

The hidden threat of EVs to older apartments

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The growing demand for electric vehicles – and charging facilities – is a risk for apartment values in older buildings that cannot install the necessary infrastructure, particularly as new rules come into place this year.

New National Construction Code standards to make charging infrastructure available for 100 per cent of apartment building parking spaces will drive a value gap between new builds and older developments that fail to keep up, consultant and EV enthusiast David Hamilton said.



David Hamilton owns an electric vehicle and consults to apartment buildings owners about installing EV charging equipment in their buildings. Pictured here with his Nissan EV charging in a personal retro fitted charging station EV. **Eamon Gallagher**

While Australia has been a laggard in the adoption of EVs, [demand got a boost](https://www.afr.com/companies/transport/drivers-rush-to-electric-cars-to-lock-in-tax-breaks-)

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[20221122-p5c829](https://www.afr.com/politics/federal/electric-vehicle-senate-deal-to-send-demand-ballistic-20221122-p5c0ct)] late last year after [low- and zero-emission cars won exemption from fringe benefits tax](https://www.afr.com/politics/federal/electric-vehicle-senate-deal-to-send-demand-ballistic-20221122-p5c0ct) [https://www.afr.com/politics/federal/electric-vehicle-senate-deal-to-send-demand-ballistic-20221122-p5c0ct].

Construction policy is also moving in favour of EVs, as the building code coming into effect October 1 also will require 10 per cent of parking spaces in office and retail buildings and 20 per cent of spaces in other buildings to be able to accommodate charging facilities.

But the strictest requirement for every new space in an apartment building to be served by switchboard and charging facilities posed a threat to owners of the units and apartments that already house an estimated 2.2 million people, Mr Hamilton said.

“This is going to create two streams in the apartment market,” he told *The Australian Financial Review*. “You’re going to see buildings which have this capability grow in value and those that haven’t done it decline in value.”

The technical and financial considerations of upgrading buildings add to an already lengthy to-do list for owners corporations or strata bodies that includes [rectifying combustible cladding](https://www.afr.com/property/commercial/apartment-with-cladding-is-safe-but-not-sellable-20221113-p5bxvh) [https://www.afr.com/property/commercial/apartment-with-cladding-is-safe-but-not-sellable-20221113-p5bxvh] and other [defects](https://www.afr.com/property/commercial/developer-pledges-to-fix-defects-under-new-nsw-rules-20221003-p5bmqs) [https://www.afr.com/property/commercial/developer-pledges-to-fix-defects-under-new-nsw-rules-20221003-p5bmqs].

Strata Communities Australia, an industry body representing strata managers, says no state or territory has committed funding to retrofit EV infrastructure, but EV uptake would increase if they did.

“Funding the strata sector can awaken a sleeping giant in the race to roll out EVs in Australia and use the already connected networks inherent in strata communities across Australia to drive change,” SCA national president Chris Duggan said.



Electric vehicle fast chargers in Adelaide. New building code rules will this year require all new apartment buildings to accommodate charging facilities for every car park space.

But Mr Hamilton, who led his own Southbank, Melbourne apartment tower at Kavanagh Street through the retrofitting process in 2020 and 2021 and is now consulting with a handful of other buildings wanting to do the same thing, said regulations, rather than cost, were the main hurdle.

“One issue is freeing owners corporations to be able to make the investment without having to go through the onerous approval process of owners,” he said.

Strata rules in some states forbid owners’ corporations from using maintenance funds to “enhance” a building without getting approval from all strata lot owners, a process that can take years, especially if a lot owner sold and was replaced by a new owner during the time of asking, Mr Hamilton said.

“The thresholds vary as to approval levels – that’s why we need Commonwealth and state ministerial policy,” he said.

“If we’re going to set ourselves national climate change goals and commitments and have state governments commit to the rollout of electric vehicles and we’ve got a commitment by 2030 that 50 per cent of cars are going to be EVs, then we’ve got to free OCs to be able to make and implement the decisions the that complement those policies. And right now, we don’t.”

In the case of Mr Hamilton's building, a 30-level, 157-unit tower with five underground levels of parking, installing the basic infrastructure – which included dedicated circuits, a distribution board, cable tray and load management system – cost the building between \$24,000 and \$25,000.

It cost individual owners \$1200 to \$1500 to run a cable from the distribution board to their car park and a further \$2400 for the charger itself.

“The costs are not millions of dollars,” he said.

Like building regulation, vehicle regulation is state-based. A range of different targets for EV uptake [<https://www.afr.com/companies/transport/why-it-s-a-bumpy-road-ahead-for-electric-cars-in-seven-charts-20221107-p5bw4i>] dots the national policy landscape.

NSW and Victoria want 50 per cent of new cars sold to be EVs by 2030, Queensland plans for 50 per cent of new passenger vehicle sales to be zero-emission by 2030, and 100 per cent by 2036 and SA says all new passenger vehicles sold by 2035 should be fully electric.

WA offers a \$3500 rebate for 10,000 EVs and has a minimum 25 per cent electric vehicle target for new light and small passenger vehicles by 2025; the ACT has a target of zero-emission vehicles (ZEV) sales of 80-90 per cent by 2030, and plans to cease registration of new non-ZEVs by 2035.

Like buildings, the results will vary, but Mr Hamilton warned of penalties for apartment buildings that do not make the change, even though there is little regulatory incentive to do so.

“There will be, in essence, this two-level economy. There will be high-rise apartment buildings where the building is EV-ready,” he said.

“Those apartment buildings will be able to get a better premium on their property. Values will improve and the same with people who are investors in those buildings. They will be able to attract a wider pool of tenants and thus attract a better rental.”



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