Domain

Sustainability in Property 2022

Demand, supply and affordability of greener homes.

Table of Contents

About Domain

Domain is a leading property marketplace that is home to one of the largest portfolios of property brands in Australia. Domain helps customers, consumers and industry at every step in their property journey – renting, buying, selling, investing, financing and insurance.

Forging a new way to understand the property market and helping Australians make confident decisions, Domain joins the dots between how consumers are behaving and how the market and economy is performing. With over 20 years experience running a research house, which supplies property data and insights to consumers, industry, governing bodies and institutions across the country, our team of dedicated data scientists, analysts and researchers provide reliable, rich, timely and unique property market indicators, ensuring you have the latest economic, market and consumer behaviour insights.

Domain helps deliver credible property market coverage, through a range of property news, advice and research experts who can help inform and unpack the property market for all Australians no matter what stage of the property journey they are at.

Author
Dr Nicola Powell, Chief of Research and Economics

Analysts
Sid Jain, Analytics and Insights Manager
Sam Montazeri, Research Analyst

Contact:

Research: research@domain.com.au
Media: pr@domain.com.au
Data Solutions: datasolutions@domain.com.au

domain.com.au

Key findings

- Across Australia, the **proportion of buyers actively using keywords in their property search associated with sustainability is low**, at less than 1%. The priority it takes on a wish list is being overtaken by other home preferences, such as pool, view, waterfront, courtyard and granny flat.
- On the supply side, the **proportion of homes for sale that contained energy-efficient keywords within the listing rose from 49.7% in 2019 to 54.4% in 2022**. Houses had a higher proportion and the biggest lift in use over time compared to units. In 2022, this was 57.4% for houses compared to 44.6% of units.
- In 2022, **more than half of all for sale listings in all states and territories contained energy-efficient keywords**, apart from NSW at 49.1%. Leading the way was SA, the ACT and the NT, with around 70% of sale listings.
- The **median price of sustainable homes comes with an attached price premium**, with houses having a higher percentage price premium than their energy-efficient unit counterparts. **Homes with energy-efficient features also have greater buyer interest and sell quicker.**
- **Rightsizing our homes should be encouraged, as a correctly sized home is likely to be a more sustainable one**. The size of the homes we are purchasing is increasing. **For houses, the average number of bedrooms increased from 3.41 in 2011 to 3.56 in 2022.** On the other hand, the average land size has dropped to 753 square metres in 2022 (from 800 square metres between 2017-2020), resulting in bigger homes on smaller blocks.
- **For units, bedroom count peaked in 2014 at 2.07 and dropped to 2.02 in 2022,** at the same time the average floor area has grown to 112 square metres in 2022.
- An ACT marketwide case study confirms a higher energy-efficiency rating (EER) commands a greater price per square metre for houses. **The higher the EER the greater the jump in price**. This was consistent in all areas of the ACT.
- In 2022, the price per square metre for an ACT house with an EE rating of excellent was 99.3% more compared to one with a poor EE rating. **The more sustainable a home, the higher the price premium**, as the leap becomes larger as the EE rating climbs.

Introduction

It is the great Australian dream to own a home and liveability is an important aspect. We all expect our homes to be comfortable to live in as well as affordable to run. An energy efficient (EE) house uses less energy to heat or cool and to run everyday appliances. However, there are many aspects to consider when defining an EE home, from the home's orientation to solar panel installation, or simply a rainwater tank. Not only does an EE home lower utility bills, it also reduces our carbon footprint. This is an essential part of tackling climate change as well as helping household budgets that have become frayed by the escalating cost of living. Australians face some of the highest energy bills in the world[1] with a large portion reporting bill shock over the last year. [2]

Currently, Australian homes produce around 13% of our country's greenhouse gas emissions.[3] This will escalate as Australia's population is expected to reach just over 28 million by 2030[4] resulting in the need to build an estimated 126,000 extra dwellings each year.[5] This could mean the biggest threat to the climate is yet to be seen. How can our carbon footprint be mitigated without significantly altering how we build and use our homes?

In an EE home, one can save energy and money. It is a broad term that encompasses many aspects of the creation and use of energy. Houses that get plenty of natural light, include eco-friendly appliances, or have more green areas throughout, can save energy. A higher EE is achieved by using less energy to perform the same task.

Currently, Australian homes produce around 13% of our country's greenhouse gas emissions.[3] This will escalate as Australia's population is expected to reach just over 28 million by 2030[4] resulting in the need to build an estimated 126,000 extra dwellings each year.[5] This could mean the biggest threat to the climate is yet to be seen.

Energy-efficient examples around the home

- A south-facing home requires triple the energy for heating and cooling than a north-facing one.[6]
- Roof and ceiling insulation can save up to 45% on heating and cooling.[7]
- Wall insulation can save around 15% on heating and cooling.[8]
- Sealing gaps around windows and doors can save between 5-15% on heating and cooling.[9]
- A house built with a 7-Star energy rating will save on average $450 per year on heating and cooling compared to a 6-Star energy rating.[10]
- It is the equivalent of taking one car off the road for a year for every new home built to 7-Stars compared to 6-Stars.[11]

The pandemic has been a catalyst for sharpened focus in Australians; it has changed the way we look at the world and the way we live. It has been evident in our housing market, with buyer priorities shifting as remote working rejuvenated how we use our homes and where we reside.

Sustainability issues have gained greater importance, with a staggering 90% of Australians engaged to some extent on the topic.[12]

Amid the rise of remote working, escalating living costs, and the increase in environmental awareness, is consumer demand for greener, more efficient homes inevitable? The **Domain Sustainability in Property Report** examines how buyer demands are shifting and how sellers are reacting to these changes. Has the housing market seen a significant shift towards sustainable homes? Is it a must-have on a buyer's wish list? Are buyers willing to pay more for greener homes?

The search for green homes

Energy efficiency is becoming more of a necessity rather than an option. As we become more climate conscious, together with the escalating costs of running a home, it is assumed that buyers will turn towards EE homes. Research shows that two-thirds of home buyers have a preference for EE homes when given a choice.[13] How this plays out in a real-world scenario of searching for and buying a home is another matter. Preference is one thing but when placed against the backdrop of affordability, availability and location – does one trump the other?

By analysing the search behaviour of home hunters, we looked at certain keywords that are associated with the sustainable features of a home to identify whether there has been a marked shift towards actively searching for an EE home.

Through extensive research across academic journals a set of frequently used EE words were selected. The sustainable features that were considered include *sunroom*, *solar panel, north facing, eco homes, sunroof, bio, grassed, sunny, conservation, energy, eco, orientation, shading, shade, rainwater tank, cross ventilation, insulation* and *zoning.* These will be referred to as EE keywords throughout the report.

In Australia, the number of buyers who are actively using keywords associated with sustainability is proportionately low, at less than 1% *(figure 1).* The priority it takes on a wish list is likely to be overtaken by other home preferences, with pool, view, waterfront, courtyard and granny flat consistently coming out on top. It suggests that while sustainability is playing on a home-buyer's mind, other criteria rank higher in importance.

While the proportion overall is low, it is the trend change that provides the greatest insight. Search behaviour from buyers showed a slightly higher demand for sustainable homes as a proportion of total housing demand from 2019 to 2020 *(figure 1).* However, the demand dropped in 2021 as Australia witnessed its steepest price upswing on record. This suggests that more buyers were using EE keywords as a starting point for their property search before the pandemic but perhaps the fear of missing out (FOMO) distorted preferences and liveability requirements that arose during the pandemic took priority, such as a home office and outdoor living areas.

Figure 1. The proportion of buyers using EE keywords when searching for a home.

Why are few home hunters using EE keywords when searching for a home?

- Sustainable keywords aren't a starting point when it comes to searching for a home.
- Other home attributes rank higher in importance, such as lifestyle additions, outdoor space or location.
- Sustainable features are a nice-to-have rather than a must-have when beginning a property search.
- Sale listings are helping home hunters determine whether a home is sustainable in the description.
- A general lack of understanding of what sustainable features are and the short- and long-term benefits.
- Market dynamics may influence search criteria and the compromises buyers are willing to make depending on the property cycle stage.

In NSW, Vic, Qld, SA and WA the proportion of EE keyword searches was consistent with Australia as a whole. Some states did buck the overall trend – in the ACT and NT there was no uplift between 2019 and 2020 *(table 1)*. One plausible reason is that the ACT and NT suffered less intense damage during the 2019-20 bushfires compared to other states in the centre of devastation. Buyers' awareness of climate change and their personal environmental impact may have become heightened in other states. The ACT is also the only jurisdiction in Australia with a mandatory energy-efficiency disclosure scheme, meaning an energy-efficiency rating (EER) has to be disclosed on a sale or rental listing. In theory, this should make searching or comparing EE homes easier.

NSW, Vic, the NT and the ACT are the only states or territories in which demand for EE homes increased between 2021-22 *(table 1)*.

Table 1. The proportion of buyers using EE keywords when searching for a home.

Area	2022	2021	2020	2019
Aus	0.18%	0.20%	0.29%	0.23%
NSW	0.16%	0.12%	0.18%	0.17%
VIC	0.22%	0.19%	0.32%	0.25%
QLD	0.16%	0.23%	0.33%	0.29%
SA	0.21%	0.53%	0.99%	0.45%
WA	0.21%	0.29%	0.53%	0.25%
NT	0.42%	0.26%	0.11%	0.58%
ACT	0.34%	0.30%	0.17%	0.36%
TAS	0.18%	1.07%	0.31%	0.20%

While there has been a fluctuation in a buyer's use of EE keywords, overall the proportion is very low. This doesn't mean buyers are not wanting more sustainable elements to their homes, particularly given research proves we have seen a conscious societal steer towards environmentally friendly outcomes. It leads to the question, are sellers and their agents helping buyers find sustainable homes easily?

The supply of green homes

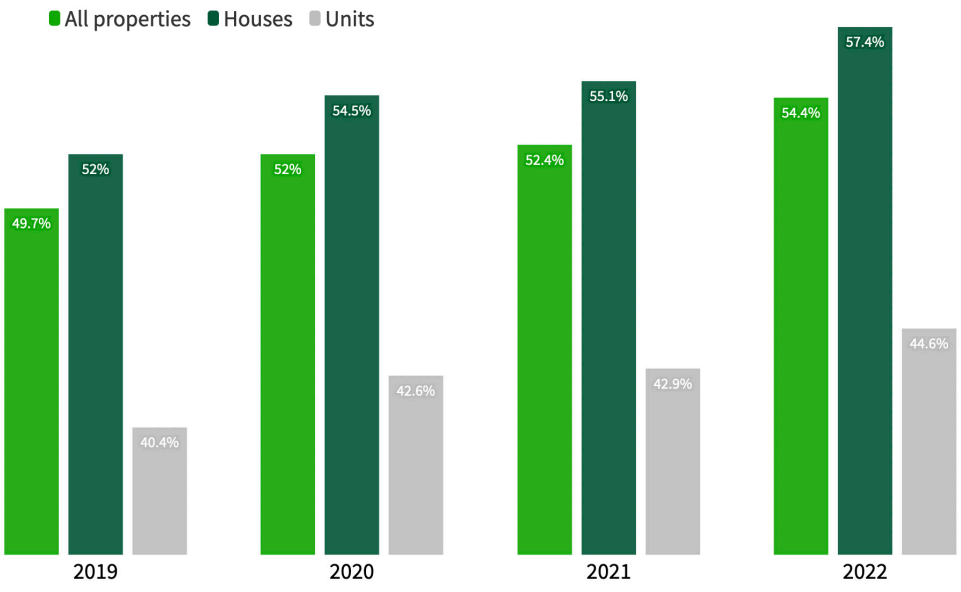
In a dynamic market, supply responds to the existing demand. The interesting aspect is to dissect whether the sustainable features highlighted within a for sale listing have changed over time. Looking at the supply side, Australian sellers have taken consumers' preferences for greener living into consideration.

The proportion of homes for sale that contained EE keywords within the listing has risen each year, from 49.7% in 2019 to 54.4% in 2022 *(figure 2)*.

This increase was consistent across houses and units, however it was more prominent for houses, which recorded a higher proportion of listings with EE keywords and the biggest lift in use over time. In 2022, 57.4% of houses listed for sale had EE keywords compared to 44.6% of units. This perhaps suggests that some sustainable features are more easily added to a house than a unit. For example, solar panels and many sustainable features such as grassed areas and sunroofs are not typical for units. However, while the smaller living size of a unit means it should technically use less energy, it is not necessarily more efficient. It could also be argued that houses are often more expensive to run, and therefore including more property features that can help save a homeowner money on everyday bills could be an added extra to help attract more buyers or sway decisions.

Another aspect to consider is the amount of older unit stock transacted that could be impacting the overall proportion of EE keywords. Over time, redevelopment of older sites and the rise of new, more sustainably built developments should vastly improve this outcome.

Figure 2. The proportion of sellers using EE keywords in listings, Australia.

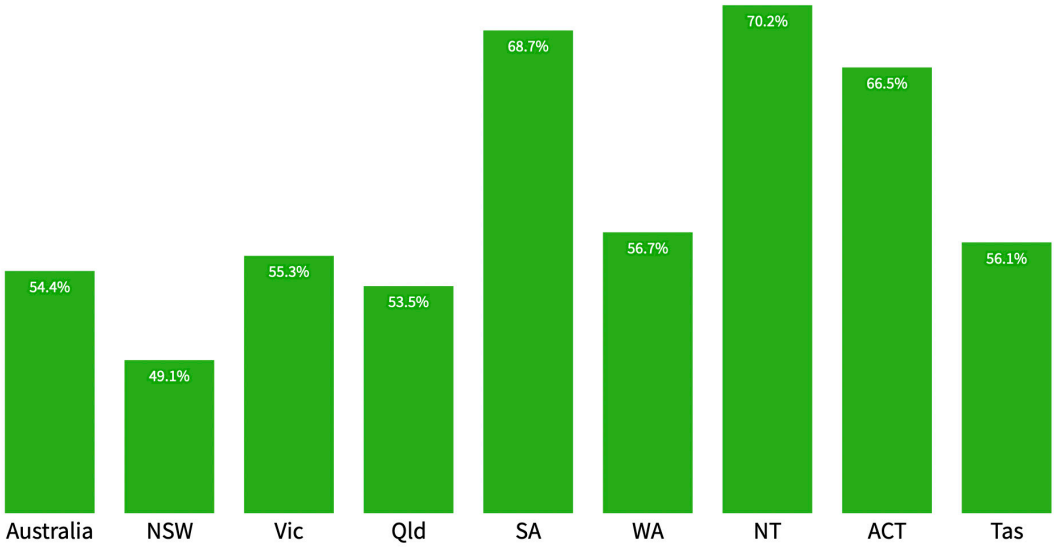


It is similar across the states, with more homes for sale being listed with EE keywords over time, consistently rising since 2019 *(table 2)*. In 2022, more than half of all for-sale listings in all states and territories contained EE keywords, apart from NSW at 49.1%. Leading the way were the NT, SA and the ACT, with around 70% of sale listings *(figure 3)*. The differences could reflect local market habits, with EE keywords being more ingrained historically in property listings. It could also reflect the diverse climates across our states, for example heating or cooling being more or less essential depending upon location and extremities of weather. Or, perhaps, government financial incentives that have driven more homes in certain regions to add solar panels, as an example.

Table 2. The proportion of sellers using EE keywords in listings, by state.

Area	2022	2021	2020	2019
Aus	54.4%	52.4%	52.0%	49.7%
NSW	49.1%	48.7%	47.4%	44.7%
VIC	55.3%	52.3%	51.5%	49.0%
QLD	53.5%	51.3%	52.0%	49.9%
SA	68.7%	65.4%	65.5%	62.0%
WA	56.7%	54.0%	54.4%	53.1%
NT	70.2%	65.5%	61.2%	59.9%
ACT	66.5%	62.8%	62.1%	58.6%
TAS	56.1%	55.6%	54.7%	51.6%

Figure 3. The proportion of sellers using EE keywords in listings, 2022.



There has certainly been a marked change in how we advertise homes for sale, with a significant chunk of listings today containing an element of sustainable features within the property description. That said, it is important to see whether the market's shift toward listing more EE homes comes at a premium.

The premium of green homes

Grouping properties sold by those that contain EE keywords and those without can help us determine whether there are any differences in the overall performance, from the price to how quickly they are sold.

The median price of sustainable homes comes with an attached price premium *(table 3a)*. In Australia, consistently we have seen houses and units that have EE features sell at a higher price than those without. It also shows that EE houses have a higher percentage price premium than their EE unit counterparts.

This evidence shows that eco-friendly homes are less attainable for first-home buyers, considering it comes at an additional upfront cost when purchasing. An approach to encourage and make sustainable homes attainable for all budgets is essential for improving the carbon footprint of our homes and reducing household bills. This could take the form of incentives for developers or homeowners to provide greener living; once all homes have an expected minimum standard of inclusions, perhaps there will be less of an impact on price.

Table 3a. The price premium of EE homes compared to non-EE homes, Australia.

	Houses		Units	
Year	**$ Difference**	**% Difference**	**$ Difference**	**% Difference**
2022	$125,000	17.1%	$72,750	12.7%
2021	$115,000	18.0%	$81,000	15.6%
2020	$85,000	15.6%	$81,000	16.8%
2019	$78,625	15.3%	$60,000	13.3%

A price premium wasn't the only hurdle when considering purchasing an EE home. Across the country, EE houses and units spend less time on the market and have a higher volume of views *(table 3b)*. So, not only are EE homes more expensive, they have greater buyer interest and sell quicker than their non-EE counterparts. There is clearly a stronger buyer preference for EE homes, irrespective of the higher price. It could reflect a better-quality home, perhaps of newer stock compared to those property listings that contain no sustainable features within the listing. Many sustainable features provide greater liveability and a more comfortable home, such as north facing, cross ventilation, outdoor spaces and climate zoning. There maybe a subconscious bias from buyers prioritising these livable features without the realisation of the environmental benefits and reduced costs of running a home. Therefore, the price impact could be partly due to the number of sustainable features that are chosen for liveability.

Table 3b. The difference in days on market and listing views between EE and non-EE homes, Australia.

	Houses		Units	
Year	**Days on market**	**Listing views**	**Days on market**	**Listing views**
2022	-3.8%	8.7%	-3.8%	5.5%
2021	-9.4%	9.7%	-16.7%	5.8%
2020	-4.4%	6.7%	-12.5%	6.7%
2019	-3.4%	6.7%	-12.5%	2.6%

The impact of EE homes on time spent on market and consumer interest in 2022

EE homes have fewer days on market

-3.8% Houses

-3.8% Units

EE homes have more listing views

+8.7% Houses

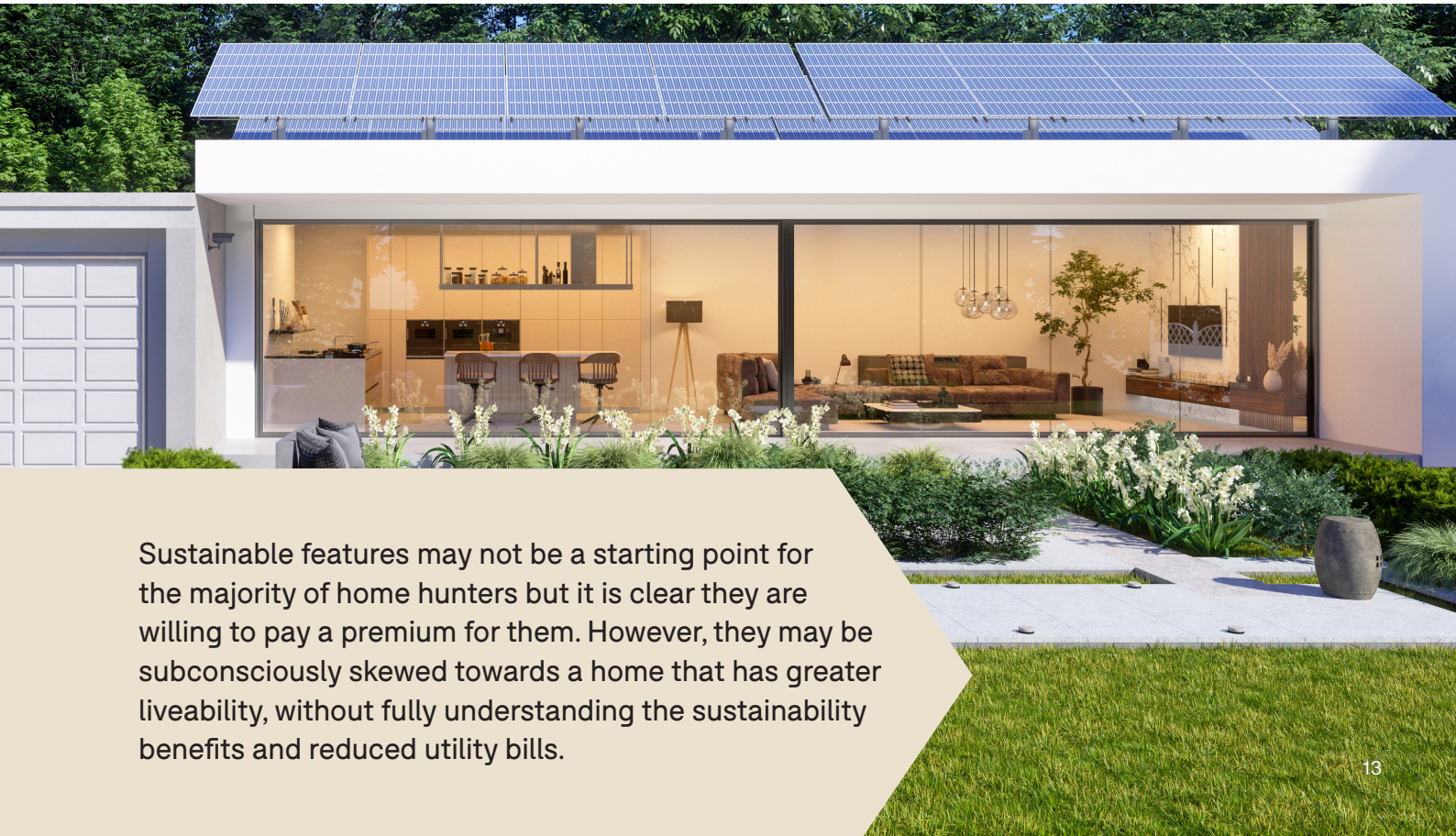
+5.5% Units

This premium was found across all the states and territories, with EE houses and units commanding a higher median price. Most states and territories also had a superior market performance with more listing views and they were also on the market for a shorter period before being sold *(table 4).* There were a few anomalies regarding the listing performance with houses in NSW, Vic and the ACT, and units in Vic spending the same amount of time on market for EE homes and non-EE homes in 2022, although this trend was not seen in previous years.

No matter the location, more sustainable homes are found at a premium Australia-wide.

Table 4. The 2022 price and performance premium of EE homes compared to non-EE homes, by state.

	Houses			Units		
	Price	Days on market	Views	Price	Days on market	Views
NSW	16.9%	0.0%	11.4%	13.4%	-4.0%	9.1%
VIC	24.0%	0.0%	18.5%	17.0%	0.0%	12.4%
QLD	28.9%	-3.6%	14.6%	17.6%	-3.6%	9.4%
SA	22.6%	-13.0%	11.1%	16.8%	-9.5%	13.5%
WA	20.4%	-1.4%	22.0%	29.5%	-1.3%	6.9%
NT	15.4%	-23.3%	34.2%	13.7%	-38.9%	1.1%
ACT	11.7%	0.0%	0.2%	11.6%	-4.2%	-0.4%
TAS	17.8%	-7.7%	13.8%	14.9%	-4.0%	-8.1%



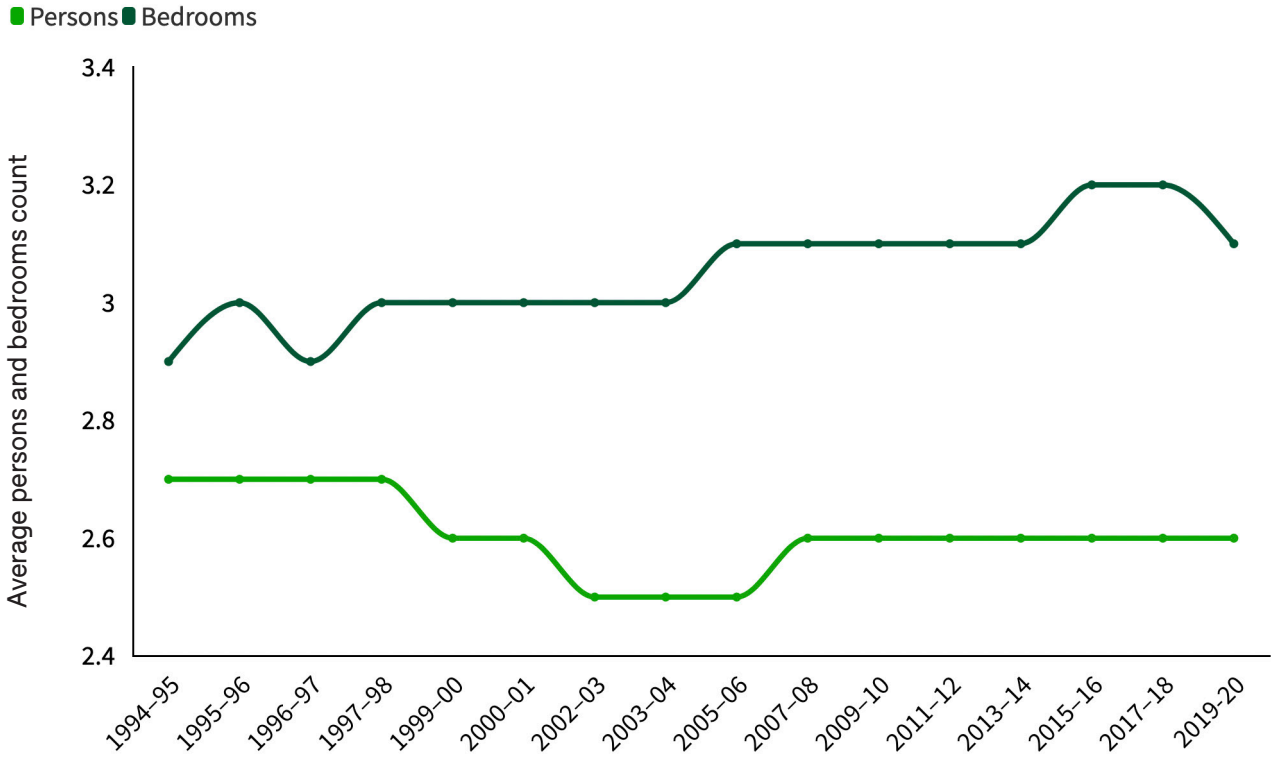
Sustainable features may not be a starting point for the majority of home hunters but it is clear they are willing to pay a premium for them. However, they may be subconsciously skewed towards a home that has greater liveability, without fully understanding the sustainability benefits and reduced utility bills.

Oxymoronic: Can large homes be green?

Australia builds some of the largest homes in the world in terms of floor space.[14] The average number of bedrooms has been rising at a time the average number of people per dwelling has remained steady *(figure 4)*.[15] Not only do we have sizeable homes, many of us are not living in dwellings that suit our current needs, having multiple spare bedrooms. Spare bedrooms are more common among owner-occupiers than private tenants, suggesting the upfront transactional costs associated with purchasing a home are deterring home owners from downsizing or younger families planning for their future housing needs sooner. 22% of privately rented dwellings have two or more spare bedrooms compared to 55% of those who own their home (with or without a mortgage).[16] It suggests owner-occupied dwelling choices are less fit for purpose compared to those that are rented.

Rightsizing our homes should be encouraged, as a correctly sized home is likely to be a more sustainable one. This would free up housing in established suburbs and lower energy costs and carbon footprint.

Figure 4. Average number of bedrooms and persons per dwelling, Australia.



Source: ABS, Housing and Occupancy Costs

More bedrooms than environmental sense

Sydney and Melbourne saw home values increase faster the greater the number of bedrooms a property had. Two-bedroom houses in Sydney have risen 20.5% in price over the past two years compared to a 38.1% increase for four bedrooms.[17]

The rise in the average number of bedrooms in a house has been an escalating trend in Australia for some time, although the bedroom count has been declining for units, based on properties sold *(figure 5)*. For houses, the average number of bedrooms increased over the last 10 years from 3.41 in 2011 to 3.56 in 2022.

For units, bedroom count has fluctuated over the past 10 years, peaking in 2014 at 2.07 and dropping to 2.02 in 2022. This year we have seen the average bedroom number in units sold revert back to the exact number recorded back in 2011. This could be the result of high-rise developments reverting the average bedroom count back to 2011 levels. The reality is that housing affordability is drawing more families to apartment living, with the average bedroom count no longer fit for purpose.

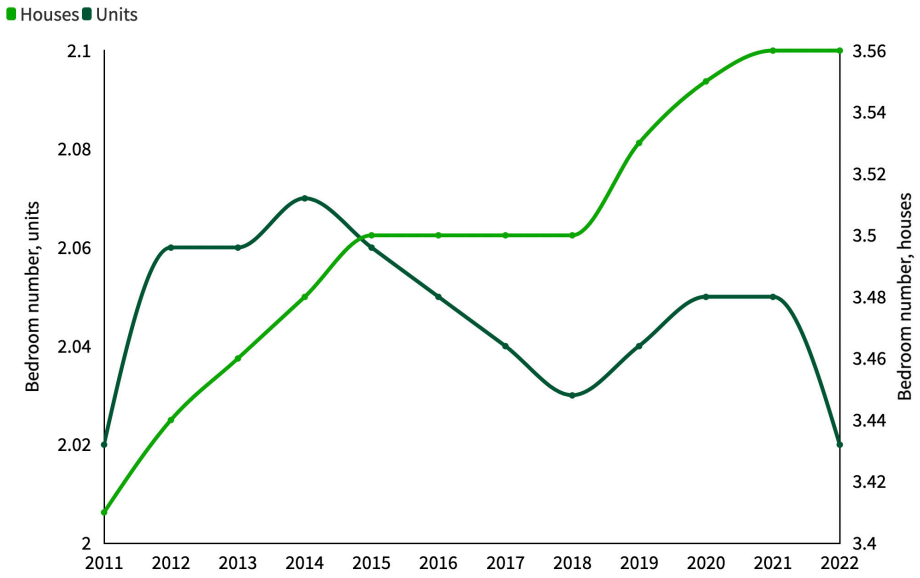
Houses in Qld and the ACT have generally had one of the highest bedroom counts over the past decade, while Tas and SA have always had the smallest *(table 5)*.

> The data proves many of us are living in homes that exceed our needs, which has been exaggerated throughout the pandemic. The race for additional space was real and buyers were willing to pay a premium.

Table 5. Average number of bedrooms in homes sold, 2022.

State	Houses	Units
NSW	3.66	1.98
VIC	3.49	2.02
QLD	3.62	2.1
SA	3.33	1.97
WA	3.57	2.07
NT	3.57	2.23
ACT	3.69	1.69
TAS	3.26	2.19

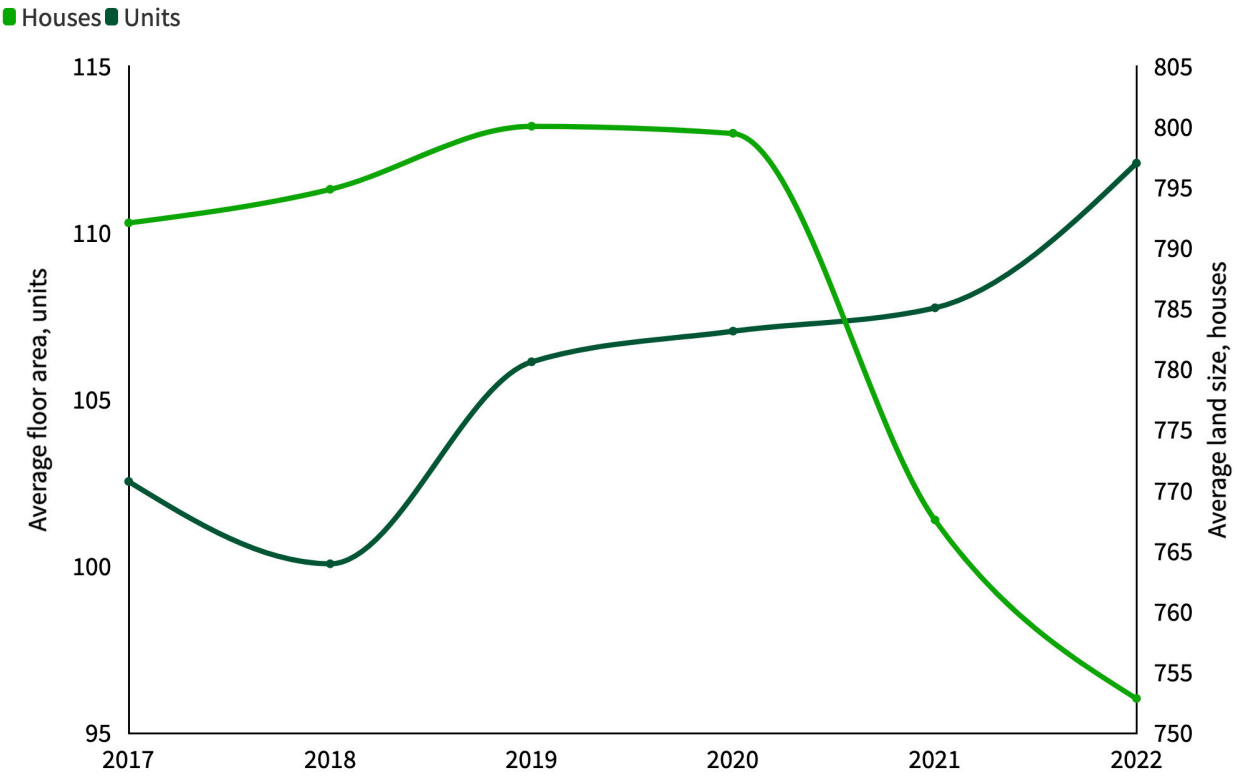
Figure 5. The average number of bedrooms within properties sold, Australia.



Bigger homes on smaller blocks

For houses sold, the average number of bedrooms has been on the rise. Perhaps a little counterintuitively, Australians have been purchasing larger houses whereas the land size of the houses they purchased was relatively constant at 800 square metres between 2017-2020. However, since 2020, the average land size has dropped, reaching 753 square metres in 2022 *(figure 6)*. Affordability and more efficient use of land supply explains the drop in block size, however we are building larger homes. On the flip side, the average floor area for units has been rising since 2018, from 100 square metres to 112 square metres in 2022. This did align with a rise in the number of bedrooms until 2021.

Figure 6. The average land size or floor area of properties sold, Australia.



Green homes in the nation's capital

The ACT is the only jurisdiction that has a mandatory disclosure of an energy-efficiency rating (EER) on for-sale and rental listings according to the ACT House Energy Rating Scheme (ACTHERS). The EER is a scale between 0 and 6 – the higher the number, the greater the energy efficiency. This provides a unique data set for a deep dive into the performance of homes based on their EE rating, making the ACT an ideal candidate for a sustainable case study.

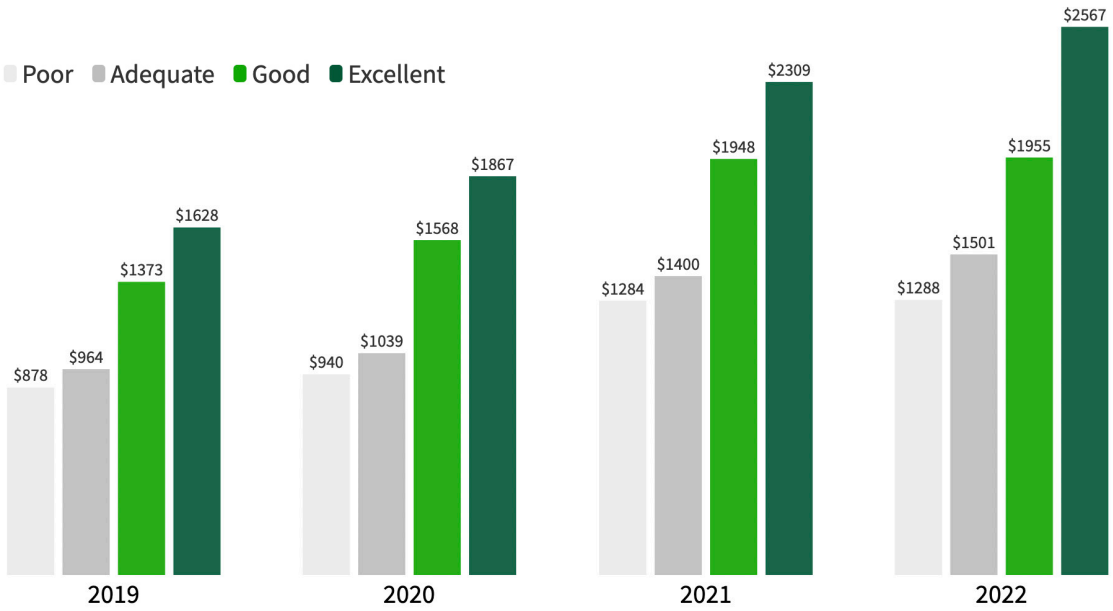
Houses sold across calendar years were compiled into groups according to their advertised ERR (0-1.5; 2-3.5; 4-5.5; 6). For ease, we have labelled these groups as the following:

- **Poor** is an EER 0-1.5
- **Adequate** is an EER 2-3.5
- **Good** is an EER 4-5.5
- **Excellent** is an EER 6

The median price by EER group (poor, adequate, good and excellent) was calculated by square metre. Data was analysed based on geography, at a territory level and a sub-region level.

A higher energy-efficiency rating commands a greater price per square metre for houses across the ACT *(figure 7).* The higher the EER group the greater the jump in price. In 2022, the price per square metre for a home in the EER group **excellent** was 99.3% more compared to a **poor** EER. When comparing the **poor** EER to a **good** EER the price premium was 51.8%, and compared to an **adequate** EER it was 16.6%. This trend was consistent every single year since 2019, with a larger price jump the more sustainable a home. This backs our previous analysis on the sale price of EE-listings compared to non-EE listings. The more sustainable a home the higher the price premium. More evidence that buyers are willing to pay more for greener homes.

Figure 7. The median price per sqm by EER classes, ACT.



Poor is an EER 0-1.5 | Adequate is an EER 2-3.5 | Good is an EER 4-5.5 | Excellent is an EER 6

Another way to dissect this data is to compare the price jump from one group to the next. The leap in price per square metre is larger the more EE a house is. No matter the way the figures are dissected, sustainable homes come at a price premium. This means the higher the EER the greater the price leap.

The percentage difference in price per sqm across EER groups, 2022

EER: **Poor** **Adequate** **Good** **Excellent**

Poor to Adequate **+16.6%**

Adequate to Good **+30.2%**

Good to Excellent **+31.3%**

Price per sqm for an excellent EER home was 99.3% more compared to a poor EER home

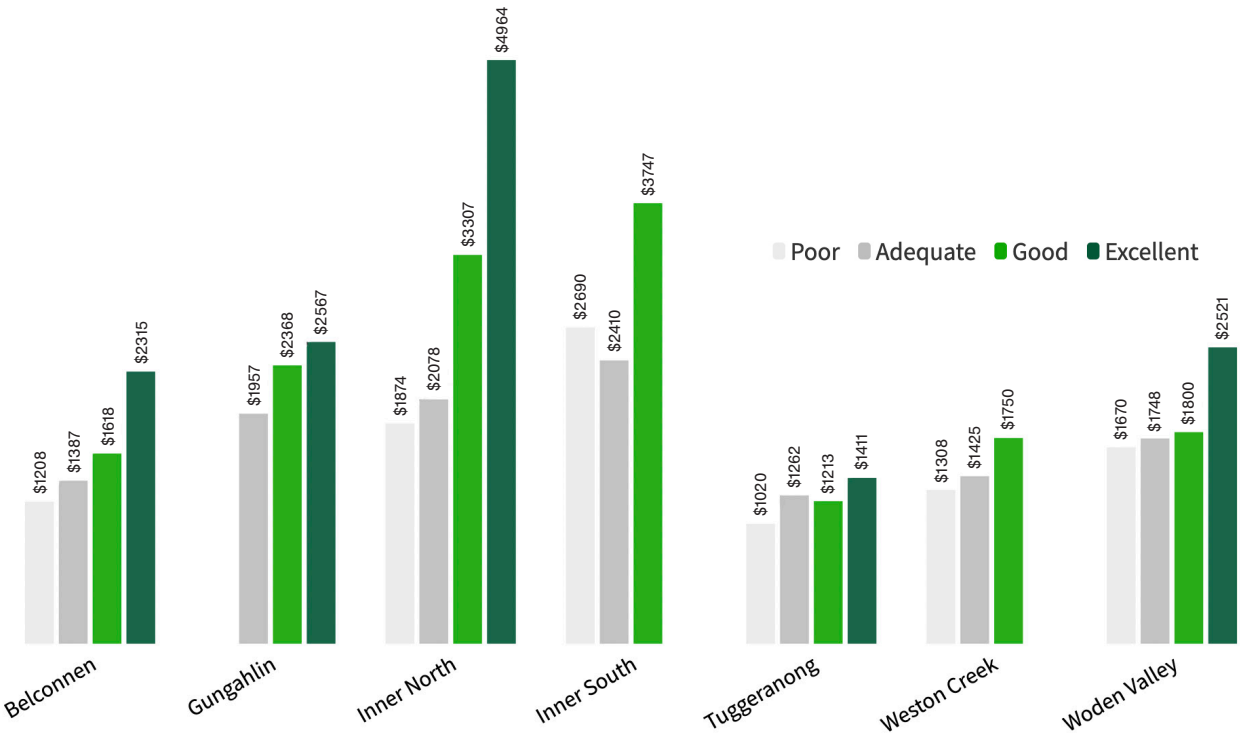
Poor is an EER 0-1.5 | Adequate is an EER 2-3.5 | Good is an EER 4-5.5 | Excellent is an EER 6

The price premium may vary depending on the sub-location within the ACT. Different regions or suburbs may dictate different approaches to decision-making when it comes to environmental features included, particularly in new suburbs or within large developments, and especially when compared to older established suburbs or heritage areas.

Consistently, EE homes command a higher price premium across all areas of the ACT *(figure 8).* This has largely been the case since 2019, with just a few anomalies along the way *(table 6).*

Please note, Molonglo Valley is excluded from the analysis. Weston Creek and the Inner South do not have enough sales data to accurately provide a median price per square metre for 2022 for an EER of 6 (excellent).

Figure 8. 2022 median price per sqm by EER classes, Canberra regions.



Poor is an EER 0-1.5 | Adequate is an EER 2-3.5 | Good is an EER 4-5.5 | Excellent is an EER 6

Table 6. EE rating with the highest median price per sqm, Canberra regions.

Year	Belconnen	Gungahlin	Inner North	Inner South	Tuggeranong	Weston Creek	Woden Valley
2022	Excellent	Excellent	Excellent	Good*	Excellent	Good	Excellent
2021	Excellent	Excellent	Excellent	Good	Good	Excellent	Excellent
2020	Excellent	Excellent	Excellent	Excellent	Excellent	Adequate	Excellent
2019	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent

*EER 6 did not have enough sales to generate an accurate median price per square metre. Poor is an EER 0-1.5, Adequate is an EER 2-3.5, Good is an EER 4-5.5, Excellent is an EER 6.

No matter where you are buying in the ACT, homes that have a higher EER come at a greater cost per square metre, but this is a premium buyers are clearly willing to pay.

A green outlook

Energy-efficient homes come at a premium

Research shows that two-thirds of home buyers have a preference for energy-efficient homes when given a choice.[3] **Domain's Sustainability in Property Report** proves very few buyers begin their home search using an energy-efficiency keyword. Sustainability might be playing on our minds, but other criteria rank higher in importance when placed against the backdrop of affordability, availability, lifestyle and location. It is clear that energy-efficient additions are being used more within property listings to attract, persuade and prove the homes' value to prospective buyers. This is because sustainable additions have an attached price premium, with houses having a higher percentage price premium than their energy-efficient unit counterparts. Homes with energy-efficient features also have greater buyer interest and sell quicker. This provides homeowners with short- and long-term benefits, from immediate savings of utility bills to a premium when sold.

We need to incentivise environmentally friendly additions

The price premium and superior market performance of eco-friendly homes make them even less attainable for first-home buyers or lower-income households. Despite the energy and savings on utility bills, the additional upfront cost when purchasing alienates those who can't afford these added extras. An approach to encourage and make sustainable homes attainable for all budgets is essential for improving the carbon footprint of our homes and reducing household bills. This could take the form of incentives for developers or homeowners to provide greener living. Once all homes have an expected minimum standard of inclusions, perhaps it will have less of an impact on price.

We need to rightsize our homes

The financial burden of stamp duty can be linked to people's willingness to change homes. Bedroom capacity by home ownership status implies that Australians may not be living in dwellings that suit their current needs. A large house can be considered green, however, how environmentally friendly is a five bedroom home for two people? This places our environmental footprint into focus, irrespective of how green a home is. It is an important aspect to consider when the size-to-occupant ratio becomes drastically disproportionate. There is a social responsibility from all Australians to rightsize their home and this should be encouraged by the government. Removing stamp duty may encourage housing turnover, driving more "fit for purpose" living choices.

Methodology

Domain's unique keyword data for home buyer searches and descriptions used within for-sale listings have been used to determine the difference between an energy-efficient home, or search, and one that is non-energy-efficient. Through extensive research across academic journals a set of frequently used energy-efficient words were selected. The sustainable features that were considered include *sunroom, solar panel, north facing, eco homes, sunroof, bio, grassed, sunny, conservation, energy, eco, orientation, shading, shade, rainwater tank, cross ventilation, insulation* and *zoning.* These have been used to define energy-efficient homes and non-energy-efficient homes that are advertised for sale or have been sold. It has also been used to determine the difference between a property search that is based on energy-efficient keywords and one that is not.

The advertised Energy Efficiency Rating in the ACT (based on the EE rating system) is used to group homes based on their individual EE rating. Homes sold are grouped based on their advertised EE rating to allow for analysis of median price.

Definitions

Median Price: the middle sale price of homes sold.
Days on market: the time between when a home is listed for sale and when it is sold, then an average is taken across properties.
Listing Views: A count of the number of views a property has had, then an average is taken across properties.
Bed count: An average is taken of the number of bedrooms a group of properties is advertised to contain.
Land size: The average size of the block of land from a group of houses sold.
Floor size: The average size of the floor area from a group of units/apartments sold.
Price per square metre: the sold price is divided by the land size (houses) or floor size (units/apartments) at an individual property level; an average is then taken across properties grouped by location and EE rating.

References

1. Alves, B., 2022. Household electricity prices worldwide in September 2021, by select country. https://www.statista.com/statistics/263492/electricity-prices-in-selected-countries/
2. Compare Club. https://asset.compareclub.com.au/pdf/Bill-Shock-Report-Q2-2021.pdf
3. CRC for Low Carbon Living. http://www.lowcarbonlivingcrc.com.au/sites/all/files/publications_file_attachments/growing_market_for_sustainable_homes_final.pdf
4. Australian Government Centre for Population, https://population.gov.au/data-and-forecasts/projections
5. Australian Government Centre for Population, https://population.gov.au/data-and-forecasts/projections. ABS, Housing Occupancy and Costs (FY2019-20). https://www.abs.gov.au/statistics/people/housing/housing-occupancy-and-costs/latest-release
6. Albatayneh, A, Alterman, D, Page, A and Moghtaderi, B, 2018, The Significance of the Orientation on the Overall building's Thermal Performance-Case Study in Australia, Energy Procedia, Volume 152, pp. 372–377.
7. Australian Government 2020, https://www.yourhome.gov.au/passive-design/insulation
8. Australian Government 2020, https://www.yourhome.gov.au/passive-design/insulation
9. Climate Council, https://www.climatecouncil.org.au
10. Climate Council, https://www.climatecouncil.org.au
11. Climate Council, https://www.climatecouncil.org.au
12. EY Future Consumer Index
13. CRC for Low Carbon Living. http://www.lowcarbonlivingcrc.com.au/sites/all/files/publications_file_attachments/growing_market_for_sustainable_homes_final.pdf
14. https://www.commsec.com.au/content/dam/EN/ResearchNews/2021Reports/November/ECO_Insights_011121-CommSec-Home-Size-Report-2021.pdf
15. ABS, Housing and Occupancy Costs, FY 2019-20.
16. ABS Housing Occupancy and Costs, Housing utilisation, FY 2019-20.
17. Domain, powered by APM. Median prices are compared from March 2020 to March 2022.

Domain