



Greener Homes Attitude Tracker

October 2021



NatWest

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Key findings

Q3 2021

Energy Performance Certificate rating (EPC) of a property remains a relatively low priority among prospective UK homebuyers

EPC rating ranked below air quality, green space and noise pollution, with only 30% of homeowners finding it 'very important'

55% of homeowners have plans to make improvements to the environmental sustainability of their property over the next decade

16% of respondents expect to make these changes in the next 12 months (up from 14% last quarter)

Plans to make sustainable home improvements tend to fall with age with just 44% of respondents aged 55 to 64 planning improvements in the next 10 years

Homeowners in the North of England (57%) are the most likely to have plans to make property sustainability changes in the next decade compared to 51% in Scotland

Overview

Tackling climate change is central to our purpose here at NatWest, to support our customers and more broadly play our part in helping the UK to transition to a net zero carbon economy. And with buildings generating around 15% of UK carbon emissions¹, there is a pressing need to act to create a fair and sustainable transition so that we can cut emissions from our homes and places of work.

The Greener Homes Attitude Tracker is designed to give us a better understanding of consumer attitudes in this area. This will ensure we can support our customers in the best way possible and provide regular insight about how consumers are feeling to all involved in this transition. The recent rises in wholesale gas prices are another illustration of the challenges that consumers face as they try to understand what they can do to play their part and how much that might cost, as well as how they can protect themselves from rising energy bills. It will be interesting to see how this issue affects consumer sentiment in our next survey.

Working to achieve net zero

The Heat and Buildings Strategy, expected to be published later this year, will lay out a number of policies to decarbonise the built environment. This will affect homeowners across the UK. As one of the UK's largest mortgage lenders, we have a significant responsibility to help make net zero happen by encouraging and helping our home-owning customers to make greener choices now.

With COP26 taking place next month, we're proud to be a Principal Partner and the only banking partner. It has been long anticipated and will be a crucial step in global efforts to tackle climate change and a chance for countries to agree coordinated action, highlight issues, and share knowledge.

We have several products to support customers to make greener choices. Perhaps the most immediate action our customers can take is through our partnership with carbon tracking expert [CoGo](#). Following a successful pilot, the new app is set to be rolled out more widely throughout the remainder of 2021 and will allow customers to see the CO2 emissions associated with their daily spending, as well as providing hints and tips on how to go greener and resources for doing so.

The latest survey for the third quarter of 2021 found that only 30% of prospective homebuyers consider EPC rating a 'very important' factor when purchasing a home in the next 10 years, this remains the fourth lowest among the 12 factors surveyed. Just 15% of households said that having an EPC rating of C or above was essential when selecting a property.

Heading in the right direction

Greening our homes appears to remain a relatively low priority for consumers and they're understandably worried about the costs of making these changes. Some 55% of UK homeowners are planning to make improvements to the environmental sustainability of their properties in the next decade. Whilst this has only changed slightly since the previous quarter (54%), the percentage of respondents expecting to make these changes in the next 12 months has risen to 16% (compared to 14%) which is certainly an encouraging move in the right direction.

NatWest recently launched a 'Sustainable Homes and Buildings Coalition' in partnership with British Gas, Worcester Bosch, and Shelter. We are working together to contribute to the greening of UK homes and buildings. We agree that raising consumer awareness of this issue and helping customers understand the choices they have to decarbonise their homes and commercial buildings, is an essential initial step in meeting this huge, complex and long term challenge.

We're determined to play our part in making the changes happen and to support our customers with the necessary transition to greener homes. We look forward to sharing survey results each quarter and to seeing the use of this insight to support the transition.

1. UK Committee on Climate Change, 2018.

"With COP26 taking place next month, we're proud to be a Principal Partner"



Lloyd Cochrane
Head of Mortgages at NatWest Group

Overview

Homebuyer preferences

Results from our latest Greener Homes Attitude Tracker for the third quarter of 2021 revealed that the Energy Performance Certificate rating (EPC) of a property remained a relatively low priority among prospective homebuyers. It was considered a 'very important' factor by 30% of those looking to purchase a home in the next 10 years, the fourth lowest among the 12 factors surveyed (Exhibit 1).

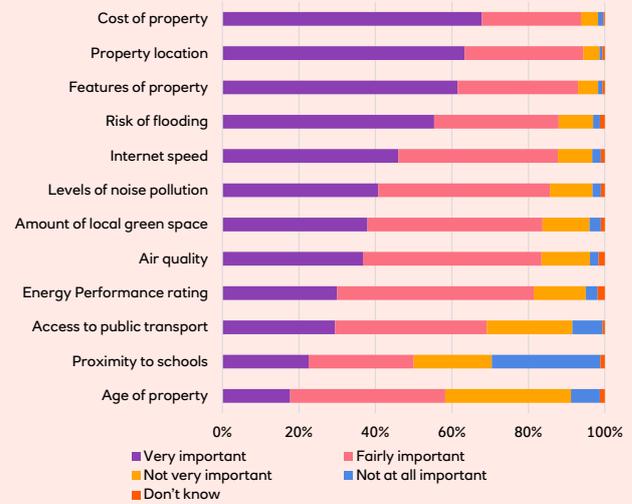
Green home improvements

Turning to actions being taken by consumers, the survey found that 55% of homeowners had plans to make improvements to the environmental sustainability of their property in the next decade. 16% intended to make green upgrades in the next 12 months, up from 14% in Q2. Still, an appreciable proportion of homeowners (28%) had no plans at all (Exhibit 2).

16% of homeowners planning to make green improvements to their homes in the next 12 months, up from 14% in Q2

Exhibit 1:

How important, if at all, will each of the following factors be to your household when purchasing your next property?

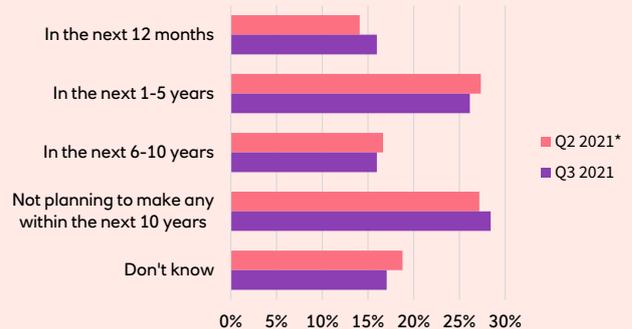


Note: Households that are planning to purchase a property in the next 10 years.

Sources: NatWest, IHS Markit.

Exhibit 2:

Which of the following apply to your main property? Planning to make improvements to the environmental sustainability of the property....



Notes: Homeowners (either own outright or buying with a mortgage). Respondents were permitted to say they planned to make changes in the next 12 months, in the next 1-5 years, and in the next 6-10 years.

*Q2 2021 based on May and June data only.

Sources: NatWest, IHS Markit.



Homebuyer preferences



From survey data collected between July and September 2021, we found that just 30% of consumers who are looking to purchase a home in the next 10 years considered the overall energy efficiency of a property, or its Energy Performance Certificate (EPC) rating, a 'very important' factor. This was the fourth lowest among the 12 features surveyed, ahead of only access to public transport (29% said 'very important'), proximity to schools (23%) and the age of a property (18%).

The EPC rating ranked below other environmental factors, such as air quality (37% said 'very important'), amount of local green space (38%) and levels of noise pollution (41%). Out of all the environmental factors listed, risk of flooding was considered by far the most important (55%), even beating internet speed (46%) for importance (Exhibit 1).

Considering all factors, prospective buyers put the cost of a property before anything else, with more than two-thirds considering it 'very important'. Location (63%) was next on the priority list, closely followed by property features (62%).

Focusing on the energy saving features of a property, double glazed windows came out on top with 35% of homebuyers considering it 'essential'. Second in the rankings was loft insulation (24% stated 'essential'), followed by cavity wall insulation (18%) and energy efficient lighting (17%).

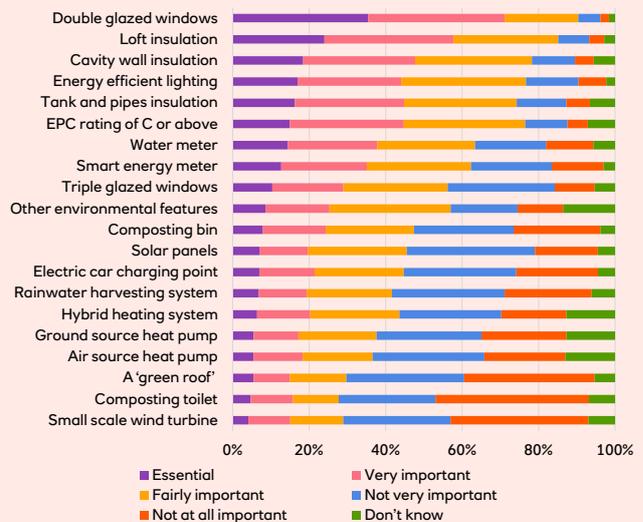
Approximately 15% of households said that having an EPC rating of C or above was essential when selecting a property. The majority considered it either 'very' or 'fairly important', but not essential.

Opinions varied somewhat by age group, with 18% of those aged 35 to 44 considering an EPC rating of C or above 'essential', versus only 11% of 18 to 24-year-olds.

Only 7% of households stated that solar panels and electric car charging points were essential features, making them broadly as desirable as rainwater harvesting systems and hybrid heating systems.

Exhibit 3:

How important, if at all, would it be that the following environmental features are already installed?



Note: Households that are planning to purchase a property in the next 10 years.

Sources: NatWest, IHS Markit.

Double glazed windows tops the list of the most essential green home features, ahead of loft insulation

Energy efficient home improvements

More than half of UK homeowners, once again, are planning to make improvements to the environmental sustainability of their property in the next decade, according to the third quarter results.

Whilst this proportion (55%) is little changed since the previous quarter (54%), the percentage of respondents expecting to make these changes in the next 12 months has risen to 16% (compared to 14%).

Once again, over a quarter (26%) of homeowners anticipate making green property enhancements within one to five years, whilst 16% are planning changes in 6 to 10 years' time (see Exhibit 4)².

Looking at the data by broad age cohort, plans to make energy saving home improvements over the next decade tend to fall with age. Indeed, well over 60% of homeowners aged between 18 and 35 have plans for improvements over the next 10 years, compared to just 44% for the 55 to 64 age group.

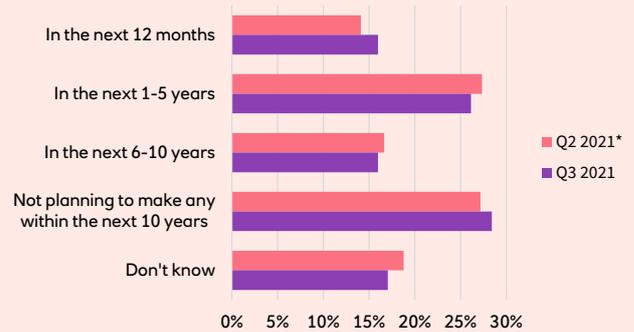
By region, homeowners in the North of England (57%) are the most likely to have plans to make property sustainability changes in the next decade compared to just 51% in Scotland.

However, a noticeable proportion of UK homeowners (28%) continued to signal no plans to make sustainability improvements in the next 10 years. Cost consideration remains a noticeable impediment, with over two-thirds of respondents reporting that the cost of work was a barrier (see Exhibit 5 overleaf). Worries over the level of disruption the work would cause (cited by 32%) and the availability finance (30%) were also high up in the list of barriers for homeowners when considering ways to make their properties more sustainable.

2. Respondents were permitted to say they were planning to make improvements to the environmental sustainability of their main property in the next 12 months, and in the next 1-5 years, and in the next 6-10 years. Percentages therefore might not sum to 100%.

Exhibit 4:

Which of the following apply to your main property? Planning to make improvements to the environmental sustainability of the property....



Notes: Homeowners (either own outright or buying with a mortgage). Percentages do not sum to 100%, as respondents were permitted to select more than one option for making changes in the next 10 years.

*Q2 2021 based on May and June data only.

Sources: NatWest, IHS Markit.

55% of homeowners are planning environmental sustainability changes to their property over the next decade



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Exhibit 5:

What, if anything, would you consider to be barriers to your household improving the environmental sustainability of your main property within the next 10 years?

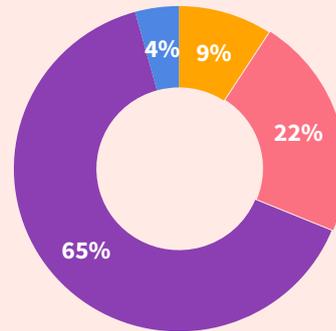
Rank	Barrier
1	The cost of the work required
2	The level of disruption the work would cause
3	The availability of financing options
4	The extent to which the environmental sustainability of the property could be improved
5	The time involved to organise having improvements made
6	The feasibility of having the work done given the property type
7	Access to information on how to improve it
8	The impact on the reduction in monthly energy bills after the improvements
9	The impact on the additional value of the property after the improvements
10	The property is already as environmentally sustainable as possible at present
11	Other barriers

Notes: Homeowners who answered either 'not planning to make any improvements within the next 10 years' or 'don't know' when asked about planned improvements to the environmental sustainability of their property.

Sources: NatWest, IHS Markit.

Exhibit 6:

Still thinking about the environmental sustainability of your main property, which of the following best applies to you?



- My household has investigated what would be required to improve the environmental sustainability of the property
- My household has considered improving the environmental sustainability of the property but not investigated what would be required
- My household has not considered improving the environmental sustainability of the property
- Don't know

Notes: Homeowners who answered 'not planning to make any improvements within the next 10 years' when asked about planned improvements to the environmental sustainability of their property.

Sources: NatWest, IHS Markit.

69% of homeowners reported that cost remains the dominant barrier to making sustainability improvements to their property



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A noticeable proportion of homeowners who have no plans to make improvements in the next decade continue to report that they have not even considered ways to make any changes (Exhibit 6).

Looking at the present conditions of properties and the various measures that are currently being employed to help support environmental sustainability and reduce carbon footprints, the use of double glazed windows (85%), loft insulation (72%) and energy efficient lighting (68%) remain by far the most widely used (Exhibit 7).

Smart energy meters are the most likely item to be adopted by households within the next year by some margin (13% have plans to install), but it is electric car charging points that are most widely expected to be adopted in the coming years.

44% of homeowners aged 18-34 have plans to install an electric car charging point in the next decade

Indeed, 21% of respondents have plans to adopt this technology within 5 years, and a further 15% expect to add these points to their properties within 6-10 years. Homeowners in the Midlands, South West and Wales are most likely to install electric car charging facilities in the next decade.

By age group, 44% of homeowners aged 18 to 34 signalled their intention to install an electric car charging point in the next 10 years, versus only around one-quarter of 55 to 64-year-olds (Exhibit 8). Generally, younger households showed a greater desire to adopt more modern forms of green technologies than their older counterparts.

Solar panels are also likely to be increasingly adopted over the next decade (30% of households have plans to install), followed by aforementioned smart energy meters (28%) and triple glazed windows (27%).

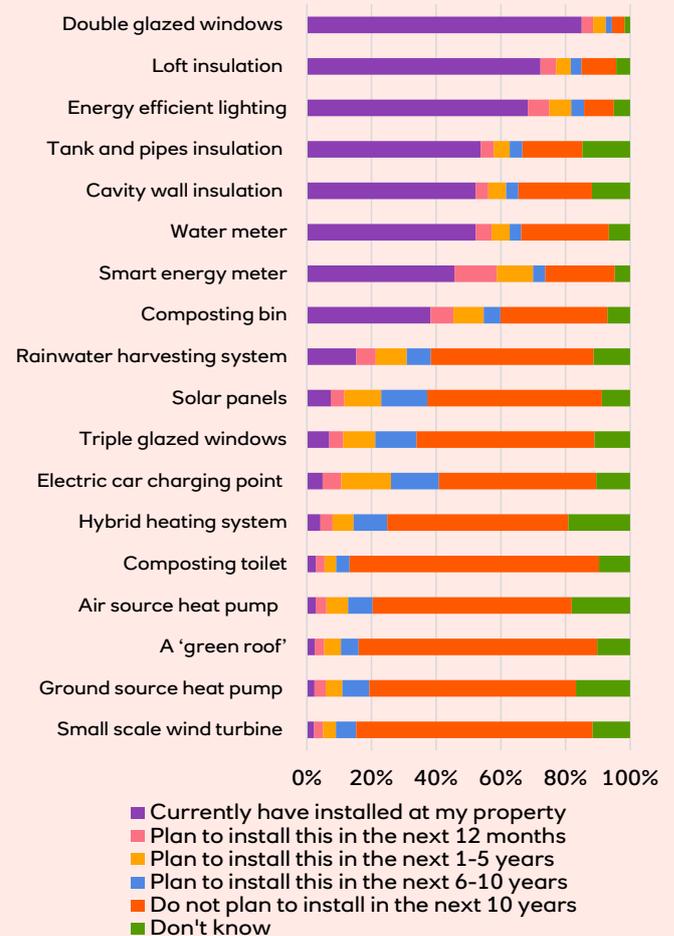
Relatively low numbers of homeowners have plans to install either a hybrid heating system (21% have plans to install in the next decade), an air source heat pump (18%) or ground source heat pump (17%). This is despite potential plans by the UK Government to ban the installation of gas boilers in homes by 2035.

Indeed, only around half (48%) of consumers said they were aware of a potential ban. This fell to just 36% among 18 to 24-year-olds. Even among those who showed an awareness of the government's potential plans, very few had acted as a result. The most common action taken was to research alternatives to use instead of a gas boiler, but fewer than one-in-ten had already done so.

Perhaps even more concerning was the finding that only around one-in-seven homeowners were very confident of being able to replace their gas boiler with a more sustainable alternative at an estimated cost of £5,000. 57% were either 'not very' or 'not at all confident'.

Exhibit 7:

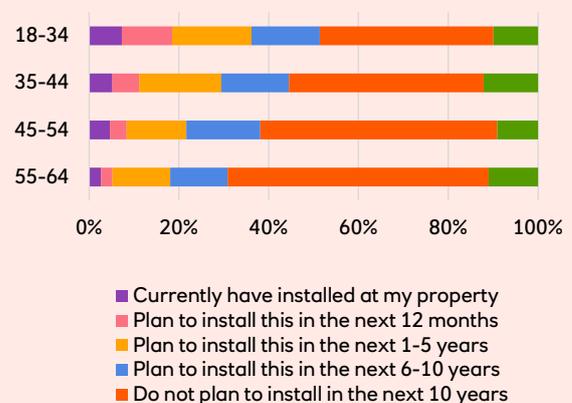
Do you currently have any of the following installed at your main property or are you planning to install any of these within the next 10 years?



Notes: Homeowners (either own outright or buying with a mortgage). Sources: NatWest, IHS Markit.

Exhibit 8:

Do you currently have an electric car charging point installed at your main property or are you planning to install one within the next 10 years?



Notes: Homeowners (either own outright or buying with a mortgage), by age. Sources: NatWest, IHS Markit.

Green lifestyle choices

We put forward a series of questions to our survey panel to gauge a deeper understanding into consumer habits and the environment. Respondents often made active changes to their daily life in the interest of reducing their carbon footprint and becoming more environmentally friendly.

Efforts to minimise food waste led the way with almost three-quarters of respondents (72%) taking action. This was followed by attempts to limit home energy use (59%) and the regular recycling of clothing (47%) (see Exhibit 10 overleaf).

Nearly three-quarters (73%) of those aged 55 to 64 indicated they tried to minimise their home energy use. This compared to just 45% of 18 to 24-year-olds. However, the youngest survey group were more likely to use public transport and limit their dairy intake to help the environment than the oldest, and more than twice as likely to regularly buy sustainable clothing.

The use of hybrid/electric cars remains low, at only 6%. Nevertheless, a large proportion of respondents were still conscious of the impact of their means of transport on the environment. 44% regularly walked to places rather than using a car, 25% sought to minimise air travel, and a similar proportion (23%) used public transport to limit their effects on the environment.

Staying on the subject of green consumer choices, we asked respondents how likely they are to take out green banking products. Although becoming more widely available, there was still a general reluctance among consumers, with the majority not looking to take out such products at this time.

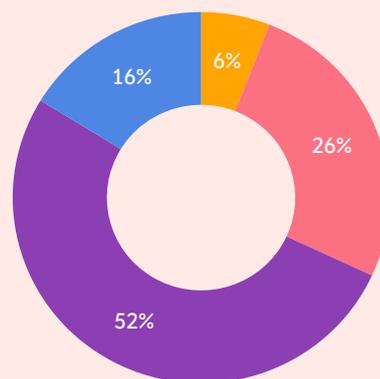
Of the seven products listed, green investments or savings was the most popular option with 6% already having the product.

Among those looking to buy a property in the next 10 years, 26% said they were considering taking out a green mortgage (Exhibit 9). This rose to 33% among 18 to 24-year-olds.

Find out more about NatWest [Green Mortgages](#) (eligibility & exclusions apply).

Exhibit 9:

Do you currently have, or are you considering taking out, a green mortgage or not?



- I already have this product
- I do not have this product but I am currently considering taking out this product
- I do not have this product and I am not currently considering taking out this product
- Don't know

Notes: Households that are planning to purchase a property in the next 10 years.

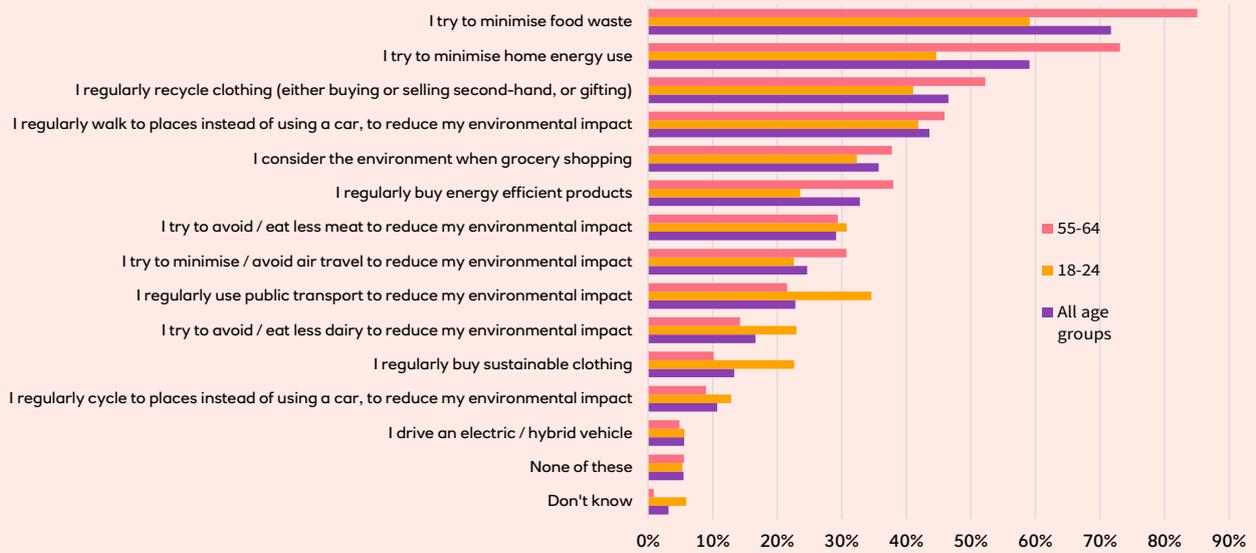
Sources: NatWest, IHS Markit.

59% of households try to minimise their home energy use

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Exhibit 10:

Do any of the following apply to you or not?



Sources: NatWest, IHS Markit.



Survey methodology

The NatWest Greener Homes Attitude Tracker survey was first conducted in May 2021 and is compiled by IHS Markit. The survey is intended to accurately anticipate changing consumer behaviour. The questionnaire is designed to be quick and easy to complete, incorporating a small number of key questions, which encourages regular participation among even high-level respondents.

The survey is based on monthly responses from 1,500 individuals in the UK, with data collected by Ipsos MORI from its panel of respondents aged 18-64. The survey sample is structured according to gender, region and age to ensure the survey results accurately reflect the true composition of the population. Results are also weighted to further improve representativeness.

Ipsos MORI technical details (Q3 2021 survey)

Ipsos MORI interviewed 4,500 adults (in total) from its online panel of respondents, with quota controls set by gender, age and region and the resultant survey data weighted to the known UK profile of this audience by gender, age, region and household income. Interviews were conducted online between, July 8th-10th, August 19th-23rd and September 2nd-5th 2021. Ipsos MORI was responsible for the fieldwork and data collection only and not responsible for the analysis, reporting or interpretation of the survey results.

For further information on the survey methodology, please contact economics@ihsmarkit.com.

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