TPO PV Impacts on Home Sales

A Qualitative Assessment

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Customers adopt solar PV for a number of reasons
Background

- Houses with **host-owned** PV command a price premium relative to comparable properties in the same area
Background

Leased solar panels can cast a shadow over a home's value

Rooftop solar leases scaring buyers when homeowners sell

Leased solar panels can complicate — or kill — a home sale
Research Questions and Design
Research Questions

- Did the presence of a TPO system impact the home sale or sales process (time on market, sale price, offers withdrawn, etc.)

- How were leases dealt with in the sale (changes in terms, buy-outs, transfers, etc.)

- What, if any, information gaps existed around the lease structure and how were they addressed?
Research Design

• Qualitative approach, due to limited sample size
  – 107 TPO homes transacted in SD region

• Triangulation
  – Realtor Interviews
    • Structured phone interview
    • Sellers Agent, based on Zillow
  – Seller Surveys
    • Electronic Survey
    • Emailed using CSI contact
  – Buyer Surveys
    • Electronic Survey
    • Paper invite w/survey link
Research Design

Identified
Buyers: 107
Sellers: 101
Realtors: 66

Contacted
Buyers: 102
Sellers: 72
Realtors: 49

Completed
Buyers: 18
Sellers: 11
Realtors: 15
Research Findings
Findings – Realtor Interviews

• Based on realtor interviews, TPO solar systems:
  – Do not result in a sales premium*
  – Do not result in shorter time on market
  – Require the seller, seller’s agent, and sometimes buyer’s agent to educate the buyer*
  – In nearly all cases are direct transferred to the buyer

The overall takeaway from these conversations was that while TPO systems deliver few, if any, benefits to the seller, they present only a mild disruption to the sale.
Findings – Home Buyers

- PV was new to buyers and not a priority in their search
  - Most buyers (94%) had never owned a home with solar
  - Most buyers (56%) listed solar as desirable, but not a requirement, the rest (44%) were not specifically looking for PV
- Buyers were unfamiliar with how solar leases work

Buyer familiarity with solar leases
Findings – Home Buyers (Cont.)

• Buyer education is key to the purchase process/decision
  – Customers evaluated
    • Lease terms
    • Pricing
    • System performance
    • Warrantees
  – Most (67%) of buyers reviewed the seller electricity bills and many (56%) performed a bill savings calculation

• Most contracts were transferred without concessions
  – A majority of buyers (78%) accepted the lease transfer and (78%) reported that it as having no impact on sales process time
Findings – Home Buyers (Cont.)

Satisfaction with leased system

- Very satisfied
- Satisfied
- Neither
- Very dissatisfied
- Dissatisfied

Savings relative to expectation

Would you buy again or recommend

- Yes, definitely: 11%
- I might consider/recommend it: 61%
- No, would not consider/recommend it: 28%
Findings – Home Sellers

- Sellers overwhelmingly (81.8%) felt that the PV system they leased would add value to their home.

- Expectations on realizing a sales premium were mixed:
  - Few listed with a premium
  - Only one was confident a premium was realized

Did you expect to receive a premium?

- 55% No
- 27% Yes
- 18% Unsure
Findings – Home Sellers (Cont.)

• Sellers played a major role in buyer education

  How often did you educate buyers?

  - For many (54.5%) this included providing bills

• Leases were largely (81.8%) transferred to buyers
• Nearly all sellers would recommend to friends and family

Recommend based on your experience?

- Very Likely
- Somewhat Likely
- Unsure
- Somewhat Unlikely
- Very Unlikely

0% 10% 20% 30% 40% 50% 60% 70% 80%
• Most indicated they would install a TPO system again

Would you install another TPO system?

- Very Likely
- Somewhat Likely
- Unsure
- Somewhat Unlikely
- Very Unlikely
Most indicated they would install a TPO system again

Would you install another TPO system?

- Of the 64% who reported themselves as likely, 27% have already installed a TPO system on their new home
Summary and Key Takeaways

• TPO systems appear to have little impact on home sales, either in terms of premiums or time on market

• Buyers of TPO homes go through an educational process, much like other solar adopters

• Sellers, their agents, and leasing companies are key in this process and should be prepared to play that role

• Buyers and sellers involved in TPO home transfers we sampled appear to be satisfied with the process
Thank you!

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