

## Need for Real Estate Professionals to Understand Energy Efficient Buildings is Greater than Ever

Posted by Matt Dean on Thursday, June 21, 2018

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Whether a real estate professional is working with a seller to prepare a home for market or helping a buyer see the benefits of an energy- or resource-efficient home, the agent needs to know the science.

A Real Estate Professional who understands energy efficiency can help explain what is meant by various green labels and certifications (Energy Star®, High Performance, “smart,” etc.), including what the point-of-sale regulations are, or what building standards and incentives to consider in making energy upgrades. This can better serve the client and add extra value to the sale. According to a McGraw Hill study, 73 percent of new-home shoppers would pay more for a resource-efficient home.

Such efficiency will, in turn, become a factor in purchasing decisions and the labeling will drive improvements by owners who want their buildings to be competitive with similar but more energy-efficient buildings. According to the Database of State Incentives for Renewables and Efficiency (“DSIRE”) website, a resource-efficient building also maintains its value during a down-market.

Recently, New York City adopted INT1632 which would require that buildings larger than 25,000 square feet display an “energy grade”— along with an energy asset score, which indicates how efficient a building’s design, construction, and energy systems are. These would be displayed near the entrance to the building and at the time of lease or sale.

Presently, 30 percent of the US population was born after 1980 and three-fourths of these “millennials” plan on moving in the next five years. For many in this generation, the environment is a way of life, not just an idea. They also are more tech-savvy and more willing to embrace homes that use high tech equipment to achieve greater energy efficiency.

According to the National Association of Realtors, a California study documented that 1.6 million homes designated as “green” sold for amounts up to 9 percent more than homes without the designation. Energy efficient homes in Washington D.C., Portland Oregon, and Idaho, sold for an average of \$5000 more. And a North Carolina study found that Energy Star® qualified new homes sold 89 days faster than other homes.

The market edge provided by energy efficiency is a powerful incentive for both purchasing and selling residential buildings and will only continue as market forces combine to encourage buyers and sellers to consider such homes.

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