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How to reduce energy consumption

The best ways to save given today's rising utility rates

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Lorenzo Digianfelice

Many apartment building owners in the past considered the best way to hedge inflation and save on energy costs was to lock into bulk contracts for various terms. While this turned out to save money as rates increased, it did just the opposite when rates came down. (In 2008, for example, natural gas costs were about \$0.31 per M3 and in the next year they were \$0.18.) Today, given where energy costs sit in relation to rent prices, the best way to save on energy is to reduce consumption.

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Realty taxes and utilities generally represent between 60-70 per cent of the total expenses for apartment buildings. Since 2007, realty tax rates in Toronto for apartments have declined by about 3.3 per cent per annum. This is a result of apartments being over taxed as compared to other property classes. However, with the decrease in realty taxes comes a reduction in rents, so it is in a way a mixed blessing.

As mentioned above, gas rates have come down. In fact, they have declined on average 10.5 per cent per annum since 2007. This is a direct result of global demand and the recession depressing the price of natural gas. However, prices did increase between 2012 and 2013 by 15 per cent. Many indicate that prices are set to rise again as we exit the recession. As such it might be time to lock into a contract. Spending monies to upgrade efficiencies (i.e. boilers) at this time might not be economical given low prices.

Hydro and water are another story. Water has increased on average 11 per cent per year since 2007 and hydro by almost 8 per cent for the same period. Aging infrastructure and increased demand will see these rates continue to rise by double digits moving forward.

These are the areas owners should concentrate on implementing energy efficiencies, as it is where they will get the biggest bang for their buck. Owners should also apply for increases above the GRI as the double digit increases may be seen as “extraordinary”.

What *can* be done and what *should* be done?

Every building is different and different measures will produce different savings and paybacks. Firstly, finding the right consultant who can identify the right tools, and is well versed in the various government grants and financing agencies, is key.

Both hydro and water can be sub-metered. This will pass the complete cost onto your tenants. However, this takes time and will initially reduce your rents but in the LONG run will produce the desired results.

On the hydro side there are many items worth considering, including energy-efficient lighting and ballasts; timers on lights in various rooms; motion sensor lighting; dimmers; delay switches; voltage harmonizers; and more. Though all of these should be done over time, the ones that offer the largest payback are: changing to energy efficient lights and installing motion sensor lighting.

The H2minus0 valve

Since then the device has been installed into several small and large facilities. The results have been positive in every installation, with clients experiencing a Return On Investment (ROI) ranging from five years to just over three. Even in cases where clients have completed water saving retrofits, the H2minusO valve has still generated significant water cost savings. The mandate of Encompass is to introduce innovative technologies that help businesses reduce their operating cost.

Lorenzo Digianfelice, AACI is Broker of Record and team leader of the Apartment Group at Commercial Focus Realty Inc. he can be reached at ldigianfelice@cfrealty.ca.