment required. This has been the case for several years, but developers are finding it challenging to get the message across.

"In terms of implementing ESD initiatives, we're not talking about spending huge amounts of money. It's generally between five and 15 per cent of additional capital expenditure to improve environmental performance," says Ashley Wain, director of Drapac. "And that five per cent represents enormous value for money in terms of the building's environmental footprint."



The most prudent business decision a company can make is to choose high-quality office accommodation for its staff.

"Buildings do consume an enormous amount of energy. However, improving the energy performance of buildings is a relatively low cost proposition, so again, it's educating the decision-makers – usually the occupants – as to what the value-for-money proposition is, which will make the difference," says Wain.

ESD offers other advantages to business, which contribute significantly to profits. These are increased staff productivity, improved staff wellbeing and increased levels of staff retention.

The group cites the study of Adrian Leaman, a leading UK occupant productivity specialist. Leaman definitively states that there is a 30 per cent difference in productivity between staff who work in high-quality premises and staff who work in mediocre premises. Leaman concluded that a quality building demonstrates to staff that they are valued by their employer, by providing them with a high level of amenity. A work environment that provides a high level of amenity produces happier and healthier staff, therefore decreasing absenteeism and increasing staff retention and productivity.

A company that bases itself in quality, environmentally sustainable premises also experiences an enhancement of its public image. As Drapac puts it, "The most prudent business decision a company can make... is to choose high-quality office accommodation for its staff."

Amongst other considerations, business' traditional attitude to rent will need to evolve in order to fully appreciate the total value-for-money equation. Rather than be considered an isolated cost, rent is beginning to be viewed by forward-thinking companies as an integral investment in business profitability.



Above: Drapac's 212 Victoria Street, Melbourne is aspiring to a 6-star Green Star rating.



Left: Ashley Wain



Above: Michael Drapac

Left: Ashley Wain says it's about educating the decision-makers - usually the occupants - as to what the value-for-money proposition is, which will make the difference.

New development

Already attracting the interest of progressive businesses is Drapac's 212 Victoria Street in Melbourne. The development is currently at planning stage and due to be completed in 2009, with the goal set of achieving a six-star Green Star rating. Such a rating would reflect the proposed state-of-the-art office and retail development's intended status as one of Melbourne's most sustainable and energy-efficient buildings.

An adjustable double façade will minimise the impact of the afternoon sunlight, while co-generation energy will provide power to the building, resulting in a reduction of greenhouse gas emissions. An underfloor air distribution (UFAD) system will provide greater indoor air quality than traditional air conditioning systems, while waterless urinals, automatic sensor taps and automatic sensor lighting will operate in all amenities. There will also be water recycling, waste storage recycling and materials recycling. In addition, staff will get to use a secure cycle storage facility, along with shower and change rooms.

212 Victoria Street will target small to medium-sized businesses that are looking to own or lease premises with the latest ESD features.

"We have been actively employing sustainable principles for a long time, going back to the early 90s," says Drapac. "But in addition to pursuing ESD initiatives - let's not forget the other principles of what creates a great city - and what leads to true sustainability. We must integrate ESD initiatives into a broader comprehensive strategy to ensure that we maintain the great traditions of our cities and towns.

"In the early 90s we had a depressed property market and there was a sudden demand for inner-city apartments... A lot of the buildings being constructed were soulless, sterile and certainly weren't harmonising and honouring the great design traditions that define the city of Melbourne," says Drapac.

He sees an important role for big business and government in redefining value for money, "plus a responsibility to maintain and sustain the traditions of our great cities - and our cities are defined by their architecture and the spirit of the people.

"Creating great buildings and cities promotes the human spirit, so embracing a comprehensively sustainable approach to development will be the best investment decision business and government could ever make," says Drapac.

Innovation in ESD initiatives has been so swift that it is inevitable that "regulations can lag market forces" say Drapac. This doesn't concern industry leaders, as they work with the Green Building Council of Australia (GBCA) to ensure that the evolution of the rating tool will be on-going, comprehensive and industry-led.

"Great places should nurture and provide for the deeper needs of the human being," says Drapac. "Individuals are increasingly aware of their personal impact on the environment, and now not only welcome ergonomic and aesthetic initiatives in their office environment, but also eco-friendly ones."

An employer who considers both is already sought-after by a select group, that will grow larger and influence the decision-makers. ESD initiatives are an investment in our cities, occupants and economy - it can only be a matter of time before business demands them, and they are an intrinsic element of every new commercial development. ☐