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Analysis: Homeowners willing to pay a premium for 'green' homes

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"Green" homes may be a bright spot in today's real estate market. Environmentally certified homes sold for 4.8 percent more and were on the market for 24 percent less time than comparable homes sold last year.

This increase is a result of the principles used in building a green home, which include following green building codes, site and water protection, energy efficiency, health and air quality, materials efficiency and environmentally responsible home ownership. Basically, green homes result in cleaner indoor air, reduced operating costs and a smaller environmental impact, both during construction and throughout the life of the home.

In the first year since it began tracking environmentally certified homes, 19.8 percent of new homes in Seattle sold on the North-

west Multiple Listing Service (NWMLS) were environmentally certified. These homes averaged 1,477 square feet, slightly smaller than the 1,492-square-foot average for all new homes sold. On a square-foot basis, green homes sold for a 5.9-percent premium.

In King County, 13.5 percent of new homes were environmentally certified. These homes had 21.5 percent less square footage and sold for a 1.2-percent premium. On a square-foot basis, green homes sold for a 28.9-percent premium.

"In today's changing market, this is an important finding for homeowners to consider," says Ben Kaufman, founder of GreenWorks Realty. "Environmentally certified homes offer homeowners a way to get the most value and sell more quickly."

Such homes include those certified by Built Green, Energy Star or LEED for Homes. From Sept. 1 to March 31, 168 environmentally certified single-family new homes were sold in the

city of Seattle out of 848 new homes sold. In King County, 285 of 2,109 new homes sold during the same period were environmentally certified.

Until now, the idea that people are willing to pay more for environmentally certified housing has been based mostly on expectations. Now we have the first hard data to back up what many of us have believed for a long time — green sells for more.

Not only are environmentally certified homes carrying more value in terms of sale, they are also carrying more value in reducing occupancy costs. All Built Green 4-Star homes must also meet the Energy Star Homes standard, which estimates that they will be at least 15 percent more energy-efficient than non-certified homes. Built Green 5-Star homes must meet the Energy Star standard and be at least 30 percent more efficient.

The cost savings and reduced greenhouse gas emissions have a real impact

on homeowners and the environment. Built Green homes built between 2004 and 2006 are estimated to collectively save more than 929,000 kilowatt hours each year. This results in an annual savings of more than \$71,000 to homeowners and 2.5 million fewer pounds of greenhouse gases. The savings could be even greater, since these estimates don't include features such as efficient windows and higher-performance insulation.

"It seems buyers understand the benefits of green homes — from lower energy bills to healthier indoor air," says Kaufman, who initiated the effort to include environmental certification checkboxes in the NWMLS. "These new figures will help appraisers, homeowners and real estate agents understand what buyers are willing to pay for an environmentally certified home."

