Presented by
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and
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Market Perception and Valuation of ZNE/High Performance Homes

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Market Perception & Valuation … through the eyes of the beholder

THE COMMON MESSAGE ABOUT ZNE (presumes no fundamental design changes)

There is a $40k - $70k cost premium for ZNE homes.
~ Navigant PIER study, 2008

“... have improved all of our homes significantly ... improved their saleability ... and improved our position in the marketplace.”
~ Ryan Scott, CEO, Avalon Master Builders

AN ALTERNATE VIEW OF ZNE COST & VALUE
Market Perception & Valuation …
through the eyes of the beholder

The ABC GREEN HOME
ZNE DEMONSTRATION

“The ABC Green Home uses the same means and methods that any of today’s home builders would … The simple footprint and roof form keep it affordable, [and] with the simple architectural detailing the design can be quite aesthetically appealing to the broadest buyer market.”

~ Manny Gonzales, KTGY Architecture & Planning
ZNE Gaining Traction in CA & Beyond

- **Cities**: ZNE ordinances & programs in Lancaster and Sebastopol, CA; Cambridge, MA; FortZED, CO; and more
- **States**: statewide ZNE initiatives in CA, CO, MA
- **Feds**: US DOE renamed Challenge Home program to “Zero Energy Ready” in April 2014
- **International**: ZNE projects and programs in Europe, China, South America
- **Books**: 1 ZNE title in 2009, now 6
Recent ZNE conferences – 7 in 10 months:

- Building Energy & Sustainability Symposium, Zero Net Energy, June 2013
- NBI Getting to Zero Forum, September 2013
- Net Zero North American Leadership Summit, October 2013
- Net Positive | Living Future, January 2014
- Rinker Net Zero Built Environment conference, March 2014
- Building Carbon Zero California, Santa Cruz, March 2014
ZNE on the Horizon

Upcoming conferences:

- Net Positive | Living Future, January 2015, San Francisco
- NBI Getting to Zero Forum, February 2015, Washington, DC
- Net Zero North American Leadership Summit, March 2015, Boston

http://netzeroenergycoalition.com/summit/

JOIN ACTIVATION TEAMS NOW!
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CA ZNE Market Study in progress

Residential Zero Net Energy New Construction Market Characterization
Study Goal & Objectives

Understand opportunities to overcome barriers to ZNE new home construction by:

- Estimating ZNE market size
- Exploring trends
- Assessing residential rating systems for ZNE
- Investigating ZNE financing opportunities
- Identifying barriers, drivers, and opportunities for key ZNE market actors
ZNE-type Homes
Study Scope & Definitions

- **ZNE** – projected to produce as much energy as it consumes in 1 year
- **Near-ZNE** – very efficient, has renewables, but does not achieve ZNE
- **ZNE-ready** – very efficient, could reach ZNE if renewables were added
- **Energy-efficient** – 15-40% above CA Title 24
Locations of ZNE-type Homes in CA

- ZNE
- Near-ZNE
- ZNE-ready
Data Collection Method

Existing information compiled from:
- Literature
- ZNE practitioners
- Utility program managers

Feedback from market actors:
- Builders
- Homeowners
  - ZNE-type homes
  - Energy-efficient homes
  - Code-built homes
- Lenders
- Appraisers
- Planners
- Building officials
- CEC & CPUC staff
Perceived Supply & Demand

Appraisers & Lenders say low demand

Home Owners say low supply
ZNE-type Home Owners are willing to pay more for another ZNE than they expect to sell for.

Premium they expect to earn at sale
Walnut Home

Energy Savings
57%
$900/yr

DOM
5 days

SOLD!
8.7%

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Missed Opportunity

Energy Savings
47%
$600/yr

E upgrades *not marketed*

Sold: NO premium

8.5% Appraised Premium
Price + $8%  
+5% per SF  
70% faster  
> 350 sales  

Agents of change & transformation
Seattle

Before

After

Before
If surveys say 89%

(EE is “very important” when buying next home)

Why not selling more?
HERS

Home Energy Rating System

New Homes Today 50+%
Supply low: Existing High Performance Homes
RE Pros Need Green Training
Need Data

Sold Sales Data
Discoverable in MLS

More may exist but goes unreported

A Team

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Happy Home Owners!

Don’t often sell
NOT For Sale
Testimonies
Best proof of your value

1... 3... 5 years...

Referrals get stronger over time!
Happy!!!
Indoor Air Quality

“Most Exciting Benefit!”

Reduced asthmatic symptoms
Polaris Drive
Grass Valley

http://youtu.be/BEtQtz3Bvbo
Valuation & High Performance

Energy Efficiency
- Operating costs
  Measurable, more easily monetized

Beyond Energy Benefits
- Indoor Air Quality
- Durability
- Comfort
- Aesthetics

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Integrated Realization of Fair Market Value

Who’s on the team?
Engage

Home Owners

HP Pros

RE Pros

3rd Party

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Appraisers

Report the market
Appraisers

Competency

We can be involved
Most essential Q

Compared to what?

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Make Invisible Visible

Contrast for Clarity

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Market Value  “...buyers and sellers be willing, able & knowledgeable...”
Disclosure: Key Driver

Utility Records

- AB1103 CRE Energy disclosure law
- Chicago requires utility costs in MLS

HERS
Make intangible tangible
Make intangible tangible
Consumers: Economically Rational?
3 Brains

Whole human

• Emotional
• Rational
• Visual
Thank you for attending!

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