



Greener Homes Attitude Tracker

July 2022



NatWest

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Key findings

Q2 2022

63% of UK homeowners now plan to make green improvements over the next 10 years to tackle growing energy costs and climate change, up from 54% a year ago

Younger homeowners are more likely to make energy efficiency upgrades and show a greater willingness to adopt newer technologies

Almost a quarter (23%) of homeowners said the rise in the cost of living and greater focus on global energy security has made them 'a lot more likely' to implement energy efficiency measures in the next 12 months

Only 14% of homeowners said the temporary cut in VAT on energy saving materials had made them 'a lot more likely' to make energy efficiency changes in the next five years, whilst 47% stated it 'makes no difference'

Energy saving features are becoming increasingly desirable to UK renters, with 61% wanting their landlords to install solar panels in a bid to reduce bills

39% of homebuyers looking to move in the next 10 years said that a property's EPC rating was a 'very important' factor, up from 32% a year ago

More than half of householders looking to purchase a home now consider an electric car charging point an important property feature

Foreword

The rising cost of energy, inflation and geopolitical tensions have continued to dominate the news in the last 3 months. Although energy bills are typically lower in summer, consumers are very concerned with how much they have risen in the last year. The energy price cap is expected rise to around £3,000 this autumn and growing talks of rationing across Europe further fuel the belief that energy will remain the number one priority this year for both consumers and industry.

What has noticeably changed in 2022, however, is the extent to which the UK Government, business and consumers recognise the importance of energy efficiency in mitigating these risks. Whilst consumers have welcomed the support with energy bills coming through from the UK Government this year there is a growing recognition that much more is needed to improve the policies and investments required to reduce the amount of energy we use, rather than just find ways to pay a higher bill.

The progress report published by the Committee on Climate Change (CCC) this month highlighted this gap starkly. We are supportive of the UK Government's decarbonisation ambitions, but as this report shows, we all need to work harder together to ensure that our ambitions are delivered across all sectors of the economy.

Growing momentum for energy efficiency

This quarter's Greener Homes Attitude Tracker continues to show there is growing public support for energy efficiency – both in terms of insulation and renewable energy adoption – driven by cost of living concerns as much as climate ones. Around one-in-five homeowners said the rise in the cost of living and greater focus on global energy security has made them a 'lot more likely' to implement energy efficiency measures in the next 12 months.

Generation action

The tracker also highlights younger homeowners are leading the way in implementing energy efficiency changes. Driven to act both on cost and environmental grounds, young homeowners show a greater likelihood to make green home improvements and show a greater willingness to adopt newer technologies.

Our quarter two survey shows that those aged 18 to 34 are twice as likely to install a heat pump and twice as likely to install a car charging point than the UK average. 13% stated they were planning to install a heat pump in the next 12 months versus the UK average at 6%. Whilst around one-in-five (18%) were intending to install an electric car charging point, versus only 9% across the UK as a whole.

Younger homeowners are looking to act more quickly as well as more often. The data shows that a higher proportion of younger homeowners are planning to make upgrades both in the next 12 months and across the next ten years, compared to older homeowners.

This partly reflects 'catchup effects', with younger homeowners less likely to have features such as double or triple glazed windows, energy efficient lighting, or a smart energy meter already installed. It also suggests that a 'Generation Action' is emerging, and that will be key in gaining greater momentum going forward.

The rising importance of EPCs

One of the metrics we've been monitoring since the launch of this tracker is the importance of Energy Performance Certificates (EPC) for prospective homeowners. This certificate provides a clear benchmark against which to take action but general awareness of this remains low.

I was delighted to see that 39% of homebuyers looking to move in the next 10 years said that a property's EPC rating was a 'very important' factor. This is a noticeable increase from 32% in June last year. There was also an increase in those saying an EPC rating of C or above was 'essential' - 20% compared to 16% a year ago. While more still needs to be done to increase public awareness and to improve the EPC mechanism itself, it is very encouraging to see this indicator of consumer awareness continuing to grow

Looking ahead

So, our index shows a continued growth in consumer awareness of the importance of energy efficiency, understandably accelerated by the sharp increases in energy bills in the last 12 months, as well as a longer term growth in climate concerns. Against this backdrop there is a need, and an opportunity, to improve the policies and investments required to reduce how much energy we use, rather than just find ways to pay a higher bill.

Alongside this Government action the industry needs to help customers understand what they can do in their individual homes, to supply solutions and provide funding options for consumers wanting to invest in their homes. That's why, in addition to supporting our business customers to grow in this space, NatWest is funding a series of greener home retrofitting pilots across the UK, taking customers on the journey from consideration of these improvements to making them a reality. We'll be recording and sharing their experiences to demonstrate the impact and potential of improving energy efficiency in the home - both on people's bills and living comfort. Watch this space!



Lloyd Cochrane
Head of Mortgages at NatWest Group

Overview

Green home improvements index

The latest Green Home Improvements Index showed a further increase in the proportion of homeowners planning to make upgrades to the environmental sustainability of their main property over the next 12 months, up from 22% in Q1 to 23% in Q2. The proportion has risen markedly from just 14% during the same period last year [Exhibit 1]. However, the percentage of homeowners planning to make improvements over the next decade has been unchanged over the past nine months, staying at around 63%.

Energy performance certificate (EPC) ranking

The importance of a property's Energy Performance Certificate (EPC) rating to prospective homebuyers has meanwhile increased. Those stating it was a 'very important' feature rose from 36% in Q1 to 39% in the three months to June. This moved it up one place in the rankings above access to public transport (35% stated 'very important') [Exhibit 2], leaving it just below both air quality (41%) and amount of local green space (40%).

Exhibit 1:

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



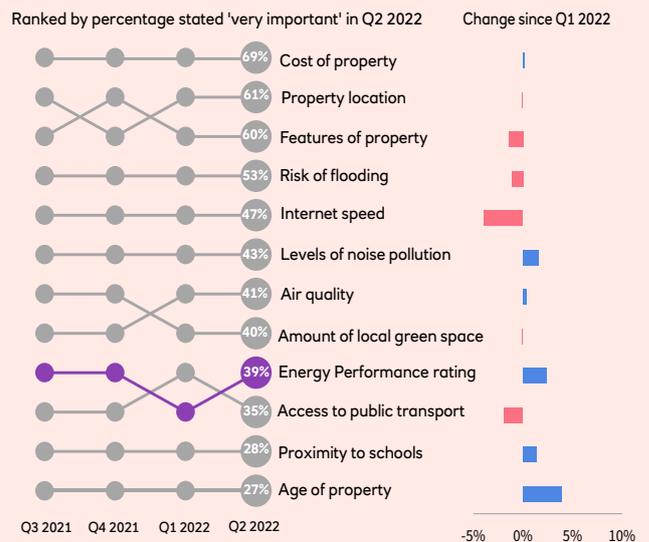
Notes: Homeowners (either own outright or buying with a mortgage). Respondents were permitted to say they planned to make changes in the next 12 months, in the next 1-5 years, and in the next 6-10 years.

*Q2 2021 based on May and June data only.

Sources: NatWest, S&P Global.

Exhibit 2:

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



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

Sources: NatWest, S&P Global.

23% of UK homeowners plan to make green home improvements in the next 12 months, up from 14% a year ago



Energy efficient home improvements

There has been an increase in the likelihood of homeowners implementing energy saving measures over the next 12 months, the latest Greener Homes Attitude Tracker shows, driven in part by concerns over the rising cost of living and a greater focus on global energy security.

Younger homeowners in particular have plans to make upgrades, as they look to bring their properties up to standard in terms of energy efficiency and show a greater willingness to adopt newer technologies.

23% of homeowners reported plans to make improvements to the environmental sustainability of their main property in the next 12 months in Q2 [Exhibit 3]. This represents a marked jump from 14% a year ago and a further – albeit modest – increase from 22% in Q1, showing further evidence of a growing urgency to make energy saving home improvements.

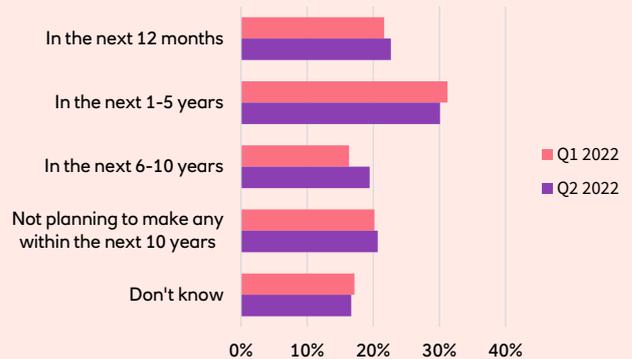
The rise in the cost of living is found to be a factor, with 23% of homeowners stating they were 'a lot more likely' to implement energy efficiency measures around the home in the next 12 months as a result. A further 29% said they were 'a little more likely', indicating that the majority of homeowners believe that greening their property is a way to potentially alleviate the pressure on monthly bills.

By income group, we found that these percentages rose to 33% and 31% respectively among the highest-earning households. However, for the lowest income group, the proportion stating they were 'a lot more likely' to improve the energy efficiency of their home due to the cost-of-living squeeze was just 17%, which was only slightly higher than the 14% that said they were 'a lot less likely'.

At the same time, the increased focus on energy security and supply has provided further motivation for making green upgrades, with just over half of homeowners saying they are more likely to implement measures as a consequence.

Exhibit 3:

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 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%.

Sources: NatWest, S&P Global.

23% of homeowners said the rise in the cost of living has made them 'a lot more likely' to implement energy efficiency measures in the next 12 months



Greener Homes Attitude Tracker

From the 1st April 2022, the UK Government reduced the VAT on the installation of energy saving materials from 5% to zero for five years, as part of efforts to aid the transition to greener homes. However, only around one-in-seven (14%) said this had made them 'a lot more likely' to install or make upgrades to the energy efficiency of their main property in the next five years, whilst nearly half (47%) stated it 'makes no difference'.

Indeed, the cost of having work done was still considered to be the greatest blocker to making improvements by some margin, ahead of the level of disruption the work would cause [Exhibit 6].

10% of homeowners reported having an electric vehicle charging point at their property, up from 5% in Q3 2021

As has been the theme over the past year, younger homeowners showed a greater likelihood of implementing green home improvements than their older counterparts when looking at both 12-month and 10-year horizons [Exhibit 5]. This partly reflects 'catch-up effects', with younger homeowners less likely to have features such as double- or triple-glazed windows, energy efficient lighting, or a smart energy meter already installed.

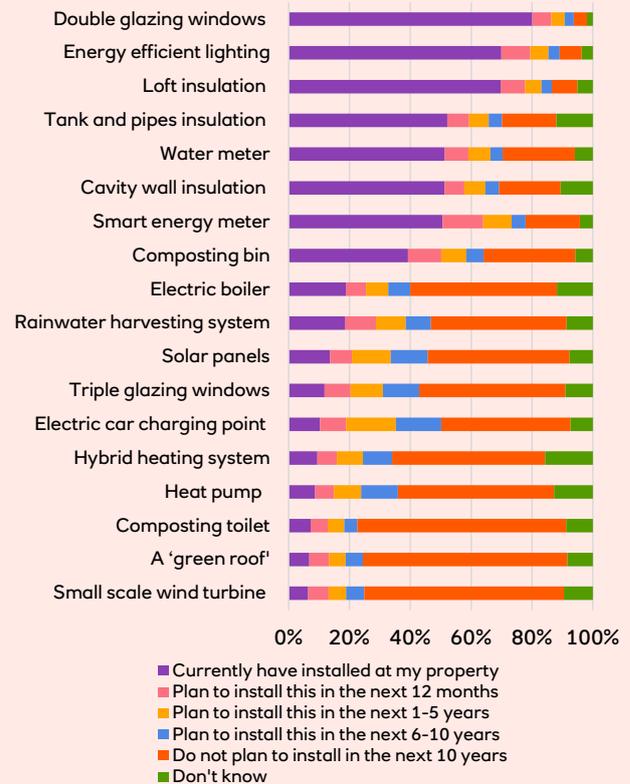
There is also a suggestion that younger homeowners possess a greater willingness to adopt newer technologies. Among those aged 18 to 34, 13% stated they were planning to install a heat pump in the next 12 months, twice the UK average (6%), while around one-in-five (18%) were intending to install an electric car charging point, versus only 9% across the UK as a whole.

According to the latest survey, around 10% of owner-occupied properties now have an electric car charging point, up from 5% in Q3 last year. It also tops the list of the items that are most likely to be installed over the next decade, with 40% of homeowners indicating they have plans to do so.

So, which energy saving features would renters most like to see installed? Top of the wish list were solar panels, which were selected by 61% of renters that are currently living in a property without them [Exhibit 7]. They were followed by double-glazed windows (53%) and energy efficient lighting (39%).

Exhibit 4:

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?

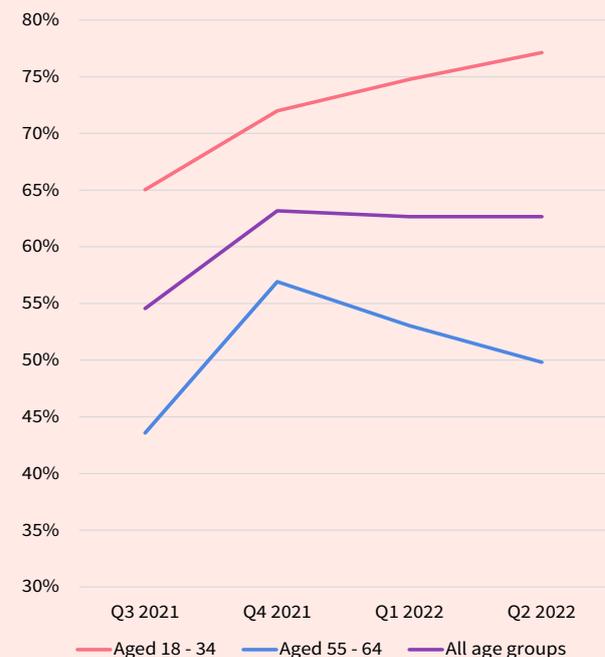


Notes: Homeowners (either own outright or buying with a mortgage), surveyed in Q2 2022.

Sources: NatWest, S&P Global.

Exhibit 5:

Planning to make improvements to the environmental sustainability of the property in the next ten years:



Notes: Homeowners (either own outright or buying with a mortgage).

Sources: NatWest, S&P Global.

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Exhibit 6:

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?

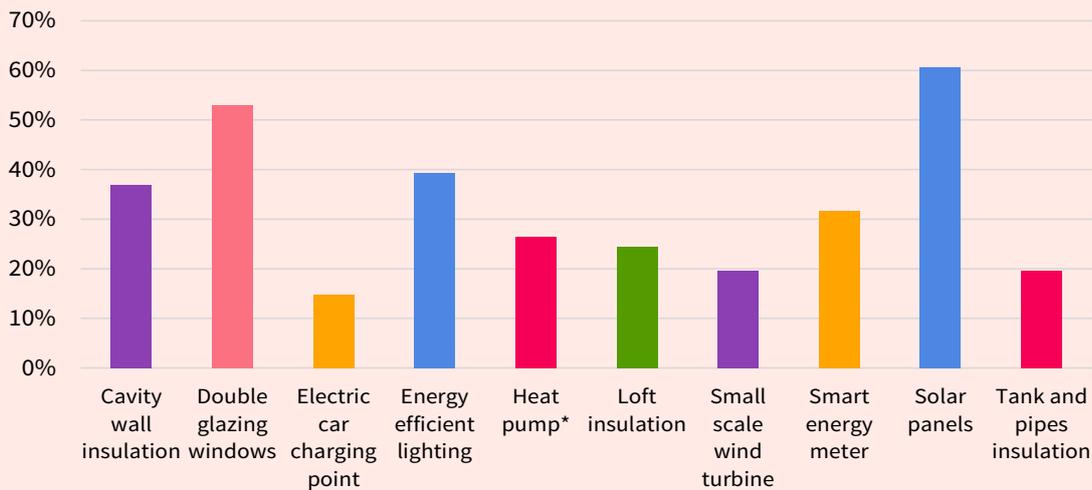
Rank	Barrier	Percentage (chg since Q1 '22)	Previous Rank
1	The cost of the work required	71% (-1%)	1
2	The level of disruption the work would cause	29% (-4%)	2
3	The availability of financing options	28% (same)	3
4	The extent to which the environmental sustainability of the property could be improved	23% (-2%)	4
5	The impact on the reduction in monthly energy bills after the improvements	18% (+2%)	5
6	The feasibility of having the work done given the property type	18% (same)	6
7	The time involved to organise having improvements made	14% (-1%)	7
8	Access to information on how to improve it	13% (-2%)	8
9	The impact on the additional value of the property after the improvements	13% (+1%)	9
10	The property is already as environmentally sustainable as possible at present	11% (+3%)	10

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. Surveyed in Q2 2022. 'Don't know' excluded from ranking.

Sources: NatWest, S&P Global.

Exhibit 7:

If your landlord was to make energy efficiency changes to your main property, which 3 of the following, if any, would you prefer to be installed?



Notes: Renters (from the local authority or housing association or from a private landlord (incl. parents or guardian)), surveyed in Q2 2022. Respondents could select up to 3 options.

* In April 2022, the question asked specifically about air source heat pumps. In May and June 2022, it asked about heat pumps generally.

Sources: NatWest, S&P Global.



Homebuyer preferences

The importance of a property's Energy Performance Certificate (EPC) rating to prospective homebuyers has grown noticeably over the past year, although it still remains a low priority compared to cost, features and location.

As more people choose electric vehicles over conventional combustion engines, the need for an EV charging point has also increased, with more than half of households looking to purchase a home now considering it an important property feature.

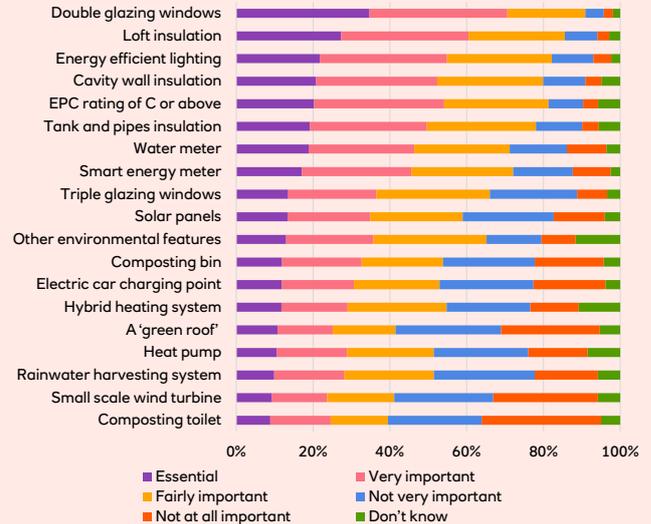
The Energy Performance Certificate (EPC) ranking shows that 39% of UK households looking to buy a property over the next decade believed the EPC rating was a 'very important' factor when choosing a home, data collected in the three months to June showed [Exhibit 2]. This was 3 percentage points higher than in Q1 and up from 32% in June of last year. Despite the improvement, however, it still ranks relatively low as a priority (ninth out of 12 features surveyed) and trails well behind even internet speed (47%) in terms of overall importance [Exhibit 2].

Since starting the survey, we have seen energy saving features generally becoming more desirable to prospective homebuyers, and none more so than solar panels. 13% saw solar panels as an 'essential' property feature, according to the Q2 data, up from just 5% one year ago.

In fact, of the features surveyed, only double-glazed windows has seen a reduction in its perceived importance over the past 12 months, with the proportion of those saying that it is essential dropping from 42% in June 2021 to 35% in Q2 2022 (although this was still the highest overall) [Exhibit 8]. This partly reflects the growing importance placed on the more energy efficient triple-glazing alternative (14% stated 'essential' from 10% in Q3 2021).

Exhibit 8:

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, surveyed in Q2 2022.
Sources: NatWest, S&P Global.

13% prospective homebuyers say that solar panels are an essential property feature



Green lifestyle choices

More and more UK households are looking to minimise home energy use, with the recent surge in gas and electricity prices providing an added incentive to try to cut back on energy consumption.

Survey results for the past year have shown us that a rising number of people are cycling more often instead of using a car, regularly buying sustainable clothing, and turning to green banking products. But they also indicate that habits differ across the regions of the UK.

Around 62% of respondents to the Q2 survey reported trying to minimise home energy use. This has increased steadily over the past year from 57% in June 2021. It is the biggest rise among the lifestyle choices covered by the survey, and makes it the second most common habit behind efforts to minimise food waste [Exhibit 10].

Other actions that have become more popular over the past year include regularly cycling to places instead of using a car (up from 9% in June 2021 to 13% in Q2 2022) and buying sustainable clothing (12% to 16%).

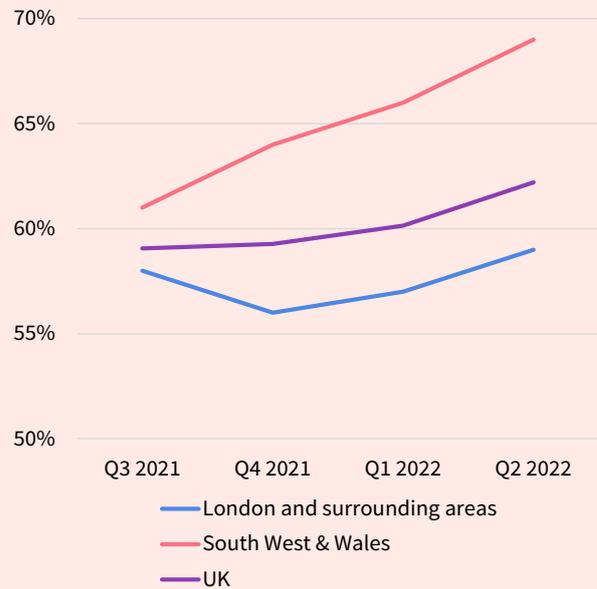
At the same time, we are seeing evidence of consumers increasingly making use of green financial products. At 6%, the number of households with a green mortgage remains low, but it has doubled from 3% in June 2021 and a further 18% are currently considering taking out a green mortgage. Similar improvements in uptake have been seen across green savings, green current accounts and green car loans.

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

Habits vary regionally, driven by differences in demographics, geography and infrastructure, among other things. When it comes to minimising home energy use, the South West & Wales tends to score among the highest, whereas London and surrounding areas is consistently at the lower end of the scale [Exhibit 9]. However, the latter sees greater use of public transport and a higher proportion of people cycling than the UK average.

Exhibit 9:

I try to minimise home energy use:



Notes: All households, surveyed in Q2 2022.

Sources: NatWest, S&P Global.

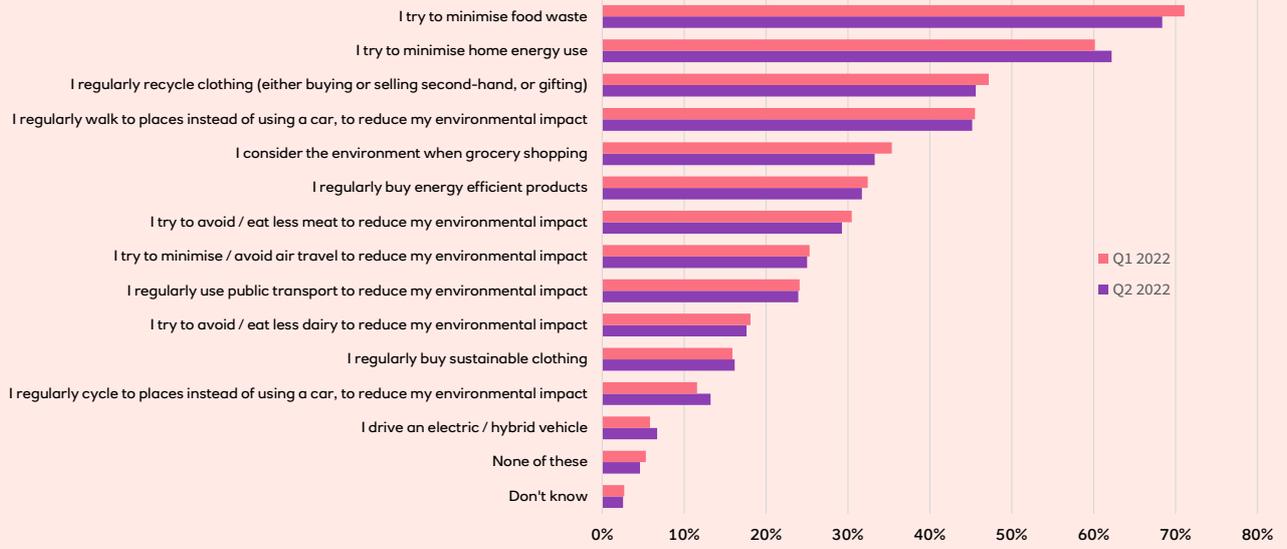
62% of respondents try to minimise home energy use, up from 57% in June 2021



Greener Homes Attitude Tracker

Exhibit 10:

Do any of the following apply to you or not?



Sources: NatWest, S&P Global.



Survey methodology

The NatWest Greener Homes Attitude Tracker survey was first conducted in May 2021 and is compiled by S&P Global. 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 (Q2 2022 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, 14th – 21st April, 5th – 9th May, and 1st – 8th June 2022. 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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