

# BUILDING YOUR BUSINESS : MARKET STRATEGIES

## Capitalizing on the Green Market

From construction to marketing, going green will grow your business.

By Patrick S. Duffy

It was in early 1977 when a newly elected President Jimmy Carter donned a cardigan sweater on national television, urged Americans to do the same and then asked them to turn down their thermostats to conserve energy. But who could guess that he was on the forefront of a movement towards resource sustainability that would take another 30 years to coalesce? Not only has green building and conservation emerged as the most important trend in homebuilding, but, according to some experts, it will help drive the U.S. economy once the current recession eventually rebounds.

So how can builders and developers hope to capture both the imagination and the dollars of homebuyers given the enormous complexity of 'green' building? Primarily through consistent and comprehensive education, not only for those executives making design decisions, but also for buyers throughout the entire marketing and sales process.

Fortunately, that hurdle has become much easier thanks to standards and practices adopted by the federal government (Energy Star, Building America), U.S. Green Building Council (LEED), American Lung Association (Health House), Masco (Environments for Living) and others. Not to be outdone, the NAHB officially launched its own National Green Building Program at this year's International Builders' Show. The hope for this plan is in providing a much-needed framework for a variety of local green building programs already operating throughout the country.

Based on the NAHB 2007-2008 Consumer Preference Survey, the timing for this program could not be better. Nearly 90 percent of respondents were concerned about the impact their homes have on the environment. However, only 16 percent are willing to pay extra to address that concern. Homebuilders would be wise to first target those consumer segments

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willing to spend a premium on living green. Jonathan Smoke of HousingIntelligence.com has found that three of his defined consumer groups fit into this category, including "Feature and Location," "Elite" and "Active Adult Elite" buyers, who share in common a desire for quality, prestige and community. To further increase the odds of success, Smoke suggests builders focus on top-rated green items

including Energy Star-rated windows, energy-certified appliances and generous insulation.

In terms of marketing green building, selling the benefits is key, especially when they coincide with consumers' existing focus on rising energy costs, an epidemic of allergies and asthma and the importance of sustainability. Partnering regionally with a local Building Industry Association (BIA) can be beneficial as well; by leveraging its membership base, a local or statewide association can tap major product manufacturers as sponsors and create advertising campaigns that would be far too expensive for one builder to pursue alone. In Atlanta, for example, the "EarthCraft House" green building program developed by the local HBA in conjunction with the NAHB Research Center has become its own popular brand suggesting higher quality. In fact, recent buyers cited the EarthCraft certification as one of their top three reasons for buying a new home.

For those harried sales agents already under pressure to explain the specifics of a home plan and neighborhood, it is best to let simple displays in the model homes and colorful collateral in the sales office do the talking.

With some clever design elements, that collateral could easily double as a benefits list for comparison shopping, and pity the poor builder who thinks green building is just another fad, because they're now in the minority.



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### Fast Facts



- 90% of consumers are concerned about the impact of their homes on the environment.

- 70% of builders think green building is here to stay

- Of that 70%, 83% consider green building important to their marketing efforts

- NAHB's new National Green Building Program provides a framework for local efforts