

# Gas or Electricity? A Landlord's Energy Investment Guide

## Return on Investments

Upgrading your properties with electric appliances could reduce the overall energy consumption and yearly energy expense while increasing property value.



### Why consider switch from gas to electricity?

With east coast Australian gas exports, the price of domestic gas is projected to increase substantially through 2030. While electricity may have seen similar trends, projected prices are estimated to drop. Also, recent advancements in appliance technology offer electric appliances that have much higher energy efficiency compared to their natural gas equivalents. As a result, you can save yourself and your tenant's money while increasing the value of your property.

### What are the Facts?

Gas is typically used to fulfill three major functions in a typical Australian domestic property: space heating, water heating, and cooking. The gas consumption is typically:

- Space Heating: 50-75%
- Water Heating: 25%
- Cooking: 2-4%

In addition to these expenses, gas use in your properties also incurs a fixed service fee. While electricity use also has this fee, switching off gas may help you save money.

## Appliance Savings By Type

### Space Heaters

Split system, reverse cycle air conditioners have the largest potential to provide energy savings. Boosting efficiency ratios 500-700% higher than comparable gas systems, they provide a cost effective way to reduce energy costs. One unit can provide both heating and cooling for your property.

### Water Heating

Hot water heat pumps are capable of converting a low input power to a output power 3-4 times higher, whereas gas heaters will actually incur a loss. This translates into savings for the consumer.

### Cooking

Induction cooktops can be more energy efficient than gas cooktops. They also add value to your property by introducing modern and sleek appliances.

## Benefits of Electricity

- Lower energy bills
- Cleaner emissions and decreased fire risk
- Modern appliances appeal to tenants
- Reduces number of energy providers in your properties
- Property appeals to environmentally minded tenants
- Long service life for each appliance
- Reduced utility costs may attract tenants

## Considerations of Converting to Electricity

- High initial investment
- Subject to failure during electric outages
- Long pay-back period

## How do I go about converting?

### Space Heating

As highlighted above, starting with space heating is an ideal approach. For information concerning a space heating conversion, please refer to the “Considering Split System, Reverse Cycle Air Conditioners” fact sheet. Here you will find what out everything you need to know about these systems. If you can only invest in one area, start here. Expect the purchase of this conversion to cost between \$500 and \$3000 depending on your property size and requirements.

### Water Heating

Next, we recommend you invest in hot water and cooking services at the same time. Hot water heating costs can be reduced significantly by installing a hot water heat pump. For more information about these systems, please refer to the “Considering Hot Water Heat Pumps” fact sheet. A new installation can cost

anywhere from \$600-\$2000. Be sure to utilize Small Scale Technology Certificates and your local governments energy rebates to save additional expenses.

### Cooking

Induction cooktops can provide the lowest savings on your energy bill and represent a significant investment (\$500-\$1500). So why bother? This investment will make your property independent of gas, saving you the monthly service fee. This coupled with energy savings, means you will enjoy a significant reduction in your energy expenses.

Induction cooktops also have the benefit of modernizing your property. This will increase the value of your property, thereby translating into additional profits. For more information about converting your gas cooktop, please refer to the “Considering Induction Cooktops” factsheet.

### Conclusions

- System conversions may save you and your tenants money on energy expenses in the future
- Gas prices are estimated exceed electricity prices
- Electric appliances out perform comparable gas appliances in space heating, water heating, and cooking uses.
- While the initial cost of converting your appliances will exceed the costs of updating your gas appliances, the money savings should pay back your investment.

