

High-Performing Homes

What They Mean to
Homeowners and Real Estate
Agents in Grand Rapids, Michigan

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ELEVATE





Executive Summary

If homebuyers and their agents had a clear understanding of the benefits and features of high-performing homes, would they pay more for those homes?

Would this launch a cycle of market transformation in which owners upgrade their homes not just for comfort and savings, but also because they can expect to capture the value of these improvements at the time of home sale?

Elevate and Building Performance Association’s 2020 paper, “Making the Value Visible: A Blueprint for Transforming the High-Performing Homes Market by Showcasing Clean and Efficient Energy Improvements” (Visible Value Blueprint)¹ presented actionable strategies to launch this critical cycle that will lead to market transformation.

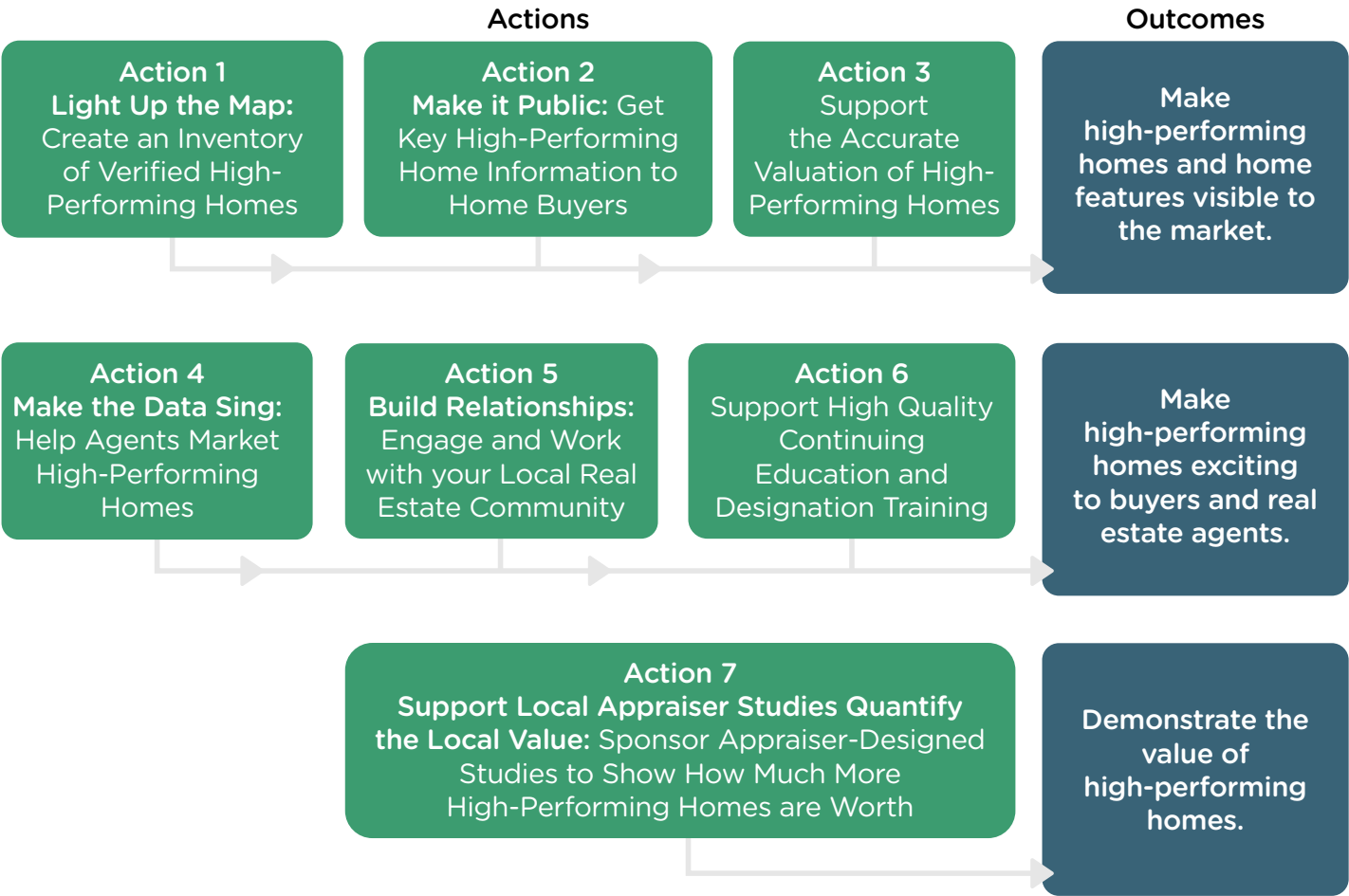
In 2021, Elevate conducted virtual interviews with residents of the Grand Rapids area who had bought single-family homes within the last two years to learn: 1) what features buyers are prioritizing when they are shopping for homes, 2) what energy efficiency messages are most compelling to buyers, and 3) buyers’ expectations of their real estate agents. Elevate also interviewed two Grand Rapids based real estate agents who have built home performance into their business models.

Key findings include:

- Homebuyers would benefit from learning about the full range of benefits energy efficiency upgrades provide. People tended to understand that these upgrades provide lower energy bills, but do not know the range of benefits.
- Homebuyers do put value on homes that seem well-maintained, but do not translate efficiency upgrades to mean a well-maintained home.

1. [ElevateNP.org/wp-content/uploads/Visible-Value-Blueprint-Final.pdf](#)

Figure 1. Blueprint Actions From the Visible Value Blueprint



- Homebuyers frequently mention wanting their homes to be warm, comfortable, and welcoming but do not think of those qualities in terms of room temperature or air quality

Recommendations

- Provide marketing materials real estate agents can use that impart the range of benefits that energy efficiency upgrades provide.
- Incorporate messaging that ties together well-maintained homes and high-performing energy efficiency features.
- Use the adjectives warm, welcoming, and comfortable to describe the benefits of efficiency upgrades.
- Support high-quality real estate agent education.

This research was a step in exploring how homebuyers and real estate agents think about energy efficiency during the homebuying process, to make it easier to engage both groups and successfully implement Visible Value Blueprint Actions 4, 5, and 6 (Figure 1).

As the Blueprint actions are implemented, a virtuous cycle of market transformation will be set in motion in which owners upgrade their homes not just for comfort and savings, but also because they can expect to capture the value of these improvements at the time of home sale.



“ The most important thing to me is a home that has been well-maintained. Low energy bills are nice, but I am in a position where I don’t need to worry about my bills.”

Recent homebuyer



Introduction

Buying a home is often the most exciting, yet fraught, purchase the average American will make in their lives.

In a 2018 survey of 2,000 homebuyers by Homes.com, about 40% of respondents said buying a new home is the most stressful event in modern life, and 44% said they felt nervous throughout the home-buying process.² After the process of buying a home, homeownership can continue to be stressful for many because of the total cost of owning a home and its impact on financial goals. According to a 2019 homeownership study from Hometap, 60% of the surveyed

2. [Homes.com/blog/2018/08/how-much-stress-does-homebuying-really-cause-for-a-first-time-homebuyer/](https://www.homes.com/blog/2018/08/how-much-stress-does-homebuying-really-cause-for-a-first-time-homebuyer/)

homeowners said housing costs made it difficult to achieve their financial goals, and nearly half (42%) worried whether they would be able to save enough to pay for their children's college tuition.³

During the stressful homebuying process, many overlook the hidden costs of homeownership like repairs, upgrades, and energy bills. A Porch study found that homeowners should anticipate 1% of their overall home costs going to maintenance annually.⁴ Other sources suggest that numbers

get larger the older the home gets, with homeowners paying out as much as 4% for a home 25 years or older.⁵

High-performing homes – homes with key features such as air sealing and insulation, efficient heating and cooling systems, and solar panels – have clear benefits for those who occupy them. They are comfortable, healthy, and energy efficient. Of upmost importance to most homeowners, these homes typically have lower overall maintenance costs and lower energy bills.

National studies say that homebuyers value these energy efficiency features in a home and are looking for high-performing features in home listings.^{6,7,8} But are these attitudes currently playing out for homebuyers when they are searching for their next home? Elevate interviewed Grand Rapids area homebuyers to determine what their motivations were for buying a new home and what influenced their decision making. Additionally, Elevate spoke with two real estate agents in the area who have incorporated energy efficiency into their business models.

This paper is for professionals working with high-performing homes who want to successfully connect with the real estate and homebuying communities by using a suite of messaging opportunities that will truly resonate with those groups and lead to the consistent valuation of high-performing homes.

Figure 2.
What are the Benefits of a High-Performing Home?



Market Conditions

It is important to note that the real estate environment in Grand Rapids and most of Michigan at the time this research was

3. [globenewswire.com/news-release/2019/10/22/1933510/0/en/New-Hometap-Study-Shows-1-in-5-U-S-Homeowners-Feel-House-Rich-Cash-Poor-and-It-s-Getting-Worse.html](https://www.globenewswire.com/news-release/2019/10/22/1933510/0/en/New-Hometap-Study-Shows-1-in-5-U-S-Homeowners-Feel-House-Rich-Cash-Poor-and-It-s-Getting-Worse.html)

4. [porch.com/resource/cost-of-home-maintenance-in-america](https://www.porch.com/resource/cost-of-home-maintenance-in-america)

5. [forbes.com/sites/juliadellitt/2018/06/20/why-you-need-to-adjust-your-monthly-budget-for-home-maintenance/?sh=1554a82f34a0](https://www.forbes.com/sites/juliadellitt/2018/06/20/why-you-need-to-adjust-your-monthly-budget-for-home-maintenance/?sh=1554a82f34a0)

6. [nar.realtor/sites/default/files/documents/2019-home-buyers-and-sellers-generational-trends-report-08-16-2019.pdf](https://www.nar.realtor/sites/default/files/documents/2019-home-buyers-and-sellers-generational-trends-report-08-16-2019.pdf)

7. cdn.nar.realtor/sites/default/files/documents/2021-realtors-and-sustainability-report-04-20-2021.pdf

8. [nielsen.com/wp-content/uploads/sites/3/2020/05/top-10-housing-desires-report.pdf](https://www.nielsen.com/wp-content/uploads/sites/3/2020/05/top-10-housing-desires-report.pdf)

performed (2021) was a seller’s market. A seller’s market means inventory of homes was limited, yet prospective buyers expressed a desire to move to the area and were bidding fast and high to buy homes.

In Grand Rapids during this time, most homes received multiple offers, often with waived contingencies. The average homes sold for about 6% above list price and were pending in around 5 days. Especially in-demand homes could sell for about 14% above list price and were pending in around 4 days.⁹

Methodology

Elevate conducted seven one-on-one, virtual interviews with residents of the Grand Rapids area who had bought single-family homes within the last two years. Interviewees ranged in age from 27 to 61, with a mix of first-time and veteran homebuyers. The goal of the interviews was to learn: 1) what features buyers are prioritizing when they are shopping for homes, 2) what energy efficiency messages are most compelling to buyers, and 3) buyers’ expectations of their real estate agents.

The interviews included exercises where participants were shown materials from Pearl Certification, a third-party green certification company. Participants were shown an example of a Pearl Certificate,



an accompanying fact sheet that details the high-performing features of the home that qualifies it for certification, and feature call-out cards that would be placed around a home during an open house tour (Appendix A, B, and C). We asked participants what they did and didn’t like about these materials to identify what messaging compels homebuyers to be interested in energy efficiency.

Elevate also conducted two one-on-one interviews with real estate agents in the Grand Rapids area who talk about energy efficiency and high-performing homes with their clients. The goal of these interviews was to learn: 1) how often their clients brought up energy efficiency and 2) why these agents build the topic into their businesses.

9. <https://www.redfin.com/city/8694/MI/Grand-Rapids/housing-market>

A Note About Real Estate Agents

Real estate agents are small business owners, competing in an ever evolving and rapidly changing industry. Agents have different short- and long-term goals, marketing tactics, spheres of influence, and expertise. To make it even more complicated, their goals change as market conditions change.¹⁰

The success of any real estate agency rests on its ability to attract and nurture relationships that lead to new business. This is called building leads. Real estate lead generation is the process of identifying, bringing in, and converting prospective buyers into clients.

In interview, real estate agents expressed the importance of generating leads. As small business owners, real estate agents are competing in an ever evolving and rapidly changing industry. The success of any real estate agency rests on its ability to build leads by attracting and nurturing relationships that lead to new business. By giving homebuyers information that other agents are not, such as past utility bills, real estate agents can stand out and develop a base of customers in their market

Agents rely on various strategies to build leads, for example paid advertising, consistent outreach to family and friends, or robust social marketing campaigns. However, real estate agents hope that their past clients will refer them to their own friends and family. Clients who are happy with their experience are much more likely to do this. Agents would also welcome relationships with energy efficiency professionals that can help them generate leads.

10. <https://www.elevatenp.org/wp-content/uploads/Visible-Value-Blueprint-Final.pdf>



“ As a real estate agent, you wake up every morning basically unemployed and you have to go find work.”

Brett Vredevoogd, REALTOR, Berkshire Hathaway HomeServices Cascade



Learnings From Interviews

Homebuyers did not know about the breadth of benefits that high-performing homes and features can provide, for instance, a quieter home and cleaner indoor air.

Buyers enjoyed learning about the full range of benefits, because on its own, the term “energy efficient” was not compelling. It was the suite of benefits that drew participants into the conversation about high-performing features. Repeatedly, even veteran homebuyers mentioned liking it when their agent pointed out things that they would not have noticed on their own. However, it should be noted that even when agents pointed out features like furnaces or appliances, they spoke about them in terms of their age, not in terms of their potential benefits or drawbacks.

The participants that used a real estate agent enjoyed their experience with their agent and trusted them. However, while all said that they would have liked to have seen a home's energy bills, none asked for the information, and only one agent provided it without being asked. Real estate agents

who anticipate this wish, have the opportunity to engage their clients in ways that other agents are not. Participants often felt overwhelmed and rushed through their homebuying process. Because of this, they wanted to feel like their agent is on their side, helping them find the right house,

rather than rushing them to make decisions about homes that might not be a good fit. They also appreciated agents who had in-depth knowledge about the quality of homes and its features. They want their agent's opinion about the condition of the home, the good and the bad.

Energy efficiency and/or “green” features are not a prominent part of decision making in the homebuying process.

When asked what features they had been looking for in a home, participants overwhelmingly highlighted location, price, home size, and aesthetics. No interviewees mentioned energy consumption as a key deciding factor of their home buying process. Further, the benefits of an energy efficient home (lower utility bills, increased comfort, etc.) appear to not be enough to influence a homebuyer, unless the home already meets the other features they are looking for. Attributes such as what school district a home is in are considered non-negotiable, while an energy efficiency feature like insulation is a nice bonus, but not by any means an essential part of the home.

Utility costs are top of mind when it comes to HVAC equipment.

During interviews, participants were asked to rank the importance of qualities of an energy efficient furnace or other HVAC system. 72% of participants ranked “lower energy bills” as the most important feature.



Since almost every adult pays utility bills, whether a renter or a homeowner, this was the most approachable choice. Operating life and performance, lesser-known benefits among the interviewees, ranked second, third, and forth. Multiple participants expressed that they were unaware that a high-efficiency HVAC system could improve indoor air quality. 42% of participants ranked “better for the environment” as their least important quality.

The ranking choices may have been partly due to the fact that the participants did not know that high-efficiency HVAC systems have benefits outside of lower energy bills and a lesser environmental impact.

Despite not prioritizing energy efficiency in the homebuying process, homebuyers do want a “high-quality” home.

Many participants brought up liking their new home because they believed that it had been well-maintained and cared for by the previous owner. In fact, real estate agents also said that they often use the term “well-maintained” when describing homes in listings. It was clear from the interviews that people do not always understand that some of the features that make a home high-quality and well-maintained can be energy efficiency features, like above code, professionally installed insulation and air sealing or highly efficient HVAC systems and appliances. Homeowners were most interested in these features for the purpose of comfort and cost savings.

This was especially noticeable with some interviewees who lived in exceptionally high-quality homes but didn’t mention energy efficient features as a reason that their home was high-quality. For example, some interviewees’ homes had features like high-efficiency furnaces, insulation, and even solar panels, but they did not mention these features in terms of indicators of home quality, only in terms of the potential for efficiency defined as lower energy bills.

Homebuyers want their homes to be warm, comfortable, and welcoming.

In one interview exercise, participants were asked to choose three adjectives to describe how they wanted their

home to feel. The adjectives cozy, warm, and welcoming were used frequently, and five out of the seven participants used the word “comfortable.”

When asked to explain what the word “comfortable” meant to them, interviewees offered explanations such as stress-free, able to relax, a place you can be yourself, a feeling that the home is in a condition that makes you happy. When asked if “warm” could mean the temperature of the home, they said that it could, but that is not what they meant when they used the word. Interestingly, several of the participants mentioned being cold and uncomfortable in their homes over the previous winter.

“ *I want someone when they walk into my house, I want them to feel warm, that it’s a warm environment and that it’s inviting and not like, ‘Oh, I have to take my shoes off, and I can’t touch anything.’* ”

Recent homebuyer

Homebuyers value third-party certification when paired with a robust documentation of the benefits of the energy-efficiency features.

During our interviews, participants were shown an example of a high-performing home certificate from Pearl Certifications (Appendix A). Overall, people liked to see that the certificate was accompanied by supplemental information (e.g., data, definitions of specific terms/jargon, comparisons to code/other homes, and the benefits of the upgrades).

“ I would prefer a real estate agent that proactively gave me too much information rather than just enough – someone who’s going to lay everything out and get me as much information as possible.”

Recent homebuyer

Having a third-party relay this information was crucial to homebuyers, as it ensured the claims were not coming from an “overzealous real estate agent” trying to make a sale.

Veteran homeowners (those who have owned multiple homes) have a greater understanding of what a high-performing home is than first-time homebuyers.

Veteran homeowners who have experience making upgrades and dealing with home

maintenance were more likely to say that they would place monetary value on a home with high-performing features when they were shown the full range of benefits. Noticeably more than first-time homeowners, veteran homeowners said that when home shopping they asked about these features in terms of their age when looking for a home.

First-time homeowners expressed that they didn’t even know what they should be 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 understand home maintenance and the importance of insulation, an efficient HVAC system, new windows, and other high-performing/energy efficiency features.

Real estate agents can stand out to homebuyers with an advanced knowledge of home maintenance.

Real estate agents play an important role in the homebuying process and serve as a trusted resource to homebuyers. In interviews with homebuyers, multiple participants expressed a “more is more” opinion of real estate agents – that is, the more information an agent can share about a home, the better. First-time homebuyers specifically pointed out that they didn’t always know what to ask about a home, so having their agent pointing out things for them was helpful. When asked, all participants said they would have liked their real estate agent to obtain the home’s past utility bills.





Homebuyer Profiles

Elevate conducted one-on-one, virtual interviews with residents of the Grand Rapids area who had bought single-family homes within the last two years. Interviewees ranged in age from 27 to 61, with a mix of first-time and veteran homebuyers. The following homebuyer profiles show the three main archetypes that homebuyers met.



Justin

FIRST TIME HOMEBUYER

- Age: **27**
- Years planned to stay in home: **10**
- Months in home: **10**

Justin lives in Grand Rapids with his wife. Justin is a millennial and values a sustainable, green lifestyle. For environmental reasons he and his wife are both vegetarian and have only one car.

The Homebuying Process

Justin and his wife purchased their first home in 2020. They moved from a one bedroom, one bathroom apartment to a two-bedroom, two-bathroom home with a big kitchen and a yard that they were looking for. Justin said he wanted his home to feel “warm, comfortable, and welcoming.”

The couple experienced the pressure caused by Grand Rapids’ hot real estate market. They did not get their “dream home” because they were overbid, and came to understand that market conditions didn’t leave a lot of time to think through buying decisions or even time to ask too many questions.

Experience with Real Estate Agents

Justin and his wife worked with a real estate agent to find their home. The agent was a close friend of the family, and they enjoyed working with him. Justin liked that the agent was a long-time real estate agent and often knew the history of houses in the area.

When asked, Justin said that he would have liked it if their agent had asked for a year of utility bills. He also thinks it would have been helpful if their agent had told them about the energy efficiency utility rebate programs for homeowners.

Energy Efficiency Features

Justin didn’t really know what it meant if a home is “energy efficient,” but he guessed

that it meant they have new windows and a newer furnace and hot water heater. Justin’s new home has solar panels installed on the roof, and he wondered if this is also an energy efficiency feature.

Justin did not ask to see utility bills before he bought the home, and he regrets this. The solar panels on the home led him to assume that he would save on utility bills, but after living in the house for about a year he has realized that there are not significant savings. Had he asked for a year of utility bills, they would have had an accurate cost estimate.

The couple paid more than they initially planned for their home because it had solar panels. However, upon questioning Justin said that he would not have paid more for their home if it was energy efficient, instead of with solar. While an energy efficiency home would likely have provided greater savings,

“ We had to be really strategic, and we knew that once we found the right place, we had to go for it.”



Justin

FIRST TIME HOMEBUYER

Justin doesn't make the same connection of the benefits since energy efficiency isn't as exciting as solar.

A warm and comfortable home was important to Justin, and he reported that after spending a winter in the home it was noticeably chilly and unevenly heated from room to room. Despite this, Justin did not mention air sealing and insulation as a planned project for the home. Upcoming projects for the home include yard work and small aesthetic touches, like coats of fresh paint.

Energy Efficiency Messaging

When ranking the importance of qualities of an energy efficient furnace, Justin ranked "lower energy bills" as the most important and "better for the environment" as the least important quality. Although Justin identified as a "green, sustainable-minded" person, these values did not translate to energy efficiency.

After looking through energy efficiency

messaging in flyers and home tour cards, Justin recognized that there is a lot he doesn't know about energy efficiency and acknowledged that he "didn't know what he didn't know" when looking for his first home. Some concepts like air sealing and home ventilation were new to him, and many benefits of an energy efficiency home were also new like cleaner air and a quieter home.

"I don't know if [attic insulation] would've meant much to me when we were looking. But at this point, [being a homeowner], I would give anything to have that. It wasn't even on my radar how much an attic could steal from your energy bill."

Conclusion

After living in his home for one year, Justin now understands the value of a high quality home. Even if he doesn't have a full understanding of energy efficiency in a home, he understands the importance these features play in energy costs and home comfort.

“As a first-time homebuyer I would not have paid 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.”



Valerie

VETERAN HOMEBUYER

- Age: **60**
- Years planned to stay in their home: **No plans to move**
- Months in home: **8**

Valerie lives in Grand Rapids with her husband. At 60 years old, Valerie is a baby boomer. Valerie likes to play the guitar and spend time outside.

The Homebuying Process

Valerie and her husband purchased their third home in 2020. They moved from a home they lived in for 17 years after the neighborhood became too noisy. Valerie loves her new home, which overlooks a river and woods and is on a quiet street. Valerie was looking for a home that was “move-in ready,” and said she wanted her home to feel “warm, comfortable, and real.”

Experience with Real Estate Agents

Valerie and her husband worked with a real estate agent to find their home. The agent was a long-time friend, and Valerie said she provided a wonderful experience. When looking at potential homes, her agent asked for documents showing past utility bills, warranties and owner’s manuals for appliances, and the history of upgrades at the home. The agent also helped Valerie collect these items for her own home when she put it on the market.

The home Valerie bought is a high-performing home, though she was not aware of that. It has, among other things, a high-efficiency HVAC system, a high-efficiency tankless water heater, mechanical ventilation, and ENERGY STAR® appliances. Valerie believes that the features indicate a high-quality home, as opposed to an energy efficient one. Although Valerie’s agent pointed out these features to her, the home’s seller and agent did not. The comments in

“ I guess at my age and where I’m at, I just don’t want a fixer-upper anymore. I’m 60. I don’t want to do that anymore.”

the listing mainly point out the features that buyers can see in the photos, including the color of the cabinets, the built-in buffet in the dining room, and the views of the river.

Energy Efficiency Features

As mentioned above, Valerie’s home is high-performing and has multiple energy efficiency features. Valerie expressed that she likes the benefits that her home provides, such as cleaner indoor air for her husband because of his allergies and a consistently warm home from room to room during the winter.

However, Valerie was not specifically looking for an “energy efficient” home when searching. Rather, she was looking for a home that was move-in ready and well built. Valerie said that she would not have bought the home because of its energy efficient benefits



Valerie

VETERAN HOMEBUYER

“ Our REALTOR did point all this [energy efficiency] stuff out. As far as the other agent selling the home, there was really nothing there in terms of marketing the features. I don’t know if they just didn’t care.”

unless the home “checked all of the other boxes” like location, price range, and a large kitchen.

Energy Efficiency Messaging

When ranking the qualities of an energy efficient furnace, Valerie ranked “lower energy bills” as the most important and “better for the environment” as the least important quality.

After looking through energy efficiency messaging in flyers and home tour cards, Valerie was not surprised by any of the features or related benefits and understood them all. She said she would also like to know the year of in installation for upgrades in a home, to help her plan for future upgrades that would be necessary.

When viewing Pear Certification materials, Valerie stressed the importance of explaining

who Pearl is, since the brand is not well known. Specifically, she wanted to see any documentation that shows Pearl as a third-party certification and not a marketing tactic coming from the homeowner or their agent. “Third-party certified” is always beneficial because it’s just not the agent and the homeowner saying X, Y, and Z. This is someone who is an objective party coming in and looking at everything and then certifying.”

Conclusion

Valerie understands an energy efficient home as a home that is well-built and move-in ready. Because Valerie lives in a home that could easily be marketed as high-performing, she is now considering the idea of having her home third-party certified and marketed as such when they decide to sell. However, she said that before doing so, she would ultimately rely on the advice of her real estate agent, who she trusts and respects.



Ezra

ENERGY EFFICIENCY PROFESSIONAL

- Age: **38**
- Years planned to stay in their home: **5**
- Months in home: **11**

Ezra is a corporate sustainability professional who lives with his wife and young child. At 38, Ezra is an older millennial. Ezra likes to cook and loves mid-century modern architecture.

The Homebuying Process

Ezra and his wife purchased their second home in 2020. They moved from a smaller apartment to a single-family home where they could start a family. Ezra wanted a home with a wood-burning fireplace and original features. Ezra wanted his home to feel “functional, welcoming, and move-in ready.” Like many homebuyers in Grand Rapids, Ezra and his wife were impacted by market conditions and the speed with which they needed to make decisions about homes that they wanted to buy. They had put in multiple offers on other homes and been outbid before finding their home.

Although Ezra is a sustainability professional with a great knowledge of energy efficiency and a great care for the environment, he did not mention sustainability as a priority when searching for a home. Ezra did clarify later that he was taking care to look at the energy efficiency of homes they toured.

Experience with Real Estate Agent

Ezra worked with a real estate agent to find his home. Ezra liked that his agent was knowledgeable about the mechanics of the home and had an “unbiased opinion” of features, even if it was pointing out that something was in bad shape. Ezra felt that the agent wanted them to find the “right home,” and wasn’t just trying to sell them any home. “He definitely talked about the age of the furnace, the efficiency of the furnace, the

amount of insulation, the age of the windows. I think you need someone to kind of reel you into reality and point out those things that you might glaze over. Because you’re wrapped up in just trying to find a house, or you’re hung up on one small thing that actually in the bigger scheme of things might actually not be a dealbreaker.”

Energy Efficiency Features

As a sustainability professional, Ezra had a strong understanding of what an energy efficient home is, and he was familiar with many of the features and benefits of an energy efficient home. However, while he knew a lot about the energy and cost savings that come with energy efficient features, he was not aware of some of the home maintenance benefits such as longer operating life and better performance. One

“ *I don’t know that I thought about [an energy efficient furnace] much past lower energy bills and better for the environment.* ”



Ezra

ENERGY EFFICIENCY PROFESSIONAL

feature that surprised him was that an energy efficient furnace contributes to healthier indoor air quality.

Perhaps because of his greater knowledge of energy efficiency, Ezra talked about efficiency's relationship to total cost of homeownership. After talking about lower utility bills and longer operating life, he made the connection that an energy efficient home helps save when calculating the total cost of ownership.

Energy Efficiency Messaging

When ranking the qualities of an energy efficient furnace, Ezra ranked "lower energy bills" as the most important and "better indoor air quality" as the least important quality. Notably, Ezra ranked "better for the environment" as second most important and called out that he is a "sustainability person" and "definitely cares" about the environment. After looking through energy efficiency messaging in flyers and home tour cards, Ezra was again familiar with the technicalities of

features but surprised by some of the benefits that they provide like a quieter home from insulation. Ezra emphasized the importance of third-party certification on all materials to know that the certification is coming from a trusted source and not a sale or gimmick for the agent to sell the home.

Although Ezra thought third-party certification was important, he was not interested in getting a certification for his own home. Both a "do it yourself" attitude and the certification cost prevented him from wanting to pursue a certificate – unless "if it was 50 bucks, then probably."

Conclusion

Ezra has a thorough understanding of energy efficiency and sustainability, but sometimes does not make the connection to the lifestyle benefits that these features can provide a home. His main motivations and interest in an energy efficient home were still cost savings and long-term investment, despite his career and passion of sustainability.

“I wish I could say we had a menu of homes in front of us, and just casually select which one we’re going to buy. And it’s just very much not like that right now. Thinking about energy efficiency in this market? It’s just hard.”



Real Estate Agent Profiles

Elevate also conducted two one-on-one interviews with real estate agents in the Grand Rapids area who talk about energy efficiency and high-performing homes with their clients.



Brett Vredevoogd

**REALTOR, BERKSHIRE
HATHAWAY HOMESERVICES
CASCADE**

- Number of years as an agent: 8

Brett is a real estate agent with a background in high-performing home construction. He believes strongly in sustainability and wants to help homeowners live more lightly on the planet.

Brett uses his depth of knowledge about high-performing homes to stand out in a crowded field of real estate agents. He knows that he is one of very few agents talking about the importance of features like air sealing and insulation and the value they provide a home. However, Brett is realistic about the fact that most people don't understand what a high-performing home is and are not prioritizing energy efficiency in a home. He emphasizes the benefits of energy efficiency like cost savings and comfort.

When representing sellers, Brett offers to get their home third-party certified with a Pearl Certification if they qualify. Telling a homeowner that a certification can help their home sell for 7% more is an incentive for them to work with him.

By offering his expertise in high-performing homes and a third-party certification, Brett can differentiate his business and build his customer base.

“Offering the certification is an extra tool that I have to help homes appraise for more. Other agents aren't doing that.”



Beth Loehfelm

**REALTOR, COLDWELL
BANKER AJS-SCHMIDT**

- Number of years as an agent: 7

Beth is a real estate agent with a background in representing buyers, although she now works with both buyers and sellers. She has lived Grand Rapids for over a decade, coaches volleyball, and wants to help people find the right home for their family.

Beth uses her knowledge about high-performing homes to stand out in a crowded real estate market by focusing on the total cost of homeownership. She helps homebuyers calculate all the auxiliary homeownership costs beyond a mortgage payment – taxes, utility bills, maintenance and upgrade costs – to understand what owning a home will actually cost them.

Beth often finds herself working with first-time homebuyers. She finds that first-time homebuyers often don't yet know the realities of homeownership and are often drawn to the aesthetics of a home, rather than mechanicals or construction like the roof. To help address this, Beth puts together an "Inside Scoop" packet of details like average utility costs, mechanical details, and the history of upgrades that she gets from the home seller. When representing sellers, Beth puts together this packet to share with homebuyers to help the home stand out.

Beth believes strongly in helping her clients find a home that they can afford to live in for years. Her focus on total cost of homeownership helps her stand apart from other real estate agents.

“ It can be easy to get overwhelmed when it’s your first time searching for a home. But once you live in a home and are confronted with the realities of homeownership like utility bills, you start to care about those things.”



Recommendations

The following recommendations are based on the interviews with homebuyers and real estate agents. These recommendations can be used by professionals in energy efficiency, high-performance homes, or real estate as actionable strategies for engaging with homebuyers and real estate agents, and increasing the demand for these homes and their features.

Talk About High Quality, Not High Efficiency

Use language that is more recognizable to homebuyers to describe the benefits of a high-performing home. Homebuyers are looking for information that clearly spells out how these features will help them in their home.

As mentioned above, most homebuyers do not know about the full range of benefits that an energy efficient home offers, but do express wanting a high-quality home. Messaging that called out features as “high-efficiency” or “energy efficient” did not mean as much to homebuyers as “above code” or “top 8% of homes.” Some participants said they wanted even more of an explanation, such as “this furnace performs better than 92% of homes in the area.” Participants said that they understand efficiency through the year of installation or the age of a piece of equipment – simply, newer is better.

Expand the Definitions of Comfortable and Warm

Utilize the keyword “comfortable” and expand on its definition to include temperature conditions (warmer in winter,

cooler in summer), to tie into a home feeling cozy, relaxed, and welcoming.

Almost all the homebuyers interviewed wanted homes that could be described as warm and comfortable. High-performing homes offer these benefits, but not in the way consumers are thinking about those adjectives. Energy efficiency professionals could benefit by stressing those attributes of energy efficiency measures in their marketing.



Use a Third-Party Sources to Certify Claims

Verify claims about a home’s performance with supplemental resources and certification from a third-party source.

According to a study from the Shelton Group, 87% of Americans say green certifications are important when purchasing a product.¹¹ Elevate’s initial research shows that homes

11. <https://sheltongrp.com/certifications-matter-more-than-ever-and-brands-should-be-promoting-them/>

12. <https://www.elevatenp.org/wp-content/uploads/2020-EE-realizing-the-value-paper-v9.pdf>

in the Midwest that were marketed high-performing features or had a third-party certification sell for an average of 5% above listing price.¹² For high-performing homes, interviews showed that third-party certification is an important tool for verifying claims about a home's high-performing features.

Communicate Cost Savings Messaging

Communicate how energy efficiency features can help homeowners save money through lower energy bills as well as a lower total cost of home ownership.

As shown in Figure 2, 72% of participants said that “lower energy bills” was the most important quality of a high-efficiency furnace. Pointing out how energy efficiency features use less energy and save money through utility bills helps connect with homeowners on a top priority they are looking for in a home.

Homebuyers understand that a high-performing home will pay off in the long run because it will likely sell for more. After showing the home certificate (Appendix A) to participants, we asked if they would be interested in having their home certified. Participants mostly resonated with the concept that a certification would help their home sell for more, as opposed to the being good for the environment, etc.



Add Value to Real Estate Agents’ Approaches

Real estate agents have the ability to stand out in a crowded field by having an advanced knowledge of home performance and total cost of homeownership.

Homebuyers are looking for real estate agents that go above and beyond to help them understand all of the benefits that a home can

provide, including home performance. For real estate agents to promote green certifications and high-performing features well, the information needs to be easy for customers to understand and should be presented in a way that does not require the agent to be an expert; ready-to-use marketing materials should speak for themselves. These materials need to help potential buyers understand why this home will provide a better living experience than a similar home that is not high-performing.¹³

13. <https://www.elevatenp.org/wp-content/uploads/It-s-Not-the-Data-It-s-the-Marketing-Motivating-Real-Estate-Agents-to-Sell-High-Performing-Homes.pdf>



Conclusion

The findings in this paper can help high-performing home professionals understand how homebuyers, homeowners, and real estate agents view and understand energy efficiency and other high-performing features in the real estate transaction.

High-performing home professionals can leverage these findings to successfully engage with real estate in two ways. First, by helping agents market high-performing homes in way that resonates with homebuyers.

As covered in the 2020 paper “Making the Value Visible: A Blueprint for Transforming the High-Performing Homes Market by Showcasing Clean and Efficient Energy Improvements,” marketing materials are important for almost any high-performing home. High-performing home professionals often consider third-party verifications to be simple methods of communicating information about a home’s efficiency. Homebuyers, however, may not find this information entirely straightforward. The meaning of a HERS Index of 60 is well-known to energy efficiency experts, but it requires some explaining for consumers. One of the primary roles of high-performing home professionals should be to help provide information in the form of marketing materials about what a high-performing certification or home feature means for the experience of a person living in or considering buying a home.

Lastly, real estate agents would welcome partnerships with energy efficiency professionals that can help them generate leads in order to grow their businesses and stand out in a crowded field of real estate professionals.

The real estate community is key to ensuring that information about high-performing homes becomes part of the real estate transaction. It is crucial that energy efficiency professionals know how to build a bridge connecting the two communities, in order to ensure buyers value and ask for efficiency upgrades, and sellers invest in them.



“ My life experience, has taught me that what you do to your home today impacts your neighbors, your communities, and the people who come after you. I feel responsible for that. Not everybody does, but I think they should.”

Recent homebuyer

Appendix

A



Appendix

B



7956 Autumn Woods Dr SE,
Ada, MI 49301-8727

Certified on February 06, 2020
Pearl Gold Certificate | Pearl Score: 864

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 forced air ducts, air sealing, attic insulation, attic hatch and gas furnace.

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



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



Forced Air Ducts:
In conditioned
space

Air Sealing: Top
3% of MI homes

Attic Insulation:
Top 38% of MI
homes

Attic Hatch: Very
Well-insulated

Gas Furnace:
Energy Efficient

Windows: High
efficiency rating

Water Heater:
High Efficiency

Wall Insulation:
Top 32% of MI
homes

Rim Joist
Insulation: Very
Well-Insulated

Appendix

C

 7956 Autumn Woods Dr SE,
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Certified on February 06, 2020
Pearl Gold Certificate | Pearl Score: 864



Forced Air Ducts: In conditioned space

While not as glamorous as other features, you will save money and energy with a well-designed duct system. What else might you do with those savings?

This home's ductwork is inside conditioned space - a big benefit for the lifetime of its systems. This means the heating and cooling equipment won't work as hard - and as a result, last longer.



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Air Sealing: Top 3% of MI homes

So many benefits with a well-sealed home: from a comfort perspective it's less drafty and has greater humidity control. Bonus: less dust and insects!

All homes should be air sealed to increase comfort, minimize air leakage and enhance the effectiveness of the insulation. This home's performance for air sealing is exceptionally high. Air sealing typically includes using spray foam on the rim joists, areas where plumbing and electrical penetrations come through walls, around windows/doors, and other areas of the home.



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Attic Insulation: Top 38% of MI homes

This home's attic is well-insulated - it will keep you warmer in the winter and cooler in the summer. Feel at home in your home!

With the insulation installed in this attic, you'll feel the difference right away; this house will be more comfortable - particularly in second floor rooms. Good attic insulation also protects against excessive winter heat loss that causes roof damage from snow melt. Plus, enjoy lower utility bills year round.



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Attic Hatch: Very Well-insulated

It's difficult to overstate the importance of addressing the attic hatch when insulating and air sealing a home. The details count!

This home's attic hatch has been insulated. Attic hatches are often the weakest link in a home's attic insulation, and can disproportionately impact a home's heat loss and heat gain. Even though an uninsulated attic hatch often represents only 1% of an attic's surface area, it can decrease the attic's overall R-value by 27%.



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Gas Furnace: Energy Efficient

Cozy. Comfortable. This home's heating furnace is extremely efficient, and a money saver for the owner.

An efficient furnace saves the homeowner money during cold winter months while providing comfort. This furnace also has a safer venting system, preventing dangerous combustion gases from entering into living spaces.



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Windows: High efficiency rating

Double-pane, argon-filled low-E windows like the ones in this home are better insulated and better at stopping heat transfer.

This means that they make the home more comfortable and energy efficient than single-pane or regular double-pane windows. Low-E windows have a special coating that protects fabrics from the fading effects of UV light, while keeping the home warmer in winter and cooler in summer.



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Water Heater: High Efficiency

Water heating accounts for about 18% of a home's energy use. This home has an energy efficient water heater, offering significant savings.

Water heaters are the second highest source of energy usage in the home. High-efficiency water heaters use less energy than standard models, saving homeowners money on their utility bills while helping conserve resources.



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Wall Insulation: Top 32% of MI homes

Want a quieter home? A cozier home? Bring on the wall insulation! Energy efficient from the inside out.

Can you believe there was a time when we did not require insulation as a part of how our homes were constructed? Building code standards continue to evolve, as do the materials we use in them. This home's walls are better insulated than most homes.



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Rim Joist Insulation: Very Well-Insulated

The rim joist is the wooden board between foundation and wall, and wall and roof. Quality homes are insulated along the rim joist - like this one.

You've probably never thought about a "rim joist" before, and yet this critical structural component to a home can be one of the biggest culprits of energy waste. But not in this home!



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Conditioned basement: Top 16% of MI homes with a conditioned basement

This home has better than average foundation insulation. It will be warmer and less humid as a result.

Foundation insulation can provide significant benefits for keeping heating costs down. Up to 50% of home heat loss can come from an uninsulated basement in an otherwise well-sealed and insulated home.

"I want to hang out in a cold and clammy basement," said no one, ever. As in most cases, an energy efficiency benefit creates a comfort benefit for a homeowner as well!



ELEVATE

Elevate seeks to create a just and equitable world in which everyone has clean and affordable heat, power, and water in their homes and communities — no matter who they are or where they live. Our programs, policy agenda, and partners reflect this commitment.



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