

# Sustainability for Industrial Assets.



# Opportunities for Operational Cost Savings.

**With the arrival of COVID-19, many tenants and owners of industrial properties alike are seeking operational cost savings within their occupied properties to reduce business expenditure. There are excellent win-win opportunities available from sustainability projects to address this situation.**

## The Opportunity:

Two of the most beneficial sustainability opportunities for industrial sites are:

- Lighting upgrades.
- Roof-top solar electricity systems.

Both can be implemented with near zero up-front capital expenditure to create a win-win outcome for tenants and property owners:

- Tenants can reduce operating costs.
- Property owners can upgrade their facilities and make their properties more appealing to tenants through reduced occupancy expenses.



## How It Works:

### 1. Audit:

Knight Frank Sustainability will undertake a basic sustainability audit of your industrial property to identify sustainability opportunities, focussing on lighting and roof-top solar.

### 2. Lighting:

Where a lighting opportunity is identified, Knight Frank can arrange a “lighting as a service” contractor to replace traditional 400W metal halide high-bay lighting and old fluorescent office lighting with LED equivalents at no capital cost.

The tenant pays a monthly fee for a term of 5-7 years until the cost of the lighting is repaid. At this point, ownership of the lighting passes to the landlord at a nominal cost.

### 3. Solar:

- After lighting has been upgraded and where a good solar opportunity exists, Knight Frank can arrange a solar provider to install a rooftop solar system to supply electricity to the site “behind the meter” at no capital cost.
- The solar provider sells the electricity produced to the tenant at a significantly cheaper price per kWh than they currently pay.
- Under this Power Purchase Agreement, the solar provider owns and maintains the solar system.
- After 7-10 years, ownership of the solar system passes to the landlord at a nominal cost.

**The Benefits:**

<b>Lighting:</b>	If a warehouse total annual electricity bill is:	\$100,000 *
	The annual cost to the tenant after a lighting upgrade may be reduced to:	\$60,000 *
<b>Solar:</b>	With solar added, the total annual electricity cost may be in the order of:	\$45,000 *

\* Approximate figures for a 20,000 sqm logistics warehouse having skylights which enable daylight harvesting.

**The Costs:**

Item	Cost
Knight Frank fee - sustainability audit of one industrial building	\$900 **
Knight Frank fee - arrange and oversee lighting upgrade	\$1,500 - \$2,000
Knight Frank fee - arrange and oversee rooftop solar installation	\$2,000 - \$3,000

\*\* Plus the cost of travel to the site if outside the Sydney region.

Should a lighting or solar project proceed after the initial sustainability audit, we will deduct the \$900 audit fee from our lighting or solar fee.

**For more information, please contact:**

**Stephen Coman**  
Director, Sustainability  
Asset Management Services

M: +61 414 613 785  
Stephen.Coman@au.knightfrank.com.au

**Thomas Dodd**  
Analyst  
Industrial Logistics, Victoria

P: +61 3 9604 4673  
Tom.Dodd@au.knightfrank.com



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