Green Multifamily and Single-Family Homes 2017

SmartMarket Brief: Results
Introduction
Survey Topics

• Green Building Market Activity
• Marketing Green Homes
• Drivers and Obstacles for Green Homes
• Green Building Practices and Features
• Renewable Energy and Net Zero Homes
Green Building Market Activity
Cost of Building Green
Will Customers Pay for Green?
What is the Premium for Green?

Chart source: Dodge Data & Analytics, Green Multifamily and Single Family Homes 2017
Marketing Green Homes
Marketing Green

Chart source: Dodge Data & Analytics, Green Multifamily and Single Family Homes 2017
# Marketing Terminology

## Most Effective Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Single Family Builders and Remodelers</th>
<th>Multifamily Builders and Remodelers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-Term Utility Cost Savings</td>
<td>62%</td>
<td>58%</td>
</tr>
<tr>
<td>Operating Efficiency</td>
<td>46%</td>
<td>54%</td>
</tr>
</tbody>
</table>

## Fairly Effective Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Single Family Builders and Remodelers</th>
<th>Multifamily Builders and Remodelers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthier Homes</td>
<td>44%</td>
<td>44%</td>
</tr>
<tr>
<td>Quality Construction</td>
<td>42%</td>
<td>29%</td>
</tr>
<tr>
<td>High Performance</td>
<td>39%</td>
<td>27%</td>
</tr>
</tbody>
</table>

## Least Effective Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Single Family Builders and Remodelers</th>
<th>Multifamily Builders and Remodelers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Durable Construction</td>
<td>20%</td>
<td>6%</td>
</tr>
<tr>
<td>Sustainable</td>
<td>15%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Chart source: Dodge Data & Analytics, Green Multifamily and Single Family Homes 2017
Green Homes: Drivers and Obstacles
Drivers and Obstacles: Single-Family

- Customer Demand: 67%, 68%, 64%
- Greater Availability and Affordability of Green Products: 67%, 66%, 60%
- Prospect of Producing a Better Quality Product: 71%, 58%, 59%
- Appraisers Recognizing Greater Value in Green Homes: 59%, 66%, 58%
- Government or Utility Incentives: 59%, 56%, 57%
- Changes in Codes, Ordinances and Regulations: 70%, 65%, 57%
- Energy Cost Increases: 67%, 68%, 51%

- Consumers Not Willing to Pay Additional Costs: 73%, 79%, 64%
- Appraisers Don’t Understand Long-Term Value of Green: 63%, 65%, 58%
- First Costs Higher for Green Building/Remodeling: 71%, 76%, 56%
- Lenders Don’t Understand Long-Term Value of Green: 63%, 62%, 55%
- Lack of Consumer Education About Green Building: 59%, 56%, 55%
- Overall Economic Conditions: 62%, 68%, 54%
- Changes in Codes, Ordinances and Regulations: 56%, 61%, 54%

Chart source: Dodge Data & Analytics, Green Multifamily and Single Family Homes 2017
Drivers and Obstacles: Multifamily

Chart source: Dodge Data & Analytics, Green Multifamily and Single Family Homes 2017
Green Homes: Building Practices and Features
Top Practices for Improving Performance

Single-Family

- Energy Efficient: 95%
- Water Efficient: 63%
- Healthy Indoor Living Environment: 50%
- Durable/Resilient: 32%
- Efficient Use of Natural Resources: 30%
- Lower Impact Development: 13%
- Reduced Carbon Footprint: 5%

Multifamily

- Energy Efficient: 90%
- Water Efficient: 52%
- Healthy Indoor Living Environment: 31%
- Durable/Resilient: 23%
- Efficient Use of Natural Resources: 48%
- Reduced Carbon Footprint: 10%
- Lower Impact Development: 17%

Chart source: Dodge Data & Analytics, Green Multifamily and Single Family Homes 2017
Trusted Sources of Information

- Home Building/Construction Websites: 56% (Single), 40% (Multifamily)
- Trade Shows/Conferences/Workshops: 54% (Single), 44% (Multifamily)
- Colleagues: 53% (Single), 46% (Multifamily)
- Trade Associations: 51% (Single), 40% (Multifamily)
- Building Product Manufacturers: 44% (Single), 48% (Multifamily)

Chart source: Dodge Data & Analytics, Green Multifamily and Single Family Homes 2017
Green Homes: Renewable Energy and Net Zero
Renewable Energy Offerings

Single-Family

- Now: 36% Renewable Energy Incorporated Into All Projects, 31% Offer Renewable Energy as an Option, 17% Only Offer Renewable Energy Upon Request From Owner, 13% Do Not Offer Renewable Energy

Multifamily

- Now: 52% Renewable Energy Incorporated Into All Projects, 24% Offer Renewable Energy as an Option, 16% Only Offer Renewable Energy Upon Request From Owner, 8% Do Not Offer Renewable Energy
- 2019: 40% Renewable Energy Incorporated Into All Projects, 19% Offer Renewable Energy as an Option, 19% Only Offer Renewable Energy Upon Request From Owner, 22% Do Not Offer Renewable Energy

Chart source: Dodge Data & Analytics, Green Multifamily and Single Family Homes 2017
Renewable Technology Use

**Single-Family**
- Groundsource Heat Exchange: 29% in 2014, 25% in 2016, 45% expecting in 2019
- Solar Photovoltaic: 19% in 2014, 23% in 2016, 43% expecting in 2019
- Solar Water Heating: 14% in 2014, 12% in 2016, 33% expecting in 2019
- Solar Space Heating: 14% in 2014, 11% in 2016, 26% expecting in 2019
- Wind: 3% in 2014, 4% in 2016, 13% expecting in 2019

**Multifamily**
- Groundsource Heat Exchange: 11% in 2016, 32% expecting in 2019
- Solar Photovoltaic: 19% in 2016, 27% expecting in 2019
- Solar Water Heating: 19% in 2016, 38% expecting in 2019
- Solar Space Heating: 19% in 2016, 24% expecting in 2019
- Wind: 8% in 2016, 24% expecting in 2019

Chart source: Dodge Data & Analytics, Green Multifamily and Single Family Homes 2017
Net Zero Home Building

**Built in the Last Two Years**

- 2015: 21% Built, 79% Has Not Built
- 2017: 29% Built, 71% Has Not Built

**Expect to Build in the Next Two Years**

- 2019: 44% Plans to Build, 56% Does Not Plan to Build

Chart source: Dodge Data & Analytics, Green Multifamily and Single Family Homes 2017
Summary: Key Findings
**Green Building Market Activity**
Continues to increase among single and multifamily builders and remodelers, with the greatest growth by 2022 expected among dedicated green builders.

**Drivers and Obstacles for Green Homes**

**Single-Family:**
- First cost premium becoming a much lower obstacle
- Multiple drivers similarly influencing the market

**Multifamily:**
- First cost still a barrier to entry
- Financial incentives a key driver

**Marketing Green Homes**
Marketing advantages seen by builders:
- “Long-term Utility Cost Savings”
- “Operating Efficiency”
- “Healthier Homes”
2017 SmartMarket Brief: Key Findings

Green Building Practices and Features

What improves home performance?

#1: Energy Efficiency
#2: Healthier Indoor Environment
#3: Durability (Single-Family)
#3: Water Efficiency (Multifamily)

Renewable Energy and ‘Net Zero’ Homes

• Solar technologies and ground source heat exchange being used by one quarter of single-family builders
• 29% of single-family builders have built a net zero, net zero ready or near net zero home; this is expected to increase to 44% by 2019
For More Information:

NAHB Sustainability:  [www.nahb.org/sustainability](http://www.nahb.org/sustainability)
2017 SmartMarket Brief available for download here: [www.nahb.org/smr](http://www.nahb.org/smr)

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