

**Consumer Newsletter – May 2013**

By Scott Sakata, REALTOR, SRES

## **Home Energy Upgrades: Save, Celebrate, and Sell**

May is an ideal time to tackle your list of home improvement projects, whether they're aesthetic tweaks, small rehabs, or energy efficiency upgrades. After all, the spring real estate buying season is under way.

As you map out your priorities, think along the lines of projects that will bring rewards when you market your property *and* bring you comfort and savings while you're still living there.

### **Buyers willing to pay more**

There's no shortage of advice and studies about what prospective buyers want.

For instance, buyers will pay more for some features, according to the "2013 Profile of Buyers' Home Feature Preferences," a National Association of REALTORS® report.

Here are four of those features and the buyer premium they carry.

1. Air conditioning (\$2,520)
2. Hardwood floors (\$2,080)
3. New kitchen appliances (\$1,840)
4. Walk-in closet in the master bedroom (\$1,350)

### **Efficiency trends**

Increasingly, buyers also are looking for ways to save on energy and go more lightly on the environment.

And they're willing to pay for those things.

Sixty-one percent of builders and 66% of remodelers found that customers will pay more for a green home or remodeling project, according to a recent McGraw Hill report, "New and Remodeled Green Homes: Transforming the Residential Marketplace."

And the National Association of Homebuilders' (NAHB) study, "What Home Buyers Really Want", indicates that 9 out of 10 buyers would rather buy a home with energy-efficient features and permanently lower utility bills than one without those features that costs 2 to 3 percent less.

After all, lost energy equals wasted money.

Laura Reedy Stukel, a real estate practitioner with LW Reedy Real Estate in Elmhurst, Ill., and a proponent of looking at the total cost of homeownership, sees the next generation of buyers--Gen Y--increasingly factoring in operating costs into their buying decisions. So are others.

Here's why it matters to you.

Consider that in a competitive market where all things are equal, prospects could be making buying decisions based on the total cost of homeownership, which includes energy costs.

So if you live in a subdivision where all the houses are alike and one for-sale property features dramatically lower energy bills and yours has sky-high costs, which house wins with buyers?

## **Dollar-saving upgrades**

Here are five home upgrades that will save you a few dollars today, help you market your house tomorrow, and let you celebrate Earth Day in a meaningful way.

### **1. Look to green options**

If you're thinking of incorporating some of the items on NAR's list of buyers' wishes, explore the sustainable options with your contractor or remodeler and ask how to make the most earth-friendly choices.

For instance, if you're considering hardwood floors, look to eco-friendly options, such as bamboo, cork, and reclaimed wood.

Or if you're enlarging your closet, pick eco-friendly materials, such as reclaimed wood, energy efficient lighting, and low-VOC paint.

### **2. Appliance upgrades**

Data from NAR's "2013 Features Survey" indicates that 37% of buyers added or replaced appliances shortly after owning the home. Why not remove that obstacle from prospects' to-do list and upgrade to the most efficient ones now, especially since buyers would be willing to pay \$1,840 more for a home with new appliances?

As an example, Energy Star-certified refrigerators use about 15% less energy than non-certified models, so a switch benefits your pocketbook today and appeals to buyers tomorrow.

### **3. Gauge water savings**

Other upgrades can be a cinch.

For instance, investing in energy efficient faucets and toilets with the WaterSense label provides small distinctions you can use to market your property and separates it from the exact (or almost exact) same house next door. Plus, new fixtures give a bathroom a modern, refreshed aesthetic that leaves a good first impression among buyers.

According to Energy Star, heating water is the second largest energy expenditure after heating and cooling, and the average household spends \$400 to \$600 annually on water heating.

Reduce your water use and reduce your costs with new faucets, showerheads, and toilets.

WaterSense, an EPA program aimed at cutting water costs and consumption, provides some product guidance.

A U.S. household of four, for example, that relies on natural gas could see \$55 in annual savings by just replacing the showerhead.

### **4. Cut energy costs**

According to Energy Star, heating and cooling eat up huge percentages of energy spending, 29% and 17% respectively.

But before you replace your HVAC system, consider getting an energy audit to see if your high energy bills stem from other sources, such as leaky ductwork and windows or inefficient doors.

Professional auditors examine a home's energy systems and conditions and determine the source of efficiency gaps and make suggestions on how to reduce consumption and costs.

Frequently, you can find free or low-cost energy audits through utility companies or government entities.

And everyone can benefit from do-it-yourself strategies for energy savings.

Some of the site's suggestions are as simple as dropping the temperature setting on your water heater thermostat, changing furnace filters regularly and adding caulking and weather stripping in spots where air escapes.

## 5. Bright lights

The NAR "2013 Features Survey" shows that 41% of buyers who made home improvements added or replaced lighting. Again, why not replace bulbs *before* prospects set foot in your house?

Yes, that wall of bulbs at the hardware store is daunting and confusing, but a free app, [www.lightbulbfinder.net](http://www.lightbulbfinder.net), removes the pain and confusion from the process.

The tool lets you walk through the house and type in information about your current lighting. Based on your inputs, the app names the best, most efficient replacement bulb, the payback you can expect based on local energy costs, and it generates a shopping list.

## Real Estate Matters: News & Issues for the Mature Market

**Scott Sakata, REALTOR**  
**iProperties Hawaii**  
**1585 Kapiolani Blvd., #1533**  
**Honolulu, HI 96814**  
**Phone: 228-4916**

Also see

<http://oee.nrcan.gc.ca/equipment/manufacturers/16825>. There, the Natural Resources Canada offers an overview of lighting terms--lumens, watts, colour temperature--and a comparison of the efficient bulbs on the market.

## Additional resources

Before you start a project, look for rebates and incentives that are available from utility companies and government entities. See:

- United States--  
[www.dsireusa.org](http://www.dsireusa.org)



NATIONAL ASSOCIATION OF REALTORS®

*The Voice for Real Estate®*

