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Improved neighbourhoods generate higher property prices

Research is beginning to back up the commonly held view that neighbourhood greenery has a positive influence on the value of a property.



A 2007 study found that for every \$1 invested annually in planting and maintenance of New York City's 592,000 street trees, \$5.60 worth of environmental and property value benefits ensued. ISTOCK

by James Dunn

If Australians are obsessed with property prices, they should welcome investment in green infrastructure, because it is unambiguously good for their real estate values.

Consensus among Australia's leading urban green space experts from the private, government and academic sectors suggests that neighbourhood greenery has a positive influence on the value of a property, and research is beginning to back that up.

A 2013 report from Melbourne property research and buyers' advocacy firm Secret

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Agent found that property next to park land showed stronger sales prices. Property with direct park land views as well as close proximity, out-performed most other properties in a given suburb, even those that enjoy proximity without a view.

Many people would find that an intuitive result: that proximity to park land, and the prospect of living on a leafy green street, are sound reasons for properties to attract a premium, because green space has aesthetic, shade, cooling and health-related benefits. Green space is seen as a significant contributor to the lifestyle benefits of a particular property. But where these attributes do not exist in urban areas they can be created, and there is a business-case incentive for developers and councils to do so.

PROPERTY VALUE BENEFITS

A 2007 study found that for every \$1 invested annually in planting and maintenance of New York City's 592,000 street trees, \$5.60 worth of environmental and property value benefits ensued. Although the environmental benefits such as summer energy savings from natural shade/cooling, air quality improvement and storm-water runoff reduction were topical, almost half of the benefit came in the form of property value benefits, which translated to municipal tax revenue.

Lyndal Plant, a PhD candidate in the School of Geography Planning and Environmental Management at the University of Queensland, made a similar study for her PhD, of the local government area of the City of Brisbane. Plant found that in calendar year 2010, Brisbane's street trees generated property-value benefits of \$29 million – more than twice the cost of planting and maintaining them.

"What's now called 'green' infrastructure has usually been the poor cousin of traditional 'grey' infrastructure, but we're just beginning to see the strength of the business case for green space and street trees," Plant says. "If we look at the stakeholders – builders/developers, home owners, local governments and state governments, there are benefits for all of them in investing in 'green' infrastructure, and that helps to build the case for collaborative co-investment," she says.

NON-FINANCIAL BENEFITS

Builders/developers get a short-term premium in sale price, home owners get a long-term premium in house value, and local and state governments get higher rate, stamp duty and other property-related tax income. And the work so far picks up only on the property value effects, Plant says – the work on valuing the non-financial benefits of green infrastructure is only starting. "We know that green space creates significant value in terms of health, heat mollification, amenity, liveability and sense of community, but these don't happen by accident."

Planning and investment strategies for green infrastructure will benefit from the introduction of the Green to Gold Calculator, a tool that can be used to predict in monetary terms the positive influence of green space. The Green to Gold Calculator aims to work collaboratively with key stakeholders in the property marketing industry to bring together data such as real estate sales, prices and trends, and then draw correlations between this data and the existing data on streetscape urban tree

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Commercial property, too, can benefit from green space, which can deliver both in terms of property values and financial benefits for owners' and tenants' businesses, on the back of improvements in the subjective factors. Indeed, one gives rise to the other, Amanda Steele, head of Pacific Asset Services at CBRE, says. Globally, CBRE has committed to increase green space in its office portfolio by 20 per cent by 2020. "Integrating green space into the work environment is proven to have significant health benefits, including reduced absenteeism, more rapid recovery from stress, increased patience and overall satisfaction," Steele told *The Australian Financial Review* in 2015. "Working in greener spaces is proven to boost our moods, creating a happier and healthier workplace, which ultimately leads to financially quantifiable results for a business."

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