

FACT SHEET

ENERGY EFFICIENCY AND APPRAISAL

For further information,
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Report highlights:

- How energy-cost variations affect NOI and appraised value
- Means for assessing energy performance
- How to benchmark energy performance
- Qualifications of energy assessors
- How buyers & renters place incremental value on energy performance
- Appendix on common efficiency measures: insulation, windows, lighting, and HVAC.



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2012 Guide to Energy Performance and Appraisal

IMT and Appraisal Institute Issue Updated Resource Guide

The Appraisal Institute (AI) and the Institute for Market Transformation (IMT) are pleased to announce their joint release of the new second edition of:

[Recognition of Energy Costs and Energy Performance in Real Property Valuation: Considerations and Resources for Appraisers](#)

Summary In most buildings, energy consumption has significant influence on financial performance. Energy-efficient buildings can create significantly greater net income for owners than otherwise similar buildings that are not so efficient. However, energy efficiency is invisible, and therefore hard for real-estate stakeholders to track—and easy to overlook.

In recent years, however, investors and the general public have become increasingly aware of the importance of energy efficiency. Wide segments of the market are now demanding green buildings. The track record of energy-efficient technology and high-performance buildings has become longer and better documented. Assessment tools, energy rating systems, and energy-performance databases for buildings are well established.

Now that the market is more aware of energy efficiency and green buildings, it's become vital to provide real estate appraisers with detailed information on how to analyze the effects of energy performance on property value. IMT and AI address this issue directly in our newly-issued publication. Its ultimate aim is **to enhance credibility of property valuation by helping appraisers and others find, understand, and use available information** on energy performance in buildings.

Contents

- **Why energy matters.** Through statistical data and sample calculations, AI and IMT demonstrate how big an effect energy-cost variations can have on net operating income and appraised value in buildings.
- **How to assess energy performance in buildings.** AI and IMT provide a detailed discussion of various means for assessing energy cost and energy performance in buildings, including billing analysis, identification of equipment and components, and examination of results from engineering simulations.
- **How to “benchmark” building energy performance.** Data on energy benchmarking, or “comps” – that is, information on how a given building’s energy performance compares to that of similar buildings – are increasingly available to appraisers and other real-estate stakeholders. AI and IMT provide a comprehensive overview of these resources.
- **How to assess the qualifications** and professional responsibility of preparers of energy-performance documentation.
- **How the market assigns value to energy performance in buildings.** The ultimate measure of a property’s value is the market’s willingness to pay for it. In this all-new section, IMT and AI discuss emerging market dynamics and present both **statistical data** and **case-study summaries** of how buyers and renters recognize and place incremental value on energy performance and green building.
- The guide also includes an **Appendix**, which presents an overview of common energy-efficient measures, including sections on insulation, windows, lighting, and heating, ventilation, and air-conditioning systems.

Where to get it

Recognition of Energy Costs and Energy Performance in Real Property Valuation: Considerations and Resources for Appraisers is available free at <http://www.imt.org/commercial-finance.html>.

About the Appraisal Institute (AI)

AI is a global membership association of professional real estate appraisers, with approximately 23,000 members in nearly 60 countries throughout the world. Its mission is to advance professionalism and ethics, global standards, methodologies, and practices through the professional development of property economics worldwide. Organized in 1932, AI advocates equal opportunity and nondiscrimination in the appraisal profession and conducts its activities in accordance with applicable federal, state and local laws. AI members benefit from an array of professional education and advocacy programs, and may hold the prestigious MAI, SRPA and SRA designations.

About the Institute for Market Transformation (IMT)

The Institute for Market Transformation (IMT) is a Washington, DC-based nonprofit organization dedicated to promoting energy efficiency, green building, and environmental protection in the United States and abroad. Much of IMT’s work addresses market failures that inhibit investment in energy efficiency. For more information, visit www.imt.org.