

Media Release

1 January 2018

Sustainability Sells - The Real Deal

In a tightening market where apartment sales are slim and buyers have the beauty of choice, a point of difference that offers a win-win like no other has outweighed other 'perceived' aesthetic wants that many developers are promoting in new and off-the-plan apartment projects.

Innovative technologies that achieve 24/7 energy savings, improved liveability, and more community-enriched places to call home are influencing buyer decision-making. The longevity of building structure and building performance has become paramount.

Now, hard evidence of buyer decision-making has been released.

Findings from an important buyer survey conducted by IPSOS and West Australia's largest award winning 'green' apartment developer PSAROS confirms that sustainability weighs heavily in the buyer decision making process.

In fact, 25 percent of their buyer base,¹ chose their product *over all comparable others* on the market due to the sustainability 'green building' features on offer with Solar PV electricity generation capabilities being the biggest point of difference.

This is a significant number of sales that may have otherwise not occurred.

Solar 'clean energy' technology ranked amongst the top 5 attributes when deciding against other competing property of a similar price, size and locale. In particular, respondents prefer cheaper 24/7 electricity rates and no infrastructure maintenance rather than benefit from direct solar ownership alone.

¹ Psaros Sustainability Survey, 2016.

Furthermore, of the 25 percent of respondents that chose their apartment for sustainability features, green initiatives were rated highest at 64%.

Surprisingly, investors have placed the value proposition of sustainability higher than owner-occupiers – debunking the myth that landlords are less inclined to favour this due to a perceived ‘spilt-incentive’.

Buyers see better performing buildings with efficient technologies as a way to potentially achieve higher resale value, improve rental yield and ensure the longevity of their investment. What this means is they understand better performing buildings will outperform comparable buildings now and in the future, offering them a smarter long-term investment choice.

But why is it that many mid to large multi-residential developers and their influencers have not yet been convinced?

The short answer is – many developers don't realize the level of demand buyers have for sustainability features and if they have a hunch, they don't know how to sell it to get a return on the investment made.

There are also those who just don't want to believe it.

Many are also unaware that nearly 24 percent of West Australians² (1 in 4 households) have paid for rooftop solar energy out of their own pockets, proving the level of demand for such technology exists.

The pioneers of change – leading and sharing knowledge through world-class innovative property development have also tried to influence the industry in WA through demonstration, but with little traction to date.

And until now, longitudinal hard evidence of the buyer experience, from ‘off the plan’ purchase to occupancy in these better performing apartment buildings has been lacking.

And now buyers have moved in, they are experiencing the benefits in cost savings (energy bills) and also have expressed that many of the sustainability features are meeting their initial expectations.

² 1. Latest data as of 5 September 2017 - <http://pv-map.apvi.org.au/historical#4/-26.67/134.12>

From this research, it is evident that discerning apartment buyers (landlords and owner occupiers alike) recognize the value of sustainability features as a true point of difference – so much so it is influencing them to buy.

But equally important to the buyer and the developer is the clarity to which the sustainability message is relayed to the buyer.

Selling agents and marketing teams are absolutely vital, if not pivotal, to the whole delivery of better performing buildings and the return on investment made on behalf of the developer. Both teams are absolutely crucial to realizing the value proposition – both for the buyer and the developer.

Investing in the selling agent, improving their knowledge so that they can in fact ‘sell the sizzle’ that resonates with the buyer base will help generate and deliver intended results.

In a nut shell – you’re only as good as your sales team who understands the pitch! The selling and marketing teams that know your product, are passionate about what it offers and have the right communication strategy to point out the unique benefits will most certainly influence and increase your sales success.

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