



# Greener Homes Attitude Tracker

July 2023

TOMORROW BEGINS TODAY



NatWest

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# Key findings

## Q2 2023

66% of homeowners plan improvements to the environmental sustainability of their property in the next ten years, up from 63% in Q1

For homeowners not planning to make improvements in the next 10 years, the cost of the work (74%) was the biggest barrier, followed by the level of disruption it would cause (32%) and availability of financing options (29%)

Homeowners estimate it would take an average of 15 years for the savings in regular energy bills to offset the estimated installation cost of £34,500 for retrofitting a typical UK home

40% of prospective homebuyers looking to purchase a property in the next 10 years stated that a property's EPC rating was a very important factor

Attitudes towards the importance of high EPC ratings varied widely by age with one-in-four prospective homebuyers aged 35-44 stating an EPC rating of C or above was 'essential', compared to less than one-in-seven of those aged 18-24

28% of renters said it would be 'very important' for energy/utility bills to be included in the overall monthly rental price if searching for a property to rent in the next six months considering the recent rise in the cost of living

61% of households reported trying to minimise home energy use in Q2, down from a peak of 64% in Q4 2022

# Foreword

At the end of June, the Committee on Climate Change published its annual Progress Report to Parliament. The message was clear: we are falling behind - falling behind on the world stage, but also domestically. The Committee was categorical in highlighting that we need faster and more substantial action across the country – energy efficiency is a critical piece of this puzzle.

Decarbonising our housing stock, and our buildings more widely, could reduce the UK's emissions by 15%. Therefore, it's encouraging to see the data from our latest Greener Homes Attitude Tracker, which suggests consumers could be beginning to reprioritise home improvements, as – after two years of difficulty – energy prices begin to fall slightly.

Obviously the energy crisis is not over. The average annual bill for energy is still more than twice as high as pre-crisis times, with a household expected to spend £2,074 a year (Ofgem) if they use a typical amount of energy. And that's alongside other economic headwinds including ongoing food inflation and rising interest rates which mean consumers are still having to deal with a very tough economic outlook.

Despite these challenges, data gathered in our latest Greener Homes Attitude Tracker suggests consumers could be beginning to focus on home improvements again ahead of the winter. Summer tends to bring energy costs down but it's great to see that despite this, consumers still want to push forward with green home improvements. In Q2, we've seen the proportion of consumers planning green home improvements rise: 66% of homeowners are planning sustainability related improvements to their property in the next ten years, up from 63% in Q1. Those planning improvements in the next 12 months and 1-5 years, also increased slightly. Such movements in consumer sentiment will be key to give confidence to the supply chain to invest, at a time when it is already a clear stumbling block. We know that a healthy and competitive supply chain is vital to bring home improvement costs down.

For the past two years, we've been working with energy efficiency experts Quidos Limited, who say that £34,500 is the estimated cost of installing a heat pump, cavity wall insulation, loft insulation, double glazed windows, and solar panels in a typical UK home. As previous data has suggested, and our latest data reaffirms, these costs are simply too high. However, with 66% of homeowners demonstrating a desire to undertake energy efficiency improvements in general it's clear that we need to turn willingness into action. That is the key challenge of the next few years.

## Green homes are the future

In our last quarterly tracker, I talked about the importance of remembering the big picture. The same goes for this quarter - support for energy efficiency remains resilient: 40% of homeowners plan to install an electric car charging point in the next decade; and 40% of those looking to purchase a property in the next

10 years believe that an EPC rating is a 'very important' factor to consider: a means to 'future proof' their investment. The long-term signals are strong and encouraging.

But we're not there yet. We need the right policy framework and the right balance of regulation and investment to ensure consumers get the most out of this opportunity, to turn willingness into action. Our homes need to be ready for the future, and NatWest is ready to play its role in building that future. We're proudly co-chairing the Energy Efficiency Taskforce, a body set up to guide government's thinking on the industry – it's still early days, but over the next year we hope to develop some tangible outcomes for our country's housing stock.

## A sneak-peek for the rest of 2023...

As I've mentioned before, NatWest also leads the Sustainable Homes and Buildings Coalition alongside Citizens Advice, Worcester Bosch and British Gas. For the last two years, we've campaigned to ensure that energy efficiency policy has a consumer-centric approach rather than a 'top-down' approach. It's critical to remember that people, and their homes, are at the heart of this issue. We've also looked to practice what we preach.

To that end, I'm excited to say we'll be releasing our third report in our 'Home is Where the Heat is' series, which began back in 2021 and has been successful in raising awareness around the challenges in the home improvement sector. We're completing a series of retrofits across the country, helping nine households transform their properties into homes of the future. These homeowners have kindly agreed to share their experience of the process, shining a light on the consumer experience for the millions of people who will need to undergo this transition in the coming years.

Our findings and recommendations are coming soon - watch this space.



**Lloyd Cochrane**  
Head of Mortgages at NatWest Group



# Overview

## Green home improvements index

Homeowners' attitudes towards green home improvements reversed their recent decline in Q2. After having fallen in each of the previous two quarters, the proportion of homeowners planning to make improvements to the environmental sustainability of their main property in the next ten years rose to 66% from 63% [Exhibit 1]. There was also a slight increase in the number of homeowners with plans for upgrades in the next 12 months, with the proportion ticking up from a recent low of 21% in Q1 to 22%.

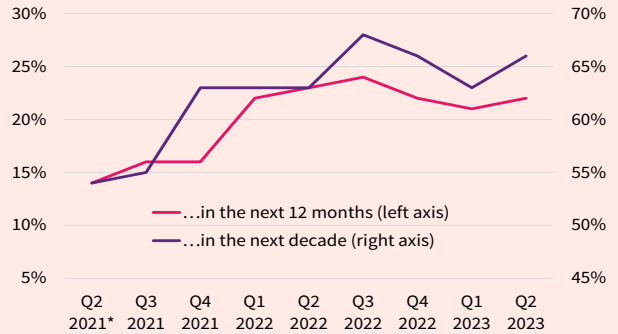
## Energy performance certificate (EPC) ranking

Two-in-five (40%) prospective homebuyers looking to purchase a property in the next 10 years stated that a property's Energy Performance Certificate (EPC) rating was a 'very important' factor to consider. This was up fractionally from 39% in the opening quarter of the year but still below Q4 2022's 41%. The result moved the EPC rating up one place in the rankings ahead of access to public transport (39% stated 'very important'). Cost remained the most important factor (68%), followed by property location (63%).

**66%** of homeowners planned improvements to the environmental sustainability of their property in the next ten years, up from 63% in Q1

### 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.

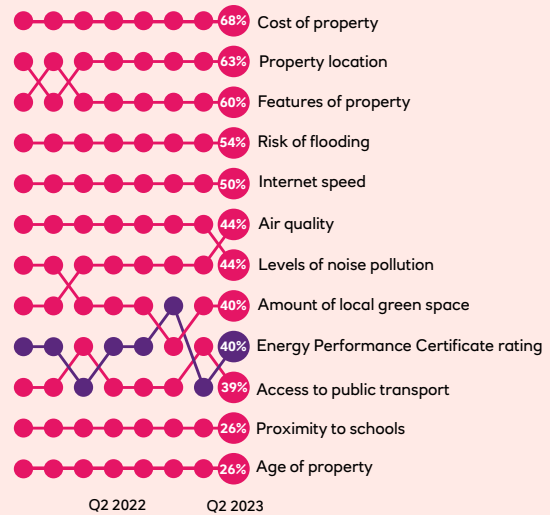
\*Q2 2021 based on May and June data only.

**Sources:** NatWest, S&P Global Market Intelligence.

### Exhibit 2:

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

Ranked by percentage stated 'very important' in Q2 2023



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

**Sources:** NatWest, S&P Global Market Intelligence.



# Energy efficient home improvements

Latest data showed renewed appetite for energy efficient home upgrades, with the proportion of UK homeowners planning to make improvements rising for the first time in nine months in Q2.

Nevertheless, the cost of the work required remained the foremost barrier to making sustainable home improvements. Installing a heat pump, cavity wall insulation, loft insulation, double glazed windows and solar panels in a typical UK house is estimated to cost £34,500 by energy efficiency experts, Qidos Limited.

Data for the three months to June showed an increase in the proportion of homeowners planning to make improvements to the environmental sustainability of their main property in the next ten years, thereby reversing the decline seen in the opening quarter of the year (63% up to 66%). The proportion was still slightly below the series high of 68% recorded in Q3 2022, however.

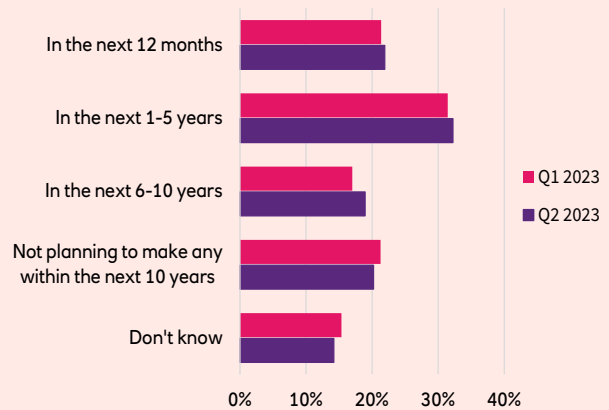
Appetite for making green home improvements in the next 12 months increased only slightly, with the proportion of homeowners with plans ticking up from 21% in Q1 to 22% in Q2. Data showed a similarly fractional rise in plans for the next 1-5 years (32% up from 31%). There was a more noticeable shift in attitudes towards longer-term plans, with the proportion of those intending to make upgrades in the next 6-10 years rising from 17% to 19%.

A smart energy meter and composting bin were the two green home features most likely to be installed by homeowners in the next 12 months, both cited by 11% of respondents [Exhibit 4].

An electric car charging point remained the feature most likely to be installed over the next 10 years (40%), ahead of solar panels (38%) and triple-glazing (35%). For solar panels, this was up from 32% a year earlier – the largest

**Exhibit 3:**

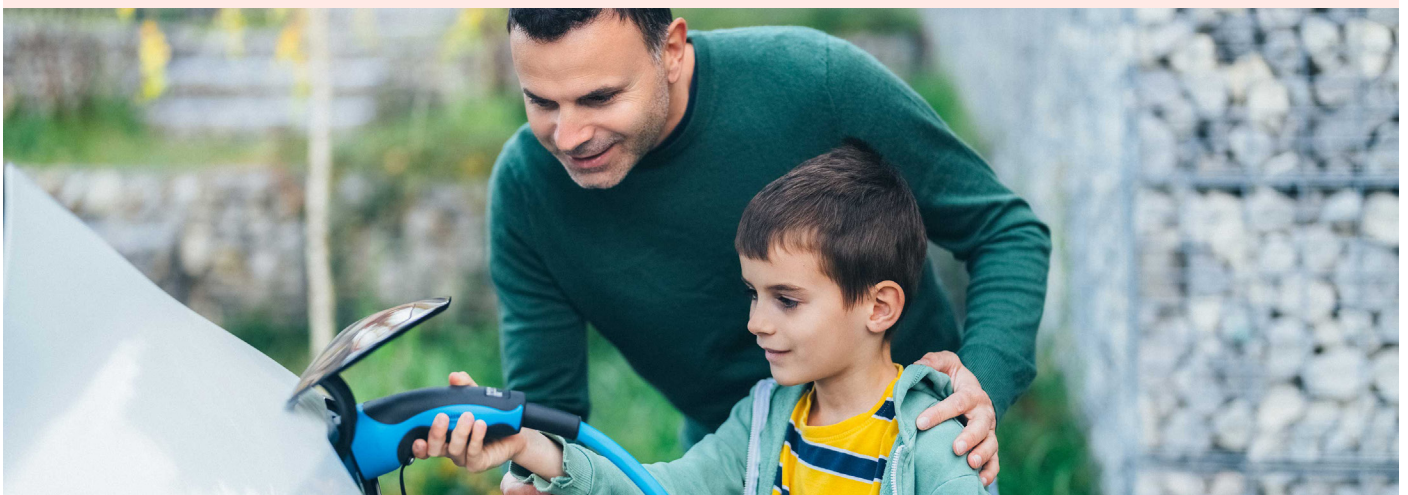
Which of the following apply to your main property? Planning to make improvements to the environmental sustainability of the property...



**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 Market Intelligence.

**£34,500** is the estimated cost of installing a heat pump, cavity wall insulation, loft insulation, double glazed windows and solar panels in a typical UK house



## Greener Homes Attitude Tracker

increase amongst the surveyed features.

Among the homeowners who stated that they either were not planning to make any improvements in the next 10 years (20%) or didn't know if they would (14%), almost three-quarters said that the cost of the work required was a barrier [Exhibit 5]. The data suggested that it was the biggest obstacle by far, ahead of the level of disruption the work would cause (cited by 32%) and the availability of financing options (29%).

**40% of homeowners plan to install an electric car charging point in the next 10 years**

According to efficiency experts Qidos Limited, installing a heat pump, cavity wall insulation, loft insulation, double glazed windows and solar panels in a typical UK house would cost an estimated £34,500. We asked homeowners to estimate how many years it would take for the savings in regular energy bills for a typical UK home<sup>1</sup> to offset the installation cost. The average answer was 15 years<sup>2</sup>.

Staying on the topic of energy bills, 28% of current renters said that it would be 'very important' for energy / utility bills to be included in the overall monthly rental price if they were searching for a property to rent in the next six months considering the recent rise in the cost of living. A further 31% said it would be 'fairly important'.

<sup>1</sup> Based on the typical household energy bill at the time of the survey, which was £2,500 per year.

<sup>2</sup> 15 years was both the mid-point in the range of answers and the most common answer.

### 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?

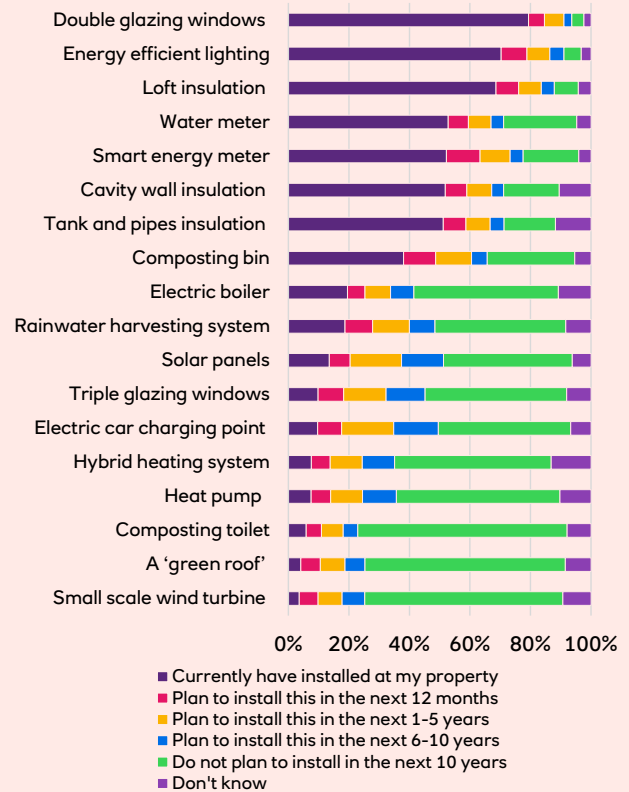
Rank	Barrier	Percentage (pp chg since Q1 '23)	Previous Rank
1	The cost of the work required	74% (+3%)	1
2	The level of disruption the work would cause	32% (+4%)	2
3	The availability of financing options	29% (+3%)	3
4	The extent to which the environmental sustainability of the property could be improved	19% (-2%)	4
5	The impact on the reduction in monthly energy bills after the improvements	19% (+2%)	6
6	The feasibility of having the work done given the property type	17% (-2%)	5
7	The time involved to organise having improvements made	17% (+3%)	7
8	Access to information on how to improve it	11% (unchanged)	8
9	The impact on the additional value of the property after the improvements	9% (-2%)	9
10	The property is already as environmentally sustainable as possible at present	7% (-1%)	10
11	Other barriers	5% (-1%)	11

**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 2023. 'Don't know' excluded from ranking.

**Sources:** NatWest, S&P Global Market Intelligence.

### 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 2023.

**Sources:** NatWest, S&P Global Market Intelligence.



# Homebuyer preferences

Homebuyer preferences showed very little change in the second quarter, but digging a little deeper, we found that attitudes towards home energy efficiency in general and specific green features varied greatly by age group.

20% of people looking to purchase a property in the next 10 years considered an Energy Performance Certificate rating of C or above an 'essential' feature, according to data collected in the three months to June. This was little-changed from 19% in Q1. A further 35% considered it a 'very important' feature.

Attitudes towards the importance of high EPC ratings varied widely by age group, however. One-in-four prospective homebuyers aged 35-44 stated that an EPC rating of C or above was an 'essential' feature, compared to less than one-in-seven of those aged 18-24.

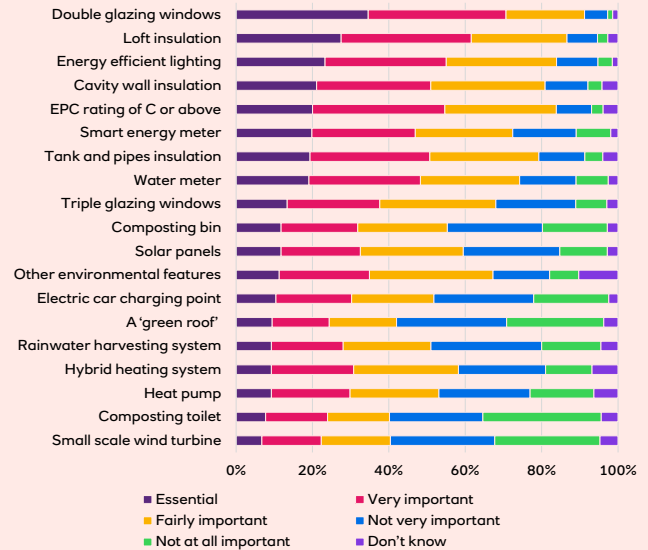
Solar panels were one of the green home features considered more essential than was the case in the three months to March (12% up from 10%). Again, opinions differed across the age ranges. Whereas nearly 40% of respondents aged 35-44 stated that solar panels were either 'essential' (18%) or 'very important' (21%), this fell to only 18% of those aged 55-64.

A smart energy meter was considered 'essential' by 20% of prospective homebuyers, up from 17% a year earlier. That was the biggest rise among the surveyed features. However, it still trailed well behind the most desired feature, which was double-glazing (stated 'essential' by 35% of respondents looking to buy in the next 10 years) [Exhibit 6].

In terms of more general factors, the cost of a property remained of utmost importance to prospective homebuyers, ahead of both location and property features. That said, the proportion of those stating that the cost of a property was a 'very important' factor ticked down for the first time in nine months, dropping from a series high of 71% in Q1 to 68% [Exhibit 2]. Respondents aged 55-64 were the most likely to say that cost was a 'very important' factor (76%).

**Exhibit 6:**

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 2023.

**Sources:** NatWest, S&P Global Market Intelligence.

**20% of prospective homebuyers said that an EPC rating of C or above was "essential", little-changed from 19% in Q1**





# Green lifestyle choices

Latest data pointed to a general reduction in efforts to cut energy bills since the winter, with changes in behaviour particularly noticeable amongst younger age groups.

During the three months to June, switching off devices that are usually left on was the most common action taken to reduce energy bills as a result of the recent rise in the cost of energy and the cost of living generally. However, the proportion of households having done so fell from 47% in Q1 to 44% [Exhibit 9]. Efforts to avoid overfilling the kettle also decreased, down from 45% to 43%, while there were notable reductions in the numbers of those using appliances less often (41% from 46%) and using a microwave rather than an oven (27% from 32%).

These trends were generally driven by younger age groups, demographic breakdowns of the data showed. For example, among respondents aged 25-34, the proportion using appliances less often fell from 44% in Q1 to 33% in Q2, whilst the proportion switching off devices fell from 46% to 37% [Exhibit 7].

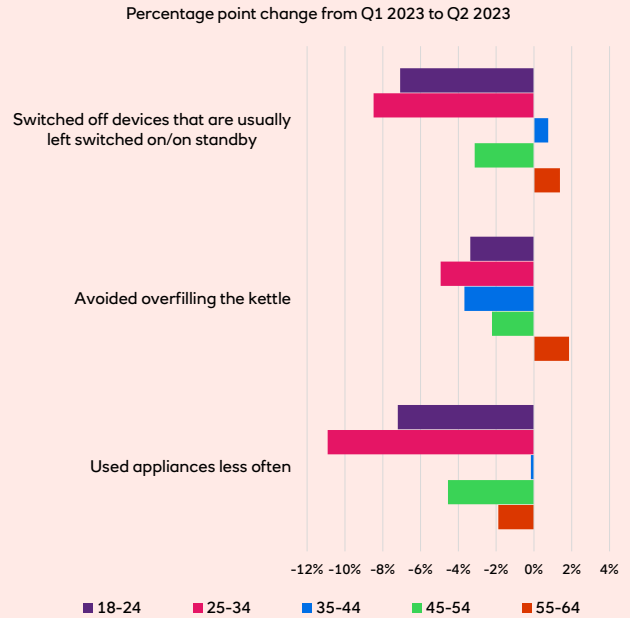
Fewer households reported trying to minimise home energy use generally, with the proportion falling further from a peak of 64% in Q4 2022 to 61%. Minimising food waste remained the most common action taken among the green lifestyle choices monitored by the survey. However, the proportion of households doing so decreased slightly from 70% in Q1 to 68% [Exhibit 8].

Interest in green financial products meanwhile perked up slightly in the second quarter. 5% of households reported that they already had a green mortgage, up from 4% in the previous two quarters, with a further 19% currently considering taking one out. It was a similar story for all of the green financial products surveyed in fact, with data showing across-the-board, albeit slight, increases in the attractiveness of green home-related loans, green savings and investments and green current accounts.

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

## Exhibit 7:

What actions, if any, have you or your household taken to reduce your energy bills as a result of the recent rise in the cost of energy or the cost of living generally?



Notes: All households, surveyed in Q2 2023.

Sources: NatWest, S&P Global Market Intelligence.

**61% of households reported trying to minimise home energy use in Q2, down from a peak of 64% in Q4 2022**



# Greener Homes Attitude Tracker

## Exhibit 8:

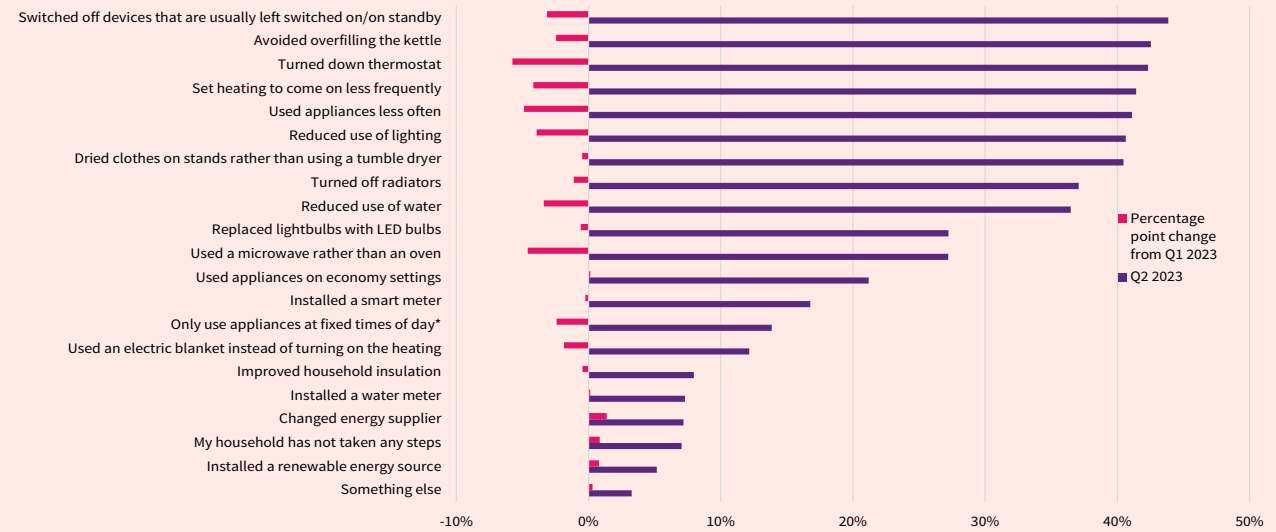
Do any of the following apply to you or not?



**Notes:** All households, surveyed in Q2 2023.  
**Sources:** NatWest, S&P Global Market Intelligence.

## Exhibit 9:

What actions, if any, have you or your household taken to reduce your energy bills as a result of the recent rise in the cost of energy or the cost of living generally?



**Notes:** All households, surveyed in Q2 2023.  
**Sources:** NatWest, S&P Global Market Intelligence.



# 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 2023 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, 13th– 17th April, 12th –15th May, and 8th – 10th June 2023. 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](mailto:economics@ihsmarkit.com).

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