

Energy benchmarking the new business as usual

With a diverse commercial property portfolio valued at approximately \$1.8 billion, Oyster Property Group is one of New Zealand's leading unlisted commercial property and fund managers.

A growing proportion of their extensive portfolio is using NABERSNZ to benchmark its energy use and building operations.

“We see NABERSNZ as an opportunity to drive value for all of our stakeholders. Government tenants are now requiring a minimum rating as standard, and broader tenants are also expecting it,” says Fabio Pagano, Oyster's General Manager Property.

Oyster uses NABERSNZ to further embed sustainability principles and activity across its portfolio which help reduce environmental impact, improve the bottom line for tenants, and unlock more favourable green lending terms.

The new normal

Since achieving its first series of ratings three years ago, Oyster has used the annual rating cycle to further embed its sustainability strategy through continuous improvement.

“Every time we get a NABERSNZ rating, the team reviews it and assesses the impact that our improvement activities have had on the result.”

“Our focus is on how we can improve the ratings year on year. For example, how can we move from a ‘whole building’ to a ‘base building’, and partner with tenants to improve their energy consumption and rating components?”

Buildings like Pastoral House in Wellington, which is 100 per cent occupied by government tenants, have improved from a 3-star base building rating in 2022, to an impressive 4.5 star following a review of tenant and building services to improve its operation.

This means the building continues to meet the Carbon Neutral Government Programme requirement of a minimum 4 stars NABERSNZ.

The once 4.5 star rated 19 Home Straight Park in Hamilton now boasts 5 stars after improvements to the property from the Oyster team.



Pictured: Home Straight Park

Opening doors to green finance

While Oyster’s approach to certification has focused on performance, it’s also providing opportunities for better lending.

“We released our first annual Sustainability Report last year. Even though we’d had NABERSNZ ratings for at least two years, the report highlighted to our lenders the significant level of ratings we have achieved across the portfolio” Fabio says.

“We received calls from our lenders, which include the majority of the main banks in New Zealand, noting support for our sustainability report and interest in discussing options to improve the funding terms on high NABERSNZ-rated properties.”

“We now have assets where minor upgrades are funded on improved terms because they have a four-star NABERSNZ rating or higher. It's not huge, but in my view, in an elevated interest rate environment, every little bit counts.”

Supporting tenants

The shift towards improving building performance has been further facilitated by the installation of smart water and electricity meters to monitor consumption in more detail across assets in the Oyster portfolio.

With more data on hand, the property management teams have been able to better support their tenants to make efficient changes, and even pick up on potentially costly issues early.

“An example of this was a tenant who wasn't in their tenancy during lockdown but noticed a significant 300% increase in energy use when their employees started returning to their office. We were able to provide them with the data and work with them to analyse the situation. In the end, they had the opportunity to refine their operating procedures to reduce their consumption.”

“So, for us it's not just having the NABERSNZ standard, but access to data at a tenancy level so we can better assist our tenants.”

The metering has also provided useful data points above and beyond those required by NABERSNZ, with things like water use setting the organisation up for further certification and benchmarking through the likes of Green Star Performance, the NZGBC's holistic sustainability rating tool for buildings in operation.

“For example, our monitoring picked up water issues caused by a leaking pipe. Whereas before we might have only found out when the high water bill came through, which could have been quarterly, half-yearly, or even after a whole year later. Instead, we were able to see the spike in water use, search for and identify the problem, and get it sorted. That's the benefit of having real-time data and dashboards.”