



# Greener Homes Attitude Tracker

October 2022



NatWest

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# Contents

Key findings

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Foreword

---

Overview

---

Energy efficient home improvements

---

Homebuyer preferences

---

Green lifestyle choices

---

Survey methodology

---

Contact

---

# Key findings

Q3 2022

Key finding 1

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Key finding 2

---

Key finding 3

---

Key finding 4

---

Key finding 5

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# 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

There was a notable increase in the number of homeowners planning to make improvements to the environmental sustainability of their property over the next decade since the previous quarter, albeit with plans for the next 12 months showing little change, the latest Green Home Improvements Index showed. Those planning changes in the next 12 months rose only slightly from 23% in Q2 to 24% in Q3. When considering the next the decade, however, the increase was notable, rising from 63% to 68%. This is up from just 55% a year ago.

## Energy performance certificate (EPC) ranking

The Energy Performance Certificate (EPC) rating of a property has meanwhile become much more important to prospective homebuyers over the past 12 months. Among those looking to purchase in the next ten years, 40% said that a property's EPC rating was a 'very important' factor, up from 30% in Q3 2021. In terms of overall priorities, however, it still ranks well behind the likes of property cost and location (stated 'very important' by 67% and 61% respectively).

**68% of UK homeowners plan to make green home improvements in the next decade, up from 63% in Q2**

### 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.

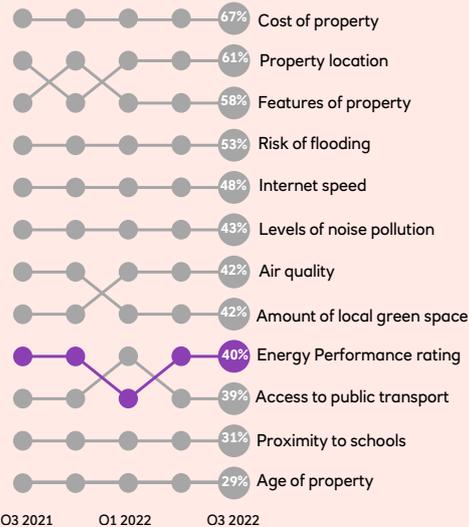
\*Q2 2021 based on May and June data only.

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?

Ranked by percentage stated 'very important' in Q3 2022



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

Sources: NatWest, S&P Global.



# Energy efficient home improvements

Rising energy prices and a general increase in the cost of living have provided an added incentive to implement energy efficiency measures around the home, with a growing number of homeowners planning to do so over the next 12 months and beyond.

But with household finances under increasing pressure, many continue to see cost as a barrier to greening their property and more support will be needed to speed up the transition with energy bills potentially set to rise again for some from October.

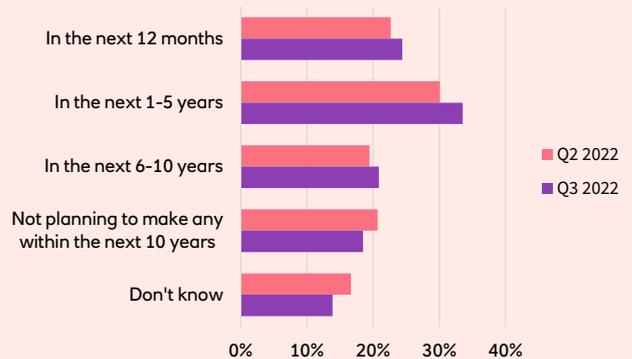
Data collected in the three months to September showed that almost a quarter (24%) of homeowners were planning to make improvements to the environmental sustainability of their property in the next 12 months. Though this was up only slightly from the previous quarter (23%), it represented a notable improvement from 16% a year ago.

Around half of homeowners stated that the rise in the cost of living due to factors such as higher energy bills, food prices, fuel prices and interest rates had made them more likely to implement energy saving measures over the next 12 months. On the other hand, 23% said they were now less likely, up from 17% in Q2, hinting at growing issues for some homeowners around the affordability of green home improvements amid a sharp squeeze on discretionary spending.

The greatest changes from the previous survey were around medium-term plans. The proportion of homeowners planning to make improvements to the environmental sustainability of their property over the next 1 to 5 years rose notably from 30% in Q2 to 34% in Q3. There was also an increase in regard to the next 6 to 10 years, from 19% to 21% [Exhibit 3]. But evidently more needs to be done to support households in the here and now.

### 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.

**68% of homeowners planning improvements to the environmental sustainability of their property over the next decade**



## Greener Homes Attitude Tracker

In our Q3 survey, we asked respondents about the likelihood of the UK Government introducing measures aimed at helping households to improve the energy efficiency of their homes in the autumn budget. Back in July, opinion was almost equally divided (the proportion stating either 'certain to', 'very likely' or 'fairly likely' was 34% and similar to the 35% that stated either 'certain not to', 'very unlikely' or 'fairly unlikely'). However, as the quarter progressed, confidence that the Government would introduce measures was found to have increased slightly [Exhibit 5].

**14% of homeowners plan to install a smart energy meter in the next 12 months**

One long-running Government initiative is the rollout of smart energy meters, which could see renewed impetus in the coming months due to a greater focus on energy consumption and bills. 14% of homeowners said they plan to install a smart energy meter over the coming 12 months, which was the highest among the 18 features surveyed. That said, 18% stated they did not plan to install one in the next 10 years [Exhibit 4].

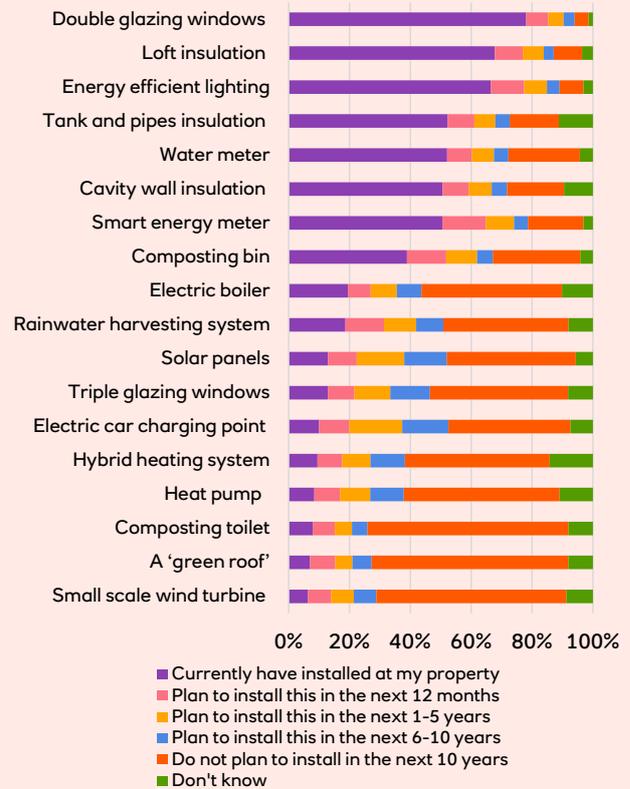
The survey also showed an increasing number of people turning to energy efficient lighting as a way to reduce electricity consumption, with 11% of homeowners planning to install this feature in the coming year. This was up from 7% a year ago.

Looking further ahead, an electric car charging point topped the list of features most likely to be installed over the next decade. 10% of homeowners said they planned to install one in the coming 12 months, with a further 17% intending to do so in the next 1 to 5 years, and 15% in the next 6 to 10 years. It was followed by solar panels and triple-glazed windows (39% and 34% planned to install in these in the coming decade respectively).

Still, around one-in-five homeowners (18%) said they were not planning to make any improvements to the environment sustainability of their property within the next 10 years, with a further 14% answering 'don't know'. Among this group, over 70% said that cost was a barrier. The level of disruption the work would cause was also dissuading many from implementing energy saving measures (30%), as was a lack of finance options (26%). The survey also revealed some doubts about the extent to which the environmental sustainability of the property could be improved (24% cited this as a barrier) [Exhibit 6].

### 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?

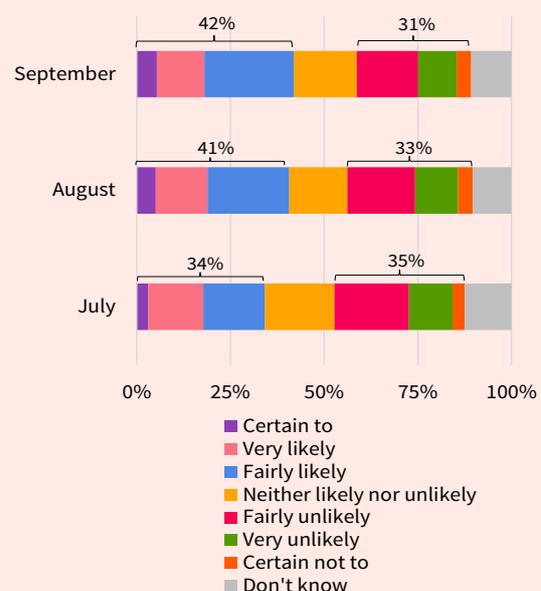


Notes: Homeowners (either own outright or buying with a mortgage), surveyed in Q3 2022.

Sources: NatWest, S&P Global.

### Exhibit 5:

How likely or unlikely do you think it is that the UK Government will introduce measures aimed at helping households to improve the energy efficiency of their homes in the autumn budget?



Notes: All households, surveyed in Q3 2022.

Sources: NatWest, S&P Global.

## Greener Homes Attitude Tracker

### 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 (pp chg since Q2 '22)	Previous Rank
1	The cost of the work required	71% (same)	1
2	The level of disruption the work would cause	30% (+1%)	2
3	The availability of financing options	26% (-2%)	3
4	The extent to which the environmental sustainability of the property could be improved	24% (+1%)	4
5	The impact on the reduction in monthly energy bills after the improvements	20% (same)	5
6	The feasibility of having the work done given the property type	19% (+1%)	6
7	The time involved to organise having improvements made	17% (+3%)	7
8	Access to information on how to improve it	14% (+1%)	8
9	The impact on the additional value of the property after the improvements	13% (same)	9
10	The property is already as environmentally sustainable as possible at present	9% (-2%)	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 Q3 2022. 'Don't know' excluded from ranking.

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



# Homebuyer preferences

Whilst a property's cost and location remain the highest priorities among prospective homebuyers, its Energy Performance Certificate (EPC) rating has grown in importance considerably in the past year, as has its age and having access to public transport.

Homebuyers also increasingly view a number of green property features, including smart energy meters, water meters and rainwater harvesting systems, as being essential.

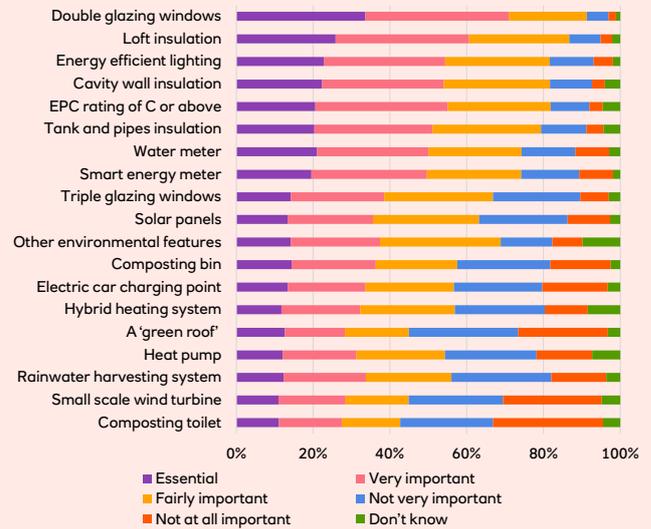
According to the latest Energy Performance Certificate (EPC) ranking, 40% of consumers looking to buy a property in the next decade considered a property's EPC rating a 'very important' factor, little-changed from 39% in Q2 but up notably from 30% a year earlier. A property's age (29% stated 'very important' from 18% in Q2 2021) and having access to public transport (39% from 29%) have also become a lot more important in the past 12 months [Exhibit 2].

Still, these three factors continue to rank among the lowest of those surveyed based on the percentages of homebuyers stating 'very important', behind the likes of not only cost (67%), location (61%) and property features (58%), but also risk of flooding (53%), internet speed (48%) and levels of noise pollution (43%).

The growing importance placed on smart energy meters was further highlighted by a rise in the proportion of prospective homebuyers stating that it was an 'essential' property feature, from 17% in Q2 to 20% in the three months to September [Exhibit 8]. Other green features that saw increases importance since the previous survey included water meters (21% stated essential from 19%), composting bin (14% from 12%) and rainwater harvesting systems (12% from 10%).

**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 Q3 2022.

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

**40% prospective homebuyers said that a property's EPC rating was a 'very important' factor**



# Green lifestyle choices

With energy prices and the cost of living generally having risen sharply over the past year, in this section of the report we look at the various ways households are trying to reduce energy bills.

The most common action taken among those surveyed was switching off devices that are usually left switched on or on standby, cited by 44% of households. Furthermore, this rose to 53% among those that said their monthly energy bills had 'increased a lot' over the past 12 months. Other popular actions included using appliances less often (cited by 43% of all respondents), avoiding overfilling the kettle (41%) and reducing the use of lighting (40%) [Exhibit 10].

When it came to green lifestyle choices more generally, minimising home energy use (61%) was second only to minimising food waste (67%) among the actions surveyed [Exhibit 11].

However, households can only do so much to reduce energy usage, which is why the Government has introduced a number of measures to help limit increases in energy bills. Among them is the universal Energy Bill Support Scheme (EBSS), which will see all household receive a £400 rebate. Half of homeowners and renters surveyed<sup>1</sup> disagreed that this was a sufficient response to help them manage the increase in their energy bills.

Breaking the data down by income group showed that those earning between £23,001 to £34,500 per year were the most likely to disagree that the EBSS was a sufficient response (55% disagreed) [Exhibit 9].

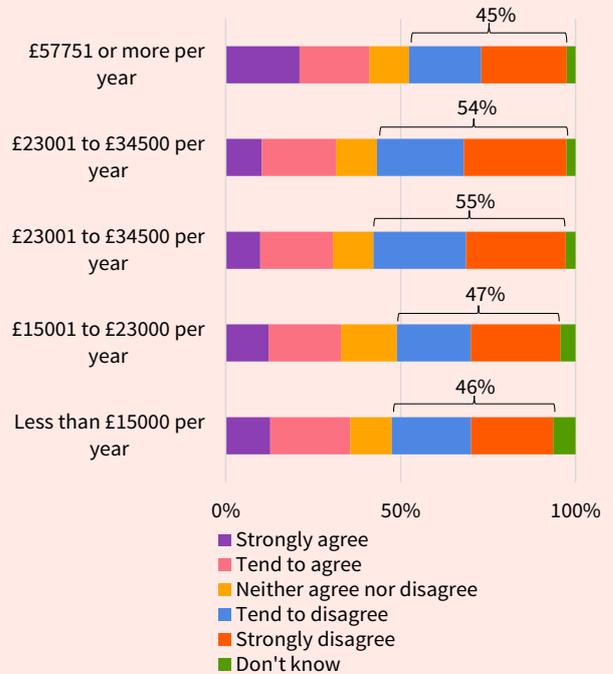
The survey meanwhile showed a continued steady increase in the use of green banking products. One-in-ten reported already having green savings or investments, up from 6% a year ago, with a similar rise in the uptake of green mortgages (7% from 3%).

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

1. The survey was conducted before the Government's announcement that a typical household energy bill will be capped at £2,500.

**Exhibit 9:**

The £400 Energy Bills Support Scheme grant is a sufficient response to help my household manage the increase in energy bills:



Notes: Households that reported an increase in their energy bills in the past 12 months, by household income, surveyed in Q3 2022.

Sources: NatWest, S&P Global.

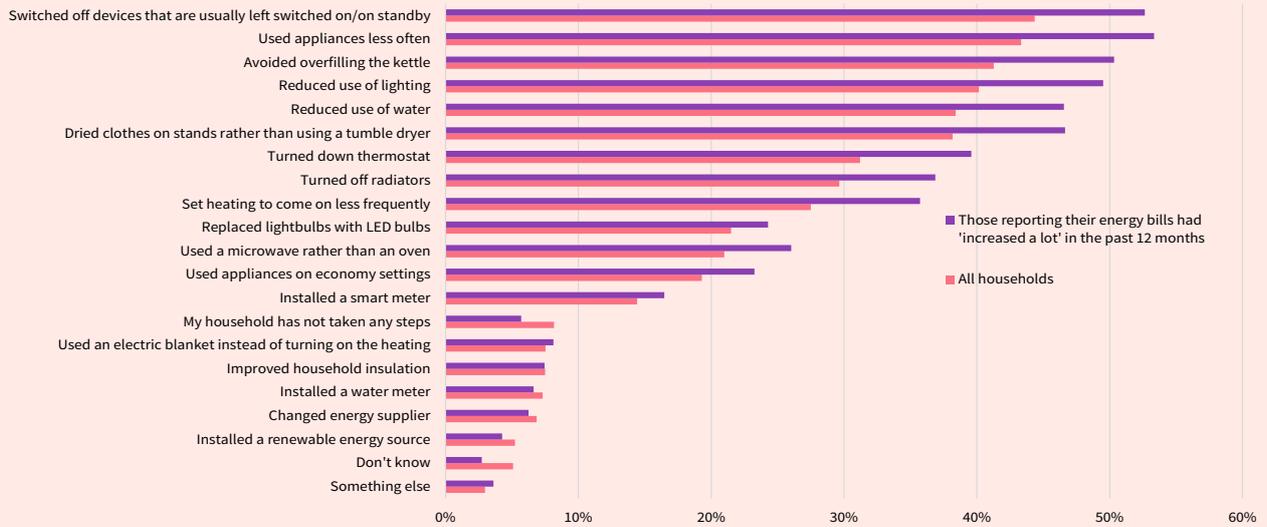
**44% of respondents reported switching off devices to reduce energy bills**



## Greener Homes Attitude Tracker

### Exhibit 10:

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?

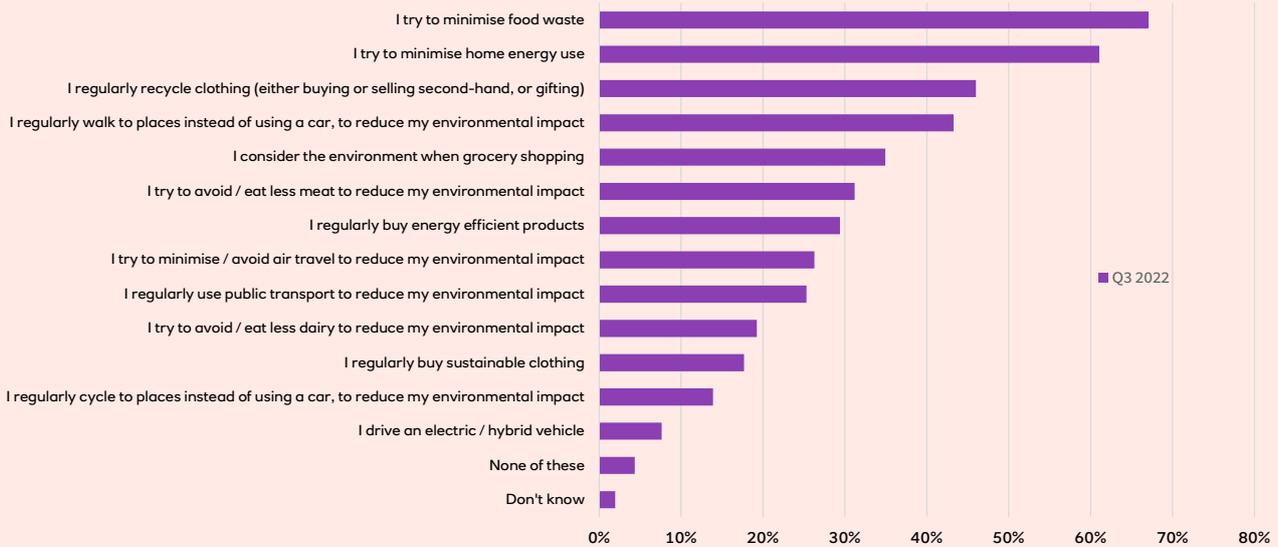


Notes: All households, surveyed in Q3 2022.

Sources: NatWest, S&P Global.

### Exhibit 11:

Do any of the following apply to you or not?



Notes: All households, surveyed in Q3 2022.

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, 15th – 19th July, 11th – 16th August, and 1st – 5th September 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](mailto:economics@ihsmarkit.com).

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