

Homebuyer Attitudes Toward High-Performing Home Features

Findings and recommendations
to bridge the gap between
the high-performing homes
community and homebuyers

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ELEVATE



Table of Contents

Introduction	03
Key Themes	06
Conclusion	15
Appendix	16

Acknowledgements

A special thank you to the Missouri Botanical Garden and the St. Louis REALTORS® for their support, guidance, and providing space for the St. Louis focus groups.

About Elevate

Elevate promotes smarter energy use for all by designing and implementing programs that reduce costs, protect people and the environment, and ensure that the benefits of clean and efficient energy use reach those who need them most. Elevate acts as a facilitator, both nationally and locally, aligning the process, players, and assets needed to make the value of high-performing upgrades visible in the real estate transaction.



Introduction

High-performing homes – homes with key features such as air sealing and insulation, efficient heating and cooling systems, and solar panels – have superior benefits for those who occupy them. They typically cost less to heat and cool, are more comfortable, and are healthier for their occupants.

Data from national surveys reports that people value energy efficiency upgrades in their home. According to a study by the National Association of Home Builders, when presented with a list of over 200 home features 81% of people said that ENERGY STAR® appliances were essential or desirable in a home they would purchase.¹

1. [nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics-plus/special-studies/2021/special-study-what-home-buyers-really-want-march-2021.pdf](https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics-plus/special-studies/2021/special-study-what-home-buyers-really-want-march-2021.pdf)

However, from Elevate’s focus groups and interviews, we know that almost no homeowner is asking for these features when they are shopping for a home. According to the homeowners and real estate agents we spoke to, very few homebuyers even ask for a home’s utility bills, unless they have experienced very high bills in previous homes. And because homebuyers aren’t asking about these features, real estate agents don’t prioritize learning about high-performing homes.

If high-performing homes have superior benefits, and if in surveys people say that they want high-performing features, why aren’t homebuyers demanding that their homes have these upgrades?

The gap comes from a lack of understanding between homebuyers and the high-performing homes community. High-performing home program professionals (e.g. sponsors and implementers of state, municipal, and utility residential clean energy programs) need to remember “people do not engage with us for our reasons, they engage with us for their reasons.”²

In other words, in order to have home buyers prioritize buying homes that are full of high-performing and energy efficient upgrades, high-performing program professionals need to interact with buyers and agents in a way that resonates with them, and not necessarily us.

We can do this by listening to what homebuyers are looking for, and then helping them realize how the full range of benefits that comes with living in a home with high-performing features can meet their needs.

Figure 1. The Cycle for Market Transformation



Market Conditions

It is important to note the real estate environment in which almost all the focus groups were conducted: it was a seller’s market. A seller’s market means inventory of homes for sale was limited, yet prospective buyers expressed a desire

to move to the areas and were bidding fast and high to buy homes. For example, during the Grand Rapids interviews, most homes received multiple offers, often with waived inspections. The average homes sold for about 6% above list price and were pending in around five days. Especially in-demand homes could sell

2. hiddenbrain.org/podcast/work-2-0-the-obstacles-you-dont-see/

for about 14% above list price and were pending in around four days.³ This market has created an increased environment of stress for homebuyers, when 40% of Americans already say buying a new home is the “most stressful event in modern life” even in a stable market.”⁴

Methodology

The focus groups were designed and moderated by the authors of this paper.

The purpose of Elevate’s focus groups was to gather data on real estate agent and homebuyer perceptions, attitudes, and beliefs about: what they consider important when buying a home; do they consider energy efficiency during the home purchasing process; if not, what messages and language about efficiency would motivate buyers to prioritize efficient features and/or persuade them to pay more for a home with those features.

The focus groups consisted of moderated discussion and individual exercises. Attendees would complete the written exercises on their own and then report their responses back to the group. These sections were instrumental in assuring that dominant voices did not sway opinions. Additionally, discussion built up to the issue of energy efficiency, but began more generally (e.g. what features were you looking for in a home, what do you like and dislike about the home you bought) so attendees were not clued in initially to the main purpose of the focus group. This allowed for a solid understanding of the homeowners’ main drivers for purchasing their homes.

3. [redfin.com/city/8694/MI/Grand-Rapids/housing-market](https://www.redfin.com/city/8694/MI/Grand-Rapids/housing-market)

4. [housingwire.com/articles/46384-americans-say-buying-a-home-is-most-stressful-event-in-modern-life/](https://www.housingwire.com/articles/46384-americans-say-buying-a-home-is-most-stressful-event-in-modern-life/)

Focus Group and Interview Detail

Generation Birth Years

Millennial: 1981-1996

Gen X: 1965-1981

Baby Boomer: 1946-1964

Chicago, IL February 2020

- Three in-person focus groups
 - Sixteen Homeowners (Millennials, Gen X)
 - Eight real estate agents (Gen X, Baby Boomers)

Grand Rapids, MI February 2021

- Virtual one-on-one interviews
- Number of Interviewees:
 - Real Estate Agents: Two interviews (Gen X)
 - Homeowners: Seven interviews (Millennial, Gen X, Baby Boomers)

Chicago, IL February 2022

- Four in-person focus groups
 - Sixteen homeowners (Millennials, Gen X)
 - Sixteen real estate agents (Millennials, Gen X)

St. Louis, MO March 2023

- Four in-person focus groups
 - Sixteen homeowners (Millennials, Gen X)
 - Eighteen real estate agents (Millennials, Gen X, Baby Boomers)

(Additional detail in Appendix A)



Key Themes

High-performing homes have superior benefits, and in several studies people report that they want these features. Yet homebuyers do not prioritize high-performing features during the home buying process. The following key themes shed light on homebuyer attitudes towards high-performing homes, and include recommendations for capturing homebuyer attention.

Key Theme 1:

Homeowners tend to have an overall low understanding of energy efficiency in the home. However, they are interested in learning more when its benefits are presented to them.



While there was some variety in knowledge base, the homeowners that we spoke to overall did not thoroughly understand the concept of an “energy efficient home” or a “high-performing home.” When asked “What does an energy efficient home mean?”, responses were varied and included things like sustainable or green (with little ability to describe these terms), less energy consumption, and lower energy bills. However, participants also believed that these homes are more expensive and limited to new construction.

In one focus group activity, we asked homeowners to rank in order of importance a list of features (Figure 2) that they might see when shopping for a new home. More than half of the

homeowners asked for the efficiency features to be explained, such as “air sealing” and “all-electric home.”

Figure 2:
Homeowners’ rank, in order of importance, of features that they might see when shopping for a new home.

1. Open floor plan
2. Stainless steel appliances
3. Attic insulation
4. Finished basement
5. Air sealing
6. Patio/deck
7. High efficiency heating system
8. All electric home

Key Theme 1

Very few homeowners were aware of home energy efficiency programs and certifications in their city. Out of sixteen homeowners and twenty real estate agents in St. Louis focus groups, only one person was familiar with Renew Missouri or the Missouri Home Energy Certification.

Almost none of the homeowners said that they asked for energy bills or considered energy consumption during the homebuying process. One participant who did ask for energy bills had a previous experience with extremely high bills at her home and knew to ask to see utility bills in the future.

Throughout the focus groups and interviews, we saw an increasing level of interest from both homeowners and real estate agents as they learned more about energy efficiency and high-performing homes. For example, most people agreed that an 80% efficient furnace was a good choice for their home until we explained the difference between an 80% and 96% efficient furnace – once they were educated, they agreed that an 80% efficient furnace wasn't good enough. Similar reactions were seen throughout all of our interviews and focus groups.

After they learned more about high-performing homes through our conversations and by looking through benefits-based marketing materials, homeowners agreed that they would have liked their agent to tell them about the efficiency features (Appendix B).

Recommendations

- Agents should mention energy efficiency and high performing features in a home even if the homebuyer doesn't bring it up. Real estate agents have an opportunity to differentiate themselves from their peers by serving as an expert on high-performance. To take on this role, agents should take high-quality continuing education courses where they can learn about high-performing homes and find reliable sources of information to share with clients. However, it is here that the efficiency community should also play a key role by providing information to homeowners when upgrades are done. This is likely in the form of marketing materials on what a high-performing home feature means for the experience of a person living in or considering buying the home.
- Make messaging and marketing educational, not sales-y. Homebuyers want to learn about these features as an essential part of the home, not something extra that is being marketed to them. Millennial homeowners were especially wary of language that felt exaggerated. Instead, they valued messages that felt authentic and truthful.

“ I don't know what these rankings mean – what is SEER? Is 14.5 high or low? What's a thermal envelope?

“ I didn't even think of asking for utility bills.

“ Getting education about the benefits made a difference. Reading this was important to me.

Key Theme 2

Once people have experienced an issue that high-performing features can alleviate, they care strongly about those features in a home.



As referenced in Key Theme 1, we understand that homeowners generally do not think about energy efficiency or high-performing features as a key decision when looking for a home. However, homeowners and real estate agents in our focus groups showed that people do begin to value high-performing features in a home once someone has a direct personal experience with them.

Veteran homeowners (those who have owned more than one home) demonstrated a noticeably greater understanding of high-performing home features than first-time homebuyers. These homeowners, who have experience making upgrades and dealing with home maintenance, were also more likely to say that they would

place monetary value on a home with high-performing features.

First-time homeowners expressed that they didn't even know what they should have been asking about during their homebuying process. They talked about how they would look for different things in their next home – after living in their home for a year they understood home maintenance and were open to learning about the importance of insulation, an efficient HVAC system, new windows, and other high-performing/energy efficiency features.

People with direct personal experiences factored those experiences into their needs and values

Key Theme 2

for a home. For example, a homeowner who had a roof collapse was particularly interested in the age and condition of a home's roof. People who had children with asthma were more concerned about indoor air quality and asthma triggers. One homebuyer shared that their mother died of non-smoking related lung cancer, so they were particularly interested in learning more about induction ranges after reading about the air quality benefits during the focus group.

Regional differences also affected what homeowners value. For example, in St. Louis a number of homeowners expressed the importance of clean indoor air because of the high incidence of allergies (St. Louis is ranked as one of the 10 worst cities for allergies). Because of this, prospective homebuyers placed value on homes with better air sealing to keep out mold, pollen, and pests.

Recommendations

- Tailor messaging differently for first-time homebuyers and veteran homebuyers. Veteran homebuyers will likely have a greater understanding of high-performing features and will need less explanation. First-time homebuyers likely “don’t know what they don’t know,” and will benefit from a thorough explanation of high-performing features and the benefits they add to a home.
- Include as many benefits of a high-performing feature as possible when describing it, so that you can reach a wide range of people. For example, insulation and air sealing can lower energy bills, improve comfort and reduce drafts, make a home quieter, keep out moisture and bugs, and improve indoor air quality. Not all of these benefits will appeal to everyone, so it is best to be inclusive.
- When applicable, use regional attributes to showcase the features of a home in a way that is relatable to the homeowners in the market.

“As a first-time homebuyer I wouldn’t have known to pay more for a home that was marked as energy efficient because I didn’t understand the value of those things. But all of these things will be heavy considerations with our next home.”

“Listening to you describe the benefits of air sealing, basically it was describing my life. I have bad allergies, so I was like, oh yeah, it’s important that I learn about this.”

Key Theme 3

Quality, cost, and affordability are key talking points for the benefits of high-performing homes.



As referenced in Key Theme 1, homeowners tend to have a low overall understanding of energy efficiency in the home and don't relate strongly to language around efficiency, sustainability, and high performance. However, we found that many homeowners do understand and value these benefits through quality, cost, and affordability.

In one exercise, homebuyers were presented with different bios for real estate agents and asked which agent they would be most compelled to work with (Appendix C). One bio emphasized an agent's knowledge in technical systems and mechanicals, one sustainability, and one affordability. The majority (56%) of homebuyers chose the 'affordability' bio as their top choice (6% chose sustainability and 31% chose

mechanicals). Interestingly, four out of the five that chose the bio that focused on a home's mechanicals were veteran homebuyers.

Homeowners related high-performing features to affordability in a number of ways. One way was through the anticipated cost of making upgrades or installing new equipment in the home. For example, a home with a high-performing furnace was valuable because the furnace was newer, well-functioning, and wouldn't need to be replaced in the near future. Another direct relation to affordability was through savings on utility bills. Homeowners related any features that were described as "efficient" or "energy saving" to cost savings on utility bills.

Key Theme 3

Homeowners also related high-performing features to affordability more indirectly through the understanding of a high-performing home as a high-quality home. When asked what they thought about a home with high-performing features, homeowners said it showed the home was well-maintained and cared for by its previous owner. They felt there would not be deferred maintenance or unexpected upgrades that they would need to make, which connected the quality to long-term affordability in the home.

Recommendations

- Talk to homebuyers about the total cost of homeownership (including utility bills, maintenance, and repair) to make the connection of how energy efficiency and high performing features can help make a higher quality and more affordable home.
- Don't just describe the high performing features in a home regarding the way they operate. Instead, make sure to describe the benefits that those features provide. In turn, this helps make connections to values such as quality, cost, and affordability. For example, a description of insulation should include what it does (keeps temperature consistent, reduces drafts, prevents pests/moisture) as well as the values it provides (\$15k project already completed by previous homeowner, lower utility bills, less pests/moisture means less maintenance).

“ Seeing these marketing materials, I’m like, okay, I’m not going to have to fix the water heater. I’m not going to have to fix the windows. I’m not going to have to do any of these things. So it feels more move-in ready.

“ I wish I had known about the costs before buying my home. When they say put some up for a rainy day, yeah. It’s the rainy day for the house, for all of the maintenance.

Homeowners want to see a range of information that includes both technical details and descriptive messaging in materials for marketing high-performing homes.

Figure 3: High-Performing Features and Benefits Description

Features	Features and Benefits
Open floor plan	This home has an open floor plan to allow you to choose the layout of your home.
Stainless steel appliances	This home has stainless steel appliances for a professional look.
Attic insulation	This home has above-code insulation, allowing a consistent temperature from room to room no matter the season for a more comfortable home.
Finished basement	This home has a finished basement to give you more living space.
Air sealing	This home has been professionally air-sealed, which leads to less mold, dust, fewer bugs and cleaner indoor air than most homes.
Patio/deck	This home has a patio/deck to allow you indoor and outdoor living.
High efficiency heating system	This home has a very efficient heating system, which uses less energy to heat your home and helps you save money on your utility bills.
All electric home	This home is all electric, which means there are no CO2 or methane emissions indoors from gas combustion, creating healthier indoor air.

As referenced in Key Theme 1, homebuyers generally do not have a great understanding of energy efficiency or high-performing home features. However, as referenced in Key Theme 2 veteran homeowners and those with personal experience may be well versed in certain areas. Because of this variety in knowledge, it’s important to recognize that messaging and materials used to market high-performance homes must cater to a variety of users.

When asked what they like about their current home and what they’re looking for in their next home, homebuyers responded with descriptions

of the benefits of a high-performing home. For example, some said they wanted to hear less street noise (wall insulation), be warm and comfortable at home (insulation and air sealing), have a low-maintenance home (high-performing mechanicals), or have a move-in ready home (updated mechanicals and technical systems).

As described above, in one exercise homeowners were asked to rank a list of features in order of interest that they might want in their next home. In the second part of the exercise, homeowners were shown a description of the feature’s benefits in a home (Figure 3). When they understood

Key Theme 4

the benefits that the features provided instead of just the technical term (for example, a high efficiency furnace can help lower your utility bills), homeowners ranked these features higher. In another exercise, homeowners were given examples of marketing materials that could be placed around a home in an open house (Appendix B). Feedback from homeowners was diverse – some said that technical terms (R-value, SEER ratings, Pearl scores) were meaningless on their own because they didn't understand what they meant, while others said it was important to have those numbers present because it showed hard data instead of descriptive language that felt “sales-y”.

Some of the marketing materials that homeowners reviewed included small cards describing a high-performing feature in a home. Homeowners frequently said what was missing from these materials was a link to a website with more information about the feature. This was true both for people who understood the technical jargon and those who did not. Both groups wanted more information.

Recommendations

- Follow the “yes, and” motto instead of “either or” when deciding what content to include in materials. In other words, don't try to decide between showing either technical specifications or a personal impact description – include both. Different descriptions will resonate with different homebuyers.
- Include QR codes or URLs on materials that link to webpages with more information about a product. This is relevant for all materials, but especially smaller materials that don't allow a lot of space for description. Providing a place homeowners can go to for more information also provides peace of mind, even if homeowners don't actually read it.
- For topline messaging and headings, use user-friendly language that can be accessible by the homebuyer with the lowest level of knowledge so that the basic idea of the messaging reaches everyone. Then provide detailed and technical information as supplemental for those who want to know more.

“ I don't know what these rankings are. What's a SEER? I don't know what that means. Is 14.5 high? Yeah, I would have tons of questions.

“ I liked this certificate because it gave me hard facts. I want to know, what is the SEER rating? What type of insulation is in the attic? To me it's important to me to know that number.”



Conclusion

High-performing home professionals know that high-performing homes offer better benefits, and we expect homeowners to feel the same way.

However, program professionals need to look beyond their own biases and find out what consumers actually want and value in a home. We need to continue asking, instead of assuming, what homeowners value so that we can position high-performing homes to buyers in a way that they understand and move on.

We can do this by listening to what homebuyers are looking for, and then help them realize how the full range of benefits that come with living in a high-performing home can meet their needs. The time is now for high-performing home professionals to collaborate with real estate partners to create an infrastructure that makes high-performing homes visible in real estate.

Appendix A: Focus Group and Interview Details

Session 1

- Location: Chicago, IL
- Date: February 2020
- Format: Three, in-person focus groups
- Length: 1.5 hours
- Number and Age of Focus Group Attendees
 - Homeowners
 - Group 1: x, Millennials
 - Group 2: x, Gen X
 - Real estate agents
 - 8 (one group)
 - Age range: 45-60

Session 2

- Location: Grand Rapids, MI
- Date: February 2021
- Format: Virtual one-on-one interviews
- Length: One hour
- Number of Interviewees:
 - Real Estate Agents: 2
 - Homeowners: 7
 - Age Range: 27-61

Session 3

- Location: Chicago, IL
- Date: February 2022
- Format: Four, in-person focus groups
- Length: 1.5 hours
- Number and Age of Focus Group Attendees
 - Homeowners
 - Group 1: 8, 21-35
 - Group 2: 8, 37-49
 - Real estate agents
 - Group 1: 8, 33-45
 - Group 2: 8, 30-48

Session 4

- Location: St. Louis, MO
- Date: March 2023
- Format: Four, in-person focus groups
- Length: 1.5 hours
- Number and Age of Focus Group Attendees
 - Homeowners
 - Group 1: 8, 38-56
 - Group 2: 8, 26-49
 - Real estate agents
 - Group 1: 10, 35-62
 - Group 2: 8, 35-60


Appendix B:

Pearl

Certification

Marketing

Materials



101 Main St,
Saint Louis, MO 63101

Certified on March 03, 2023
Pearl Gold Certificate | Pearl Score: 934

Learn more about this Pearl Certified home's benefits: read the free report at www.pearlcertification.com/registry.


Pearl Certification is a national firm that provides third-party certification of **high-performing homes**: homes with "performance assets" that make them **healthy, safe, comfortable, energy and water efficient**. Pearl is an ENERGY STAR Partner.

This Pearl Gold home has verified high-performing assets for a number of features that enhance the quality of life for its owners. Pearl Certified: it's what value *feels* like.

What You Need to Know

This home has many high-performing features, including its heat pump water heater, forced air ducts, air sealing, windows and attic hatch.

This home will be healthier, more comfortable, cleaner and quieter, and cost less to operate, than most Missouri homes.





Gold Certified: Special Performance Features of this High-Performing Home

U.S. Homes Eligible for Pearl Certification: 100,000,000



Heat Pump Water Heater: Top 1% of MO homes	Forced Air Ducts: Ducts very well-insulated	Air Sealing: Top 1% of MO homes
Windows: High efficiency rating	Attic Hatch: Very Well-insulated	Heat Pump: Top 4% of electric-heated homes
LED Lighting: Very efficient lighting	Filters: Very effective	Whole House Ventilation: Better indoor air



101 Main St,
Saint Louis, MO 63101

Certified on March 03, 2023
Pearl Asset Certification Report



Heat Pump: Top 4% of electric-heated homes

This home's heating and cooling equipment is very efficient and exceeds ENERGY STAR standards.

As summarized by the US Dept. of Energy, heat pumps use electricity to move heat from a cool place to a warm place - making the cool space cooler and the warm space warmer. This is how they manage work well in both summer and winter months.

Because they move heat rather than generate it, they can provide the same benefits as regular heating and cooling equipment at a fraction of the cost.



101 Main St,
Saint Louis, MO 63101

Certified on March 03, 2023
Pearl Asset Certification Report



Filters: Very effective

The filter for this home's heating system cleans the air of mold, mildew, pet dander, pollen, and other particles that can impact allergies or asthma.

The American Lung Association has found that indoor air can be very polluted compared to the outside. This home's special air filter attracts and captures airborne particles and allergens, making for a better indoor environment.

Certificate No. DH-000000



Certification Date: March 03, 2023

High-Performing Home

101 Main St, Saint Louis, MO 63101

Gold

This home's high-performing asset specifications can be found in the Pearl Certification Report and Appraisal Institute's Residential Green and Energy Efficient Addendum that accompany this certificate.



W. Casey Murphy
Pearl VP of Quality Management

Appendix C: Real Estate Agent Sample Bios

Homebuyers were asked to rank these real estate agent bios in the order of their favorite to least favorite.

1. If you've been a homeowner for a while, you know the importance of a home's major systems and mechanicals. Grey cabinets look nice, but it's the windows, insulation, and heating system that can make or break a home! As your real estate agent, I'll show you the technical details that you might not see in a typical walk-through. My goal is to help you find a home that is high quality and protects you and your family from unexpected breakdowns and repairs.
2. If you're thinking about how to lower your carbon footprint, a great place to start is your home! As your real estate agent, I'll help you understand all the ways you can "go green" with your home, from sustainable building materials to solar energy. I'll also help you market these green features to increase the value of your home and get more money back when it's time to sell.
3. Whether you're buying or selling a home, I'm here to help! I'm an experienced real estate agent with a passion for finding people the perfect home. I value hard work, integrity, and outstanding client service. I will tirelessly dedicate myself to making sure my clients come first and their process of buying and selling a home is as easy as possible. Success is not measured through achievements or awards, but through the satisfaction of my clients.
4. Buying a home can be one of the most stressful experiences we go through in our lives! As your real estate agent, I'll help take some of that stress off by finding the home that fits not just your checklist, but your budget. I'll help you understand the total cost of homeownership that includes maintenance, repair, and utility bills in addition to your mortgage and taxes, so that you can step into your new home as a confident and knowledgeable owner.

