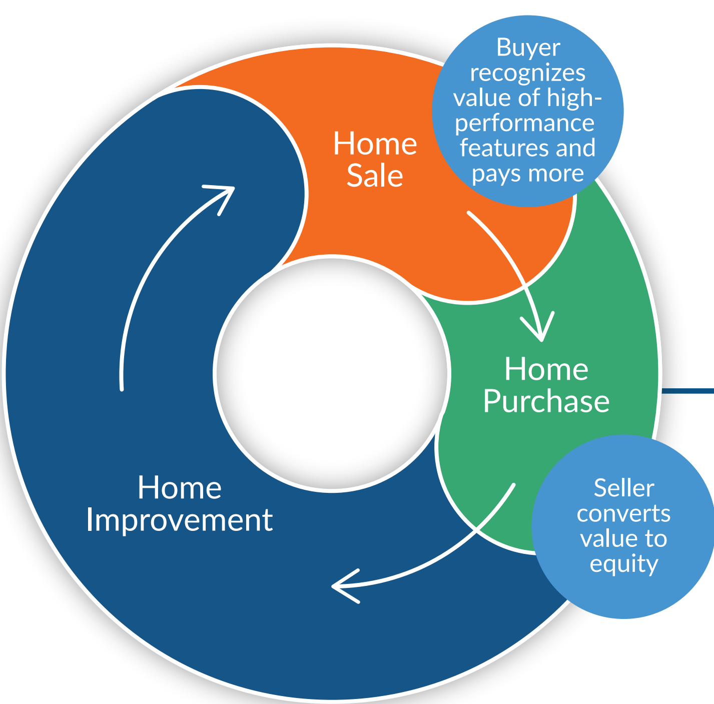
A Case Study

# Charlottesville 2023

## Transforming the Market for High Performing Homes in Charlottesville, VA

### Background

This case study highlights Pearl's efforts to support public sector energy efficiency and climate initiatives in Charlottesville, VA, Albemarle County and across the state of Virginia. Pearl, a leading provider of third-party certifications for new and existing homes, has made significant strides in empowering homeowners to capture the value of the efficiency upgrades they've made in the form of increased home equity. By increasing the demand for high-performing homes, Pearl is creating a template in Charlottesville for sustainable, long-term market transformation of the residential housing market.




### State & Local Vision for the Future

The City of Charlottesville, Albemarle County and the State of Virginia have all established energy efficiency, carbon reduction and climate related goals. In October of 2020 and in November 2022, Albemarle County and the City of Charlottesville published their respective Climate Action Plans. The plans lay out a strategic framework for how both the city and county can reach carbon neutrality by 2050 and highlight the importance of energy-efficient buildings in meeting this goal. The 2020 Virginia Clean Economy Act (VCEA) also includes a goal of 100% zero-carbon energy generation by 2050 while also recognizing the important role of energy efficiency.

The $188M allocated to Virginia through the Inflation Reduction Act represents a massive opportunity to realize these state-wide and local goals by providing rebates to Virginia homeowners to help them reduce their energy usage. A key element to the long-term success of the IRA in transforming the market for high performing homes in Virginia and nationwide is establishing the connection between energy efficiency and home value, as enabled through third-party certification. Pearl is actively engaging 3 real estate agents, 2 builders, 2 contractors, and 1 appraiser in Charlottesville to support the local high-performing homes market in support of state and local climate goals.

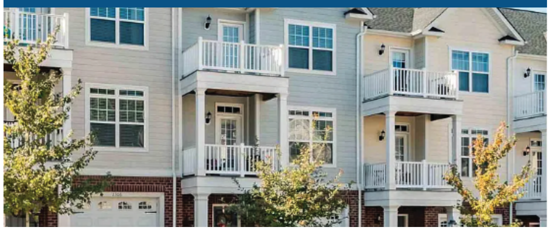
### The Home Value Cycle

- Home **BUYER** “sees” high-performing features in Pearl's Certification Report and marketing materials.
- Home **SELLER** captures the value of the investment in the sale price
- **DEMAND** for high-performing homes drives more improvements, completing the cycle.

## A Tale of Two Homes

To illustrate the importance of third-party certification in driving demand for high-performing homes, consider two homes recently sold in the Charlottesville metropolitan area pictured below.

### Home One



Zillow — Edit · Save · Share · More

3 bd | 3 ba | 1,834 sqft
2304 Whittington Dr, Charlottesville, VA 22911
**Sold: $395,000** | Sold on 04/24/23 | Zestimate®: **$395,100**
**Est. refi payment:** $2,398/mo **Refinance your loan**

### Home Two

Zillow — Edit · Save · Share · More

3 bd | 3 ba | 1,737 sqft
1995 Asheville Dr, Charlottesville, VA 22911
**Sold: $344,000** | Sold on 09/21/22 | Zestimate®: **$347,600**
**Est. refi payment:** $2,199/mo **Refinance your loan**

At first glance, the homes look nearly identical: both are similarly sized townhouses, built within 2 years of one another, both with 3 bedrooms and 3 bathrooms. The most obvious difference is the sale price. The first home sold for $395,000 while the second home sold for $347,600. While there are many factors that can influence the sale price of a home, one key difference between the two homes is that the first home received a Pearl Certification while the second home did not. The certified home ultimately sold for $47,400 more than the non-certified home - a 14% price premium.

The ability for third-party certification to drive increased home value is one that Pearl has documented in four independent appraisal studies in four different markets, two of which were conducted in the Charlottesville area. The studies showed that Pearl Certified homes sold for a 5.15% premium compared to non-certified homes with some homes commanding up to a 16% premium when properly marketed. Studies in other markets show that Pearl certified homes consistently command a 3-5.5% premium when sold or refinanced. These sale premiums have the power to transform real estate and home contracting market dynamics, the impact of which is beginning to be felt in the greater Charlottesville area and elsewhere.

**778** **Pearl-certified homes in Charlottesville**

**Two Appraisal Studies:**
**https://bit.ly/CV-Appraisal-Study**
**https://bit.ly/CV-Valuation-Study**

## Impact

Pearl's footprint in Virginia continues to expand. To date, there are 6,505 Pearl-certified homes in Virginia, with 778 of them being in Charlottesville and surrounding Albemarle County. In the Charlottesville area and beyond, Pearl is building an ecosystem of partners to support Virginia's energy and climate goals. Pearl has trained local real estate agents for Nest, Long & Foster, and Keller Williams as well as appraisers on how to properly market and value high-performing homes at the premium they deserve. Pearl has also been integrated into the local Multiple Listing Service (MLS) in Charlottesville to facilitate the fair valuation of certified, high-performing homes.

## About Pearl

Pearl is a third-party certification provider on a mission to transform the market for high performing homes nationwide. Through its certification process for new and existing homes, Pearl recognizes and rewards homeowners who invest in energy-saving home improvements by providing documentation that adds value in the form of home equity and attracts potential buyers. By making the energy efficient features of these homes visible through third-party certification, Pearl and its partners are creating consumer demand for high performing homes.

**Virginia Energy Plan**
https://bit.ly/VirginiaEnergyPlan

**Albemarle County Climate Action Plan**
https://bit.ly/ACC-ActionPlan

**City of Charlottesville Climate Action Plan**
https://bit.ly/CvilleClimateAction

**LEARN MORE** about Pearl by visiting **http://www.pearlcertification.com/p2** or email **p2@pearlcertification.com.**