

RESIDENTIAL REAL ESTATE OPPORTUNITIES EXECUTIVE SUMMARY

Release Date

September 2020



Prepared for

Commonwealth Edison Company

Prepared by

Elevate Energy

Midwest Energy Efficiency Alliance (MEEA)

ACKNOWLEDGEMENTS

This project was developed as part of the Emerging Technologies offering within the ComEd Energy Efficiency Program under internal project number P-0174. Elevate Energy and the Midwest Energy Efficiency Alliance produced this report for the ComEd Emerging Technologies Team with overall guidance and management from Mark Milby, Energy Efficiency R&D Manager. The team acknowledges the support of Leah Scull, Program Manager, and Madeline Caldwell, Program Specialist, at CLEAResult. For more information on this project and to request the full report, contact EmergingTech@ComEd.com.

LEGAL NOTICE

In support of ComEd's mission as your electric utility company, ComEd engages in numerous research projects focused on improving energy efficiency opportunities for customers. This report describes one such project. It is posted only for general customer awareness. It is not technical guidance and cannot be copied in full or part or reused in any form or manner. It cannot be relied upon. We make no representation, nor by providing this example do we imply, that its content is correct, accurate, complete, or useful in any manner – including the particular purpose to which it relates.

The ComEd Energy Efficiency Program is funded in compliance with state law.

I.0 EXECUTIVE SUMMARY

Energy-efficient homes—often with key features such as air sealing and insulation, efficient heating and cooling systems, and solar panels—have clear benefits for those who occupy them. They are comfortable, healthy and energy efficient. They typically have lower overall energy bills. In some cases, these homes generate and store energy.

Alongside the immediate benefits that energy-efficient homes provide, there is clear evidence that homes are valued for more at the time of sale when they are properly marketed. Not surprisingly, the inventory of homes with energy-efficient features in the Chicago area has grown steadily for decades and continues to rise. However, investment in energy efficiency upgrades would grow even faster if the benefits and incentives to make those upgrades were better understood and consistently valued by home buyers, homeowners and the real estate professionals who work with those groups. The greater Chicagoland area has approximately 1,600,000 single-family, owner-occupied homes, most of which have not benefitted from efficiency upgrades. The challenge is in efficiently reaching homeowners, both those who own their homes and those who are looking for new homes.

Real estate agents are at the center of the real estate transaction and interact with home buyers and sellers from every type of neighborhood all over the Chicago region. In 2019, over 339,000 homes were listed for sale in the Chicago area's multiple listing service (MLS). Today, there are approximately 40,000 real estate agents in the Chicago metropolitan area. The National Association of Realtors reports that 87% of home buyers used a real estate agent as did 89% of home sellers. Real estate agents have unique access to home buyers that no other type of professional does. Additionally, buyers generally report a positive relationship with their agents and see them as a trusted source of information. Real estate agents who feel comfortable talking about energy efficiency features and who have a depth of knowledge around the ComEd Energy Efficiency Programs could serve as true allies to the energy efficiency community.

To more successfully engage real estate agents, the Residential Real Estate Opportunities project team, Elevate Energy and the Midwest Energy Efficiency Alliance, sought to understand the sentiments and needs of real estate agents and their clients regarding energy efficiency. To accomplish this, the project team held focus groups with recent home buyers and with real estate agents.

Key findings from the focus groups include:

- Home buyers want their real estate agents to talk to them about energy efficiency. Home buyers think about their future energy bills during the homebuying process, but very few take actionable steps to access utility bill data from the previous homeowner. All focus group attendees said they would want their real estate agent to help them access this information.
- Home buyers are making upgrades based on future resale value, even when they do not plan to move in the near future.
- While home buyers know the term “energy efficiency,” they need more information on identifying energy-efficient products and understanding total cost of ownership.
- Real estate agents did not feel comfortable making claims about the benefits of energy-efficient improvements. They preferred having a third-party certification that identified the upgrades and their benefits.
- For real estate agents to prioritize learning about energy efficiency upgrades, 10-25% of the housing stock needs to be energy efficient or have easily identifiable energy-efficient upgrades (for instance, high-efficiency HVAC).

In response to the focus group findings, the project team created a new continuing education course for real estate agents. “Stand Out from the Crowd: High-Performing Homes” was tailored to the needs and interests of real estate agents; it introduces agents to effective energy efficiency features and the local rebates available to ComEd customers. The Chicago Association of Realtors and the Mainstreet Organization of Realtors offered the course over the project period and will continue to offer it to their members in 2021.

The course includes the following topics:

- The immediate and long-term benefits of energy-efficient homes.
- The resources available to help finance upgrades.
- Effective strategies for marketing an energy-efficient home and its features.

A key learning from the home buyer focus group was that though they were curious about energy bills, they did not feel comfortable asking their real estate agents for that information. In fact, none of the participants that lived in Chicago knew about the City of Chicago's ordinance that requires the disclosure of energy bills when residential properties are sold or leased, nor did they know that the Chicago area's MLS has an easy option for displaying energy costs in a home's for sale listing. The tool in the MLS that facilitates the process is called Energy eCompliance.

ComEd Energy Efficiency Program

An objective of the project was to increase usage of the tool through various methods of real estate agent education. An analysis of usage rates of Energy eCompliance showed an increase in the number of listings that had energy costs displayed in the MLS listing—from 16.8% in 2018 to 19% in 2019.

To effectively engage and reach buyers and agents and to ensure energy cost data is consistently added to Chicago home MLS listings, the project team has several recommendations for ComEd.

These include:

- Promoting the “Stand Out from the Crowd: High-Performing Homes” continuing education course to ComEd real estate agent contacts. The course will help real estate agents better articulate the features of an energy-efficient home through clear and consistent marketing and valuation;
- Tailoring energy efficiency messaging by generation, since different messages resonate with different generations of buyers;
- Providing marketing materials or certifications that could help real estate agents feel comfortable highlighting energy efficiency features in homes.

Real estate agents typically grow their business by providing good customer service, because clients who are satisfied with their agents refer those agents to their own networks. Feedback from home buyers indicated they would have liked their agents to talk with them about energy efficiency and would have valued that information. By continuing to work with real estate agents, ComEd can help them grow their business while at the same time serving as ambassadors to the ComEd Energy Efficiency Program.