

## VALUERS AND AGENTS: PERSPECTIVES ON THE IMPORTANCE OF HOUSE ENERGY EFFICIENCY

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### ABSTRACT

*Valuers and real estate agents are central to property transactions and significantly influence the housing ecosystem. Amid growing global concerns about climate change, energy-efficient housing has become a vital strategy for reducing fossil fuel consumption. However, the adoption of energy-efficient practices in the established housing sector remains slow and inconsistent, particularly in Australia. This study, part of a broader industry-funded project, investigates the diverse perspectives of valuers and real estate agents on the importance of energy-efficient housing. Findings reveal a range of attitudes, ranging from disengagement to enthusiastic support, shaped by structural market barriers, policy challenges, and a notable lack of knowledge, skills, and accessible data from both parties. These factors hinder active engagement and limit the expansion of energy-efficient housing within the existing housing stock. The research highlights the need for targeted policy reforms, enhanced professional education, and improved data availability to empower property professionals to drive sustainable housing initiatives.*

Keywords: Energy-efficient housing; Property valuers; Real estate agents; Climate change; Housing market; Sustainability

### INTRUCTION

Australia's housing market comprises numerous participants who conduct their work in an increasingly complex environment. Operational pressures, changing market conditions, shifting externalities such as responses to climate change are all pressing in on professionals as they undertake their duties. One such change is that of the need to reduce carbon emissions emitting from occupation and activity in housing. The need to build or retrofit houses capable of reducing energy consumption, and the emissions that emanate from energy production, is widely acknowledged.

Energy efficient housing has been a focus of research for many years now and yet consistent evidence eludes researchers regarding any possible price premium for houses that exhibit increased energy efficiency. Considerable attention has been given to economic modelling to understand buyer attitudes towards efficient housing where expectation of future benefits through reduced household energy costs anticipated. Claims of price premiums have also been made by numerous parties with one commercial provider of data and analytics reporting price premiums up to 23.8% compared to the equivalent non-efficient houses in Melbourne Australia (Domain 2025). Globally such claims are more moderate in academic fields (Hyland et al 2013; Fuerst et al 2015; Warren-Myers et al 2023).

Regardless of the quantum of any price premium, or discount for non-efficient houses, interest from homeowners and renters appears to be increasing. This is possibly due to increasing energy costs with buyer and renter appetite claimed to be driving housing markets towards building more energy efficient houses and retrofitting existing (Daniel et al 2020). The benefits of doing so are obvious and arguments to the contrary would be difficult to sustain. However, less focus has been given to industry practitioners and how these important stakeholders are engaging with house Energy Efficient Technologies (EETs). This is important to understand as practitioners comprise an important part of the housing eco-system and have a significant influence on outcomes.

For example, valuers are required to provide independent advice to lenders regarding market value to minimise lending risk and in doing so are likely to come across housing that comprises numerous energy efficient technologies that may appeal to buyers. As such, valuers should be able account for any price premium the buyer may be willing to pay or discount that a non-energy efficient house may suffer. Real estate agents, as marketers of housing, should also be capable of interpreting the contribution of any energy efficient technologies to the overall sale price and encourage potential buyers to consider the benefits of these technologies. Further, builders and designers of housing, including renovations, should be expected of being able translate market appetite of energy efficient technologies into the design and build and be capable of ensuring standards are met. Building standards in Australia dictate certain energy performance requirements are met to ensure minimum standards. How these industry professionals work within the eco-system and the extent to which they understand the complex area of energy efficient housing, let alone the engagement of other stakeholders, is not well understood. This research aims to better understand the degree to which agents and valuers engage with energy efficient technologies in the housing transaction and how such engagement manifests itself. These two cohorts are important to this research as they are interpreters of the market and form opinions of value that other parties such as sellers and finance institutions rely upon.

This research is based on Australia which, as a nation, has minimal formal requirements around house energy performance disclosure at the point of transaction. In fact, only the Australian Capital Territory (ACT) has a mandated requirement to inform the buyer of the house's ability to reduce energy costs. The research focusses on valuer, and to a lesser extent real estate agent engagement with energy efficient housing through the lens of sales of established detached housing. Such housing represents the vast majority of housing in Australia. This paper is part of a larger project funded by the Australian Property Institute and presents interview data obtained.

### **Research Questions**

The primary objective of this research is to investigate the extent to which real estate agents and valuers recognise, engage with, and incorporate energy efficiency technologies into the sales promotion and valuation of detached residential properties. To achieve this the following questions were addressed:

1. How do real estate agents engage with the emergence of residential energy efficiency technologies and integrate them into property marketing strategies?
2. How do valuers account for energy efficient technologies in residential property valuations, and to what extent are these features integrated into valuation?

The remainder of the paper is as follows; the next section reviews pertinent literature regarding valuations of residential properties with energy efficient technologies. This section is followed by an overview of the methodology adopted for this research and then results are presented. Finally, the paper concludes with a summary of findings and concluding comments.

## **LITERATURE REVIEW**

This review discusses the valuer and real estate agent engagement with valuation of Energy Efficiency Technologies (EETs) in the residential sector, with an emphasis on the Australian context. Central to this review is market acceptance and prevailing trends influencing energy-efficient technology integration in residential properties and valuation practices. To position this paper, the review firstly provides a global perspective followed by a review of extant research conducted in the Australian context. It then proceeds to provide a critique of relevant research regarding practitioners, specifically real estate agents and valuers with an emphasis on the latter.

### **Global perspectives**

Alongside financial benefits of reduced energy consumption costs are the expectation that house energy efficient technologies will attract higher sale prices. Positive correlations, guided by energy performance certificates, between energy attributes and property valuations across Europe, have been observed including performance reports of specific technologies such as double glazing (for example see Ou et al 2025). The UK and Irish housing markets exhibit similar patterns, highlighting the importance of reliable certification in fostering energy efficiency investment in housing (Cespedes-Lopez et al 2019; Hyland et al., 2013) with similar observations throughout Europe (de Ayala 2016; Wilhelmsson 2023). An interesting point to note here is that many European countries utilise energy certificates providing an observable basis from which to examine pricing influences. This is not the case throughout Australia.

Within the Australian context, energy efficiency paradigm has been struggling to consolidate its place in the housing market. Notwithstanding this, persistent increases in energy consumption cost appear to be influencing uptake. The European evidence suggests mandatory energy certificates at point of sale or rent are integral for increased acceptance. In Australia, only the Australian Capital Territory (ACT) has such mandatory disclosure. Studies of the ACT housing market indicates observable price premiums for energy-efficient homes, reinforcing market acknowledgment of energy-saving attributes (Berry et al., 2008; Fuerst & Warren-Myers 2018). Yet, rental properties suffer diminished efficiency levels due to landlords' reticence in investment, likely to be attributable to the split incentive dilemma (Wood et al 2012; Melvin, 2018).

Regarding market operatives such as valuers, challenges persist due to the absence of mandatory disclosures across various jurisdictions, with valuers expressing limited integration of energy attributes into valuation practices (Kain et al., 2019).

### **Energy efficiency in Australian housing**

Origins of energy-efficient housing initiatives in Australia are traceable to post-1970s oil crisis epochs, catalysing research and promotional activities (Williamson et al, 2006). Since then, successive administrations have implemented comprehensive building energy efficiency mandates, addressing anthropogenic climate change imperatives (IEA 2023). National mandatory building energy requirements emerged in 2003, building upon precedents set during international accords in the late 1980s (Berry & Marker, 2015). The Building Code of Australia, established in 1990, has evolved through performance-based adaptations and mergers yielding the National Construction Code (NCC) (Berry & Marker, 2015; Moore & Holdsworth, 2018) which provides a national set of design and construction provisions for Australian buildings. The NCC sets the minimum required level for the safety, health, amenity, accessibility and sustainability for Australian buildings.

Energy performance is assessed via the Nationwide House Energy Rating Scheme (NatHERS), employing star-rating systems based on architectural and climatological criteria (Nationwide House Energy Rating Scheme, 2022). Despite notable advancements, Australian energy performance standards remain suboptimal relative to international benchmarks, with mandatory disclosure for residential sales and leasing largely restricted to the Australian Capital Territory (Hulse and Milne 2019; Berry et al 2022). Enhanced regulatory frameworks are requisite to ameliorate efficiency disparities across the nation. A contextualised understanding these frameworks is important for market actors.

With detached houses being the predominant housing in Australia, they represent focal the point for energy efficiency enhancements (Wingrove et al 2024). Strategies embracing passive design and supportive technologies offer significant potential for reducing national energy consumption and emissions (Gustavsson and Joelsson 2010). Despite technological advancements, barriers such as upfront costs and delayed realisations impede universal adoption (Kastner & Stern, 2015). Another recognised element of importance to normalising energy efficiency in the eco-system of housing is the role played by market actors, namely real estate agents and valuers.

## **Residential agency and valuation practices**

Regarding housing markets, knowledge of energy efficient technologies held by market actors is considered essential and discrepancies among participants impede effective engagement with efficiency features (Kain et al 2019). Real estate advertisements frequently neglect sustainability information, focusing instead on conventional selling points (Bevan & Lu, 2013; Hurst & Halvitigala 2025). Conversely, valuers demonstrate interest in integrating efficiency features within assessments, albeit amid challenges in consistency (Warren-Myers, 2020).

The role played by real estate agents cannot be overlooked. Both within the sales and leasing process they inform stakeholders of the house's characteristics and in doing so, can neglect, downplay or highlight the benefits of any existent energy efficient technologies. Research in Australia finds moderate engagement at best (Hurst and Halvitigala 2018). Understandably agents are interpreting market directions and trends promoting properties accordingly. Outside the mandated requirements of the ACT, the degree to which agents are engaged with energy efficient technologies is possibly governed by personal values and/or seller beliefs (Wong et al 2016). In many cases such technologies are mentioned in advertisement and left to the potential buyer/tenant to interpret their benefits (Hurst and Halvitigala 2019). If the merit of such technologies is not highlighted during the sales process, the question arises how they are considered post sale.

Valuation methodologies permit the incorporation of energy efficiency via adjustments reflecting consumer price premiums for efficient properties (Warren-Myers 2022). International guidelines advocate for holistic integration of sustainability impacts within valuations (Royal Institution of Chartered Surveyors, 2023). Yet, the Australian industry exhibits a discernible gap in accounting for price premiums afforded by energy efficient technologies. This may be a result of insufficient market evidence and/or a belief that housing markets are not factoring price premiums into the transaction decision.

Valuers play a critical role in assessing the market value of residential properties, often for mortgage security purposes, and their ability to understand and integrate energy-efficient characteristics is increasingly important in today's real estate market. As the awareness of sustainability and energy efficiency grows, valuers are expected to account for these features in their valuations. However, the level of understanding and confidence among valuers in incorporating energy-efficient technologies varies (Warren-Myers and Kain, 2019). Many valuers recognise the growing market significance of energy efficiency; nevertheless, they often face challenges in consistently integrating these features into their assessments (ibid).

Potentially a key issue is the lack of standardised guidelines and training specific to energy-efficient valuations. Without clear methodologies or metrics, valuers may struggle to accurately quantify the contribution of technologies such as solar panels, efficient insulation, and advanced energy management systems into the overall market value of a subject property. Additionally, the availability of comparable sales data for energy-efficient homes is limited, making it difficult for valuers to benchmark these properties accurately (Warren-Myers 2022). In context, the same challenges are likely to apply to real estate agents.

Confidence levels among valuers when dealing with energy-efficient features also depend on regional market dynamics and regulatory environments. In areas where mandatory energy efficiency disclosures have been implemented, such as the Australian Capital Territory, valuers are likely to have a better understanding of these features in valuations, but uncertainty remains regarding the extent of financial contribution in valuation determinations (Kain et al 2019). In regions without such mandates, there is often less market transparency, which can also lead to 'undervaluation' of energy-efficient homes. In other words, not recognising any price premiums for this housing stock. How to bridge this gap is important to investigate and this research aims to, at least in part, contribute to this issue.

## RESEARCH METHODOLOGY

The research adopted a pragmatic paradigm; accordingly, a qualitative methodological approach was deemed appropriate (Robinson and Swanstrom 2024). Detached housing was the subject of investigation. The rationale for this limitation is that owners of detached housing have choice regarding the selection of energy efficient technologies to install whereas owners of multi-owned property generally do not. This limitation was made known to all research participants to contain the discussion to this requirement.

Data collection was conducted through a sequential two-stage methodological approach to comprehensively examine the valuation of energy efficiency technologies in residential properties. The initial stage focused on examining real estate agents' perceptions regarding the market value premiums attributable to various energy efficiency technologies, thereby establishing baseline market sentiment and perceived financial benefits. The subsequent stage, which constituted the more critical component of the investigation, explored the methodologies and decision-making processes employed by residential valuers when incorporating energy efficiency features into residential valuations. This dual-stage approach enabled the research to capture both market perceptions and professional valuation practices, thereby providing a holistic understanding of how energy efficiency technologies influence property value assessment in residential markets.

As valuers are required to understand market trends and activity to interpret market data it was considered essential that the views of real estate agents, as marketers of housing, be included first in the data collection. Therefore, the interviews were first conducted with industry peak bodies, namely Real Estate Institutes in the state and territory regions across Australia. All real estate institutes (REI) approached agreed to be interviewed with the exception the Queensland Real Estate Institute who did not respond to initial requests. The limitation this omission creates is duly recognised. The interviews were conducted online and lasted approximately 30 minutes each. Data was recorded with the permission of the interviewees. As each participant REI represented their respective state or territory, the number of interviews was inherently capped and therefore, saturation, a usual requirement for valid qualitative research, was not relevant.

The second stage of data collection, which explored how residential valuers integrate energy efficiency technologies into property valuations, drew upon qualitative responses from a national survey of residential property valuers conducted on this topic. In all 57 valuer participants responded to the national survey. The survey instrument comprised both a quantitative section and a qualitative section and this paper reports on the qualitative data. This qualitative emphasis enables an in-depth examination of their perceptions, experiences and practical considerations that underpin valuers' treatment of energy efficiency technologies in residential valuations.

Upon completion of qualitative data collection, the data were analysed using Braun and Clarke's (2006) thematic analysis framework. This involved familiarisation with the data, generation of initial codes, identification and refinement of themes, and interpretation of findings (Braun & Clarke, 2006). The iterative process of coding and theme development enabled the identification of key patterns and meanings within the dataset (Saldaña, 2015).

## RESULTS AND DISCUSSION

The results are presented and discussed sequentially according to industry sector, commencing with real estate agent peak bodies, followed by valuers. A subsequent discussion section synthesises the themes and findings emerging from these two professional perspectives, identifying points of similarities and differences in their approaches to promote and value energy efficiency technologies.

## Real Estate Agents' perspective

### *Real agent understanding of Energy Efficient Technologies (EETs)*

The understanding and engagement of real estate agents with Energy Efficiency Technologies vary significantly across Australia. Agents in warmer climates and regions and the ACT, where mandatory energy efficiency disclosures exist, demonstrate higher confidence and proactive promotion of EETs. In these regions, buyers often prioritise energy-efficient features, such as solar panels, which can influence property prices favourably (Fuerst & Warren-Myers, 2018). For example, the Real Estate Institute Northern Territory (REINT) was very confident that agents were both 'skilled' and capable of informing buyers of the benefits mainly financial:

*“There’s a lot of solar and solar hot water here. I think a lot of the benefits are discussed more in regard to saving money on power. It is one of those things that people [buyers] have on their checklist to make sure there is or isn’t solar and it is on every advertisement that has solar”*  
(REINT representative).

In contrast, agents in Victoria display limited understanding and engagement with EETs. As highlighted by the Real Institute of Victoria (REIV) representative *“there is a lot of chatter in government circles regarding the need for housing to become more energy efficient”* (REIV representative), but little appears to be forthcoming in terms of policy. The absence of mandatory disclosure requirements discourages transparency, and while there is government discussion about energy efficiency, participating in voluntary programs like the Residential Efficiency Scorecard imposes costs on homeowners. This situation suggests that agents' knowledge remains rudimentary unless personally interested. The lack of policy and market pressure means valuations often overlook EETs.

Similar sentiments are shared by real estate institutions in New South Wales, Western Australia, and South Australia, where agents' understanding of EETs is mostly superficial, focusing on popular features like solar PV systems. Despite available training, uptake is low, and EETs continue to be seen as secondary concerns. There is a consensus that mandatory efficiency reporting could enhance engagement and awareness. Until such measures are in place, EETs are likely to remain peripheral in real estate transactions.

These findings highlight the influence of climatic and regulatory contexts in shaping agents' approaches to EETs. To improve engagement, comprehensive policies and mandatory reporting are necessary, encouraging agents to integrate EET considerations into their professional practices actively. As market forces evolve, valuers will also need to adjust and recognise the impact of energy efficiency on property values.

### *Real estate agent pricing of energy efficient technologies*

The inclusion of EETs in property appraisals varies by region and climatic conditions. The Real Estate Institute of the Northern Territory (REINT) states that EETs, principally solar technologies, are *“always included in sales advertisements”* when present. However, they acknowledge that agents may not fully price these technologies into appraisals possibly due to a skills gap in understanding their benefits. This can impact real estate agents potentially leading to inaccurate appraisals for properties with EET features.

In contrast, the Real Estate Institute of Tasmania (REIT) mentions that while EETs may enhance a property's appeal, they don't significantly influence pricing. Meanwhile, the Real Estate Institute of the Australian Capital Territory (REIACT) notes minimal pricing allowance for EETs, indicating a general awareness among agents that buyers might pay a premium for energy-efficient homes. Specific research by Fruest & Warren-Myers (2018) in the ACT finds there is a notable pricing allowance however, the REIACT is not confident this allowance is significant. Yet, traditional factors like condition and quality of fittings usually have more sway over appraisals.

In Victoria, the Real Estate Institute of Victoria (REIV) reports that agents typically do not incorporate price allowances for EETs. It was stated that five years ago, high-performing homes might have attracted a premium, but current trends suggest lower-performing residences are more likely to be discounted, although evidence of this is not visible from the agent's perspective. This contrasts with the ACT, where energy efficiency continues to lift property prices; very likely supported by mandatory disclosure requirements.

Similar trends are observed in New South Wales, as reported by the Real Estate Institute of New South Wales (REINSW). A decline in buyer interest has led agents to ignore energy efficiency considerations from appraisals, adhering to more traditional value drivers of house prices. This approach reflects strategic adaptation by agents to market nuances.

Both the Real Estate Institute of Western Australia (REIWA) and the Real Estate Institute of South Australia (REISA) confirm that no pricing allowances for EETs are typically applied. However, they acknowledge the appeal of solar PVs to buyers due to energy cost reductions. REIWA advocates for mandatory energy reporting, emphasising that such initiatives could transform the market by fostering informed purchasing decisions and highlighting energy efficiency's importance.

Overall, while EETs may enhance property appeal and reduce energy costs, their impact on pricing remains inconsistent across regions. The implementation of mandatory energy disclosures could standardise how EETs are factored into appraisals, promoting greater market transparency and valuation accuracy.

### ***Marketing of Energy Efficient Technologies (EETs)***

Real estate agents increasingly include EETs in sales advertisements, but often these features don't receive adequate emphasis, except in the Northern Territory. Typically, details such as solar panels are mentioned, but their benefits are not highlighted, leaving prospective buyers to research these implications independently.

As marketers of property, agents play a vital role in detecting and reacting to market trends affecting buyer behaviour. By aligning advertisement strategies with these trends, agents can cater to evolving buyer attitudes and preferences. Regular references to EETs in property advertisements suggest growing interest among buyers. Data from the Real Estate Institute of Victoria (REIV), not fully reported in this paper, indicates increased promotion of solar technologies. However, interviewees noted that EET terms are often listed as mere features without passionate support, suggesting a disconnect in conveying their benefits.

The Real Estate Institute of the Northern Territory (REINT) highlights EETs more prominently, sometimes even making them the main feature of property headings, especially when such systems are significant. This approach contrasts with southern states, where agents claim they sometimes include EET features to appease vendors rather than enthusiastically advocate for them. Agents in Tasmania (REIT) and South Australia (REISA) noted that while main features like solar panels are mentioned, little additional information is provided.

The Real Estate Institute of New South Wales (REINSW) reported that EETs are often omitted from advertisements, suggesting *"it is common for agents not to include references to energy features in the advertisement"*. During an interview, a random internet search in a Sydney suburb for properties with solar panels yielded no results, indicating a marketing oversight that might leave potential buyers unaware of these benefits. This underplays the actual advantages EETs can provide homeowners.

Conversely, the Real Estate Institute of the Australian Capital Territory (REIACT) indicates that agents often rely on disclosed energy ratings and typically include significant EET features such as solar panels in their listings. This practice aligns with regulations in the ACT, where mandatory energy performance disclosure exists, promoting a more informed buyer experience.

## Valuers' perspective

### *Energy efficiency and property value*

A significant and consistent theme in the valuation of residential properties is the uncertainty surrounding the impact of energy efficiency technologies on property value. Although energy-efficient homes are generally thought to offer long-term savings, there is scepticism about whether these savings increase sale prices or rental values. The challenge lies in the subjective nature of how energy efficiency is perceived in the market. For instance, in rental properties, the financial benefits of lower utility costs may be offset by higher rents, meaning energy efficiency doesn't always guarantee a financial advantage for tenants or serve as an obvious benefit for buyers or sellers. As one survey respondent stated, *"From a residential tenant perspective, if the tenant saves on utility cost but pays a higher weekly rent that cancels the benefit out, there is a potential benefit to the landlord but not the tenant. Will the extra rent off set the depreciation and maintenance/replacement costs?"*. This complexity is compounded when valuing retrofitted or existing energy-efficient homes, where the process may not consistently yield measurable value enhancements.

### *Valuers' role and limitations*

The role of valuers is crucial but comes with limitations. Their primary responsibility is to analyse market trends and provide an accurate property valuation based on observable data, such as sales evidence and comparable market transactions. Valuers do not determine the added value of energy efficiency; instead, they rely on market evidence to guide their valuations. This was clearly noted by many valuers, as illustrated by two respondents who stated:

*"It is not up to the valuer to determine the added value of energy efficiency or future cost savings; it is the role of the valuer to analyse the market value of properties that either do or do not have these features by way of analysis of market evidence. The market dictates the added value, the valuer analyses this and uses it in their analysis of market value"*.

*"The valuers' role is to observe the market and report on it, not set the market based on ideals"*.

The pressure to deliver rapid valuations with low fees complicates the inclusion of detailed energy efficiency analyses. With current fee structures, there is little motivation for valuers to integrate comprehensive assessments of energy efficiency into their reports. Many suggest that separate energy efficiency reports by experts would be more efficient, akin to pest or building inspections, thus avoiding overwhelming valuers with tasks that exceed their typical expertise and compensation. The following statement articulates this point:

*"Energy efficiency needs to be a totally different report that is completed separately, it is too subjective, and too many people have different opinion of the benefits versus the cost, and many will not pay a premium to potential savings. If they were to be incorporated into reports this would have a huge impact on valuers' time, not to mention the expectation of training. These reports should be treated more like a pest or building inspection report that is provided by a suitably qualified expert and is then relied on by the valuer."*

### *Regulatory and reporting challenges*

The discussion on mandatory energy efficiency disclosure highlights both potential benefits and challenges. Survey participants suggest that such disclosure could increase transparency and enable buyers to make informed decisions. However, the feasibility of implementing these regulations, particularly in rural or remote areas, presents a significant barrier due to the costs involved. Additionally, concerns about loopholes, such as sellers manipulating assessments to maximise selling prices, complicate the creation of effective nationwide systems for energy efficiency reporting. As one valuer stated:

*"Mandatory reporting and regulation are not always the solution. Vendors have always tried to maximise the selling price; they will look for loopholes in an energy reporting system. The affordable*

*rental scheme is a good example; to qualify for government assistance, the rent must be 20% below market for a set period. Most landlords will source a rental assessment that is 10-20% above market before applying the discount. In my experience the safeguards in that system are not sufficient”.*

Some argue that without comprehensive, mandatory reporting, there won't be sufficient market data to establish a clear link between energy efficiency and increased property value.

### ***Valuers' fees and workload***

The integrating of energy efficiency considerations into valuations places an additional burden on valuers, who are already dealing with decreasing fees and increasing demands. This has possibly contributed to a decline in the number of residential valuers, further straining the industry. The current focus on quick valuation turnarounds at the expense of thorough analysis means that energy efficiency, though important, is often not a priority. Valuers express that the existing fee structure and reporting timelines do not support the detailed scrutiny that energy efficiency assessments require. Many argue that unless fees are adjusted to accommodate the additional work involved in energy efficiency evaluations, it is unrealistic to expect valuers to incorporate these factors comprehensively. As stated by a participant:

*“If fees and timeframes still provided for residential valuers to have the time for extraneous value factors such as energy efficiency considerations, then we would be able to pay it more attention, but we neither have the time nor the fee to allow for extra research while lenders continue to prioritise the bottom line with focus on quantity ahead of extended time for quality.”*

This evidence highlights the tension that exists between environmental needs and economic realities.

### ***Training and expertise***

There is also a call for additional training and expertise to equip valuers with the ability to assess energy efficiency features accurately. While there is agreement that extra training would be beneficial, the financial incentives for undertaking such development are lacking. The rapid reporting demands of the residential valuation market mean there is little time or motivation for valuers to pursue added expertise in energy efficiency. Respondents highlight that these training requirements should result in higher fees, though this seems unlikely, especially in the mortgage valuation sector. As one participant noted: *“These additional training and requirements should translate to higher fees for valuations, which is highly unlikely, especially for mortgage valuations”*. The valuation process thus remains a balancing act between embracing new considerations like energy efficiency and adhering to established, efficient methods.

## **CONCLUSION**

This paper forms part of a larger research project funded by the Australian Property Institute that investigates the integration of residential energy efficiency technologies within the property valuation sector. The study addresses two key research questions: first, how real estate agents are engaging with the emergence of residential energy efficiency technologies; and second, to what extent valuers are accounting for these technologies in property valuations. By examining both agent perceptions and valuation practices, this research provides some insights into the mechanisms through which energy efficiency is recognised and valued within the residential property market.

Interviews with real estate institute representatives across Australia revealed that while agents advertise energy efficiency features when present, their engagement with these attributes remains superficial and inconsistent. Agents typically acknowledge them in property listings but rarely provide the detailed, benefit-oriented information that would enable informed buyer decision-making regarding potential energy cost savings, environmental benefits, or enhanced comfort levels. Despite this nominal recognition in marketing materials, agents do not systematically incorporate value

premiums for energy efficiency into their property appraisals, reflecting ongoing uncertainty about market appreciation of these attributes.

Significantly, geographical variation emerged as an important dimension of agent practice. Agents in warmer states, where the benefits of technologies such as solar can be more noticeable, demonstrated greater propensity to actively promote energy efficiency features compared to their counterparts in cooler climates. Nevertheless, even where promotional emphasis is stronger, the translation of energy efficiency attributes into systematic value appreciations remains inconsistent across all jurisdictions, indicating a fundamental gap between recognition of these features and their integration into value assessments.

The findings from valuer survey reveal that valuer attitudes towards residential energy efficient technologies in the valuation process could be best described as “aware but not engaged”. Valuers perceive considerable barriers that must be addressed before affirmative progress can be made to identify and account for any energy efficient technologies existing in the property being valued. Even if such technologies are present, other than the ACT, valuers are reliant on the honesty of sellers to fairly report the performance benefits of the technologies. This research identified mandatory energy performance reporting as being the most suitable and reliable method of addressing the issues highlighted by real estate agents and valuers.

The evidence indicates that while valuers are aware of and acknowledge the importance of such technologies, they are not deliberately factoring them into valuation decisions. Although recognition of energy efficiency exists at a conceptual level, valuers identify numerous unresolved issues – including concerns about liability, professional risk, and inadequate fee structures – that prevent them from proactively incorporating these technologies into their assessment of overall property value.

The findings clearly demonstrate that many valuers are not yet attributing any measurable contribution to overall property value when energy efficiency technologies are present. The Australian Capital Territory represents the sole exception to this pattern, where mandatory energy efficiency disclosure requirements have created market conditions that enable some consideration of these features. However, even in this jurisdiction, the magnitude of any value premium remains unclear.

Multiple barriers emerge as significant constraints on systematically incorporating energy efficiency technologies into residential valuations. These include: uncertainty regarding the long-term performance and reliability of energy efficiency technologies, which introduces professional risk; insufficient comparable sales data that incorporate energy efficiency attributes, limiting empirical benchmarking; inadequate fee structures that fail to compensate valuers for the additional time and expertise required to assess these technologies; and limited access to specialised training and professional development in this domain. While the training deficit represents a readily addressable barrier, enhanced education alone cannot resolve the more fundamental structural impediments of data availability, risk management, and professional remuneration.

In conclusion, addressing the integration of energy efficiency in property valuation requires tackling the emotional market dynamics, regulatory hurdles, fee structures, workload pressures, and training needs. Collaboration among valuers, policymakers, and industry stakeholders is essential to create valuation practices that reflect the true value of energy-efficient features. Such efforts will enhance market transparency and build consumer confidence, encouraging broader adoption of energy-efficient housing solutions.

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**32<sup>ND</sup> ANNUAL PACIFIC RIM REAL ESTATE SOCIETY CONFERENCE**  
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