



“Selling the sustainability story” with the help of a NABERS Commitment Agreement enabled the duo behind 1001 Nepean Highway to secure tenants, collaborate with council, drive down emissions and create new value for investors and the community.



FAST FACTS

Achieved a **4.5 Star** NABERS Energy rating through a NABERS Energy Commitment Agreement

↑ Proximity
This five-level, 5,940m² office tower and retail precinct is situated on a 3,945m² site just 50 m from Moorabbin Train Station

\$39,400,000 current value

Purchased in December 2019 for \$16.65 million, the building underwent an \$8.1 million upgrade to elevate it to A-Grade standard.

↑ Comfort

The upgrade boosted both energy efficiency and occupant comfort, with occupancy density ratios increasing to 1:8.3m², compared to the Property Council of Australia’s 1:12m² requirement for A-Grade buildings.

75% Leased

Prior to exchange, Align Property Partners secured a pre-committing tenant for three of the five levels and, despite the challenging leasing environment, the once vacant building was 75% leased within 1.5 years

When Align Property Partners purchased the five-storey commercial office at 1001 Nepean Highway in 2019, the building was in bad shape.

“The building was untenable and the site was becoming derelict,” says Align’s Co-founder and Director Jack Mahoney.

But the 1980s concrete structure had “good bones” and Jack, together with his co-founder Guy French-Wright, understood its untapped potential.

“Our strategy is to regenerate older buildings to bring them back to new. We saw 1001 Nepean through a different lens to most developers. It was a suburban office opposite a train station in a busy activity centre. If we could tell the sustainability story to attract high quality tenants, we knew we would have a valuable asset.”

NABERS: A benchmark of quality

“Sustainability was critical to our strategy,” Jack explains. “To secure tenants – especially government tenants – we needed a sustainability story. A big part of this was meeting a minimum 4.5 NABERS Energy rating.”

Prior to exchange, Align secured its first tenant, civil and structural engineering company SP Alliance. A sports equipment distributor, construction firm, bitcoin exchange and allied health practitioner have since also signed on as tenants.

“NABERS became a benchmark of quality for us. When we walked our tenants through the building, we showed them that everything – from the lifts to the doorhandles – were new and that they would be working in a high-functioning, sustainable building that was validated by a NABERS Commitment Agreement,” Jack explains.



“A NABERS rating is more important to larger tenants than it is to small tenants. But when it is part of a suite of value, a NABERS rating is a factor in leasing success. Then, if we sell the building down the track, we are in a position to attract institutional investors because sustainability is one of the first things they want to tick off the list.”

More than a pretty façade

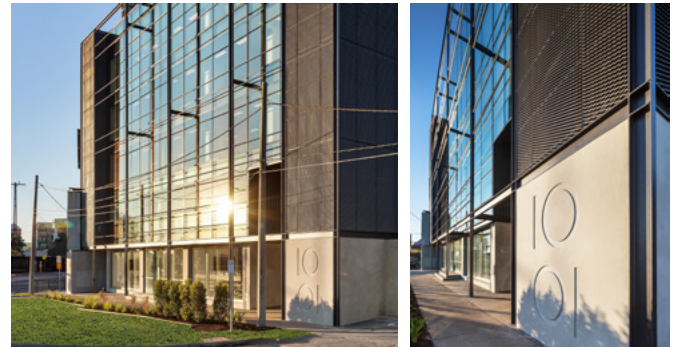
The “ugly duckling” of the neighbourhood has been transformed into arguably the Nepean Highway’s most attractive address thanks, in part, to a “masterpiece” façade. Combustible cladding and “horrible” green-tinted strip windows were replaced with a floor-to-ceiling double-glazed curtain wall system. This increased natural light to the floorplates by around 45% while enhancing energy efficiency.

Inside, a host of building features create a comfortable working environment, from the upsized bathrooms to the double-height lobby, and from the NBN fibre links to the impressive end-of-trip facilities. “We invested in finishing touches to raise the building above a typical suburban office.”

Less visible – but no less important – are the “back of house” features. Lifts, electrical, mechanical and hydraulic systems were all upgraded. “Every single piece of electrical equipment has been replaced. Tenants don’t see that. But we know we have a resilient asset that operates as new.”

moving materials to construction sites – is expected to grow exponentially in the years ahead. [The Green Building Council of Australia](#) has found embodied carbon will make up 85% of Australia’s built environment emissions by 2050, compared with 16% in 2019.

“By saving the structure, we eliminated the biggest contributor to carbon emissions. If we were to knock down what was there, we would have to build something bigger to replace it because the cost base is higher – and that comes with a big carbon footprint.”



Creating strong ties with council

Align Property Partners worked closely with the City of Kingston’s planning team on specific elements of the project, notably the façade. “While there was no mandate to achieve a NABERS rating, we wanted to build a close relationship with Council and one of the ways we did that was to tell them the sustainability story,” Jack says.

“NABERS Commitment Agreements are still unusual on these older upgrades. But as we showed Council’s team our vision for the project, the Commitment Agreement gave us a benchmark and a formal mark of quality.”

The City of Kingston supported that vision and is now delighted with the outcome. Before the upgrade just a handful of people worked at 1001 Nepean; today it is the workplace of 400-plus people.

The turnaround in the building’s street appeal is remarkable. Three new food and beverage outlets have opened nearby and Align Property Partners anticipates “further gentrification” ahead.

According to Kingston City Mayor Steve Staikos, the development is an exemplar of what can be achieved when sustainability and environmental responsibility are priorities.

“As a city we have committed ourselves to an ambitious net zero by 2030 target and we are wanting to partner closely with the commercial and industrial sectors in particular as we work towards this,” Councillor Staikos says.

1001 Nepean has been recognised with several national awards. Jack and Guy, meanwhile, are applying the same strategy to another Melbourne building. Armed with a NABERS Commitment Agreement as positive proof, Align has already secured a tenant, just weeks after settling. “Many tenants, especially government tenants, have minimum requirements for energy efficiency. We have expanded our leasing pool by showing we have a sustainable asset, validated by NABERS.”

“A NABERS Commitment Agreement helped us to sell the sustainability story to our tenants. We had tangible energy saving targets that translated into dollars and environmental benefit.”

— Jack Mahoney, Co-founder and Director,
Align Property Partners

Upgrade to uplift

Commercial buildings are [responsible for 25% of Australia’s electricity use](#) and generate around 10% of emissions. ‘Mid-tier buildings’ – those classed as non-A Grade or non-Premium – account for around 80% of Australia’s office buildings and 50% of floor space. One 2017 report, [Opportunity Knocks](#), estimated that up to 80,000 of these mid-tier buildings would need upgrading for Australia to meet its emissions reduction targets.

“My business partner and I look at a lot of older buildings and think ‘what a waste’. These rundown buildings can be upgraded very quickly. You don’t have to go through a planning cycle, you don’t have to knock it down and rebuild it, so you save two years just there.”

Then there’s the embodied carbon debt, which Align effectively amortised by renovating, rather than rebuilding, 1001 Nepean. Embodied carbon – the emissions created during the process of extracting, manufacturing and