



Greener Homes Attitude Tracker

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NatWest

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Key findings

Q4 2021

63% of homeowners are planning to make improvements to the sustainability of their property in the next 10 years, an increase of 8% from last quarter

Only 7% of homeowners said they were very likely to consider changing their gas boilers for a different energy source in the next 3 years due to rising gas prices

Whilst over half of homeowners have made improvements to the environmental sustainability of their property, 58% of renters said that neither they nor their landlords had made any changes

45% of renters strongly agreed that rented properties should be assessed every 3 years to ensure they meet minimum environmental sustainability standards

33% of respondents who are planning to purchase a property in the next 10 years said that an EPC rating was 'very important', compared to 30% in quarter three

Foreword

With a heightened global focus on climate issues following COP26, our latest Greener Homes Attitude Tracker shows there is an increase in awareness and support for energy efficiency with consumers, but a growing divergence between homeowners and renters. Alongside this though, consumers are clearly being affected by the energy price crisis. With many struggling to meet spiralling costs, consumers face conflicting priorities that may mean the ability to find the money to spend on improving energy efficiency in their home is ever more challenging.

Committed to act

It's likely 2021 will be remembered as a pivotal year on climate action in the UK and the start of a decade of decarbonisation from the grid to the home. COP26 seems to have expedited action to tackle climate change and reduce our carbon footprint on a global scale, although we know the realities of taking action mean expensive and potentially disruptive changes for all of us.

With many consumers already facing higher day to day costs of living, 2022 is gearing up to be the year where these increases mean greater conflict between meeting day to day costs and a longer-term desire to be 'greener'. Even though, in the long term, it is arguably one of the best ways for consumers to save money, protect themselves from rising heating bills, and help to play their part on climate.

The Greener Homes Attitude Tracker gives us a better understanding of consumer awareness and evolving attitudes to greener living, so we can support our customers in the best way possible and seek to influence policymaking and product and service development from the private sector.

Positive results in testing times

Although the cost of living challenge is growing, this latest survey for the fourth quarter of 2021 provides encouraging and insightful data, with the percentage of homeowners planning to make sustainable home improvements in the next decade rising to 63% - a meaningful increase from 55% in the third quarter last year.

Increasing awareness and understanding of specific technologies is essential to making progress on the greening of homes. The survey shows a 5 percentage point increase in the number of homeowners planning to install an air source heat pump this decade, and a 3 percentage point increase in those interested in a ground source heat pump. Although only 7% of homeowners said they were very likely to consider changing their gas boilers for a different energy source in the next 3 years due to rising gas prices.

One notable finding this quarter is the divergence between homeowners and renters. While our survey found that over half of homeowners had made improvements to the environmental sustainability of their property, nearly 60% of renters said that neither they nor their landlords had made any energy efficiency interventions. With more than half of renters surveyed expecting landlords to ensure properties meet a certain environmental standard, this needs to be a focal area for regulators and industry this year.

Our continued commitment

Having successfully supported COP26 in Glasgow, pledging to lead the financial sector in becoming a driving force in economy-wide decarbonisation, we're focused on demonstrating the positive impact that energy efficient homes could have for our customers.

Our carbon footprint tracker¹ within our mobile app and our in branch NatWest Check-in provide information on how to go greener and the resources to do so. We'll also be providing our mortgage customers with their EPC rating online to increase awareness of current energy efficiency and usage.

And through our Sustainable Heat and Buildings Coalition with Worcester Bosch, British Gas and Shelter, with the support of Citizens Advice, we recently launched our first 'Home is where the Heat is' report which outlines six pathways consumers can follow to a greener home.

Improving energy efficiency in homes will play a key part in achieving a net zero carbon economy, but it relies on a great number of small measures being taken by households across the country, who are in different financial situations and personal settings. They will continue to need guidance, evidence and information they can access and trust, alongside lending to support their aims. Our ambition is for NatWest and its partners to be there to support them.

1. Carbon Footprint Tracker is within the Spending feature in our app. Spending available to customers aged 16+ who have a Personal or Premier account with us. App criteria apply.



Lloyd Cochrane
Head of Mortgages at NatWest Group

Overview

Homebuyer preferences

Latest data collected during the final quarter of 2021 showed an increase in the importance of the energy efficiency of a property (as measured by its EPC rating) to prospective homebuyers. 33% of survey respondents who are planning to purchase a property in the next 10 years said that an EPC rating was 'very important', compared to 30% in Q3. Still, energy efficiency remained a low priority compared to the likes of cost (68% stated 'very important') and property features (62%) [Exhibit 1].

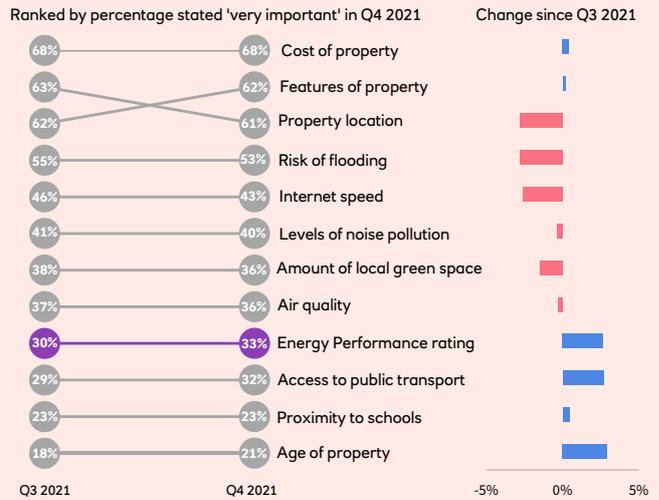
Green home improvements

We also saw a shift in households' plans for future green home improvements. The total proportion planning to make improvements in the next decade rose from an average of 55% in the three months to September to 63% in Q4. This was largely driven by an increase in planned changes in the next 1-5 years (from 26% to 33%). Near-term plans were little changed, with the proportion of homeowners planning improvements in the next 12 months staying at roughly 16% [Exhibit 2].

63% of homeowners planning to make green home improvements in the next decade, up from 55% in Q3

Exhibit 1:

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



Notes: Households that are planning to purchase a property in the next 10 years, surveyed in Q4 2021.

Sources: NatWest, IHS Markit.

Exhibit 2:

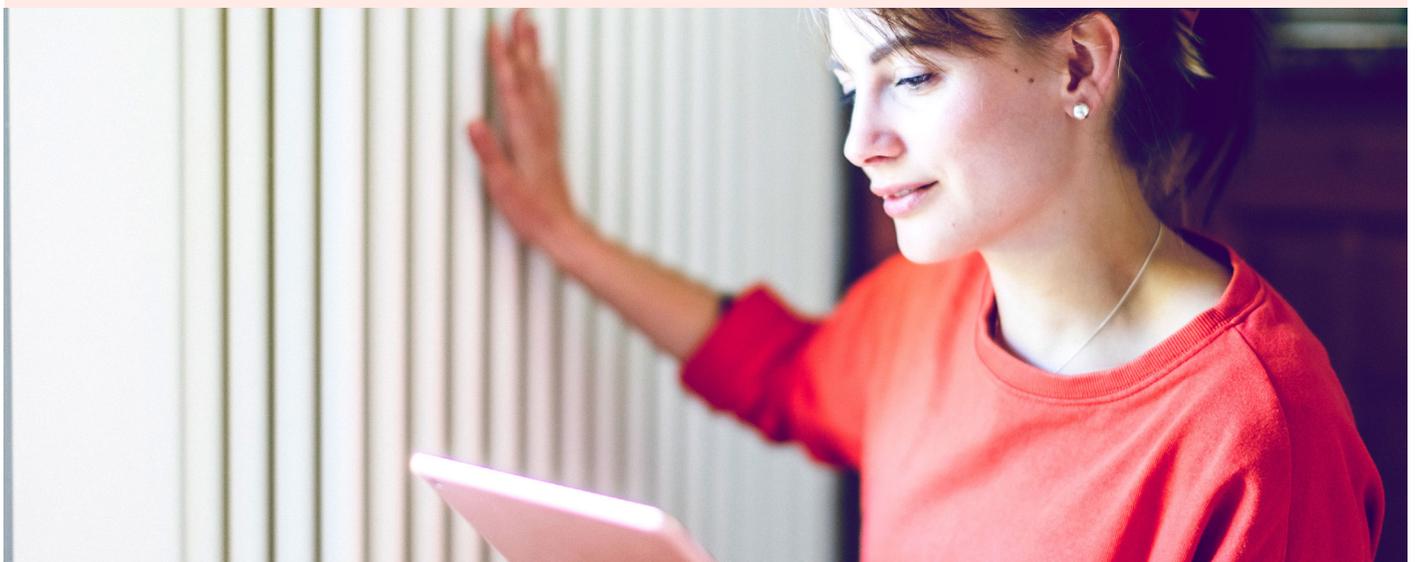
Which of the following apply to your main property? Planning to make improvements to the environmental sustainability of the property...



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

Around one-third (33%) of UK households that are looking to buy a property over the next decade believed the Energy Performance Certificate (EPC) rating of a property was a 'very important' factor to consider, data collected in the final quarter of 2021 showed [Exhibit 1]. This was up from 30% in the previous three months, pointing to a slight improvement in the importance placed on the energy efficiency of a property.

Despite the improvement, the EPC rating still ranked as the fourth-least important of all the factors surveyed. That said, it did close the gap on two other environmental factors, air quality and amount of local green space, both of which were considered very important by 36% of prospective homebuyers.

Risk of flooding remained the most important environmental factor, though its importance receded somewhat since the summer, when awareness was perhaps heightened by a spate of flooding across the UK and continental Europe (53% stated 'very important' down from 55% in Q3).

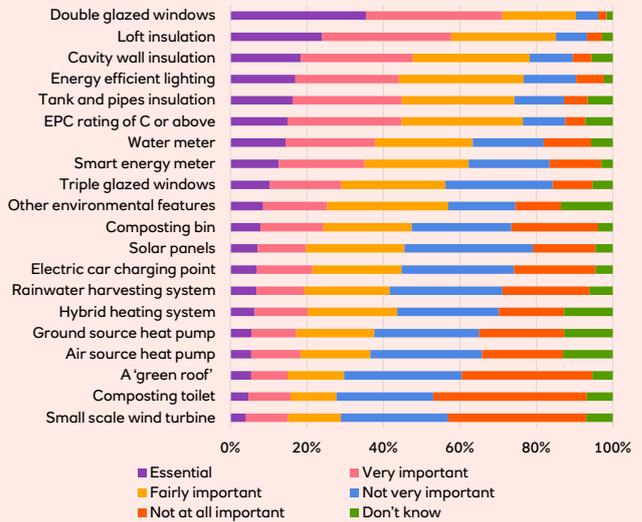
Still, none of these of environmental factors came close to the importance of cost (68% said 'very important'), property features (62%) and location (61%).

In terms of specific sustainable home features, double-glazed windows was still seen by prospective buyers as by far the most essential. An EPC rating of C or above was considered essential by 17%, up from 15% in Q3. A further 30% said it was 'very important' [Exhibit 3].

Notably, there was a 3 percentage-point rise in the proportion of prospective homebuyers saying that energy efficient lighting was an essential property feature (20% up from 17%). There was also a considerable jump in the number of people giving at least some importance to smart energy meters, as shown by a drop in the combined proportions stating either 'not at all important' or 'not very important' from 35% in Q3 to 28% in Q4.

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.

One-third of prospective homebuyers say a property's EPC rating is 'very important'



Energy efficient home improvements

Encouragingly, we saw a positive change in attitudes towards green home improvements towards the end of 2021. The proportion of homeowners planning to make energy saving home improvements in the next decade rose from 55% in Q3 to 63% in Q4.

The increase was mainly driven by a rise in the proportion of homeowners planning to make changes in the next 1-5 years from 26% to 33%. The proportion planning to make improvements in 6-10 years' time also rose, up from 16% to 19%. There was no change in those intending to make changes within the next 12 months, which stayed at roughly 16% [Exhibit 4].

We asked homeowners about the specific changes they plan to make to their property to improve its sustainability and reduce its carbon footprint. Since the previous quarter, there was a 5 percentage-point rise in the proportion of homeowners planning to install an air source heat pump in the next decade, and a 3 percentage-point increase in the proportion planning to install a ground source heat pump. However, for both types of heating system, plans for the next 12 months were little changed since Q3.

Indeed, only 7% of homeowners said they were 'very likely' to consider changing their gas boilers for a different energy source in the next 3 years due to rising gas prices. This compared to 27% that stated they were 'very unlikely' to replace their gas boiler in the next three years.

Costs remained the greatest barrier (stated by 70% of those not actively planning to make improvements in the next decade), followed by the disruption the work would cause (33%). A lack of available financing options (e.g. government grants or loans) was the third-greatest barrier. That said, the proportion stating this as an obstacle fell from 30% in Q3 to 25% in Q4.

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). 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, IHS Markit.

63% of homeowners are planning to make improvements to the sustainability of 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?

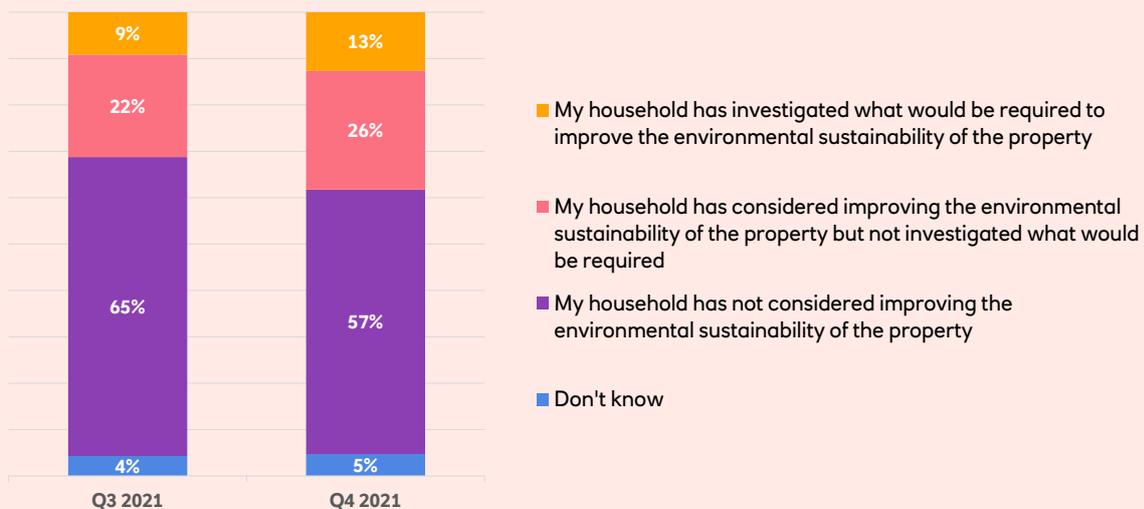
Rank	Barrier	Percentage (change since Q3)	Previous Rank
1	The cost of the work required	70% (+1%)	1
2	The level of disruption the work would cause	33% (+1%)	2
3	The availability of financing options	25% (-5%)	3
4	The extent to which the environmental sustainability of the property could be improved	21% (-1%)	4
5	The feasibility of having the work done given the property type	18% (+1%)	6
6	The time involved to organise having improvements made	17% (-2%)	5
7	The impact on the reduction in monthly energy bills after the improvements	17% (+2%)	8
8	Access to information on how to improve it	13% (-4%)	7
9	The impact on the additional value of the property after the improvements	9% (+1%)	9
10	The property is already as environmentally sustainable as possible at present	4% (-1%)	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 Q4 2021. 'Don't know' excluded from ranking.

Sources: NatWest, IHS Markit.

Exhibit 6:

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



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.



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Similarly, latest data showed a drop in the number of homeowners who considered access to information as a barrier to making improvements, from 17% in Q3 to 13% in Q4, pushing it down to 8th in the rankings [Exhibit 5].

In another encouraging development, among homeowners who have no plans to make green home improvements in the next 10 years, there was a rise in the proportion that said they had at least investigated what would be required to improve the environmental sustainability of their property, from just 9% in Q3 to 13%. A further 26% had considered improving the environmental sustainability of the property but not investigated what would be required, up from 22% in Q3 [Exhibit 6].

58% of renters said neither they nor their landlords had made improvements to the environmental sustainability of the property

Turning to improvements that have already been made to the UK's housing stock, the survey found that just over half (55%) of homeowners had made positive changes to the environmental sustainability of their main property. However, this contrasted with the picture painted by households living in rented property, the majority of which (58%) said that neither they nor their landlords had made improvements during the time they had lived at the property [Exhibit 8].

These results were reflected in some of the survey's other findings on the current condition of rented properties versus those that are owner-occupied. Renters were less likely than homeowners to have either double-glazed windows, energy efficient lighting or a smart energy meter.

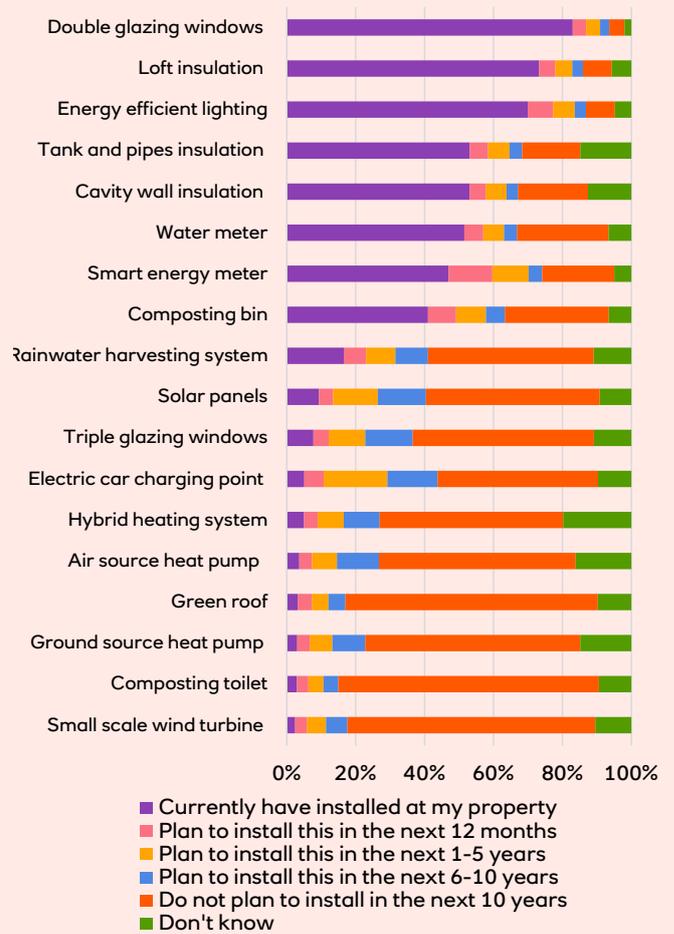
Clearly, more needs to be done to improve the environmental sustainability of the UK's rental housing stock. In fact, 53% of renters 'strongly agreed' with a statement suggesting that, prior to renting a property, landlords should be required to ensure that the property meets certain minimum environmental sustainability standards. A further 29% said they 'tend to agree' with the statement.

Homeowners also showed support for the idea that landlords should be required to ensure that rental property meet certain minimum environmental sustainability standards, albeit fewer (40%) 'strongly agreed' with the statement.

Similarly, 45% of renters (32% of homeowners) 'strongly agreed' with the suggestion that rented properties should be assessed every 3 years to ensure that they meet minimum environmental sustainability standards.

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?

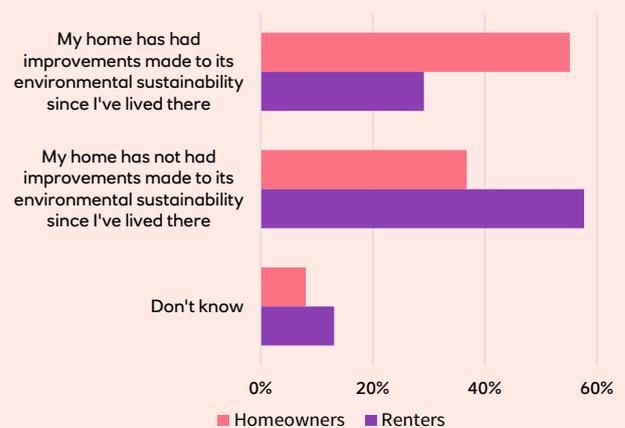


Notes: Homeowners (either own outright or buying with a mortgage), surveyed in Q4 2021.

Sources: NatWest, IHS Markit.

Exhibit 8:

Which of the following applies to your main property?



Notes: Homeowners (either own outright or buying with a mortgage), and Renters (renting either from the local authority, housing association or a private landlord), surveyed in Q4 2021.

Sources: NatWest, IHS Markit.

Green lifestyle choices

Although the core purpose of the survey is to support the transition to greener homes, it's also important for us to consider households' attitudes towards the environment more generally and the wider lifestyle choices that are being made as a result.

21% of respondents surveyed during the fourth quarter of 2021 described themselves as being 'very concerned' with the carbon emissions produced by households in the UK. A further 47% said they were 'fairly concerned', whilst 18% were 'not very concerned'.

Interestingly, when asked to give their opinion on the general public's level of concern, only 12% answered 'very concerned' while 34% responded 'not very concerned'.

The majority of households are taking at least some action to reduce their environmental impact, with efforts to minimise food waste (stated by 71%) and home energy use (59%) topping the list. Large numbers of respondents (47%) also reported regularly recycling clothing (either buying or selling second hand, or gifting) and walking to places instead of using a car (44%), to reduce their environmental impact. The results were little changed since the third quarter, however. Moreover, only around one-in-twenty respondents said they drive an electric or hybrid vehicle, indicating that there is still much work to be done on this front [Exhibit 10].

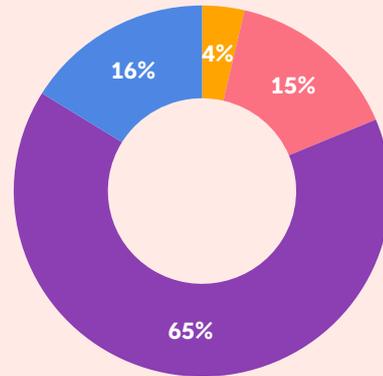
Green banking products offer another opportunity for consumers and banks to work together to tackle environmental issues. Of the products surveyed, green investments or savings remained the most popular, with 6% of respondents saying they already had the product, and a further 22% currently considering it.

4% of respondents reported already having a green mortgage, up slightly from 3% in Q3. In fact, take up was broadly unchanged from the situation in the third quarter across all the green products surveyed.

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: All households.

Sources: NatWest, IHS Markit.

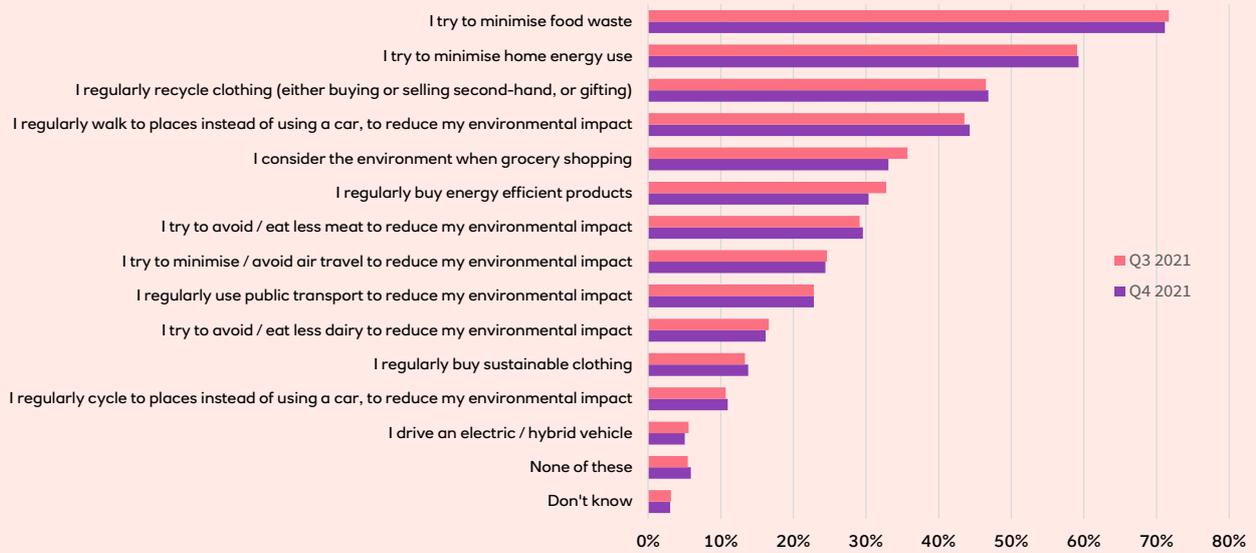
21% of respondents were 'very concerned' with the carbon emissions produced by UK households



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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 (Q4 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, 21st – 25th October, 11th – 17th November, and 2nd – 6th December 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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