

RP3017

VALUE PROPOSITION OF LOW CARBON SUSTAINABLE HOUSING DEVELOPMENT: A PROPERTY DEVELOPER'S PERSPECTIVE

Who?

This study aims to identify the value proposition of sustainable development from the residential developer's perspective as a business and profit maximising entity.

Business...is about creating **value for groups** without whose support the business would not be viable (Freeman et al 2010, p.26)

What?

Value proposition:

- is the perception of value
- determines company/customer exchange of value
- affects image, customer base, and market value
- is a key factor in competitive advantage and strategy

The perception of value in low carbon sustainable development in the building sector...



The inter-relationship of **value, costs and risk** are the three dimensions of **value proposition, competitive advantage and strategy**.

...varies considerably as evidenced by a significant lack of investment and adoption of low carbon measures.

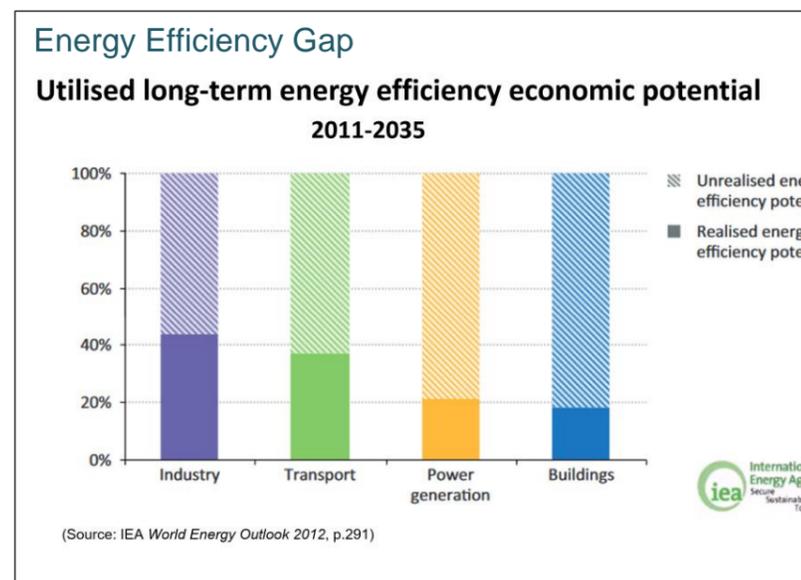
When?

The value proposition is considered in a low carbon context, in particular when applying a strategic capital investment decision-making model to sustainable residential development

The lack of investment in potentially profitable low carbon measures draws attention to the inadequacy of traditional capital investment decision-making models in a low carbon context.

Why?

Despite energy efficiency's major contribution in lowering carbon, documented projections show 80% untapped potential in the buildings sector, known as the Energy Efficiency Gap



This research focuses on two barriers to energy efficiency adoption: lack of knowledge and lack of consensus. How?

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Project timeline: 3 years commencing November 2015

How?

A 3-round iterative (Delphi) survey is being undertaken to establish consensus in key stakeholder groups, including developers, government, consultants, contractors, financiers and householders, regarding the value of low carbon action and overcoming barriers to adoption

Where?

The survey is across medium to high density residential developments in Australia.

A case study of Bowden Village in Adelaide, South Australia will follow, consisting of:

1. A quantitative analysis of the value of a developer's end product: a typical residential apartment using:
 - A multiple benefits approach incorporating non-energy benefits beyond direct energy savings; and
 - A traditional financial approach
2. Semi-structured interviews with developers to discuss the survey and quantitative results, and strategic low carbon investment.

Anticipated Outcome

The results will:

- promote greater impetus for low carbon investment
- highlight gaps in recognition of value in sustainable measures in the property development process

Further information

www.lowcarbonlivingcrc.com.au