

Effect of Energy Efficiency Rating (EER) of Dwellings on Sale Prices in the ACT 1999-2023



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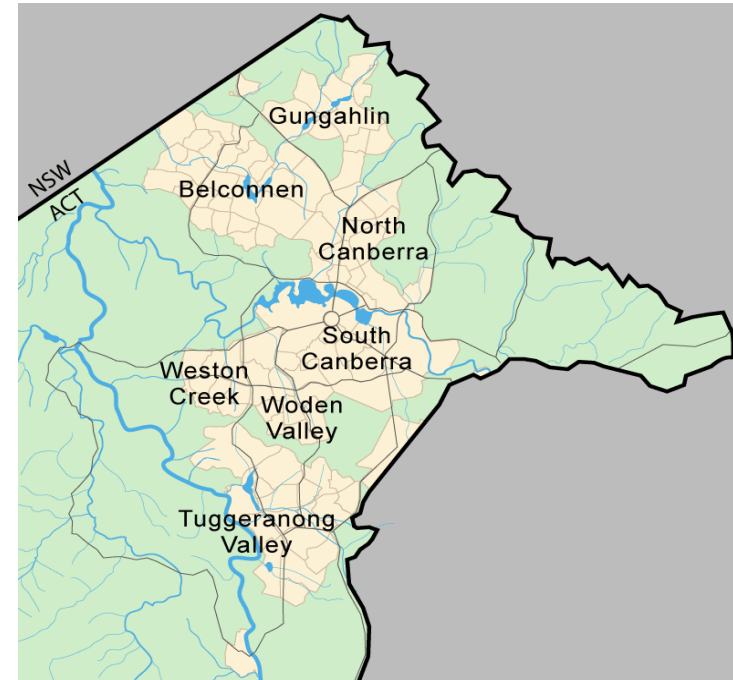
Introduction

- ▶ Energy Efficiency Ratings (Sale of Premises) Act 1997
- ▶ Requirement for EERs in effect in 1999
- ▶ Civil Law (Sale of Residential Property) Act 2003
- ▶ Initially studied across 153 months in quarterly intervals until 2012, and on a monthly basis thereafter
 - ▶ Relationship between EER and prices was weak
 - ▶ Proximity of worst rating dwellings to the city centre
 - ▶ Mean price used instead of median price
 - ▶ Best rating dwelling-type (apartments) priced low



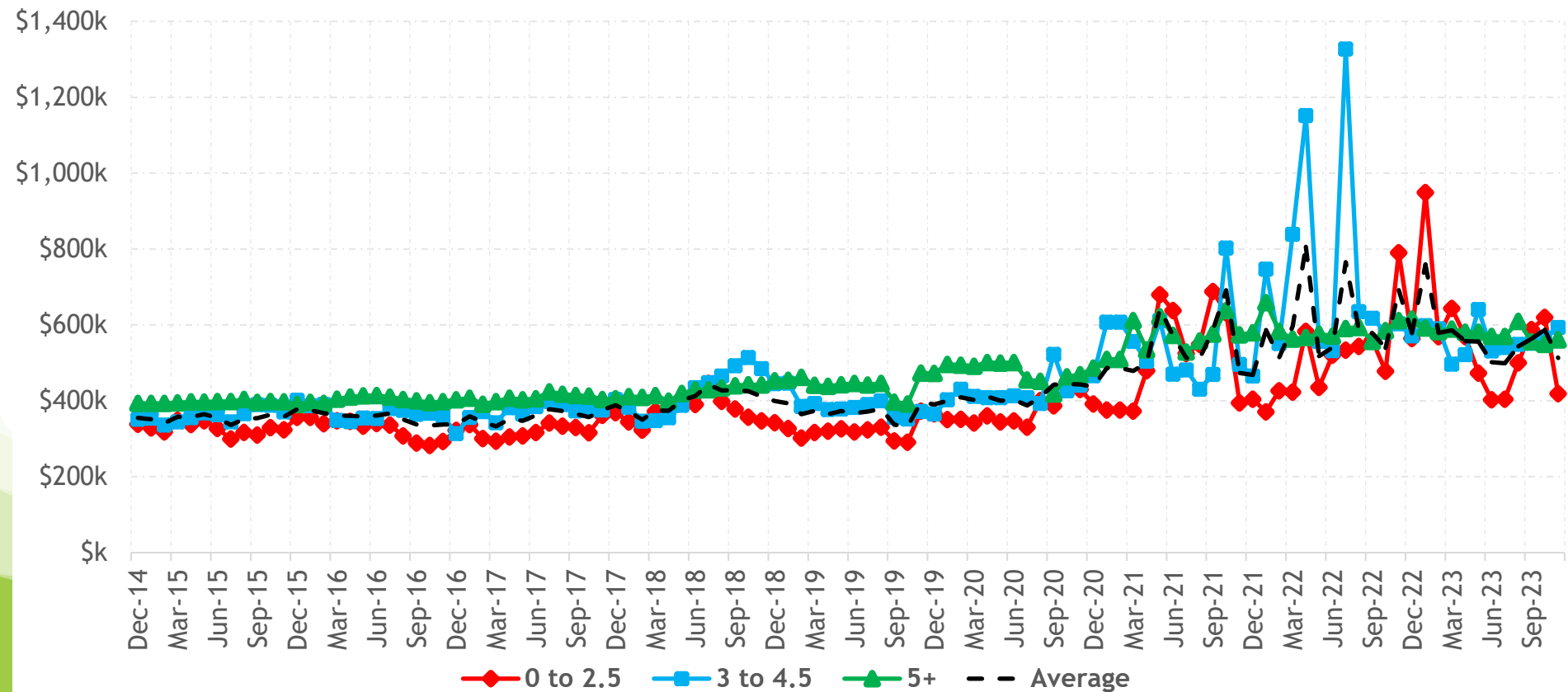
Revised Methodology and Rationale

- ▶ Properties in each suburb are grouped to 6 larger suburb regions (Gungahlin, Belconnen, Inner North, Inner South, Woden/Weston Creek and Tuggeranong)
- ▶ Weston Creek is expanding to its west with extensive medium density green-fields development of Molonglo
- ▶ Properties in each suburb region are grouped
 - ▶ Dwelling classification (Apartment/Units, Houses, Townhouses)
 - ▶ EER groups (0-2.5 star, 3-4.5 star, 5+ star)
 - ▶ Median prices
- ▶ Better data representation
 - ▶ Account for occasional outstandingly high advertised price
 - ▶ Price of each dwelling type differs significantly
 - ▶ More inefficient housing located in inner regions still obscuring \$/EER trends



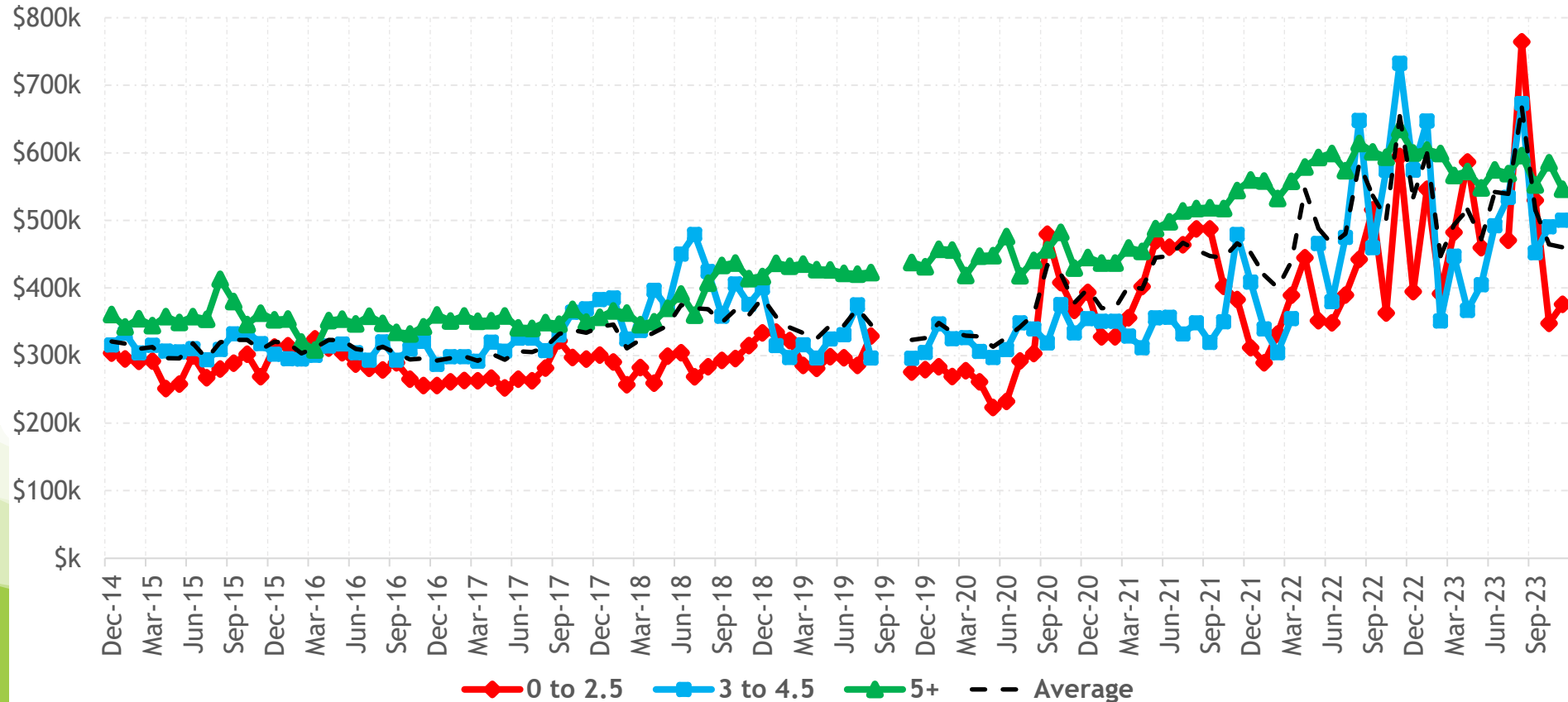
Key Results - Apartments/Units

Median Price for Apartments and Units in Whole of Canberra



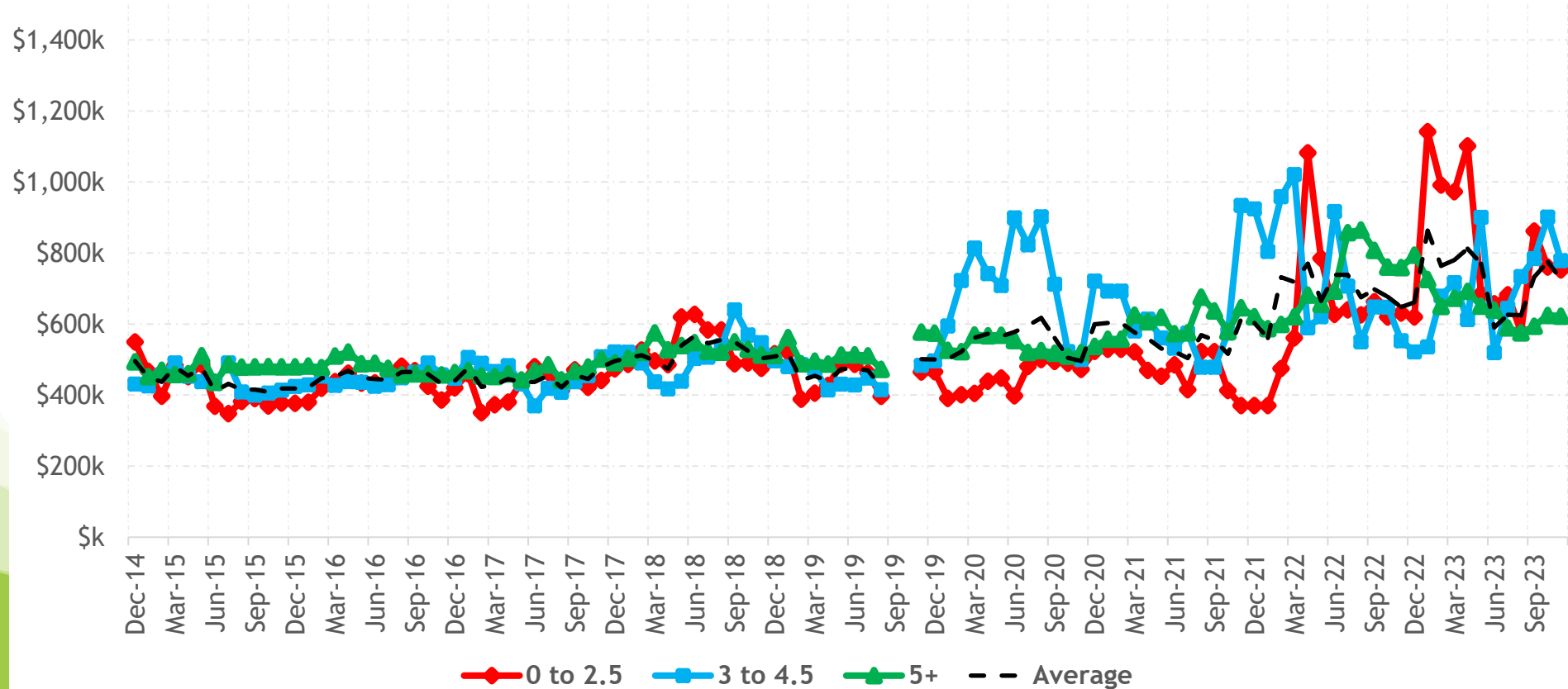
Key Results - Apartments/Units

Median Price for Apartments and Units in Woden/Weston



Key Results - Apartments/Units

Median Price for Apartments and Units in Inner South



Key Results - Apartments/Units

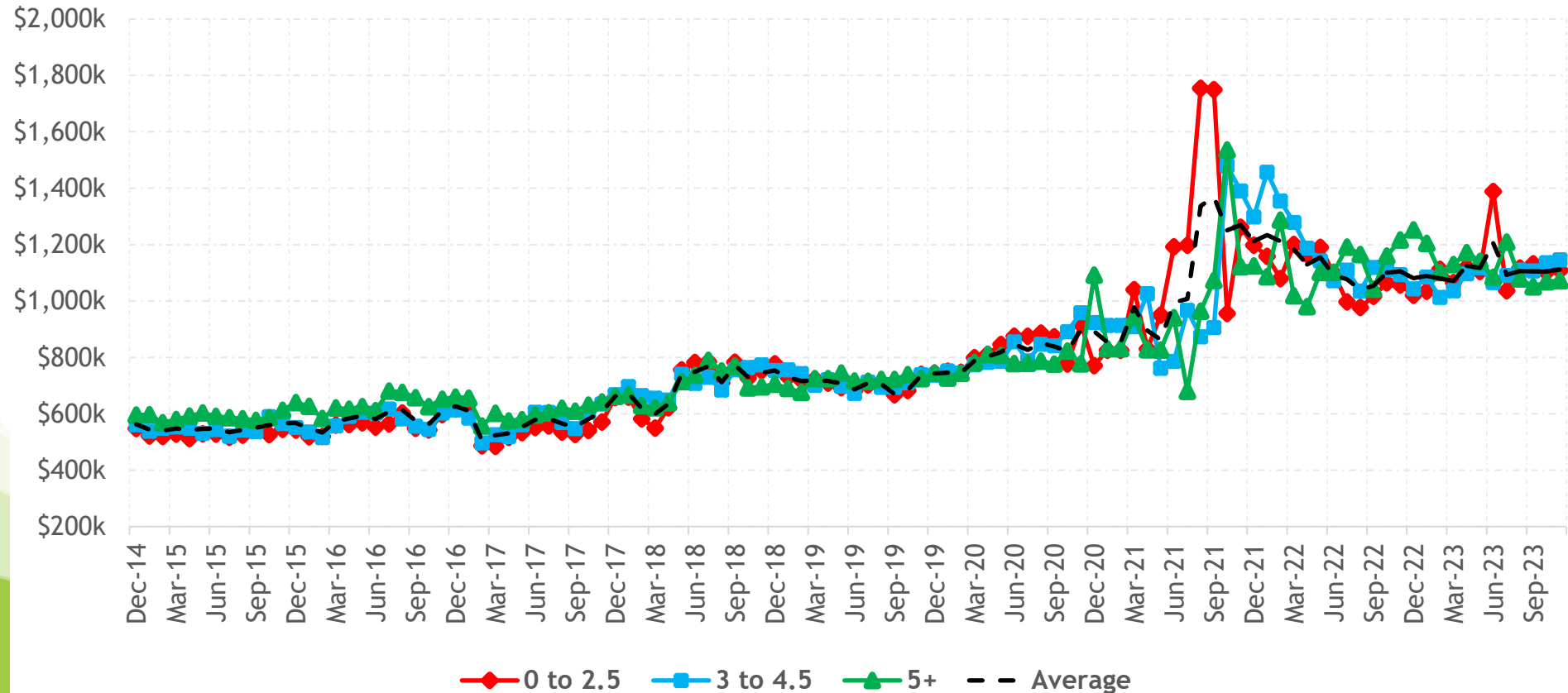
Average sale premiums for Apartments and Units in the past 12 months

| Property Type | Suburb Region | Description | Average Sale Premium in the Past 12 Months |
|------------------|--------------------|-------------------------------|--|
| Apartments/Units | Belconnen | 3 to 4.5 star - 5+ star | -5.10% |
| | | 0 to 2.5 star - 5+ star | -4.24% |
| | | 0 to 2.5 star - 3 to 4.5 star | 0.91% |
| | Gungahlin | 3 to 4.5 star - 5+ star | -2.08% |
| | | 0 to 2.5 star - 5+ star | -1.82% |
| | | 0 to 2.5 star - 3 to 4.5 star | 0.27% |
| | Inner North | 3 to 4.5 star - 5+ star | -1.50% |
| | | 0 to 2.5 star - 5+ star | 18.99% |
| | | 0 to 2.5 star - 3 to 4.5 star | 20.80% |
| | Inner South | 3 to 4.5 star - 5+ star | -5.34% |
| | | 0 to 2.5 star - 5+ star | -20.86% |
| | | 0 to 2.5 star - 3 to 4.5 star | -16.39% |
| | Tuggeranong | 3 to 4.5 star - 5+ star | -8.06% |
| | | 0 to 2.5 star - 5+ star | -2.54% |
| | | 0 to 2.5 star - 3 to 4.5 star | 6.00% |
| | Woden/Weston Creek | 3 to 4.5 star - 5+ star | 14.35% |
| | | 0 to 2.5 star - 5+ star | 19.04% |
| | | 0 to 2.5 star - 3 to 4.5 star | 4.11% |
| | Canberra | 3 to 4.5 star - 5+ star | 2.78% |
| | | 0 to 2.5 star - 5+ star | -1.95% |
| | | 0 to 2.5 star - 3 to 4.5 star | -4.61% |



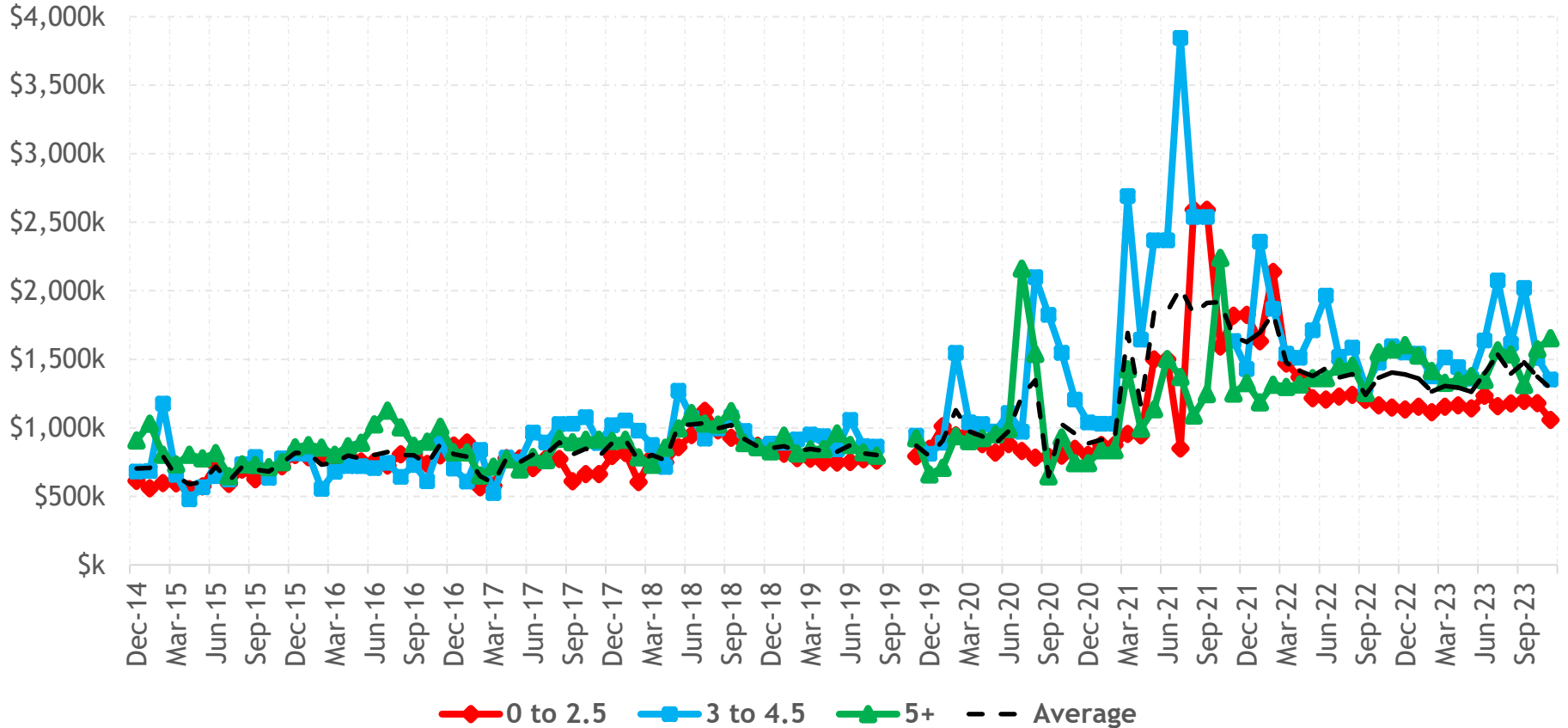
Key Results - Houses

Median Price for Houses in Whole of Canberra



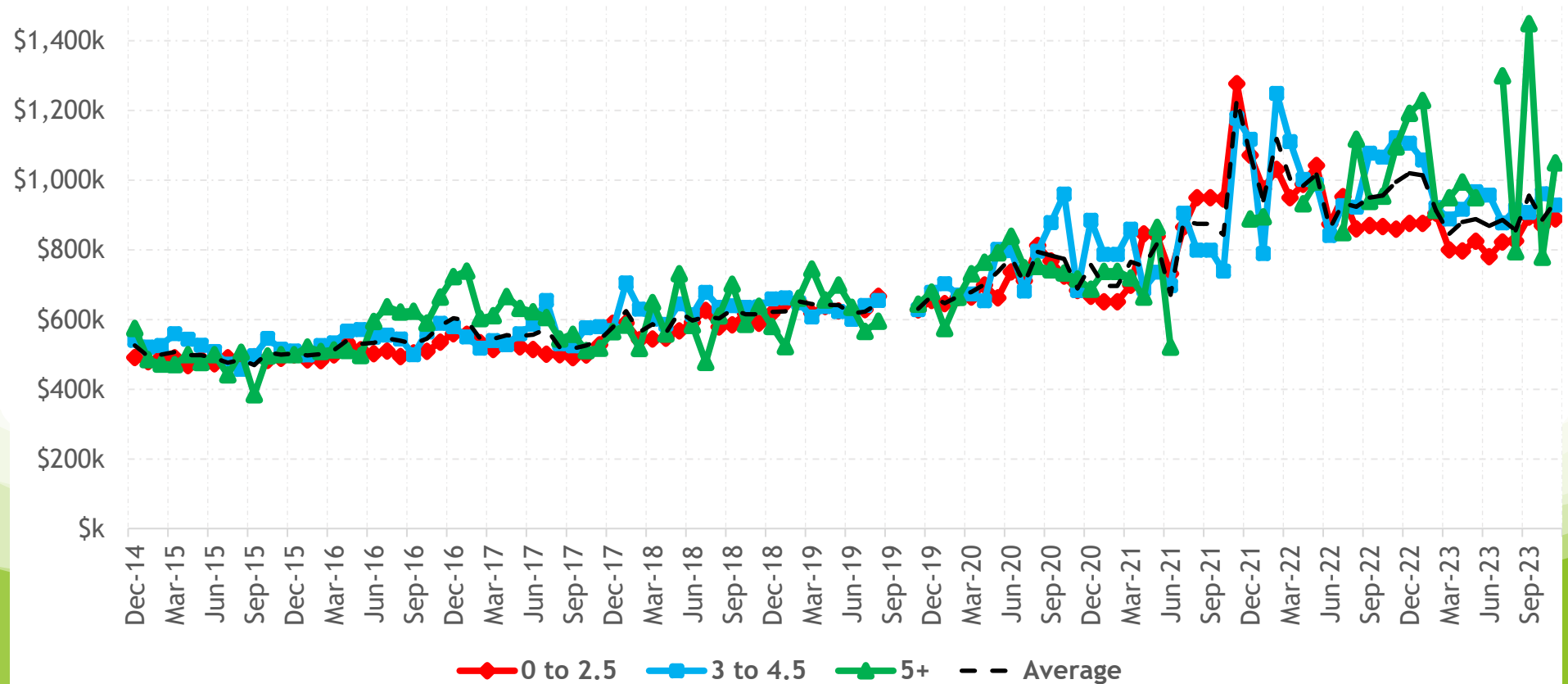
Key Results - Houses

Median Price for Houses in Woden/Weston



Key Results - Houses

Median Price for Houses in Tuggeranong



Key Results - Houses

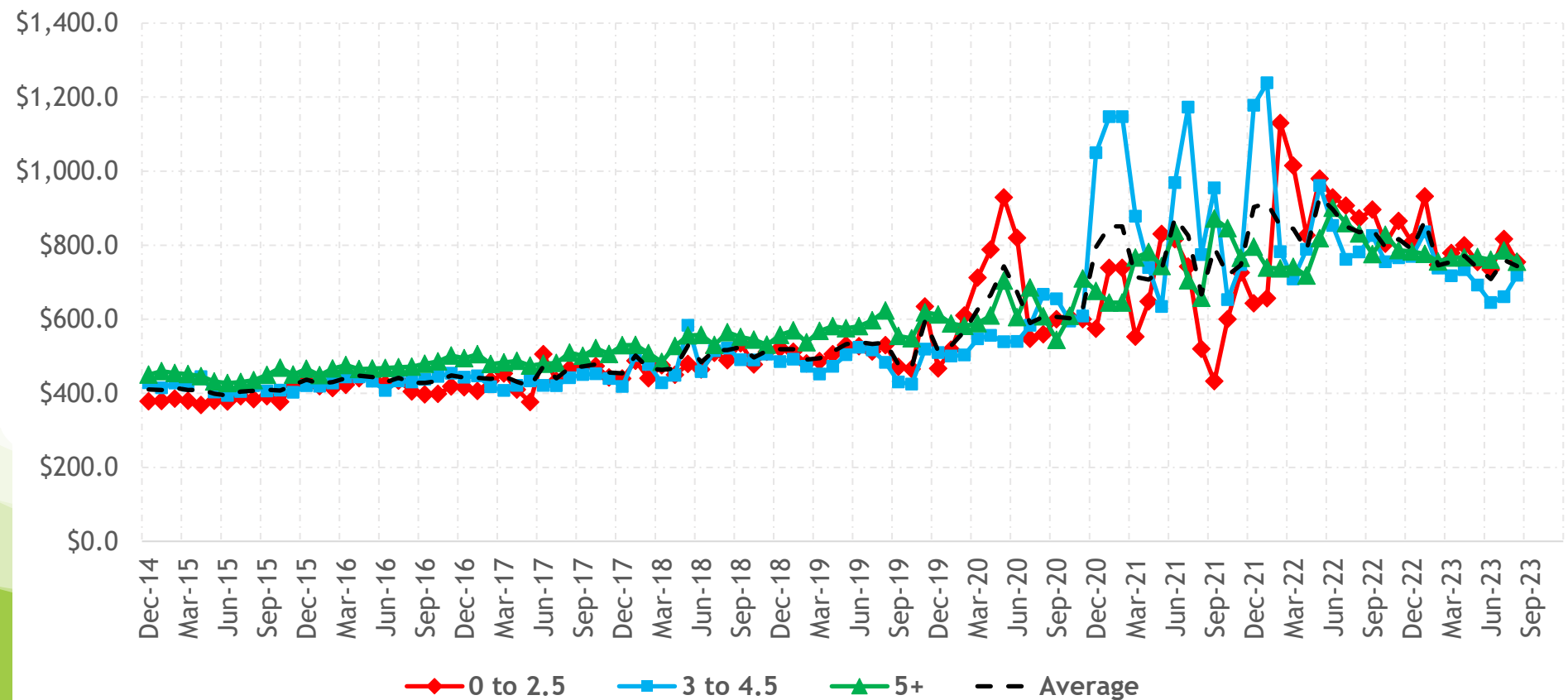
Average sale premiums for Houses in the past 12 months

| Property Type | Suburb Region | Description | Average Sale Premium in the Past 12 Months |
|---------------|--------------------|-------------------------------|--|
| Houses | Belconnen | 3 to 4.5 star - 5+ star | 5.70% |
| | | 0 to 2.5 star - 5+ star | 5.67% |
| | | 0 to 2.5 star - 3 to 4.5 star | -0.03% |
| | Gungahlin | 3 to 4.5 star - 5+ star | -1.57% |
| | | 0 to 2.5 star - 5+ star | 4.88% |
| | | 0 to 2.5 star - 3 to 4.5 star | 6.55% |
| | Inner North | 3 to 4.5 star - 5+ star | -21.54% |
| | | 0 to 2.5 star - 5+ star | -20.13% |
| | | 0 to 2.5 star - 3 to 4.5 star | 1.81% |
| | Inner South | 3 to 4.5 star - 5+ star | -25.07% |
| | | 0 to 2.5 star - 5+ star | -13.69% |
| | | 0 to 2.5 star - 3 to 4.5 star | 15.18% |
| | Tuggeranong | 3 to 4.5 star - 5+ star | 10.30% |
| | | 0 to 2.5 star - 5+ star | 25.37% |
| | | 0 to 2.5 star - 3 to 4.5 star | 13.67% |
| | Woden/Weston Creek | 3 to 4.5 star - 5+ star | -6.93% |
| | | 0 to 2.5 star - 5+ star | 27.63% |
| | | 0 to 2.5 star - 3 to 4.5 star | 37.14% |
| | Canberra | 3 to 4.5 star - 5+ star | 4.51% |
| | | 0 to 2.5 star - 5+ star | 2.98% |
| | | 0 to 2.5 star - 3 to 4.5 star | -1.46% |



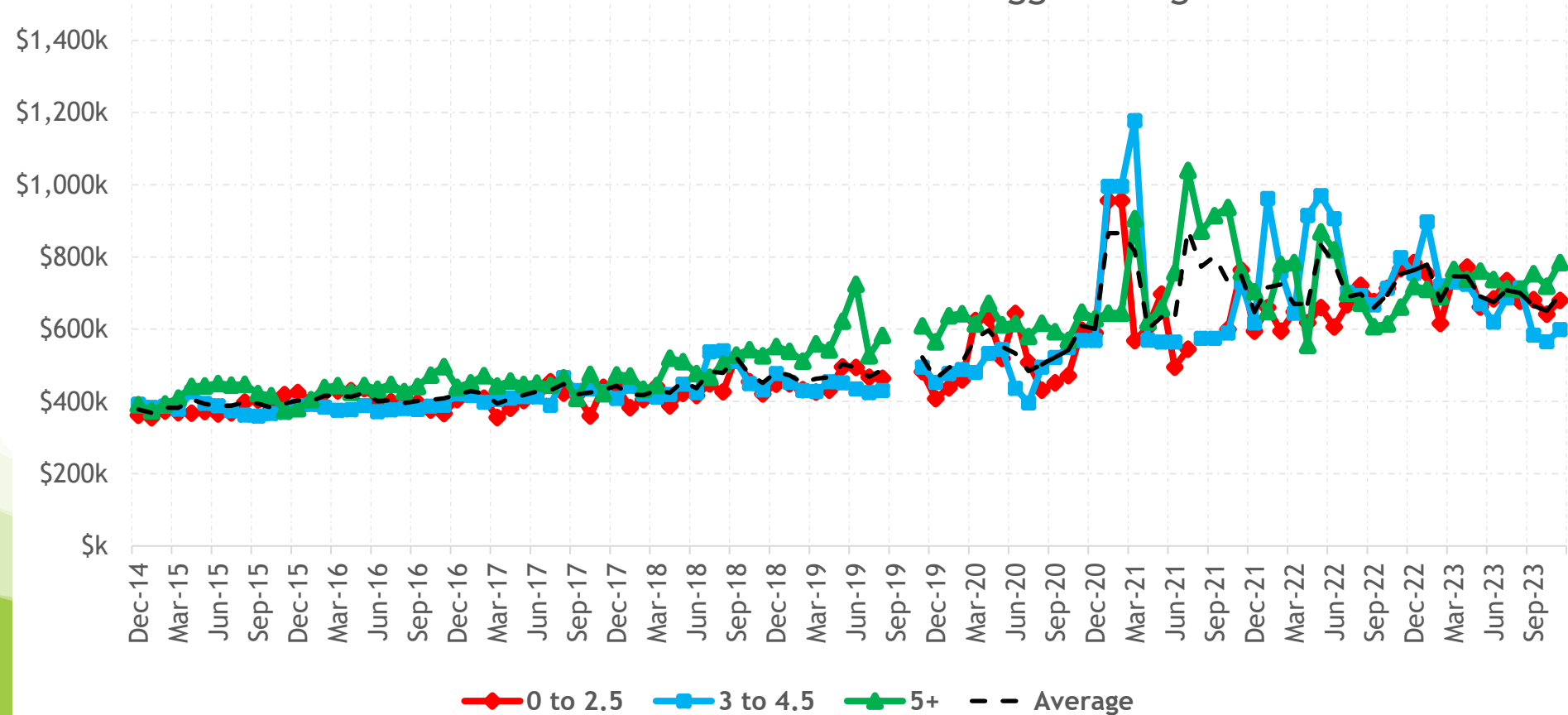
Key Results - Townhouses

Median Price for Townhouses in Whole of Canberra



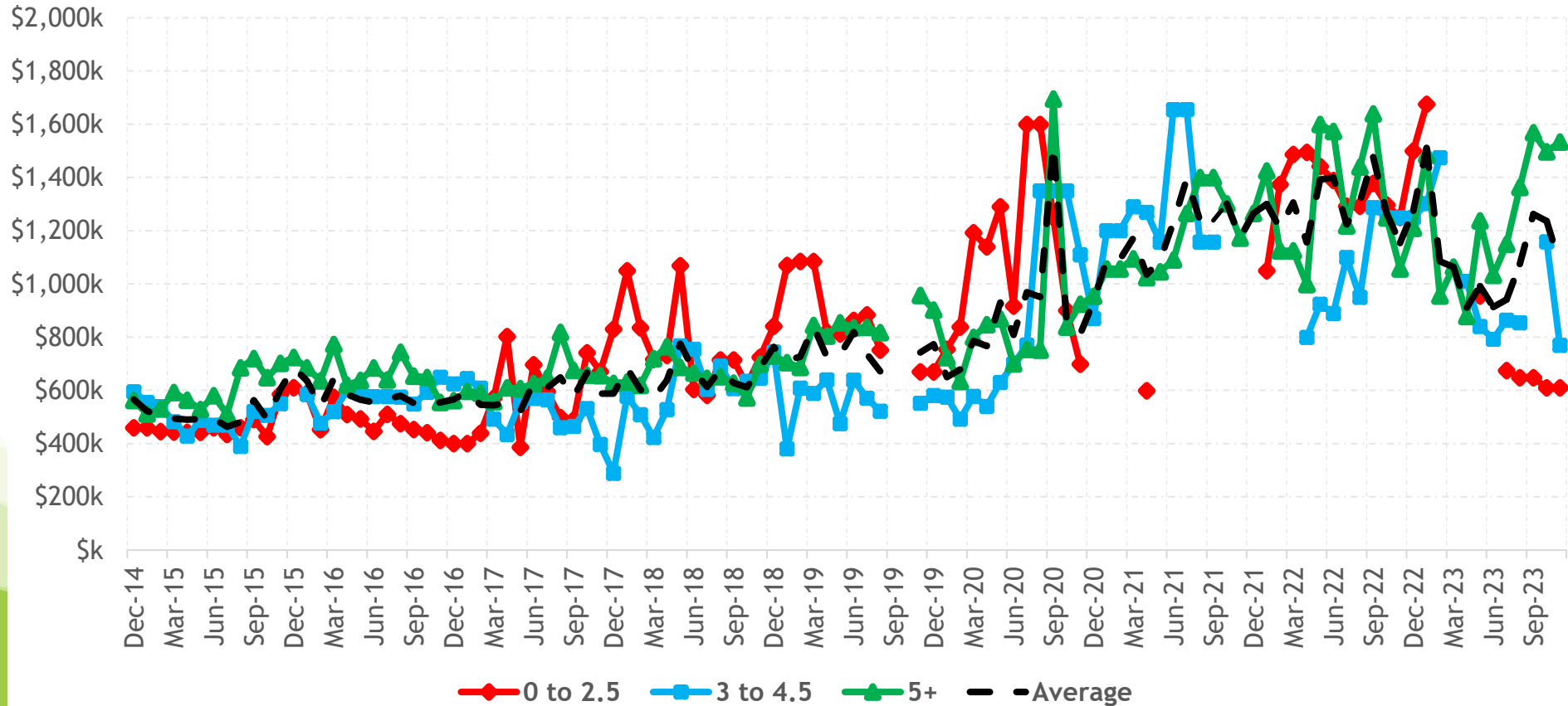
Key Results - Townhouses

Median Price for Townhouses in Tuggeranong



Key Results - Townhouses

Median Price for Townhouses in Inner North



Key Results - Townhouses

Average sale premiums for Townhouses in the past 12 months

| Property Type | Suburb Region | Description | Average Sale Premium in the Past 12 Months |
|---------------|--------------------|-------------------------------|--|
| Townhouses | Belconnen | 3 to 4.5 star - 5+ star | 2.84% |
| | | 0 to 2.5 star - 5+ star | 1.02% |
| | | 0 to 2.5 star - 3 to 4.5 star | -1.77% |
| | Gungahlin | 3 to 4.5 star - 5+ star | -6.37% |
| | | 0 to 2.5 star - 5+ star | -1.33% |
| | | 0 to 2.5 star - 3 to 4.5 star | 5.39% |
| | Inner North | 3 to 4.5 star - 5+ star | 25.28% |
| | | 0 to 2.5 star - 5+ star | 11.70% |
| | | 0 to 2.5 star - 3 to 4.5 star | -10.84% |
| | Inner South | 3 to 4.5 star - 5+ star | 13.03% |
| | | 0 to 2.5 star - 5+ star | 19.52% |
| | | 0 to 2.5 star - 3 to 4.5 star | 5.74% |
| | Tuggeranong | 3 to 4.5 star - 5+ star | 2.88% |
| | | 0 to 2.5 star - 5+ star | 1.95% |
| | | 0 to 2.5 star - 3 to 4.5 star | -0.91% |
| | Woden/Weston Creek | 3 to 4.5 star - 5+ star | 10.70% |
| | | 0 to 2.5 star - 5+ star | -7.75% |
| | | 0 to 2.5 star - 3 to 4.5 star | -16.67% |
| | Canberra | 3 to 4.5 star - 5+ star | 5.07% |
| | | 0 to 2.5 star - 5+ star | -1.51% |
| | | 0 to 2.5 star - 3 to 4.5 star | -6.27% |



Conclusions

- ▶ Our results support the existence of positive effects of energy efficiency and property prices, albeit to a lesser extent for houses
- ▶ Price discounts and premiums progression may not be linear
- ▶ EER affects positively with property prices up to a certain price point in which other market variables appear to take effect
- ▶ In our case, effects of EER diminishes as listing price goes above \$800,000
- ▶ Labor/Greens Agreement (2016) - reviewing the Energy Efficiency Rating Scheme not implemented by the 9th Assembly
- ▶ Recent “Independent Review” currently with the Minister’s office



Acknowledgements

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Questions?

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