Building sustainably for the future

Real estate developers take note: The way we live and the world we live in are rapidly changing in fundamental ways. The housing we develop must change as well, or run the risk of becoming obsolete before it ever goes to market.

Broadly speaking, these changes permeate every aspect of our lives. Fewer Australians are owning homes; fewer Australians are owning cars; fewer Australians are underlying these trends is a clear move toward a more sustainable, ecologically friendly way of life.

But on our roads, more and more people are turning to Uber or car sharing services like GoGet for transportation instead of driving owned cars. This is resulting in a growing number of empty car park spots. Meanwhile, in the real-estate world, more and more people our opting out of expensive home ownership. While they can't know precisely what the future will bring, real-estate developers must acknowledge that traditionally designed homes won't fit our society in 20 years. In order to maximize profit and minimize future loss, developers must design dynamic structures that can adapt to changing technology or trends.

Consider this: You're planning a big residential compound in central Sydney and request the required permission from the local authorities. They agree, as long as you include an agreed-upon number of parking spots in your structure so that residents wouldn't need park on the streets. For Australian urban real-estate developers, this scenario is probably all too familiar. Naturally, you follow all the necessary requirements, and given Sydney's widely known parking problem, it probably makes sense. But then you realize in hindsight that since fewer people are buying cars, your parking spots might be sitting empty in 10 years. You've made a costly error by constructing the structure based on an outdated model that will now be hard to offload. If you try to sell an apartment in your building, buyers might consider the attached parking spot an extra feature they don't need and don't want to pay for. If you try to rent it, renters might also not want to pay for the spot. Either way, it stands empty, and you're losing money.

It might seem unnecessary to take all this into account given Australia's long tradition of ownership. For decades people have predominantly bought cars instead of using public transit, and bought homes so as to not "throw money away" by renting. These homes often come with an attached parking spot intended for an owned car. We lived by "I want it; I buy it." Somewhere in the 2000s, however, music and video streaming took over the entertainment industry. We began to realize that we don't need to own something in order to use it or enjoy it. Subscription services are popping up every day in areas where no one ever thought that sharing would ever be acceptable, such as clothes shopping, for example.

In the world of cars, fewer people are driving their own vehicles, which means fewer people need to park. Realizing this problem in hindsight, the car park of Central Park apartments in Sydney partnered with GoGet, allowing it to use some of the spaces for GoGet cars. But while jumping on this wagon late is still better than never, the ultimate goal should be to maximize efficiency and profit by including such schemes into the design of structures from the start.

By thinking ahead and developing a good understanding of developing consumer trends and technologies, real-estate developers would be able to decrease the cost of construction and avoid creating features that no one will want in the future. They would also be able to present real-estate properties in a way that appeals to the modern consumer. For instance, by offering homeowners the option to lease their unused car-park sports to third-party companies like Go Get or Uber.

Other examples involve energy and sustainability. Developers can design buildings with on-site renewable energy sources like solar panels. These buildings will be more attractive to the modern, environmentally conscious consumer, and offer cost savings to homeowners. And if developers can construct buildings with an independent, on-site solution for recycling water, for example, then they can save money by not needing to install traditional water infrastructure and speed their development time by not having to wait for a connection to the municipal water authority. The recycled water can also be transferred to other areas in need.

Many of these trends are clearly visible, and not paying attention to them is bringing major problems to the real estate sector. But another part of the problem involves local governments, who also aren't so quick to adapt their regulations to a changing environment. Developers cannot be more dynamic in their approach to building if approval depends on old-school requirements. A local government could, for example, partner with car-sharing services so that developers don't even need to think about building structures with car spaces that might never be used.

In a similar way, governments and developers must also take changing technology into account. Recently news outlets have reported that many Australian structures have roofs that aren't built to withstand solar panels. It's difficult and costly to upgrade these roofs, particularly since we don't know how solar power technology might evolve in the coming decades.

This challenge is a bit less common in commercials structures, whose businesses are more beholden to the desire of increasingly environmentally conscious consumers. Among residential buildings, however, first-time homebuyers are still struggling to justify a perceived higher cost of a green home. Knowing that green technology is attractive in today's market and could actually bring down the cost of homes down the road through energy savings, developers should take the initiative to plan buildings with green technology in mind.

Of course, no one can predict every future technological development or change in consumer preference. But smart developers will still plan ahead, and package real-estate for the market in such a way that consumers can adapt later their built-in environment for new developments as they come along. The most important thing is not to build something today that cannot be adapted later on.