



Greener Homes Attitude Tracker

April 2022



NatWest

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Key findings

Q1 2022

Latest data indicates a greater urgency among UK households to make improvements to the environmental sustainability of their properties in the next 12 months

55% of homeowners said high energy prices would make them more likely to implement energy efficiency measures

With energy prices predicted to stay high for the foreseeable future, there is strong support for a temporary cut in VAT on gas and electricity as a way to help reduce the cost of living squeeze

36% of homebuyers said a property's Energy Performance Certificate (EPC) rating was a very important factor when choosing a home, up from 33% in the prior quarter

Energy saving features were generally seen as more important to homebuyers this quarter, as was having access to public transport amid a surge in fuel prices

Challenges remain, with cost the biggest barrier to making energy efficiency improvements

Foreword

The start of 2022 will likely be remembered as a tipping point for many households, with energy efficiency becoming more and more important as the UK is gripped by increasing cost pressures.

As the cost of our energy becomes a regular topic of public conversation, industry and consumer groups are calling for an urgent revamp of the policy framework to make it easier and cheaper for homeowners to save money on their bills by improving the energy efficiency of their homes.

Reducing the amount of energy we need to keep our homes warm is a good way of saving money on energy bills, as well as making a contribution to climate change. Our latest Greener Homes Attitude Tracker shows that UK households are becoming increasingly focused on making energy efficiency improvements to their homes but that the challenge remains of finding the money to make these expensive and disruptive changes to our homes.

Unprecedented times

With a growing number of households being pushed into poverty, and many being anxious about what future energy price rises will mean for their household budgets, there is a real urgency around action on energy efficiency.

Given this, it's not surprising that over the last year, public awareness and support for improved energy efficiency has increased. Our Green Home Improvement Index shows this, with 63% of homeowners planning to take action in the next decade, compared to 54% only 9 months ago. And more homeowners are planning on making changes in the next 12 months – this rose from 16% in the three months to December to 22% in the three months to March.

We're also seeing a shift in homebuyer's expectations via our [Energy Performance Certificate \(EPC\) Ranking](#), with 36% now saying that an EPC rating was going to be very important in their purchase decision, up from 32% 9 months ago.

Savings bias vs cost constraints

Our findings also indicate that homeowners are increasingly motivated by saving money on their energy bills, or at least protecting themselves from

the sharpest rises – with affordability concerns overtaking climate ones. With the right policy framework, public information and incentives, this may prove to be a turning point where consumers increasingly want to take action to improve the energy efficiency of their homes.

However, our latest survey also highlights the challenges that consumers face. Although improved energy efficiency may help consumers save money in the long term, our survey shows that they still see cost as the main barrier to action, with 72% of households not currently planning on making improvements citing the cost of work involved as a reason.

And while there was strong support for measures like freezing VAT on gas and electricity, and support for a programme of sustained public investment in a national homes retrofit programme, the need to provide accessible financing options consumers can trust remains essential.

Playing our part

NatWest has been vocal in calling for accelerated energy efficiency action this decade as the most effective means to address all aspects of the UK's energy trilemma – affordability, energy security and decarbonisation. We're more convinced than ever that now is the right time to accelerate the deployment of energy saving measures.

This quarter, through the Sustainable Homes and Buildings Coalition, we proposed a set of interventions which Government should take to redouble its efforts to inform the public through an information campaign, and use every lever at its disposal to encourage and reward action on energy efficiency. We look forward to continuing to play our part to ensure this decade is one of delivery, in a fair and just way.



Lloyd Cochrane
Head of Mortgages at NatWest Group

Overview

Green home improvements index

Latest data indicated a greater urgency among UK households to make improvements to the environmental sustainability of their properties. The proportion of homeowners planning enhancements in the next 12 months rose from 16% in the final quarter of 2021 to 22% in Q1 2022 [Exhibit 1]. Looking at plans for the next decade as a whole, 63% of homeowners said they intended to make improvements. This was unchanged from the previous quarter, but up from 54% nine months ago.

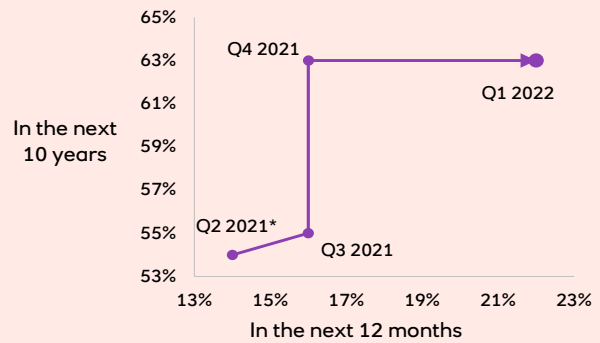
Energy performance certificate (EPC) ranking

We also saw an increase in the importance placed on a property's energy efficiency among prospective homebuyers. Of those looking to purchase in the next 10 years, 36% said that the Energy Performance Certificate (EPC) rating of a property was a 'very important' factor, up from 33% in the prior quarter. However, it was overtaken by access to public transport, which was also seen as more important to homebuyers amid a surge in fuel prices [Exhibit 2].

22% of UK homeowners plan to make green home improvements in the next 12 months, up from 16% in Q4 2021

Exhibit 1:

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



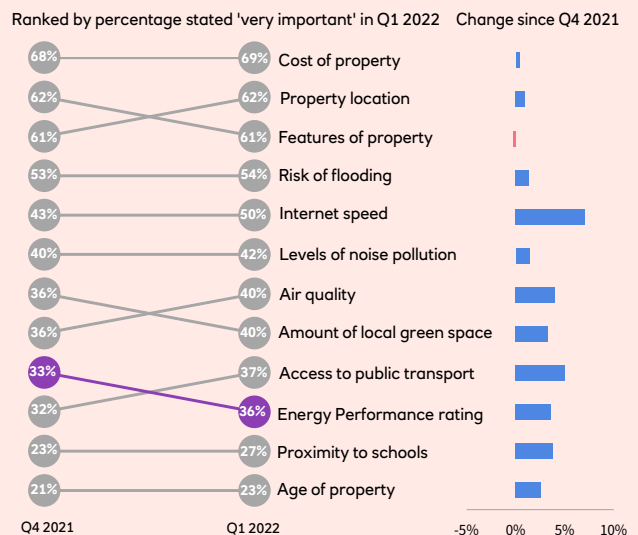
Notes: Homeowners (either own outright or buying with a mortgage). Respondents were permitted to say they planned to make changes in the next 12 months, in the next 1-5 years, and in the next 6-10 years.

*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.



Energy efficient home improvements

The latest Greener Homes Attitude Tracker provided evidence of homeowners bringing forward their plans for energy saving home improvements, amid findings that consumers are looking for ways to offset high energy bills.

The cost of the work involved was a major barrier to making sustainability changes, while the report uncovered strong support for a temporary cut in VAT on gas and electricity as a way to help reduce the cost of living squeeze.

The green home improvements index shows there was a rise in the proportion of homeowners across the UK planning to make energy saving home improvements in the next 12 months, up from 16% in the three months to December 2021 to 22%, alongside a decline in those planning to make upgrades in the next 1-5 years (from 33% to 31%) and in the next 6-10 years (from 19% to 16%).

While there was no change in the total proportion of homeowners planning to make improvements to the environmental sustainability of their property over the next decade (63%), the results nonetheless pointed to an increased urgency to take action [Exhibit 3].

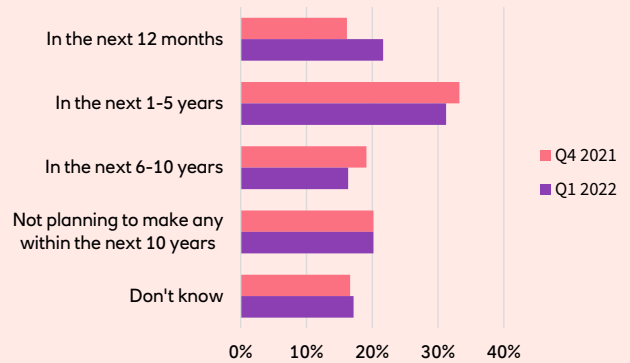
Regionally, 66% of homeowners in the South West & Wales had plans to make sustainability changes in the next decade, compared with 56% in Scotland.

More than half (55%) of homeowners that took part in the survey – which was conducted before the increase in the energy price cap on 1st April – said they were more likely to implement energy saving measures in the home as a result of high energy prices. Conversely, around 11% said that high energy prices would reduce the likelihood of them implementing changes.

The data by income group, which showed that the likelihood of implementing energy saving measures as a result of high energy prices increased with household earnings, suggested that an associated cost of living squeeze would perhaps discourage some.

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.

55% of homeowners said high energy prices would make them more likely to implement energy efficiency measures



Greener Homes Attitude Tracker

Indeed, almost three-quarters (72%) of households that currently had no plans to make improvements to the environmental sustainability of their property stated that the cost of the work involved was a barrier [Exhibit 6].

So, what can be done to help consumers take action? We put that question to our survey of homeowners, and 57% said that being rewarded with cashback or free gifts would encourage them to upgrade their home's energy efficiency. A comparison site, which provides a range of home improvement options including local providers and pricing, was another popular option among homeowners (48% said this would help them improve the environmental sustainability of their main property within the next 10 years).

57% of homeowners said being rewarded with cashback or free gifts would encourage them to improve their home's energy efficiency

With energy prices predicted to stay high for the foreseeable future, there was also strong support for a temporary cut in VAT on gas and electricity [Exhibit 7]. Many also said they would like to see the UK Government accelerate investment in renewable energy to reduce dependence on fossil fuels, while the third-most popular option among those surveyed was a programme of energy efficiency through sustained public investment in retrofitting homes nationally.

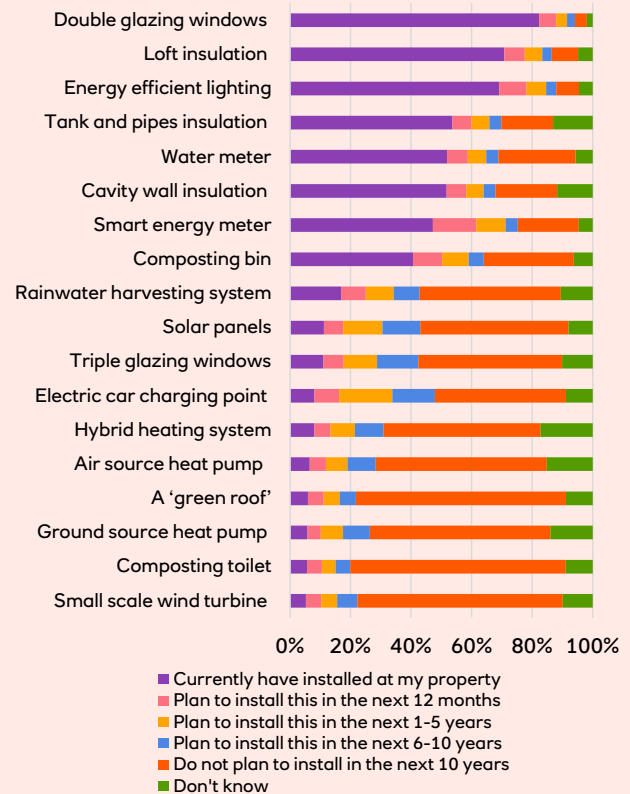
While some energy saving features are now widely adopted, such as double-glazed windows and loft insulation, there is still a lot of progress to be made in other areas. For example, just 6% of owner-occupied homes had an air source heat pump installed, according to the latest data, whilst 8% had an electric car charging point.

More positively, 40% of homeowners said they plan to install an electric car charging point in the next decade, making it the most likely energy-saving feature to be implemented in the future, followed by solar panels (32%) and triple-glazing (31%) [Exhibit 4].

When it comes to financing energy saving measures, around one-third of those looking to install an electric car charging point said they would prefer to pay upfront. However, for more expensive items, such as heat pumps and double-glazing, there was a greater preference to spread the costs over a period of time. Though less than one-in-five said that they would like to spread the cost over more than five years across any of the surveyed features [Exhibit 5].

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?

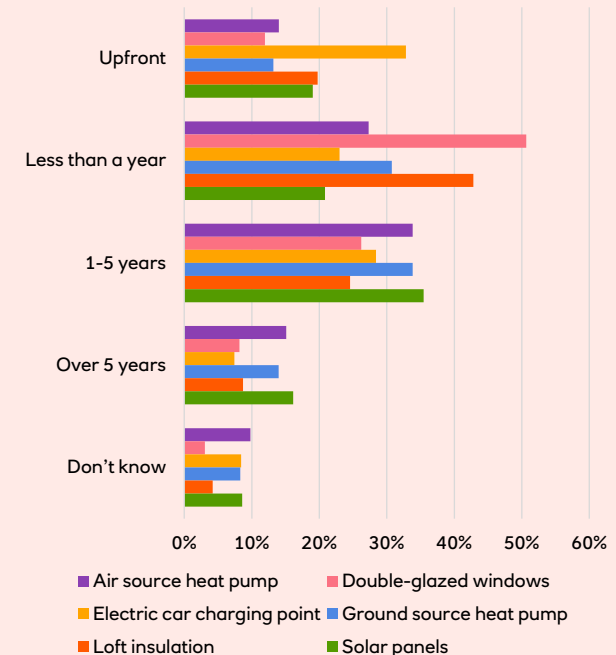


Notes: Homeowners (either own outright or buying with a mortgage), surveyed in Q1 2022.

Sources: NatWest, S&P Global.

Exhibit 5:

Over what period of time, if any, would you prefer to spread the cost of paying for these?



Notes: Homeowners that want to make an environmental improvement to their property, surveyed in Q4 2021.

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?

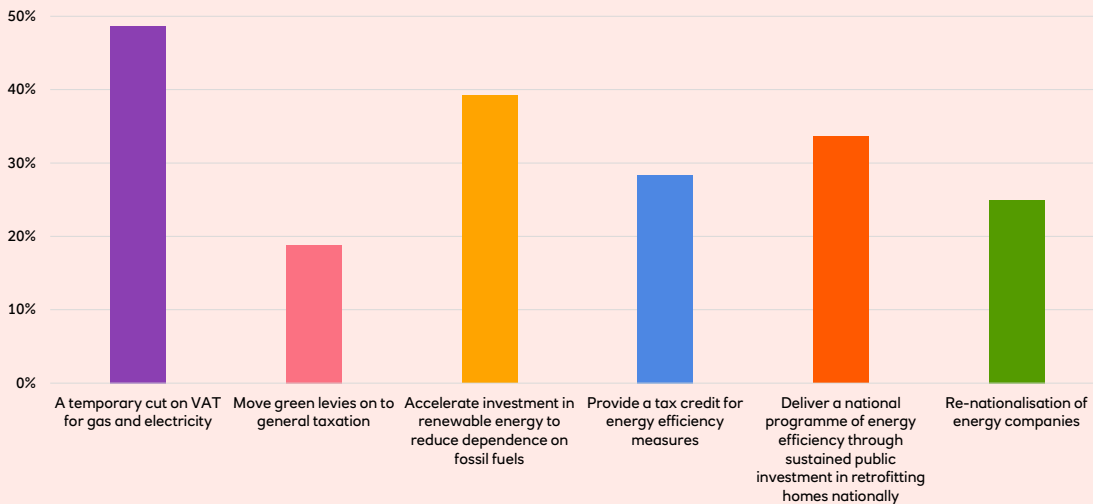
Rank	Barrier	Percentage (chg since Q4 '21)	Previous Rank
1	The cost of the work required	72% (+2%)	1
2	The level of disruption the work would cause	33% (same)	2
3	The availability of financing options	28% (+3%)	3
4	The extent to which the environmental sustainability of the property could be improved	25% (+4%)	4
5	The impact on the reduction in monthly energy bills after the improvements	18% (+1%)	7
6	The feasibility of having the work done given the property type	18% (same)	5
7	The time involved to organise having improvements made	15% (-2%)	6
8	Access to information on how to improve it	15% (+2%)	8
9	The impact on the additional value of the property after the improvements	12% (same)	9
10	The property is already as environmentally sustainable as possible at present	8% (-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, S&P Global.

Exhibit 7:

With energy prices expected to stay high for the foreseeable future, which of the following measures, if any, would you like the UK Government to introduce?



Notes: Homeowners (either own outright or buying with a mortgage), surveyed in Q1 2022. Respondents could select up to 3 options.

Sources: NatWest, S&P Global.



Homebuyer preferences

There was a positive change in attitude towards the importance of a property's energy efficiency at the start of the year, with a growing number of prospective homebuyers stating that the EPC rating was a very important factor when choosing a home.

An electric car charging point and access to public transport were also more desirable among those looking to move, at a time when consumers are coming under pressure from soaring fuel prices.

The energy performance certificate (EPC) ranking shows that 36% of UK households that are looking to buy a property over the next decade believed the Energy Performance Certificate (EPC) rating was a 'very important' factor when choosing a home, data collected in the three months to March showed [Exhibit 2]. This was up from 33% in the previous three months.

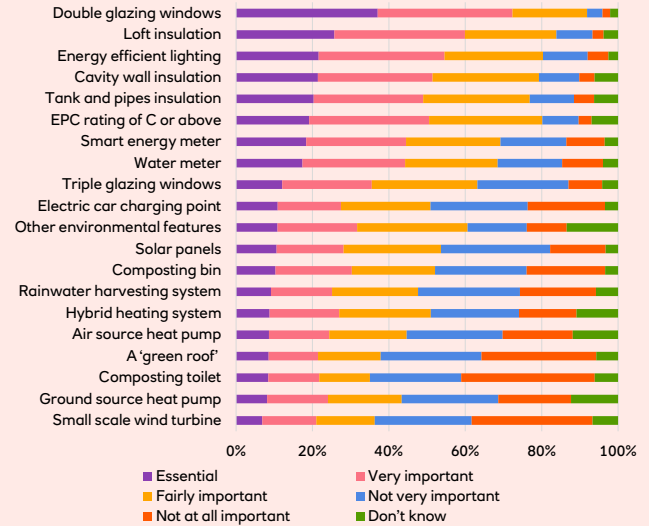
Reflecting this, there was an increase in the desirability of energy saving features generally. 45% of prospective homebuyers gave some degree of importance to air source heat pumps [Exhibit 8], up from 41% in Q4 2021. An even greater rise was seen in respect to electric car charging points from 46% to 51%.

The soaring price of fuel has undoubtedly provided an added incentive for consumers to make the switch to fully-electric or hybrid vehicles, whilst at the same time raising the awareness of the importance of access to public transport. 37% of households looking to purchase in the next decade said this was a 'very important' property feature [Exhibit 2], up from 32% in the three months to December 2021.

In the next section, we look at ways consumers have been adapting their behaviour to reduce their carbon footprint.

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 Q1 2022.
Sources: NatWest, S&P Global.

One-in-five prospective homebuyers say an EPC rating of C or above is essential



Green lifestyle choices

As well as improving the energy efficiency of our homes, changes in our everyday lives, however small, can also help reduce the impact we have on the environment.

A growing number of consumers are very concerned with the carbon emissions produced by UK households. Together with the rising cost of living, this is starting to be reflected in changes in consumers' daily habits, as more report walking or cycling to places and using public transport.

In Q1, 24% of respondents were 'very concerned' with the emissions produced by UK households, up from 21% in the three months to December 2021 [Exhibit 9].

The proportion of consumers saying they regularly walk to places instead of driving a car rose to 46% in Q1 2022, up from 44% in Q4 2021. There were also small gains in those reporting that they regularly cycle to places and those using public transport [Exhibit 10].

Although there was only a slight increase in the proportion of consumers trying to minimise their home energy use, from 59% in the previous quarter to 60%, we note that the survey data was collected before the rise in the energy price cap on 1st April and this is one area worth watching closely in the coming months.

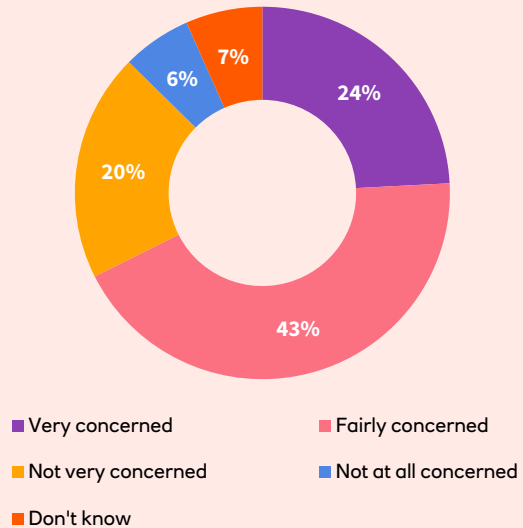
We are also seeing steady progress in the uptake of green banking products, which offer another opportunity for consumers to work in tandem with financial service providers to tackle environmental issues. Of the products surveyed, green investments or savings remained the most popular, and there was a rise in the those stating they already have this kind of product from 6% to 9%.

Green mortgages, green home-related loans, and green current accounts also saw slightly higher take up, although in all cases a majority said they did not have the product and were not considering taking it out.

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

Exhibit 9:

How would you describe your level of concern with the carbon emissions produced by households in the UK?



Notes: All households.

Sources: NatWest, S&P Global.

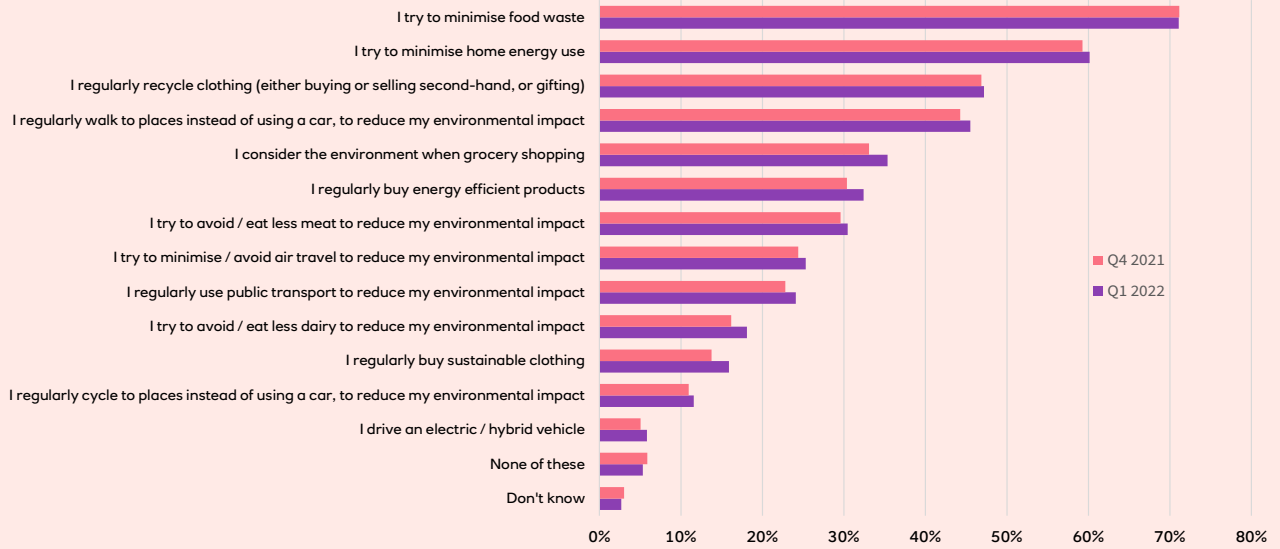
24% of respondents were 'very concerned' with the carbon emissions produced by UK households



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Exhibit 10:

Do any of the following apply to you or not?



Sources: NatWest, 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 (Q1 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, 27th – 31st January, 17th – 21st February, and 3rd – 8th March 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.

Contact

Katie McCracken

Media Relations Manager

NatWest

T: 07399 530133

catriona.mccracken@natwest.com

Phil Smith

Economics Associate Director

S&P Global

T: +44 (0)1491 461 009

phil.smith@spglobal.com

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