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Have sustainability declarations impacted home buyer patterns?

The Queensland University of Technology recently surveyed REIQ members to determine what impact the sustainability declaration has had on home buyer decision-making in its first year of operation.



PROFESSOR CHRIS EVES
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Findings indicate the introduction of sustainability declarations have had little impact on buyers and confirm that sustainability is yet to become a criterion of relevance to the majority of home buyers in Queensland.

INTRODUCTION

Issues of energy efficiency and environmental sustainability has been increasing in awareness in residential home ownership and construction worldwide. Over the past decade more stringent environmental laws have been introduced by many countries to counter soaring energy usage and prices.

This research has been undertaken to assess public awareness of the current Queensland legislation introduced at the end of 2009, specifically the need for residential property sellers to supply a sustainability declaration, buyer awareness in respect to the availability of the form and the importance of sustainability features in the buyer decision making process.

RESPONDENT SUMMARY

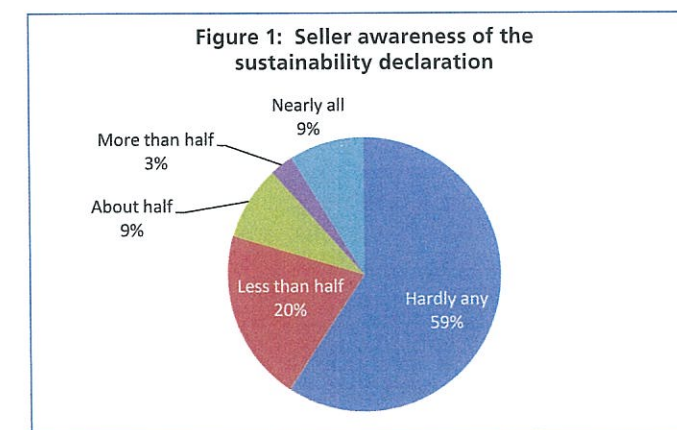
A total of 587 responses to this online survey were received over a two-week period, with a good cross section of respondents throughout Queensland. A high proportion from Brisbane and surrounds, where a large portion of the population is centred, was to be expected (40 per cent). However, it was also pleasing to see a good spread of responses from other regions with 15 per cent from the Gold Coast, 14 per cent from the Sunshine Coast, 6 per cent from Western Queensland including the Darling Downs, 10 per cent from Central Queensland including Wide Bay/Burnett and 12 per cent from North/Far North Queensland.



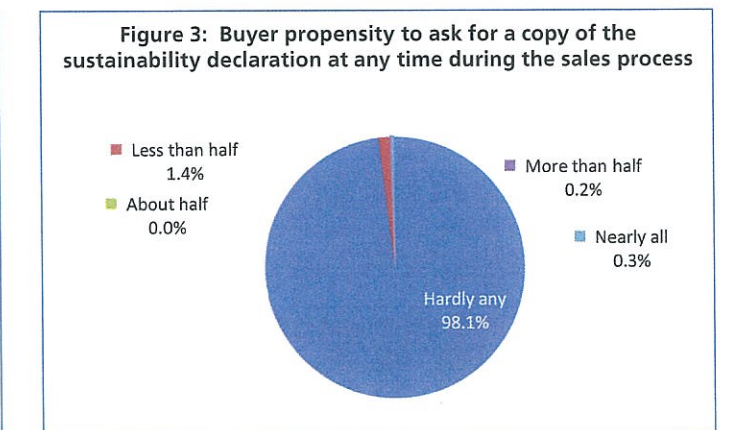
LYNDALL BRYANT
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SELLER AWARENESS

Sixty per cent of survey respondents reported that sellers had very limited awareness of the requirements to provide a sustainability declaration, with less than 10 per cent of survey respondents reporting that nearly all their sellers over the past 12 months were aware of this requirement.

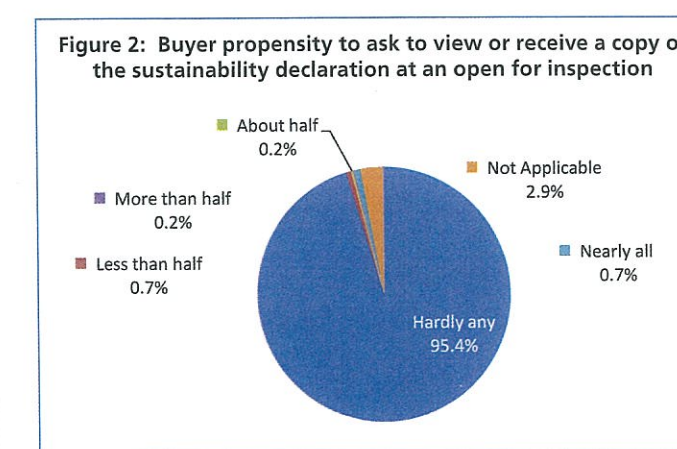


This limited buyer interest and/or awareness during the initial property inspection continued throughout the full sales process, with 98 per cent of agents surveyed indicating that hardly any (0 – 20 per cent) clients requested the declaration at any time during the sales process.



BUYER AWARENESS

A huge 95 per cent of survey respondents reported that during the open house inspections they have carried out over the past 12 months hardly any (0 – 20 per cent) of all potential buyers requested a copy of the form.

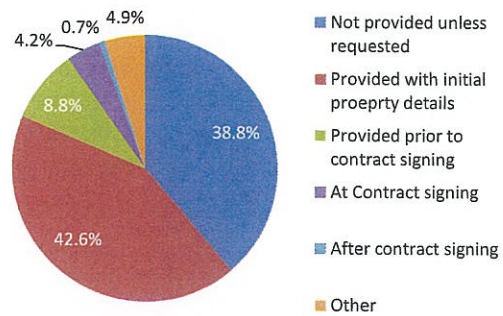


This evidence indicates that despite the fact that sustainability declarations have now been in operation in Queensland since January 2010, only a very limited number of house buyers are taking advantage of this energy and water efficiency measure in determining the suitability of the house for purchase.

Although survey respondents are only required by law to provide a copy of the sustainability declaration when asked for it by a potential buyer, anecdotal evidence collected prior to the formulation of the survey questions, indicated that a number of agents do provide the form to buyers in any case.

Despite not being asked directly for the declaration, 43 per cent of survey respondents actually provide this declaration to potential buyers with the initial property details, 39 per cent advised that the declaration was not provided unless requested, with the remaining percentage advising that the declaration is provided just prior or at the signing of the contract. This indicates that almost 40 per cent of the declarations provided by sellers are never presented to a potential buyer and remain only in the hands of the selling agent.

Figure 4: Agent provision of sustainability declaration (without being asked)

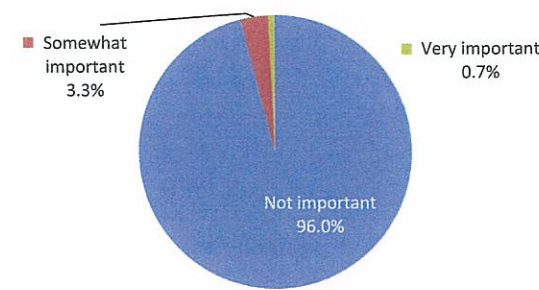


HOUSE PURCHASE DECISION

The remaining questions in this survey were designed to assess the perceptions of survey respondents in respect to the perceived importance of the sustainability declaration for home buyers and the main sustainability features buyers considered most important in the house purchase decision.

As indicated in Figure 5, 96 per cent of survey respondents do not consider the sustainability declaration to be an important factor in the house purchase decision making process. Only 3.5 per cent considered this declaration to be somewhat important, with less than 1 per cent considering this to be very important.

Figure 5: Importance of sustainability to home buyers



CONCLUSION

Widespread disengagement with the sustainability declaration process was recorded from sellers, and even more so, from buyers. Despite this, sellers are legislatively required to complete these forms to their best knowledge, prior to the property going to the market. While agents are not required by law to provide these forms to potential buyers, many do (60 per cent). Therefore, up to 40 per cent of the forms completed by sellers are never provided to any potential buyer. Of those that are used, virtually none (96 per cent) impact the buyer's decision-making process.

Previous studies in the area of buyer awareness in 2007 and 2009, noted that environmental issues were not a major factor in the house purchase decision. This study again confirms that a year on, this is still the case.

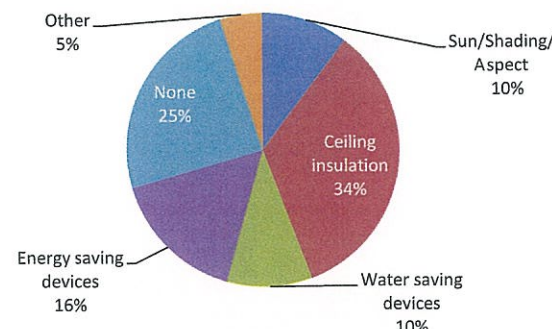
This lack of awareness from both buyers and sellers is disappointing from a policy perspective. It could be countered by a public awareness campaign to raise awareness of housing's contribution to sustainability issues such as water and energy consumption, and role of the sustainability declaration in helping home buyers make informed choices. Alternatively, a review of the current legislative mechanisms could work to more closely align the intent of the legislation with the actual outcomes.

Further research on this topic will include assessment of project home builder participation as well as the potential for subsequent surveys, particularly after the introduction of the proposed national mandatory disclosure scheme for home energy efficiency (upon sale or rent) in May 2011.

As this legislation has only recently been introduced, this initial survey and research will enable a benchmark position to be determined and follow up surveys will be conducted to assess changes in the level of awareness and acceptance over time.

Figure 6 below shows the environmental aspects of home ownership that home buyers in Queensland over the past 12 months have considered being of some importance in relation to their home purchase.

Figure 6: Desirable sustainability features by home buyers



Survey respondents reported that nearly a quarter of buyers are not interested in any home sustainability features. Ceiling insulation was a factor that 34 per cent of buyers enquired about during the sales process (both from a positive and negative perspective). Sixteen per cent of buyers were interested in energy saving devices in the houses they purchased, with 10 per cent interested in water saving devices. Ten per cent of home buyers were interested in houses with appropriate aspect (sun and shading).

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