Residential New Construction Attitude and Awareness Baseline Study

Real Estate Agent Survey

Report on Findings

Prepared for the New Jersey Residential New Construction Working Group

December 2000

Roper Number: NQTQ02

Table of Contents

Executive Summary

This Report presents the findings from the Real Estate Agent Survey for the New Jersey Residential New Construction Awareness and Attitudinal Baseline Study (RNC study). A summary report, entitled *Residential New Construction Attitude and Awareness Baseline Study-Integrated Summary: Report on Findings*, consolidates information from this and other research tasks conducted for the RNC Study.

A. Background

The New Jersey Residential New Construction Working Group (Working Group), which consists of Public Service Electric &Gas Company, GPU Energy, Conectiv Power Delivery, NUI Elizabethtown Gas Company, South Jersey Gas, Rockland Electric Company, and New Jersey Natural Gas Company, is charged with developing and implementing a coordinated, statewide utility residential new construction program that will increase the energy efficiency of new homes constructed in New Jersey. In support of that effort, the Working Group has commissioned a comprehensive study of New Jersey's residential new construction market with the following goals.

- *Baseline Measurement*: The primary objective of the study is to establish a baseline that documents the current market for ENERGY STAR homes.

- *Program Design and Implementation*: The secondary objective of the study is to enhance the Working Group's understanding of the residential new construction market.

- *Customer Sited Clean Generation*: In addition, this study will support the work of the Customer Sited Clean Generation Working Group (CSCG Working Group).

The Working Group contracted with Roper Starch Worldwide Inc. and XENERGY Inc. to conduct the RNC study. The purpose of this survey is to obtain information on the current and potential roles of real estate agents in encouraging homebuyers to purchase energy efficient homes. In phase one, we collected background information on the licensing and training of real estate agents. In phase two, we conducted 51 interviews with real estate agents working in the new residential construction market in New Jersey. We restricted eligibility for the survey to agents with at least five years of full-time experience, at least 12 home sales in 1999, and at least three new home sales during 1999.

B. Awareness and Attitudes Findings

The primary goal of the Real Estate Agent Survey is to establish a baseline against which market changes resulting from the utilities' residential new construction program can be measured. To meet this goal, the Real Estate Agent Survey collected information on awareness of and attitudes toward the ENERGY STAR Homes program and the existing utility residential new construction programs. The awareness and attitude findings include the following.

- *Awareness of Existing Programs*: About one-fourth of agents are aware of each existing program, and about one-half of agents have heard of at least one of the three existing programs. Very few agents are aware of the Federal Environmental Protection Agency's (EPA) ENERGY STAR Homes program.

- *Awareness of Program Requirements and Benefits*: Most agents characterize ENERGY STAR homes as energy efficient homes that have lower energy bills. Very few agents are aware of the program's home rating requirements or think of the homes as offering homeowners any other benefits.

- *Recommendations to Customers*: About 20% of the agents who are aware of the existing utility programs "usually" or "sometimes" recommend these programs to customers.

- *Participation in the Program*: Despite the low recommendation rate, about one-fourth of the agents who are aware of the programs have been involved in the sale of a certified home. Moreover, about one-fourth of agents report that they have customer inquiries about the existing utility programs.

There is a moderate, but apparently superficial, level of awareness of the existing utility residential new construction programs. Some agents actively recommend these programs to their customers.

However, some of the awareness of agents is the result of homebuyer interest in the existing utility programs, independent of real estate agent initiatives.

C. Agent Perceptions of Homebuyers and Builders

The second purpose of the Real Estate Agent Survey is to help the Working Group to improve its new coordinated statewide program design by enhancing its understanding of how the residential new construction market works and of the barriers and opportunities for the ENERGY STAR Homes Program. The survey furnishes three important findings about real estate agents' perceptions of homebuyer purchase decisions.

1) *Attribute Ratings*: Most real estate agents perceive that the attribute "lower utility bills" is important to homebuyers, while few agents perceive that other ENERGY STAR home attributes such as "indoor air quality," "lower noise levels," and "certified as energy efficient" are important to homebuyers.

2) *Homebuyer Awareness*: Most real estate agents report that homebuyers "usually" or "sometimes" ask about certain measures of energy efficiency such as insulation R-value and energy-efficient windows. Few real estate agents report that homebuyers ask about other measures of energy efficiency, such as duct tightness and air infiltration rates, implying that those measure are less well known among homebuyers.

3) *Agent Selling Techniques*: Real estate agents appear to follow consumers rather than lead them. Agents tend to sell homes using the measures of energy efficiency that are well known by homebuyers, rather than attempting to educate homebuyers about other measures of energy efficiency.

In their purchase of upgrades, real estate agents perceive that homebuyers focus mainly on appearance and comfort. Moreover, real estate agents perceive that appearance is the factor that gets the most attention from builders, while energy costs gets the least attention. Only about one-third of agents are aware of any builders that promote their homes as energy efficient.

D. Recommendations for RNC Programs

New Jersey's sponsoring utilities will need to make choices on how to allocate funds to the residential new construction market transformation programs. Agents were asked about their perceptions of the best strategies for reaching consumers and were asked to suggest what type of training they would find most useful.

1) *Who Influences Homebuyers*: The survey shows that real estate agents believe that the experiences of other homebuyers have the greatest influence on the decisions of new homebuyers. They also perceive that real estate agents and builders influence consumers.

2) *What Messages Influence Homebuyers*: Agents perceive that dollars and cents messages would have the greatest influence on homebuyers, but there was no consensus among agents regarding the most effective vehicle for getting that message to homebuyers.

3) *How Should Agents Be Trained*: The survey shows that most agents regularly receive training but that few have ever received training on energy efficiency. It also shows that most agents think that training on energy efficiency programs would be at least somewhat helpful and that at least four in ten definitely would attend such training. Although most currently receive training from their office or from the NJ Association of Realtors, most recommend that the utilities offer this training directly to agents.

In combination with the findings from the other RNC surveys, these findings may help to guide the utilities' RNC marketing efforts.

I. Introduction

The purpose of this report is to furnish information on the findings from the Real Estate Agent Survey for the New Jersey Residential New Construction Awareness and Attitudinal Baseline Study (RNC study). This report furnishes background information on the survey, an overview of the survey methodology, baseline statistics on ENERGY STAR awareness and attitudes, agent perceptions of other market actors, and agent recommendations on market transformation strategies. A separate report presents detailed information on the survey methodology. A summary report consolidates the information from the series of research tasks conducted for the Residential New Construction Attitude and Awareness Baseline Study.

A. Background

The New Jersey Residential New Construction Working Group (Working Group), which consists of Public Service Electric &Gas Company, GPU Energy, Conectiv Power Delivery, NUI Elizabethtown Gas Company, South Jersey Gas, Rockland Electric Company, and New Jersey Natural Gas Company, is charged with developing and implementing a coordinated, statewide utility residential new construction program that will increase the energy efficiency of new homes constructed in New Jersey. In support of that effort, the Working Group has commissioned a comprehensive study of New Jersey's residential new construction market with the following goals.

- *Baseline Measurement*: The primary objective of the study is to establish a baseline that documents the current market for ENERGY STAR homes against which market changes can be measured.

- *Program Design and Implementation*: The secondary objective of the study is to enhance the Working Group's understanding of the residential new construction market and to identify the opportunities and barriers associated with market transformation efforts.

- *Customer Sited Clean Generation*: In addition, this study will support the work of the Customer Sited Clean Generation Working Group (CSCG Working Group) in its efforts to understand the market for CSCG technologies.

The working group contracted with Roper Starch Worldwide Inc. and XENERGY Inc. to conduct the RNC study. The study consists of 13 research components:

- Nonparticipating Homebuyer Study
- Participating Homebuyer Study
- Nonparticipating Homebuilder Study
- Participating Homebuilder Study
- Lender Study
- Residential Real Estate Appraiser Study
- Residential Real Estate Agent Study
- Building Inspector Study
- Trade Ally Study
- CSCG Analysis
- Residential New Construction Statistics
- Affordable Housing Organizations
- CSCG Industry Statistics

The 13 research tasks were conducted independently, since each required research and interviews with different market actors. However, all of the studies used common language and definitions so that the results are comparable across all studied market sectors.

B. Study Goals and Objectives

The purpose of this study is to obtain information on the current and potential roles of agents in encouraging homebuyers to purchase energy efficient homes. The study achieves this goal in three ways.

1) *Background Information*: The project team collected background information on licensing and training of real estate agents from the New Jersey Real Estate Commission, the

National Association of Realtors, and the New Jersey Association of Realtors.

2) *Baseline Attitudes and Awareness*: To measure baseline awareness of and attitudes toward the ENERGY STAR homes program and the existing utility-sponsored Residential New Construction programs, the survey asked real estate agents to discuss their awareness of and experience with these programs.

3) *Understanding the Residential New Construction Market*: The survey developed additional information on the residential new construction market to assist the utilities in their market transformation efforts. The survey asked agents to furnish insights into the key drivers for new homebuyers, to give advice on the most effective ways for utilities to promote energy efficient new homes to homebuyers and real estate agents, and to identify barriers to selling energy efficient new homes.

The study also supported the work of the CSCG Working Group. The survey asked real estate agents questions regarding their awareness of and attitudes toward CSCG technologies.

C. Target Population

Real estate agents play a modest role in the residential new construction market. They act as agents for buyers of new homes for about 25% of new home purchases (data from *Homebuyer Survey*). As such, real estate agents appear to have some ability to assist New Jersey's utilities in the market transformation process.

Not all real estate agents are part of the residential new construction market. The NJ Real Estate Commission reports that there are over 80,000 licensed real estate agents. Data from the DCA show that about 30,000 new homes are constructed each year, and our survey shows that agents who sell newly constructed homes sell an average of 10 new homes. Furthermore, data from the homebuyer surveys shows that only about 25% of New Jersey homebuyers use the services of real estate agents. That would suggest that as few as 7,500 New Jersey real estate agents sell homes in the residential new construction market.

In the Real Estate Agent Survey, we interviewed real estate agents regarding their awareness of and attitudes toward existing and potential utility residential new construction programs. To ensure that we talked to agents who were familiar with the residential new construction market, we restricted eligibility for the survey to agents with at least five years of experience, at least 12 new home sales during 1999, and at least three new home sales during 1999.

D. Study Methodology

The study consisted of 51 telephone interviews with real estate agents working in the new residential construction market in New Jersey. In designing and conducting this study, we attempted to establish an appropriate balance among data quality, timeliness, and cost. We are confident that the procedures we used will furnish reliable information to the Working Group. However, it is important for data users to understand the procedures employed and any limitations resulting from the procedures that were selected. Moreover, since this is a baseline study, any subsequent study that attempts to measure a change in the residential new construction market must use similar procedures to ensure that measured changes are defensible.

The *Real Estate Agent Survey Methodology Report* furnishes detailed information on the survey procedures. The following are of the most important aspects of the design and implementation of the survey.

- *Sample Frame*: The sample frame for this study was a commercially available list of real estate offices.
- *Sample Selection*: We selected a PPS sample of real estate offices. The measure of size for the PPS sample was the number of employees in the office.
- *Respondent Contact*: We sent an advance letter to sampled real estate offices describing the purpose of the survey and the qualifications for an eligible survey respondent. We contacted the office gatekeeper by telephone and asked the gatekeeper to nominate an agent in the office that met the survey eligibility criteria. We contacted the nominated agent and conducted a telephone interview.

- *Interview*: The interview was administered by a Computer-Assisted Telephone Interviewing (CATI) system. The average length of the interview was 34 minutes.

- *Incentive*: Each respondent was sent a $25 check for participation in the interview.

The study attained a 41% response rate.

II. Baseline Awareness and Attitude Measures

The primary goal of the Real Estate Agent Survey is to establish a baseline against which market changes resulting from the utilities' residential new construction programs can be measured. To meet this goal, the Real Estate Agent Survey collected information on awareness of and attitudes toward the ENERGY STAR Homes program and the existing utility residential new construction programs. In this section of the report, we identify the key awareness and attitude measures, and furnish baseline statistics on their current levels.

The survey findings demonstrate that some real estate agents are aware of the existing residential new construction programs, are knowledgeable about the programs, and are actively involved in the promotion of homes built to the program standards. However, the survey demonstrates that the new statewide program faces two important challenges. First, since some agents are already active participants, the statewide program will have to make sure that agents understand the transition from the existing utility-specific programs to the new statewide program. Second, since active participation by agents is still fairly low (less than 20%), the new statewide program needs to find ways to effectively communicate the benefits of the ENERGY STAR Homes program to a broader group of real estate agents.

A. Awareness and Attitude Measures

Three New Jersey electric utilities have had residential new construction programs. GPU Energy's program is the Good Cents Program. Conectiv Power Delivery's program is the ENERGY STAR Homes Program. PSE&G's program is the EEH Five Star Program. Each of these programs had different goals, objectives, and procedures. As a result of restructuring legislation passed early in 2000, all of New Jersey's electric and gas utilities are participating in a coordinated, statewide residential new construction program. The new program will have a common set of goals, objectives, and procedures. In the baseline survey, we measure awareness of and attitudes toward the existing programs. In any follow-up research, one would measure the change in awareness and attitudes resulting from the implementation of the statewide program.

In the survey we measured awareness separately for each of the three existing utility programs and for the national ENERGY STAR Homes program. We measured awareness at three levels.

1) *Awareness of Program*: the agent's awareness of the named program.

2) *Awareness of Program Requirements*: the agent's knowledge of how a home qualifies for the named program.

3) *Awareness of Program Benefits*: the agent's knowledge of the benefits that the named program delivers to homeowners.

These measures inform us about agents' awareness of the programs, and their depth of knowledge about the programs. In addition, we asked agents to tell us the source of their information about residential new construction energy efficiency programs.

In the survey, we measured attitudes separately for each of the three existing utility programs and for the national ENERGY STAR Homes program. We measured the agent's attitudes toward the program as a function of his or her involvement with the program.

1) *Recommendations to Customers*: how often the agent recommended that a customer consider the program.

2) *Involvement in a Sale*: whether the agent has ever been involved in the sale of a home in the program.

3) *Customer Inquiries*: if a customer ever asked the agent about the program.

These measures furnish a realistic assessment of the extent to which agents are currently promoting these energy efficiency programs.

In part, the involvement of agents in promoting energy efficiency is limited if they are not aware of specific builders who promote their products as energy efficient. We asked agents if they are aware of builders who built to program standards and if they are aware of builders who promote their homes as energy efficient.

B. Baseline Awareness Measures

The baseline awareness measures show that some real estate agents are aware of the existing utility residential new construction energy efficiency programs and have a basic understanding of the program procedures and objectives.

Table 2.1 summarizes awareness of each utility program, awareness of the EPA ENERGY STAR Homes program, and awareness of any of the four programs. Each of the existing utility programs is known by about one-fourth of the real estate agents. (*Note: The existing differences in awareness among the three utility programs are not statistically significant.)* Very few of the agents (just 2 out of 51) are aware of the EPA's ENERGY STAR Homes program, even though homes in the PSE&G and Conectiv programs meet EPA ENERGY STAR Homes requirements. More than half of the interviewed real estate (57%) agents are aware of at least one of the four programs.

Table 2.1: Program Awareness

	Program Sponsor				
Response	**Conectiv**	**GPUE**	**PSE&G**	**EPA**	**Any Program**
Aware	25%	27%	31%	4%	57%
Not aware	75%	73%	69%	96%	43%

Table 2.2 summarizes agents' perceptions of how a home qualifies for the existing utility residential new construction program. Comparatively few agents are able to explain to customers that these homes are inspected and certified as energy efficient. The majority know only that the programs produce energy efficient homes or do not know what benefits the programs offer.

Table 2.2: Awareness of Existing Utility Program Requirements *(Agents Aware of Program)*

Response	Program Sponsor		
	Conectiv	GPUE	PSE&G
Energy efficient	54%	29%	44%
Inspected by rater	23%	29%	13%
Certified by utility	8%	7%	6%
Don't know	15%	36%	31%

Table 2.3 summarizes agent perceptions of the benefits that program homes deliver to homeowners. Most agents are aware that the homes have lower energy costs than other homes. Some also mention lower maintenance costs and higher resale value for program homes. However, there is very low awareness of many other selling points of ENERGY STAR homes.

Table 2.3: Awareness of Existing Utility Program Benefits *(Agents Aware of Program)*

Response	Program Sponsor		
	Conectiv	GPUE	PSE&G
Reduced energy costs	92%	79%	75%
Lower maintenance costs	46%	14%	38%
Longer useful life of home, appliances, and/or equipment	23%	0%	0%
Higher resale value	15%	21%	25%
Better indoor air quality	8%	7%	0%
Environmentally friendly	8%	0%	0%
Great comfort	8%	7%	6%
Less noise	0%	0%	0%
Other	8%	7%	6%
Don't know	0%	14%	19%

An agent is likely to have more complete information about residential new construction energy efficiency programs if he or she receive the information directly from the sponsoring utility. Table 2.4 summarizes the source of agents' information about these programs. Some agents have received information from utilities, while others report seeing information in the media (advertisements or articles) or being informed of the program by builders. There does appear to be some difference among the three programs in the source of information about the program. However, since the three programs have achieved a similar level of awareness, it is not clear that any difference in how the awareness level was achieved is significant.

Table 2.4: Source of Information on Existing UtilityProgram *(Agents Aware of Program)*

	Program Sponsor		
Response	**Conectiv**	**GPU**	**PSE&G**
Utility company	15%	21%	13%
Other agents	23%	7%	0%
Builder or contractor	15%	7%	38%
Retail displays or sales staff	8%	0%	0%
Media advertisements	8%	43%	19%
Media articles	8%	14%	13%
Trade association	8%	0%	0%
Personal sources	8%	0%	0%
Other	0%	14%	7%
Don't know	15%	7%	13%

In summary, more than 50% of real estate agents are aware of at least one of the existing utility residential new construction energy efficiency programs, and some agents are aware of more than one program. Most agents think of these programs as selling more energy efficient homes that lower monthly utility costs. Few agents mention that these homes are certified to meet certain energy efficiency standards. Few agents mention comfort, health, and social responsibility as attributes of homes participating in the current programs. These findings suggest that the existing utility programs have achieved a moderate level of name recognition among real estate agents but that most real estate agents have a superficial understanding of the programs.

C. Baseline Attitude Measures

Real estate agents are not currently active market transformation agents. Although some agents have suggested to some of their customers that the programs are worth investigating, very few make it a practice to recommend homes built through the existing utility RNC programs, and even fewer have been involved in the purchase of one of these homes.

In the survey, we asked real estate agents "how often you recommend that a customer . . . consider one of the existing residential new construction energy efficiency programs." Table 2.5 shows that about one-third of agents who are aware of an existing utility program have recommended it to customers. Among all agents (including both those who are aware of programs and those that are not aware of programs), 14% "usually" or "sometimes" suggest that their customers consider one of these programs.

Table 2.5: Recommend an Existing Utility Program to Customers *(Agents Aware of Program)*

Response	Program Sponsor		
	Conectiv	GPUE	PSE&G
Usually	8%	7%	0%
Sometimes	23%	14%	13%
Rarely	0%	7%	19%
Never	69%	64%	69%

Table 2.6 illustrates that about one-fourth of agents aware of the programs have been involved in the sale of a qualifying home. Among all agents (including both those who are aware of programs and those that are not aware of programs), 20% have been involved in the sale of a qualifying home.

Table 2.6: Sales of Certified Homes ***(Agents Aware of an Existing Utility Program)***

Response	Program Sponsor		
	Conectiv	GPUE	PSE&G
Yes	23%	29%	19%
No	77%	71%	81%

Table 2.7 shows that some agents aware of the existing utility programs have had customer inquiries regarding one of the programs. Among all agents (including both those who are aware of programs and those that are not aware of programs), 18% have had a customer ask them about one of the programs. The rate of customer inquiries is almost as high as the rate of real estate agent activity, suggesting that some share of agent awareness of the programs results from customer inquiries.

Table 2.7: Customer Inquiries ***(Agents Aware of an Existing Utility Program)***

Response	Program Sponsor		
	Conectiv	GPUE	PSE&G
Yes	8%	29%	25%
No	92%	71%	75%

In summary, we find that some real estates agents have a positive attitude toward the existing utility programs. Among agents who are aware of the program, only one-third have suggested that their customers consider homes built under one the programs. However, a small group of agents are apparently active program participants. About 16% of agents usually or sometimes suggest that a customer consider homes built to existing utility program standards, and about 20% of agents have been involved in the sale of a home built to program standards. A factor that may contribute to agents' attitudes toward the program is customer interest. About 18% of agents report that at least one customer has asked them about one of the existing utility residential new construction energy efficiency programs.

III. Agent Perceptions of Homebuyers and Builders

The second purpose of the Real Estate Agent Survey is to improve the new RNC program design by enhancing the Working Group's understanding of how the residential new construction market works, and of the barriers and opportunities for the ENERGY STAR Homes Program. To help meet this objective, the Real Estate Agent Survey asked real estate agents to discuss their strategies for marketing new homes, their perceptions of the attributes of new homes that are most important to homebuyers, and their perceptions of the behaviors of homebuilders. In this section of the report, we furnish information on the factors that real estate agents perceive to be the most important in selling new homes.

The survey furnishes three important findings about real estate agents' perceptions of the homebuyer purchase decision.

1) Real estate agents perceive that lower utility bills are an important factor in a homebuyer's selection of a home, while other ENERGY STAR home attributes such as indoor air quality, lower noise levels, and certified as energy efficiency are significantly less important.

2) Most real estate agents report that homebuyers usually or sometimes ask about better known measures of energy efficiency such as insulation R-value and window efficiency, while few real estate agents report that homebuyers ask about less well known measures of energy efficiency, such as duct tightness and air infiltration rates.

3) Real estate agents appear to follow consumers rather than lead them. Agents tend to sell homes using the measures of energy efficiency that are well known to homebuyers, rather than attempting to educate homebuyers about other measures of energy efficiency.

In homebuyer purchase of upgrades, real estate agents perceive that homebuyers focus mainly on appearance and comfort. Moreover, real estate agents perceive that appearance is the factor that gets the most attention from builders, while energy costs get the least attention. Only about one-third of agents are aware of any builders that promote their homes as energy efficient.

A. Key Factors in Homebuyer Purchase Decisions

The primary attributes of a new home for most homebuyers are location, square footage, price, housing unit type, floor plan, and schools (for households with children). Homebuyers attempt to find housing that represents an appropriate compromise on these attributes. Given these, a homebuyer may be influenced in the selection of a specific home by secondary attributes such as quality of construction or energy efficiency. In the survey, we asked agents to tell us which attributes they thought were most important to homebuyers. These questions show what real estate agents think is the importance of energy efficiency to homebuyers, as well as the potential value of other attributes in marketing ENERGY STAR homes.

Real estate agents were asked to rate the importance certain factors "in terms of influencing a person's decision to buy a home." For each factor, the statistics in Table 3.1 show the percent of agents who felt that factor was very important, and the percent who felt that the factor was somewhat important. For most attributes, the agents report that the attribute is at least somewhat important. We interpret that to mean that homes must achieve an acceptable level on all attributes (e.g., if the home had poor indoor air quality, homebuyers would reject the home). Therefore, we focus our analysis on the percentage of agents who rate a factor as very important.

Table 3.1: Importance of Factors in Purchase Decisions

Factor	Very Important	Somewhat Important
Higher resale value	84%	16%
Lower utility bills	57%	39%
Lower maintenance costs	57%	33%
Higher quality of construction	45%	53%
Better indoor air quality	35%	47%
Lower noise levels	31%	55%
Certified as energy efficient	22%	63%
Longer useful life of equipment	18%	63%

Table 3.1 shows that lower utility bills and lower maintenance costs are two of the most important factors associated with homebuyer purchase decisions, rated as very important by 57% of agents. Only higher resale value is rated higher. On the other hand, "rated as energy efficient" was thought to be very important by only 22% of agents. Moreover, only a few agents thought that other potential benefits of building to an ENERGY STAR standard, such as lower noise levels and better indoor air quality are very important. During the informal background research that we conducted to develop the Real Estate Agent Questionnaire, agents told us that they think "dollar and cents issues" are important to homebuyers.

Agents were asked to further quantify the share of homebuyers who asked about energy efficiency in different market segments. Among customers purchasing homes valued at less than $150,000, the median response by agents was that two out of ten would ask about the energy efficiency of a new home. Among customers purchasing homes valued at $150,000 to $300,000, the median response by agents was that five out of ten would ask about the energy efficiency of a new home. Among customers purchasing homes valued at more than $300,000, the median response by agents was that five out of ten would ask about the energy efficiency of a new home. It is the agents' perception that purchasers of more expensive homes would be more likely to consider the energy efficiency of a home when they purchase a home.

In thinking about selling energy efficiency to homebuyers, it is important to understand two other aspects of the market: what measures homebuyers associate with energy efficiency and the extent to which real estate agents are proactively selling energy efficiency. Table 3.2 presents two sets of statistics—the percentage of agents who find that homebuyers usually or sometimes ask them about listed energy efficiency measures, and the percentage of agents who usually or sometimes use an energy efficiency measure as a selling point. The table shows that real estate agents report that homebuyers are most likely to ask about insulation R-values, window efficiency, and air conditioning equipment efficiency, and are least likely to ask about air infiltration rates, duct tightness, and lighting efficiency. The table also shows that real estate agents use as selling points the measures that customers ask about. It does not appear that they proactively inform homebuyers about the value of energy efficiency measures.

Table 3.2: Importance of Energy Efficiency Measures

Factor	Customers "usually or sometimes ask about"	Agents "usually or sometimes use as a selling point"
Insulation R-value	76%	69%
Window efficiency	75%	76%
Air-conditioning equipment sizing	71%	67%
Air-conditioning efficiency rating	59%	57%
Presence of programmable thermostat	49%	47%
Heating efficiency rating	47%	43%
Presence of basement insulation	33%	35%
Appliance efficiency ratings	31%	37%
Lighting efficiency	25%	24%
Duct tightness / insulation	20%	18%
Air infiltration rates	12%	12%

B. *Purchase of Upgrade Packages*

One option for a coordinated residential new construction energy efficiency program is to ask builders to make ENERGY STAR available as an upgrade package for homebuyers. In that way, the builder could make ENERGY STAR available to homebuyers with an interest in energy efficiency but would not be required to build an entire development to ENERGY STAR specifications. In the Real Estate Agent Survey, we asked agents to talk about the share of customers who bought upgrades and the types of upgrades that customers are likely to purchase.

A majority of real estate agents (60%) report that more than 75% of their customers purchased an upgrade as part of the home purchase, demonstrating that it is common for homebuyers to purchase an upgrade package. Table 3.3 shows what real estate agents perceive to be the customer's motivation for purchasing an upgrade. Appearance and comfort seem to be the focus for most upgrades. Energy efficiency is the least likely reason for an upgrade; however, about one in four upgrades apparently involves an increase in energy efficiency. The low rate for energy efficiency may be as much a result of the limited availability of energy efficiency upgrades as it is a function of a customer's interest in purchasing such an upgrade.

Table 3.3: Importance of Factors in Upgrades Decisions

Factor	Very Important	Somewhat Important
Appearance	90%	10%
Comfort	73%	25%
Quality	49%	47%
Convenience	47%	49%
Durability	45%	53%
Maintenance costs	41%	53%
Energy efficiency	24%	69%

C. Perceptions of Builder Practices

Real estate agents who sell homes in the residential new construction market have the opportunity to see the products of many different builders. Subject to the limitations of their technical knowledge about energy efficiency, they are among the best informants regarding the energy practices of builders. In the survey, we asked agents how much attention builders pay to various aspects of construction in different market segments. Table 3.4 shows the perceptions of agents regarding the percentage of builders who pay a lot of attention to each of the listed home attributes for the three market segments.

It is the perception of real estate agents that, for all market segments, appearance is the attribute to which builders pay most attention when constructing a home. The second tier of attributes includes convenience, durability, and quality of workmanship. The attributes to which agents perceive that builders pay the least attention are comfort, maintenance costs, and energy costs. In the higher-priced market segments, agents perceive that builders pay more attention to building homes with each of the listed attributes. However, the ranking of attributes remains roughly the same.

Table 3.4: Builder Attention to Home Attributes

	Market Segment		
Attribute	**Less than $150,000**	**$150,000 to $300,000**	**More than $300,000**
Appearance	49%	75%	94%
Convenience	20%	31%	69%
Durability	14%	35%	69%
Quality of workmanship	18%	31%	67%
Comfort	12%	31%	71%
Maintenance costs	6%	22%	49%
Energy costs	4%	16%	43%

Few real estate agents are aware of builders who participate in one of the RNC programs. Only 18% know of a builder who promotes homes under the ENERGY STAR logo, 12% know of a GOOD CENTS builder, and 8% know of an EEH 5 Star builder. Only about one-third of the agents "are aware of a builder in the area . . . who promotes his/her homes as energy efficient."

IV. Recommendations for Coordinated Statewide RNC Programs

New Jersey's utilities will need to make choices on how to allocate funds to the residential new construction market transformation programs. In the Real Estate Agent Survey, we collected information that can contribute to that decision. Agents were asked about their perceptions of the best strategies for reaching consumers and were asked to suggest what type of training they would find most useful. In combination with the findings from the other RNC baseline surveys, these perceptions should help the Working Group to suggest an effective allocation of resources.

The survey shows that real estate agents believe that the experiences of other homebuyers have the greatest influence on the decisions of new homebuyers. They also perceive that real estate agents and builders influence consumers. Agents perceive that dollars and cents messages would have the greatest influence on homebuyers, but there is no consensus among agents regarding the most effective way to reach homebuyers.

The survey shows that most agents regularly receive training, but few have ever received training on energy efficiency. It also shows that most agents think that training on energy efficiency programs would be at least "somewhat helpful" and that at least four in ten "definitely would" attend such training. Although most agents currently receive training from their office or from the NJ Association of Realtors, most recommend that the utilities offer energy efficiency training directly to agents.

A. Strategies for Marketing RNC Programs to Homebuyers

Real estate agents have direct contact with homebuyers. We asked them to relate to us their perceptions of who exerts the most influence on homebuyers, what marketing messages would speak most directly to homebuyers, and what marketing strategies would reach homebuyers.

Table 4.1 shows the influence that various market actors have on "a homebuyer's decision to buy a particular type of home." According to agents, family and friends have the greatest influence on homebuyer purchase decisions, and real estate agents are a close second. Only about one-third of agents think that builders have a lot of influence, and fewer than one in five agents think that the news media, the Internet, or consumer advocates have a lot of influence. Therefore, from the agent's perspective, positive consumer experiences with ENERGY STAR homes are most likely to translate into greater consumer interest in energy efficiency.Getting agents and builders to see the benefits of the program should also help utilities to market more energy efficient homes.

Table 4.1: Influence on Homebuyer's Purchase Decision

Factor	"A lot of influence"	"Some influence"
Family and friends	61%`	31%
Real estate agents	53%	39%
Builders	35%	61%
News media	16%	63%
Internet	16%	61%
Consumer advocates	14%	35%

Table 4.2 shows what messages agents feel would be most influential in attempting to sell energy efficient homes. Agents perceive that dollars and cents messages would have the greatest influence on consumers. They perceive that other attributes (e.g., comfort and environmental responsibility) would be less influential.

Table 4.2: Effectiveness of Test Messages

Message	"A lot of influence"	"Some influence"
ENERGY STAR homes will save 30% on energy costs	59%	35%
ENERGY STAR homes have a greater resale value	49%	39%
ENERGY STAR homes provide more home for the money	41%	41%
ENERGY STAR homes are quieter, more comfortable homes	29%	55%
ENERGY STAR homes are better for the environment	25%	51%

Table 4.3 shows which marketing strategies would be most effective in reaching consumers. No consensus approach is suggested by agents. Working through builders and real estate agents is mentioned, as are various types of advertising. Based on agents' experiences, however, no single approach would reach all new homebuyers.

Table 4.3: Marketing Strategies

Marketing Strategy	Percent of agents identifying this as an effective strategy for marketing energy efficient homes
Publicity through builders	25%
Publicity through agents	20%
TV / Radio advertisements	18%
Newspaper advertisements	16%
Rebates and other monetary incentives	14%

B. *Training for Real Estate Agents*

It is clear from this research that real estate agents have a limited understanding of the ENERGY STAR homes program. One way for the utilities to inform and educate agents would be through training programs. In the survey, real estate agents were asked to indicate whether they would be interested in training and to identify the type of training that they would find most valuable.

Three out of four agents surveyed had participated in some form of training in the last year. They were most likely to have received training on the use of the Internet and on sales techniques. For most, the training was organized either by their own real estate office or by the New Jersey Association of Realtors. It is clear that agents receive training on a regular basis.

Only one in five agents has *ever* received training on energy efficiency programs. Among those who received training, about one-third received it from the New Jersey Association of Realtors, and about one in five received it from builders. Most agents who received the training think it was very helpful.

About one-third of agents think that training on the ENERGY STAR homes program would be very helpful and almost half say that they would definitely attend such training. An overwhelming majority of agents (69%) think that this training should be offered directly by the utility companies, not through the Association of Realtors or builders.