



Transport House, Valley Metro, Brisbane QLD



When LaSalle Investment Management began transforming Transport House, a 1970s-style office tower in Brisbane's Fortitude Valley, into a future-forward workplace, a "boots and all" strategy started with a NABERS Commitment Agreement

Perched over one of Brisbane's busiest railway stations in the city's iconic Fortitude Valley, Transport House was always hard to miss. But when the building was acquired in 2018, it was more eyesore than eye-catching.

"Transport House was built in 1974, so it was nearly 50 years old and really tired," says LaSalle's Managing Director of Development, Simon Juniper.

"The façade was very dated with high external brick around small, hip-height windows. Inside, the floors were dark and dingy. It was in desperate need of an update."

Transport House had been designed for one tenant – the Queensland Government – and that presented energy efficiency implications if reused for multiple occupiers. "The building lacked metering to provide floor-by-floor energy monitoring," Simon notes.

"We came into Covid lockdowns with only three commercial tenants; the rest of the office tower was vacant following completion of the refurbishment works. Transport House is now fully leased – and this is a testament to the quality of the building and the NABERS Commitment Agreement."

— Simon Juniper, Managing Director, Development, LaSalle Investment Management

LaSalle's development team "agonised" over the options and looked at the repositioning possibilities from many angles. "We ripped out blinds, gutted a few floors and experimented, but eventually we concluded that a re-leasing strategy in the current condition would be extremely difficult," Simon adds.

"We looked at repairing the façade and replacing the windows, but that would still deliver a reasonably sub-standard outcome. Costs for the scope to achieve these minor upgrades were already substantial – and we could see the value in investing the additional funds to elevate the asset from a low B Grade building to an A Grade.

"With the right strategy, we'd have a state-of-the-art sustainable workplace directly above a train station."

Entering the energy-efficient era

Transport House is owned by Partners Group, a leading global private markets firm, acting on behalf of its clients. Given Partners Group's deep commitment to sustainable development, LaSalle's development team began reimagining Transport House for a new era.

"We knew our leasing strategy wouldn't work unless we were in 'boots and all'. Our attitude was always, if we are going to do this, we are going to do it properly. So, we aimed high by taking the NABERS Commitment Agreement approach," Simon notes.

A NABERS Commitment Agreement is a contract signed by a developer or building owner at the design stage. The agreement outlines a commitment to design, build and commission a building to achieve a specific NABERS Energy rating. Commitment Agreements can be signed for new builds or refurbishments and across a range of building types.



FAST FACTS

A NABERS Commitment Agreement was signed to achieve a

4.5 star

NABERS Energy rating – an increase from zero stars

↑ Proximity

Transport House is part of a master planned residential, retail and business hub in Brisbane's Fortitude Valley

The building now boasts

4.5 star

NABERS Energy and Water ratings – and is looking to future targets of a 5 star Energy rating

100% Tenanted

Constructed in 1974, the 10-storey building boasts 960 sqm floorplates, state-of-the-art amenities and is 100% tenanted

"Because the NABERS Commitment agreement was in the builder's contract, it gained momentum and brought everyone into the process. The project team was accountable for the promises we were making," Simon notes.

Partners Group is committed to creating lasting positive stakeholder impact through all its investments and the NABERS Commitment Agreement was "front-and-centre" in its decision-making, Simon adds. As a leading responsible investor, Partners Group has targets for net zero emissions across its portfolio and aims to achieve sustainability at scale through the active ownership of assets. "This project fits closely with Partners Group's transformational investing approach and the firm was committed to getting the best outcomes."

Because Transport House was a refurbishment, it did not require planning approval, but the local council was also "very supportive" of the project, Simon adds.

"Everyone signed up to the NABERS Commitment Agreement – the builder, the developer and the owner – and that drove our agenda from Day One."

— Simon Juniper, Managing Director, Development, LaSalle Investment Management

An agreement that attracts tenants

The NABERS Commitment Agreement's real value was as a leasing tool. "We could market the building as being sustainable," says Emily Wills, LaSalle's Asset Manager responsible for Transport House.

"Each of the floors is now separately metered and we have a smart building analytics platform to drive proactive management. We can monitor the data and uncover issues in real time, and then we have the people on-the-ground who can proactively follow up," Emily says.

Most of the fitout work was undertaken either speculatively or for tenants, and this meant LaSalle's team could consider long-term sustainability implications and look for hidden design efficiencies. Green lease clauses are embedded into each tenancy agreement "and we are working closely to educate our tenants about the building's sustainability features".

Achieving the targeted 4.5 Star NABERS ratings proved challenging during Covid – as it has for many buildings as occupancy levels were low but energy consumption remained steady. But LaSalle is confident that now the 4.5 star base line ratings have been achieved. This provides an excellent platform to drive performance and aim even higher as the process of fine-tuning is underway.

The Green Building Council of Australia's Closing the Gap report has found a NABERS Commitment Agreement is much more than a piece of paper. As the GBCA notes:

"This contract, signed by a developer or building owner at the design stage, is a critical success factor in translating design intentions into real-world outcomes."

Hub appeals to head and heart

Today, Transport House presents a sleek glass façade to passers-by and sits at the centre of the vibrant Valley Metro retail plaza. Nearly 30,000 commuters and visitors make their journey through the busy metro station each day, bringing life and energy to the precinct.

"Valley Metro was once a place where people shuffled through. Now it's a vibrant, buzzing hub that attracts people day and night, from corporates to school children," Emily says. "Tenants love being part of a community. It's much more than just an office, and several of our tenants have recommended it to their customers."

Entering the Covid era with an almost empty building presented a monumental challenge, Emily admits. But the forward-looking upgrade presented a strong value proposition to the market and the 27 tenant customers that now call Transport House home, love their new workplace.

"The best workplaces make people feel at home. They must be practical and appeal to the head. But they must also capture the heart. The fact that we are fully leased is testament to the fact that Transport House does both."