



The Next Hurdle in Real Estate

By Martin Newmark
303-554-5840
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We've gotten over the trauma of dealing with lead and asbestos. Now we're dealing with mold, indoor air quality, and synthetic stucco. What's next? In a word, energy! Energy *efficiency* of homes that is.

I recently inspected a brand new trophy home in Arvada. Marble countertops, upgraded appliances, the works from an aesthetic perspective. But what I found in the attic was insulation that was R-30. R-30 is what is required by code, but code is a required minimum. Energy efficiency experts currently recommend R values of R-38 or more. When I inspected the furnace, water heater and air conditioner what do you think I found? All three appliances were the least efficient units available. What a shame. Another \$1500 spent up front would likely save ten times that over the life of those appliances.

These are easy features for the builder to save money on, and at the same time features that the average buyer is not savvy enough to be aware of – yet. As energy prices rise, and every indication tells us that they will, the cost of operating a home and buyers awareness of this expense will rise. Hence, in the near future clients will start asking about the energy efficiency of both new and old homes.

So what can you tell them? One thing is that Xcel will disclose the average cost of the energy bills for the last year on any home. Simply call them at 1-800-895-4999, tell them the address and that you want this information. They will give you a dollar figure that is the average monthly cost of energy (gas + electric) for that home for the past twelve months.

The major drawback of this data from Xcel is that it includes the living habits of the occupants. If the occupants keep the thermostat at 72 in the winter and 68 in the summer and take several showers a day, the monthly energy bill will be higher than if the thermostat is kept at 65 in the winter, 75 in the summer and they take a shower three times a week. It would be nice if we could evaluate the efficiency of a home without taking into account the lifestyle of the current occupants.

One way to do this is to determine the HERS score on the home. HERS stands for Home Energy Rating System. This system of evaluating a home takes into account insulation in the ceilings, walls and floors, the types and sizes of windows, energy efficiency of appliances, how well the home is sealed, etc. It is not widely used in the resale home market at this time, but new homes are being rated more and more. A home can be classified as "Energy Star" if the home scores 86 or higher on the 0-100 scale. To find a HERS rater check out <http://e-star.com> and follow the Energy Raters link.

Home Energy Tune-Up™ inspections are another way to evaluate the energy efficiency of a home. These inspections determine the most cost effective upgrades an owner or buyer can make. The report suggests possible upgrades, their approximate cost, and the approximate savings on your energy bill. It makes deciding on what upgrades to make easy because the costs are reported in both a total estimate for each upgrade and their monthly cost amortized over 30 years (i.e. rolled into their mortgage) along with the estimated energy savings per month for each upgrade. Home Energy Tune-Up inspectors can be found at <http://hometuneup.com/>. Follow the Get a Tune-Up link.

Today energy efficient homes have another potential benefit, an Energy Efficient Mortgage or EEM. The idea is that an energy efficient home costs less to run. Hence the homeowner has more disposable income. With more disposable income the mortgage companies are willing to loan a buyer more money. This allows the buyer to buy a larger or nicer home, and, imagine this, a larger commission check for you!

You can look at this coming interest in energy efficiency as just another obstacle to getting the deal done, or as an opportunity for you to differentiate yourself from the crowd, and do your part in keeping this a livable planet. I hope you choose the latter.