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Home Sale Demonstrates Untapped Profit Potential

by Mark Puppe, Public Affairs Strategist

Coronavirus has put people in their homes where they have come to understand the need to have a healthy home. Cost has always been important, but previously unnoticed deficiencies have become high priorities and motivated homeowners to find ways to correct and prevent them. They have learned about the intricacies influencing how their home functions and whether they are comfortable within it.

Energy engineer Larry Mayer commits his business, Solution Design, Inc., to helping home builders construct and buyers select the healthiest and most energy-efficient homes possible. The result is a high-performance home that applies design, materials, building systems and site orientation to conserve nonrenewable fuels.

A buyer's willingness to spend more to build a high-performance home stems from the value they directly receive. Mayer highlights one shining example of return on investment in the recent sale of a local home built to these standards: it sold for an 8 percent premium above neighboring homes after only ten days on the market.

Another owner who spent the extra cash to build a 4,500-sq.-ft. home is delighted to pay only \$30 per month to heat it during the winter. Go a step further and high-performance homeowners reap the intangible rewards of improved health and what Mayer calls "platinum comfort."

Building these homes requires builders to step outside their own comfort zone by adjusting their homebuilding priorities, making waterproofing their top priority followed by the insulation envelope and then airtightness. He realizes this is an untraditional perspective but so are the homes his clients build and contemporary buyers want.

Regulators mandate energy savings using rules that can increase cost, but Mayer says that paying the greater upfront cost to build a high-performance home pays off.

"Homeowners will pay even more to equalize their home with Mother Nature because Mother Nature does not cut corners trying to remove energy from your house. Cutting corners can be tempting, but always creates problems that are even more expensive to correct," he says.

High performance homes are somewhat novel in the Fargo-Moorhead-West Fargo landscape, but common elsewhere. For instance, there are 150 certified in our metro area of 250,000 people; a density of 1 high performance home per 1,670 people. Whereas the Twin Cities metro area has roughly 30,000 high-performance homes and 3.6 million people; a density of 1 per 120 people.

Despite these statistics, Mayer believes local communities are plush with opportunity.

“Builders just need to school up on how to present the advantages, costs, cost savings and talk about the comfort and wellness of these homes, and the market will grow,” he says.

However, mastery of traditional homebuilding does not mean builders know how to answer the unique questions younger buyers will ask. Solution Designs facilitates “schooling up” by offering classes to ensure all stakeholders understand the unique processes, terms and priorities necessary for successful high-performance construction.

Builders must be willing to work as partner because building to the customer’s expectations requires the lender, appraiser, real estate agents and contractors to communicate actively with each other and be understood as intended. These partnerships might be challenging but they cultivate confidence and satisfaction in customers who will more readily and extensively invest because the builder has proven to be focused on the customer’s wants and expectations. Traditional homebuilding is profitable for many but building high-performance homes increases profit potential, just ask the less than ten contractors currently building them locally.