



## Does a Green Home Cost More?

*Sage Homebuilders, LLC*



This is the question everyone has – does going green cost more? The answer is Yes and No.

If by “cost more” you mean, are green homes expensive, the answer is they don’t have to be. Green homes are being built in all price ranges.

If by “cost more” you mean does it cost the builder more to add green features to a house, the answer is yes. The upfront cost for building green can range from a typical 2-5% to upwards of 10% for homes with high dollar green upgrades. But normally, the higher upfront cost is offset by the monthly savings on utility bills. In fact, most homes result in a **net positive monthly cash flow**. That is, when you calculate the portion of your mortgage payment that is going towards your green upgrades and compare that to the savings on your monthly utility bills, you are saving money from day one.

What about the longer term analysis – will your green house be worth more when you sell it? Will you recoup the cost of the green upgrades? Most upgrades are fully **recouped within 2-5 years** (longer for the more expensive items, such as solar panels), and this doesn’t take into account appreciation. But consider that if your home increases in value more quickly than it would have without the green upgrades, then you have, in effect, recouped your costs, and then some. You not only are netting money on a monthly basis, but also at the point of sale.

And there is good reason to think that green upgrades will help your home appreciate more quickly. There is a major **cultural shift** underway in our country (and globally) towards a desire for a greener way of life. So it will come as no surprise as the demand for green homes outpaces the demand for regular homes – as more people want green, green homes will increase in value more quickly than regular homes. It is just a matter of time before green building is mainstream. But even now, **demand for green is outpacing supply**. No builder can guarantee how fast a home they build will increase in value, but we think you will agree that, given the apparent cultural trends, a green home is the better bet from an investment point of view.

Choosing to go green is much **like choosing to upgrade your kitchen** cabinets, counters and appliances. You do it because you will enjoy your house more while you are in it, but also because you know that nicer kitchens are in high demand. Your home is a better investment if it has the characteristics that people want. This is why no one asks what the payback period on a granite countertop is – they know that it is part of what makes their home appealing to themselves and to others.

Another useful comparison would be **buying the car with the best resale value** – it is usually a car that is more reliable, better quality, better design inside and out, and so on. So whether or not you buy one of Sage’s affordable compact sedans, or our luxury sports car, you can be assured that each is a solid investment and an investment which you will be able to enjoy each day.

This last part shouldn’t be lost - the best part about choosing a green home, apart from it being a good investment, is that you get to **enjoy the investment**. A high performance home is a home that is just more enjoyable to own, for its benefits to your pocketbook, health, comfort, and the environment.