



nerej

An energy audit allows sellers and buyers to make smart investment decisions

March 18, 2009 - Connecticut

What makes a property attractive? Location. A beautiful façade helps too, but the bottom line of any property transaction is cost. Considering costs to bear over a 20-year period, energy use is one of the largest. Knowing how much energy a building consumes answers questions like, how profitable a property can be. An energy audit makes all this information available to both sellers and buyers, allowing them to make smart investment decisions based on real market value rather than fear.

An energy audit is a systematic approach of gathering and analyzing data to determine existing profitable features of a property, as well as areas of improvement. Commercial and residential energy audits include a blower door test and/or thermal photography to locate insulation deficiencies, air and water infiltration, and heat loss; it assesses a building's thermal envelope, heating and cooling systems, lighting, and structural integrity of windows and doors.

Two written records can be produced upon completion of an audit that can aid Realtors close a sale. The first document lists all positive results. The second is a detailed, cost-driven action plan of recommended improvements that can be implemented over time so that a large upfront cost can be avoided. Recommendations as to appropriate energy conservation, operation, and maintenance can highlight a cost-effective path to a more energy efficient building.

Today, potential buyers would love to have some good news about a building's efficiency, giving the Realtor an opportunity to sell based on existing strengths rather than potential. Providing a complete inventory of strengths such as, lower utility bills, healthier indoor air quality, and better structural integrity, can address a buyer's interests in purchasing a green property.

Savvy investors are looking for added value such as extras found in an energy efficient building. A home modeled to be 30% more energy efficient than a standard home sells faster on the market. (Source: How Green Remodeling Can Help You Sell Your House) Energy efficient buildings, especially those that are LEED certified or Energy Star rated, are attractive to buyers because they are the most cost-effective long-term and the ratings can boost property value.

"In this time of economic uncertainty, the increased efficiencies and lower operating costs yielded by green buildings help to save money in the long run as well as provide a product capable of attracting and retaining tenants." (Source: Green Building in a Troubled Economy, USGBC, January 2009)

Knowing the results of an energy audit is a strategy in selling one building over another, even between seemingly identical properties. A buyer can compare which building is the best short or long-term investment. Just as assessors and inspectors are brought in to determine property value and manage risk, energy auditors identify and quantify current energy value and future savings or expenditures.

Information obtained from an energy audit can also impact mortgage rates. This can be a deal

maker if the right financing is available.Â Green mortgages with lower interest rates are more readily available to buyers investing in a property with lower utility bills. Wells Fargo, for example, continues to promote the importance of green building to stimulate the economy by offering preferential lending to energy efficient buildings. Larry Chapman, head of Commercial Real Estate at Wells Fargo says: "Current market conditions provide us with the opportunity to demonstrate our unwavering commitment to our commercial real estate customers. Together we can achieve long-term value for our businesses and our society through the development of high performance, resource saving buildings." (Source: Wells Fargo Exceeds \$2 billion in Financing for LEED-Certified "Green" Buildings, November 11, 2008).

Today, buyers are increasingly concerned with energy efficiency issues, and expect their real estate agents to be conscientious of these issues. Understanding how to use audits gives the agent an advantage in selling the property and a competitive edge by helping define the green real estate market network.Â Ultimately, energy efficient buildings make the investment more affordable and can assist in stabilizing the market.Â

Michelina Docimo is a project manager for Energy Independence Now, LLC in Stamford, Conn. EIN's goal is to eliminate utility bills for their customers. This is accomplished with energy audits followed by insulation and energy equipment solutions, verified by energy modeling. Greg Sherrod is a Building Performance Institute (BPI) certified building analyst in Connecticut.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540