

# Baby it's Cold Inside: Energy Efficiency Ratings in the ACT

Better Renting, July 2019

In the ACT, rental properties are much more likely to have a low energy efficiency rating (EER) than properties for sale. Our analysis of almost 20,000 advertisements finds that over two in five rental property EERs are 0, compared to less than one in twenty EERs listed for properties for sale. This is based on analysis of real estate advertisements recorded between July 2018 and June 2019.

## Key points

- This report is an update on our analysis from April 2018, this time with a much expanded dataset.<sup>1</sup>
- Data were collected from online real estate advertisements between July 2018 and June 2019. Duplicate ads were removed. EERs were rounded to the nearest whole number.
- In total, 8,228 sale ads were analysed, including 7,856 disclosed EERs. This is a disclosure rate of 95%.
- 10,796 rental ads were analysed, including 4,779 disclosed EERs. This is a disclosure rate of 44%. It is likely that disclosure rates for properties obtaining a low EER are lower, as enforcement is lax and it is against a lessor's interest to disclose a low EER.<sup>2</sup> It is likely that rental properties are in fact even less efficient than our data suggest.
- For rental properties, 43% of disclosed EERs were 0. Only 5% of properties for sale disclosed an EER of 0.
- A zero star rating means "the building shell does practically nothing to reduce the discomfort of hot or cold weather."<sup>3</sup>
- The second most common rating for a rental property is 6, which is 23% of all disclosed ratings. For properties for sale, this figure is 33%. The National Construction Code currently requires new detached houses and row buildings to obtain an energy rating of at least 6 stars; new apartments must be at least 6 stars as an average of all units in a building.<sup>4</sup>
- Living in an inefficient home is bad for your health. One of the clearest ways to improve health through housing is by improving the warmth and energy efficiency of dwellings.<sup>5</sup>
- Our previous research has estimated that low energy efficiency in the rental sector means that people who rent miss out on benefits worth \$39 million each year.<sup>6</sup>

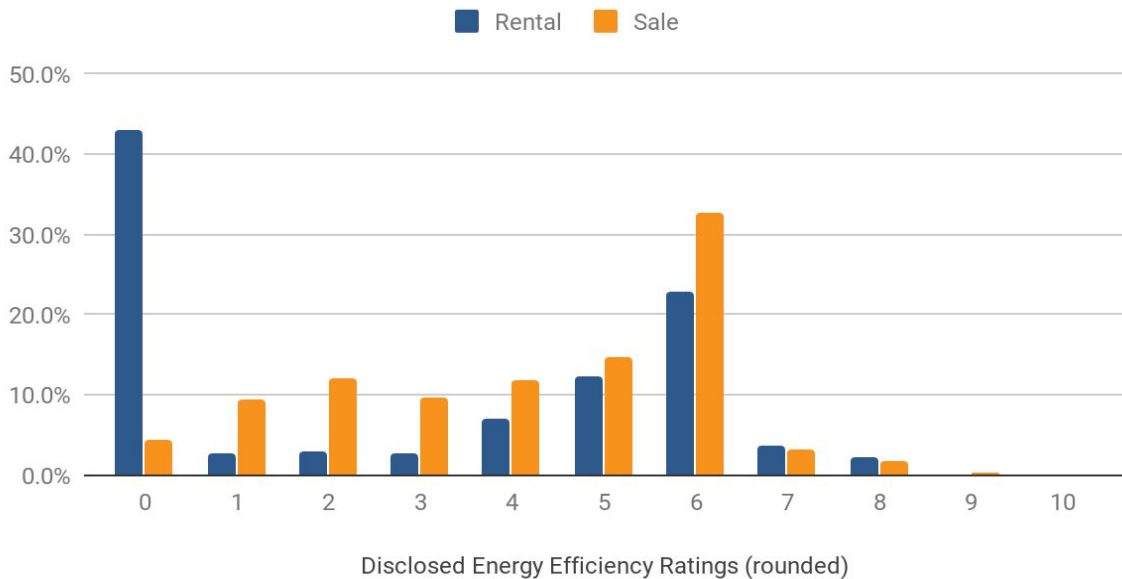
## Results

The below table shows the frequency distribution of disclosed energy efficiency ratings drawn from advertisements of properties for rent or sale.

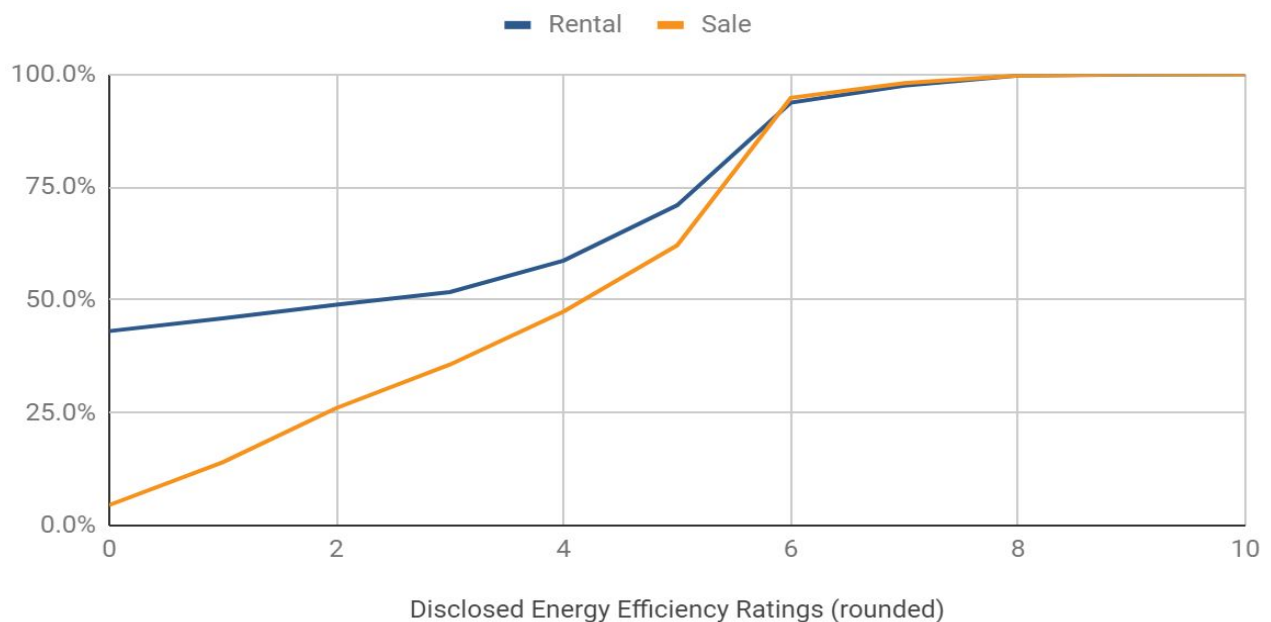
| EER      | 0    | 1   | 2    | 3   | 4    | 5    | 6    | 7   | 8   | 9   | 10  |
|----------|------|-----|------|-----|------|------|------|-----|-----|-----|-----|
| Rent (%) | 43.1 | 2.8 | 3.0  | 2.8 | 7.0  | 12.3 | 22.8 | 3.8 | 2.2 | 0.2 | 0.0 |
| Sale (%) | 4.5  | 9.5 | 12.0 | 9.6 | 11.7 | 14.7 | 32.7 | 3.3 | 1.7 | 0.3 | 0.0 |

## Charts

### Distribution of Energy Efficiency Ratings, Rental vs Sale



### Energy Efficiency Ratings (cumulative)



## Bibliography

- [1] Better Renting, The energy efficiency of rental properties in the ACT. Canberra, 2018.
- [2] Lee, T, & Y Wang, 'Mandatory Disclosure of Energy Efficiency for Residences – History and Compliance in the A.C.T. Sales and Rental Markets' in Solar2010, the 48th AuSES Annual Conference. 2010, pp. 1–17.
- [3] Commonwealth of Australia, 'Star rating scale overview'. <<http://nathers.gov.au/owners-and-builders/star-rating-scale-overview>> [accessed 25 June 2018].
- [4] Commonwealth of Australia, 'The National Construction Code and State and Territory Regulations'. <<http://www.nathers.gov.au/governance/national-construction-code-and-state-and-territory-regulations>> [accessed 17 July 2019].
- [5] Gibson, M, M Petticrew, C Bamba, AJ Sowden, KE Wright, & M Whitehead, 'Housing and health inequalities: A synthesis of systematic reviews of interventions aimed at different pathways linking housing and health'.in *Health and Place*, 17, 2011, 175–184.
- [6] Better Renting, Frozen out : The Burden of Energy Deficiency on People who Rent. Canberra, 2018.

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