



# Greener Homes Attitude Tracker

January 2023



NatWest

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# Key findings

## Q4 2022

The proportion of homeowners planning to make improvements to the environmental sustainability of their properties in the next 12 months and next ten years has decreased for the first time since Q2 2021

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Over a quarter (26%) of homeowners said the rise in the cost of living had made them less likely to implement energy efficiency measures in the next 12 months, up from 23% in Q3

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64% of households were trying to minimise home energy use in Q4, up from 59% a year earlier. Avoiding overfilling the kettle, switching off devices and using appliances less often were common actions being taken. Many also reported having the heating on less frequently (45%) and even going as far as turning off radiators (37%)

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A smart energy meter was the item most likely to be installed over the next year, although just over half (54%) of homeowners reported having a smart energy meter already installed. Rental properties lag behind with 48% of households saying they already had one installed

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Medium to longer term, consumers desire electric car charging points and solar panels to improve energy efficiency (stated by 39% and 38% of homeowners respectively)

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More than one-in-five (21%) looking to buy a property in the next 10 years considered an EPC rating of C or above an "essential" property feature, up from 17% a year earlier, and 22% of households that had moved in the past 12 months stated that getting a higher EPC rating was one of the factors

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# Foreword

As we enter a new year, consumers find themselves facing familiar challenges: soaring energy bills, rampant inflation, and the wider effects of the climate crisis. These pressures are beginning to take their toll, with our latest Greener Homes Attitude Tracker highlighting one stark finding in particular: for the first time since its inception, it finds that homeowners are less likely to plan to make improvements to the environmental sustainability of their homes - both in terms of the next 12 months (from 24% in Q3 to 22%) and over the next ten years (from 68% in Q3 to 66%).

Our research shows how many are now focused on reducing energy bills through actions that are already within their power: avoiding overfilling the kettle; switching off devices; using appliances less often; reduced use of lighting and most worryingly, turning off heating devices. The proportion of households trying to minimise home energy use was 64% in Q4 (up almost 10% from a year earlier), particularly around turning on the heating – with almost half (45%) of households changing their behaviour – a 17% percentage point jump on last quarter with people turning it on less frequently.

As we've seen with previous trackers, the cost of implementing energy efficiency measures remains the fundamental barrier to implementing home improvement works, and with the cost-of-living crisis biting, such high costs are unaffordable to many. 2023 and the next few years will be critical in establishing the necessary foundations for the decarbonisation of our country's built environment.

## It's not all doom and gloom

Although a smaller proportion of people are minded to make sustainability-related home improvements compared to Q3, the figures remain higher than they were a year ago, signalling the importance of the energy efficiency agenda over the past 12 months and beyond.

More good news follows by way of our data, which shows EPC ratings continuing to be valued by prospective home buyers, who now consider an EPC rating to be as important as 'Levels of noise pollution' and 'Air quality'. This hasn't been a small jump either, with the proportion of homebuyers that consider energy efficiency a 'very important' factor rising from 33% a year ago, to 41% today. Cost-of-living factors are now key for those thinking about moving in the next 12 months, with nearly half (49%) arguing it is either the main factor or one of the factors when making their decisions – it's clear that energy efficiency is now a crucial consideration when buying a property.

Additionally, customers increasingly desire electric charging points and solar panels in a bid to cut costs and 'go green'. An electric car charging point and solar panels were the green home features most likely to be installed over the next ten years - reported by 39% and 38% of homeowners respectively.

Over recent times, we've also seen increasingly vocal calls across business, politics and charities for serious action on energy efficiency. Chris Skidmore's Net Zero Review, published a fortnight ago is a welcome addition. His review expertly identifies areas where energy efficiency policy can move forward – areas on which NatWest has been campaigning for almost two years: public education around decarbonising homes; solid investment signals to secure the supply chain; all sold homes to be EPC C by 2033; more financial support for households. And we're going further than Skidmore's recommendations too, by calling for a stamp duty rebate and EPC reform to make sure these ideas are ready for the world of tomorrow.

## Our efforts

NatWest can, and will, contribute to these debates by highlighting the 'lived-experience' of families going through the retrofit process. Whilst macro-policies, and the reports that come alongside, are critical, so is the perspective of the individual – we won't get anywhere unless consumers feel they can realistically achieve energy efficiency upgrades.

That's why NatWest, alongside the Sustainable Homes and Buildings Coalition, has launched our [Greener Homes Retrofit Project](#) which aims to uncover the real-life barriers to energy efficiency implementation. We're still learning, but there are some fascinating findings already: the role of aesthetics, problems with the supply chain, a lack of skills in the industry – these are all challenges we'll need to tackle if the UK is to take the energy efficiency agenda seriously.

Later this year the Coalition will be unveiling its third and final report on these findings, aiming to illuminate the benefits of investing in domestic energy efficiency, the realities faced by consumers and the wider industry, and how we can develop the skills and materials required to drive decarbonisation across our country.

I look forward to it.



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

# Overview

## Green home improvements index

Data collected in the three months to December showed that, for the first time since the Green Home Improvements Index's inception in Q2 2021, there was a decrease in the proportion of homeowners planning to make improvements to the environmental sustainability of their properties, both in terms of the next 12 months (from 24% in Q3 to 22%) and over the next ten years (from 68% in Q3 to 66%). Nevertheless, these proportions were still higher than those recorded a year earlier (16% and 63% respectively) [Exhibit 1].

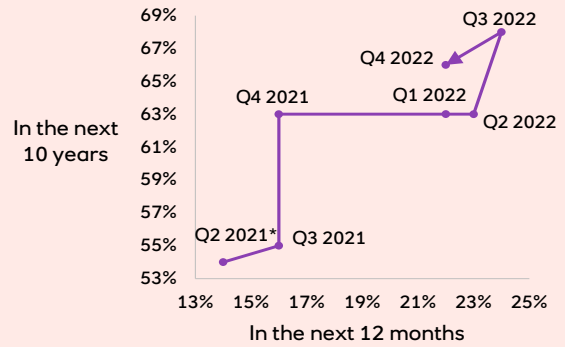
## Energy performance certificate (EPC) ranking

To prospective homebuyers, the Energy Performance Certificate (EPC) rating of properties grew in importance throughout 2022. 41% of those surveyed in Q4 who were looking to purchase a property in the next 10 years stated that the EPC rating was a 'very important' factor, up from 33% in Q4 2021. This moved it ahead of 'Amount of local green space' in the homebuyer property rankings, and level with both 'Levels of noise pollution' and 'Air quality' [Exhibit 2].

**41% of prospective buyers say that a property's EPC rating is a 'very important' factor, up from 33% 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.

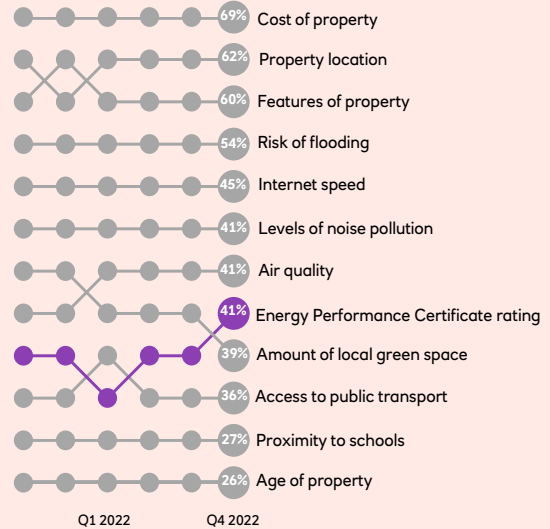
\*Q2 2021 based on May and June data only.

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?

Ranked by percentage stated 'very important' in Q4 2022



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

Sources: NatWest, S&P Global.



# Energy efficient home improvements

The final quarter of 2022 saw a slight setback in homeowners' plans for energy efficient home improvements, with latest data showing a reduction in the likelihood of measures being implemented both in the next year and over the next decade.

It comes amid an increase in the proportion of those saying they are now less likely to undertake energy efficient home improvements over the next 12 months as a result of the rising cost of living.

Of the homeowners surveyed in the three months to December, 22% stated that they had plans to make improvements to the environmental sustainability of their property over the next 12 months. While this was up from 16% a year earlier, it was below the 24% recorded in Q3 2022 [Exhibit 3].

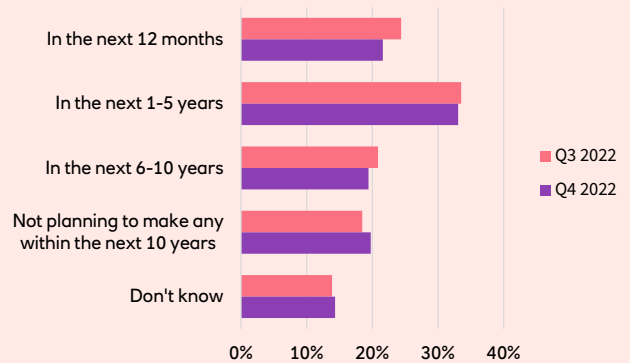
The rising cost of living was likely a factor behind this decrease. Over a quarter (26%) of homeowners said the rise in the cost of living had made them less likely to implement energy efficiency measures in the next 12 months, up from 23% in Q3. Among the lowest income group (<£15,000 pa), the proportion was 32%.

But it wasn't just a case of homeowners delaying plans. Latest data also showed slight reductions in the proportions of those planning to make improvements to the environmental sustainability of their property over the next 1-5 years (from 34% to 33%) and over the next 6-10 years (from 21% to 19%).

The cost of the work required remained by far the biggest barrier to implementing green home improvements, cited by 71% of homeowners who had no plans to make changes to their property over the next decade. It was followed by the availability of financing options (29%) [Exhibit 5].

### 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.

**22% of homeowners planning improvements to the environmental sustainability of their property over the next 12 months, down from 24% in Q3 2022**



## Greener Homes Attitude Tracker

Around 54% of homeowners reported having a smart energy meter already installed at their main property, up from 47% a year earlier. This was also the item most likely to be installed over the next year (12% said they had plans to install one) [Exhibit 4]. However, rental properties continued to lag behind when it came to the uptake of smart energy meters, with 48% of households living in rented accommodation saying they already had one installed. That said, this was a notable improvement from just 40% in Q4 2021.

**54% of homeowners have a smart energy meter installed at their property, compared to 48% of renters**

Similarly, whereas 71% of homeowners reported already having energy efficient lighting – a relatively inexpensive way to reduce energy consumption – at their main property, the proportion was only 53% among households living in rented accommodation.

When it came to homeowners' medium- to longer-term plans for green home improvements, an electric car charging point once again came out on top. Around 39% stated that they intended to install one over the next decade. However, this was down from 43% in the three months to September.

After an electric car charging point, solar panels and triple-glazed windows were the green home features most likely to be installed over the next 10 years, stated by 38% and 34% of homeowners respectively. The latter was unchanged from the prior quarter, but there was perhaps some evidence of homeowners pushing back their plans for the installation of triple-glazed windows, with the proportion planning to install them in the next 12 months falling from 9% to 7% whilst those planning to install them in the next 6-10 years rose from 13% to 15%.

### 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?

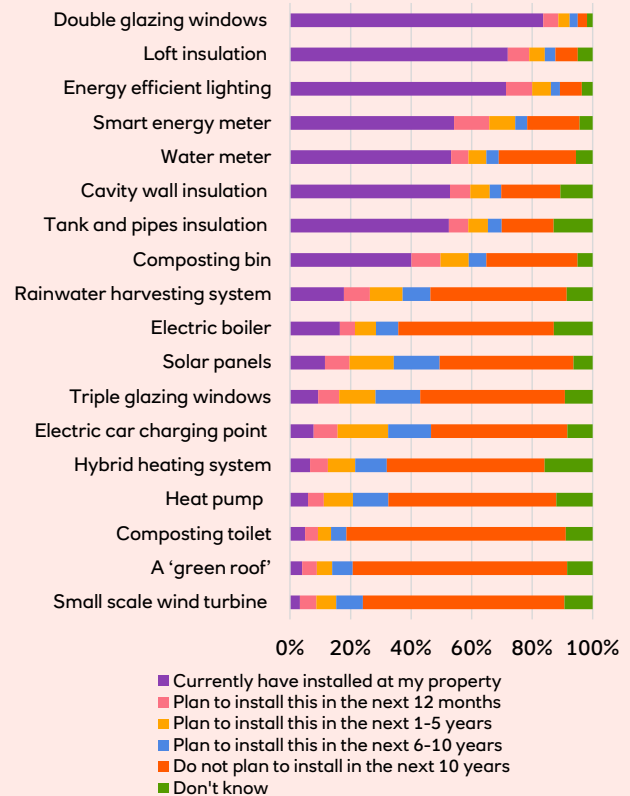
Rank	Barrier	Percentage (pp chg since Q3 '22)	Previous Rank
1	The cost of the work required	71% (unchanged)	1
2	The availability of financing options	29% (+3%)	3
3	The level of disruption the work would cause	28% (-2%)	2
4	The extent to which the environmental sustainability of the property could be improved	23% (-1%)	4
5	The impact on the reduction in monthly energy bills after the improvements	17% (-3%)	5
6	The time involved to organise having improvements made	17% (unchanged)	7
7	The feasibility of having the work done given the property type	16% (-3%)	6
8	Access to information on how to improve it	13% (-1%)	8
9	The impact on the additional value of the property after the improvements	11% (-2%)	9
10	The property is already as environmentally sustainable as possible at present	9% (unchanged)	10
11	Other barriers	5% (unchanged)	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 Q4 2022. 'Don't know' excluded from ranking.

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

### 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 Q4 2022.

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

# Homebuyer preferences

A high Energy Performance Certificate (EPC) rating is steadily becoming more and more important to prospective homebuyers, and, in doing so, the energy efficiency of a property is now a higher priority than other factors such as the amount of local green space and access to public transport.

At the same time, however, the rising cost of living and increasing mortgage rates are found to be the main reasons why some households have been put off moving.

Among the households surveyed in the three months to December, more than one-in-five (21%) of those looking to buy a property in the next 10 years considered an EPC rating of C or above an "essential" property feature [Exhibit 6]. This was up from 17% a year earlier.

The energy efficiency of a property was considered as important as both the level of noise population and air quality in the surrounding area. It was also deemed more important than the amount of local green space, the first time this has been the case since the survey began in Q2 2021 [Exhibit 2].

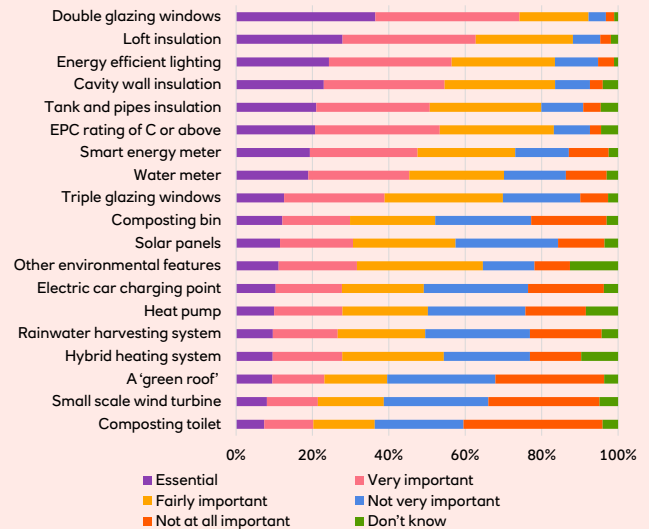
Of the households that had moved home in the past 12 months, 22% stated that getting a property with a higher EPC rating was either the main factor or one of the factors. However, among those considering moving in the next 12 months, it was 32%.

Nearly half (49%) of those considering moving in the next 12 months stated that the rising cost of living was either the main factor or one of the factors – the highest proportion among all the reasons surveyed.

On the other hand, among those that were considering moving but are no longer considering it, 21% stated that the rising cost of living was the main reason for their change of plans. This was followed by rising mortgage rates (stated by 15% as the main reason for no longer considering moving).

**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 Q4 2022.

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

**Over 1-in-5 prospective homebuyers said that an EPC rating of C or above was an "essential" feature**





# Green lifestyle choices

Our latest survey finds that a growing number of UK households are looking for ways to minimise home energy, amid higher gas and electricity bills and the rising cost of living generally. Nearly half are avoiding overfilling the kettle, while turning down the heating and having it on less often is also becoming common practice for many.

Data collected in the final three months of 2022 found that nearly two-thirds (64%) of households were trying to minimise home energy use, up from 59% a year earlier. The 5 percentage point annual increase was the biggest rise among all the actions surveyed [Exhibit 8]. Furthermore, among the oldest age group surveyed (55-to-64-year-olds), the proportion was over 80%, up from 74%.

Regularly buying sustainable clothing (reported by 17% of households compared to 14% in Q4 2021) was also becoming more popular.

So, what actions have households taken to reduce energy bills as a result of the recent rise in the cost of energy or cost of living generally? Avoiding overfilling the kettle was the most common one, cited by 48% during the fourth quarter. Other common actions taken included switching off devices (47%), using appliances less often (46%) and reduced use of lighting (45%) [Exhibit 9].

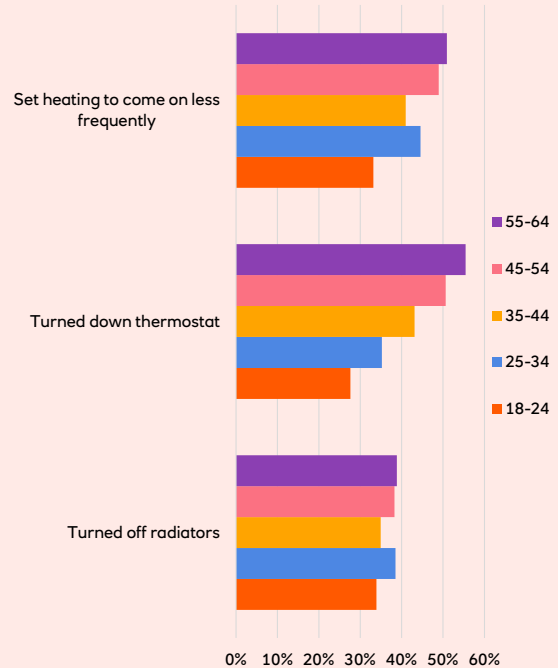
Many also reported having the heating on less frequently and turning down the thermostat (cited by 45% and 43% respectively), and even going as far as turning off radiators (37%). Worryingly, these actions were generally more common among older age groups [Exhibit 7].

There was a slight decline in the uptake of green financial products towards the end of 2022. The proportion of households reporting that they had a green mortgage fell from 7% in Q3 to 4% in Q4. Still, a further 17% were currently considering taking out a green mortgage.

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 Q4 2022.

Sources: NatWest, S&P Global.

**64%** of households trying to minimise home energy use



# Greener Homes Attitude Tracker

## Exhibit 8:

Do any of the following apply to you or not?

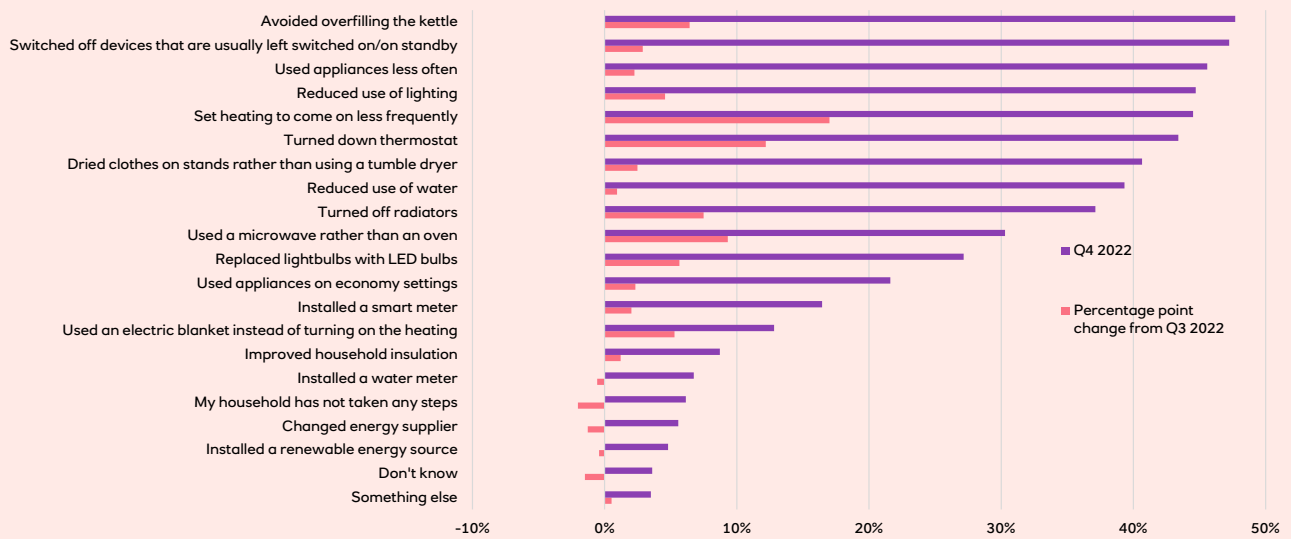


Notes: All households, surveyed in Q4 2022.

Sources: NatWest, S&P Global.

## 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 Q4 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 (Q4 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, 21st– 25th October, 17th – 22nd November, and 8th – 10th December 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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