

# Better Appraisers

The Official Blog of Appraisal Coach - Appraisal Mentor

Practical advice without pontification

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## Atlantic Homes is leading the way in Modular Green Building

**It ain't easy being green !**

### **Who says?**

Atlantic Homes, builder dealer of EPOCH Modular Homes, is leading the way in bringing quality modular, systems built, environmentally friendly sustainable eco-healthy housing to it's customers in New England; including Greater Boston & Martha's Vineyard.

OK so technically this isn't appraisal news, BUT Green is the buzzword of the day and it does affect appraisers.

Everyone wants to "Be Green", "Build Green" or "Go Green", but what is Green exactly? And are there shades of Green? As a builder and appraiser I thought I could shed some light on this subject (as well as help my other company, Atlantic Homes, gain ground in organic Google and Yahoo searches!)

What does it mean to have a green house and for appraisers, how does it affect value. Some of you may know that in addition to being an appraiser, I am also a builder, and therefore I have some experience in the explosion in the interest in green housing.

There have been numerous environmentally friendly initiatives that have come and gone over the years. It is a bit early to predict for certain, but I believe that this time around, "Green" may be here to stay and there are a number of factors that influence my thinking on the matter.

#### **1. It's the environment stupid.**

There is a heightened awareness of the environment today. Changes are taking places, not for the better, at an unprecedented rate. It's in the news daily and as a story, it is not going away. Unlike the energy crisis of the 70's, this is not going away I believe this story will be the story for quite some time.

#### **2. There is a heightened awareness for all things "Green"**

Its affecting everything from light bulbs to automobiles to clothing to paper products and more. This heightened awareness is translating into people seeking and demanding more efficiency and environmentally friendly choices in their housing.

### 3. There are numerous products and choices, more so today than ever

We are no longer limited to just "solar panels on the roof". There are numerous products and materials available today to be incorporated into new construction. With the advent of the Internet, consumers are now much more educated and can bring themselves up to speed on the latest technologies with ease. Smarter more educated consumers are demanding alternatives that satisfy their need for green. Its changing how everything is made and perceived, and I predict housing will be no different.

### 4. The demographics, they are a changin'

Its no longer about the "Boomers". What??? Yes I said it, move over folks, you are no longer what matters.

Yes its true. There is a new generation of home buyers coming of age and they have different values. Although I am not of this generation, but closer to Boomer (*the barely, not really, technically yes but philosophically no, boomer age bracket*) Age, I can see it every day in the choices they make. Gone are the days of Gaggenau Ranges, Jenn-air cook tops, Sub-Zero Fridges, 4 car garages and 2 story GREAT rooms. It just doesn't seem as important to younger buyers, who value energy efficiency, healthy living, smart size and care more if their houses are "wired".

Boomers will still be a force, but sadly, and continually, in all the wrong ways. I predict now that they have plastered the country with McMansions, they will shortly, and just as abruptly, start abandoned them in droves to head to the water, more temperate climes and start demanding over sized ranches (one story living!!) with double master bedrooms, leaving (or rebuilding) the suburbs, and the inventory of hulking McMansions to rot, or be bought and taken down in favor of appropriately scaled housing. (Yes, I believe the lux condo/hotel phase is just that, an interim phase, or something that will be long term for a select few, not the masses).

OK so what does this all mean for appraisers? Alot. Reverting to my central theme that appraisers do not "determine" value as much as they "observe" value, **pay attention**. With rare exception, value of residential, non-income producing real estate is not intrinsic. It is inflated to precisely the degree that market perception allows. Values change when enough buyers decide that something has value or doesn't.

Appraisers have alot on their plate these days, keeping up with shifting values, an uncertain market, an oversupply in most areas, increased liability and exposure. More is expected of appraisers these days and more of the blame is unfairly directed toward them. Appraisers are generally aware of things that have a short term impact on value, such as an oversupply, which is almost always a temporary, short term phenomenon.

But appraisers should also be aware of things that have a long term affect on value, such as a shift in demographics or a wholesale change in what buyers perceive as important.

Is green worth more? worth less? worth the same? As an appraiser it is not your job to decide. It is your job to observe what the market determine