



## Homebuyers pay a 'green premium' of up to £40,000 for the most energy efficient properties

- Despite the existence of a green premium, 77% of people don't know the Energy Performance rating of their own home
- Making simple adjustments to a property could help save money on energy bills and potentially increase its market value

Homes with the highest energy ratings are worth up to £40,000 more on average compared to less sustainable properties – and environmentally conscious buyers are willing to pay a 'green premium' for a more energy efficient abode.

An in-depth analysis of property pricing data in England and Wales, compiled by Halifax, found that homes in all regions sold for a higher price as their energy performance – a measure which considers energy efficiency – improved.

People selling their homes in England and Wales must have an Energy Performance Certificate (EPC), which ranges from ratings A-G and is valid for ten years – with A being the 'greenest' and G being the least.

The difference between the average property price of a home with an EPC rating of E compared to C is £11,000, which demonstrates the financial returns for more energy efficient properties. The greatest difference in property price between single EPC bands are those with G and F ratings, with the latter commanding almost £10,000 more on average.

### Value added per property based on EPC upgrades:

	Change in EPC rating					
	G→F	F→E	E→D	D→C	C→B	B→A
Average difference in price (% increase on average house price)	£9,954 (3.8%)	£7,584 (2.9%)	£6,162 (2.4%)	£5,214 (2.0%)	£5,214 (2.0%)	£4,740 (1.8%)

A survey of prospective homebuyers also found a growing desire for greener homes, with two thirds (66%) of people saying they would feel proud to have an environmentally friendly property. The same proportion also said that their home represents their personal values and what matters to them. Additionally, more than two in five (42%) current owners said that the energy efficiency of their home was either very important or fairly important when choosing where to live.

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Despite this, more than three quarters (77%) of homeowners do not know the rating of their own home, meaning they could be missing out on an opportunity to save on household bills and potentially improve its market value.

Additional incentives for going green are now available to first-time buyer, home mover, shared-equity, shared-ownership and new build mortgage customers. Halifax's green mortgage cashback scheme offers £250 to those buying homes with an EPC rating of A or B.

## **Regional green hotspots**

The analysis also revealed that there's a disparity between different regions of England and Wales when it comes to the efficiency of an average home. Unsurprisingly, districts with more new-builds and flats tend to have higher than average efficiency ratings. Tower Hamlets in East London fares the best, with an average home scoring a high C, closely followed by Salford in Greater Manchester. Meanwhile, rural districts with older properties, such as the Isles of Scilly and the Welsh districts of Ceredigion and Gwynedd, are the least energy efficient at the moment.

### **Andrew Asaah, Mortgages Director at Halifax, commented:**

"The housing market has fluctuated significantly in the last 18 months. This, and the effect of lockdown, has made many of us reconsider what we value most in a home.

"Increasingly, buyers are recognising that environmentally friendly properties will reduce their monthly energy bills in addition to their personal carbon footprint. With our analysis also finding that greener homes sell for more money, it's worth seeing what your home's potential rating could be.

"Homeowners at the lower end of the energy efficiency scale are likely to see the greatest returns on their investments, even from making simple changes like switching to LED bulbs or adding loft insulation. There's a huge opportunity for more people to get on board with this and reap the rewards."

## **Do it yourself: Halifax's tips for making your home greener**

Improving the energy efficiency of your home doesn't have to cost thousands; it can be as simple as swapping out regular lightbulbs for more efficient LED bulbs, or adding draughtproofing measures to external doors. Whether you are giving your current home a 'green' makeover to reduce bills, getting it ready for prospective buyers or on the lookout for a more environmentally friendly property, Halifax has developed the following top tips to consider:

### **Check the official government EPC website**

Knowing your home's EPC is vital to understanding which steps are the most appropriate to take in order to improve it. You can find the EPC of any property on the government's EPC site, along with suggested improvements to help reach its potential: <https://find-energy-certificate.digital.communities.gov.uk/>

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## **Carry out an energy efficiency health check**

The first step to a more sustainable home is identifying the areas for improvement that will have the most impact. For a tailored action plan on the green upgrades that you should consider, visit: <https://www.halifax.co.uk/mortgages/help-and-advice/green-living/home-energy-saving-tool.html>

## **Switch to energy-saving lighting**

One of the quickest and simplest changes you can make that will make a huge difference to your energy bills is to replace all your home's current light bulbs with energy-saving light bulbs.

## **Use smart thermostats**

A smart thermostat helps you save money by heating your home more intelligently. It'll learn the best way to keep you warm at home while using the minimum possible energy. The more you use it, the more efficient it will become.

## **Upgrade your boiler**

Swapping out your old boiler for a newer, more efficient condensing boiler is a sure-fire way to make your home greener. With a larger heat exchanger, they recover more heat than old models and will give a lasting reduction on your energy bills. If you do decide to upgrade, it's worth doing some research to work out the best option for your home.

## **Invest in solar energy**

You can start generating your own renewable electricity by making use of the free energy from the sun, with solar panels. As well as cutting down your household bills, solar panels are much greener solutions as the energy is renewable.

**ENDS**

## **Notes to Editor**

### **About the Methodology**

#### **How the Green Homes Premium was estimated**

- The analysis is based on the average energy efficiency of buildings in a Local Authority District (LAD) in a given year between 2015 and 2019 and its estimated impact on average house prices in the same LAD the year after.
- The average energy efficiency of buildings per LAD in a given year was estimated using Energy Performance of Buildings Data for England and Wales, as provided by the Ministry of Housing, Communities and Local Government.

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- The average house prices per LAD in a given year were drawn from the Halifax Housing Price Index. These prices are based on crude averages and are not seasonally adjusted.

## Considerations

- The model outlined above represents an approximation to the Green Homes Premium based on the available data. When interpreting the estimate, the below considerations should be taken into account:
  - Due to the aggregated nature of the house pricing data, the analysis was performed at LAD levels. Variance at the individual building level could not be taken into account.
  - Energy Performance Certificates (EPC) were used to approximate the average energy efficiency of buildings in a LAD. Since not all buildings do have such an EPC, the estimate remains imperfect.
  - Factors influencing house prices other than its energy efficiency could not be explicitly taken into account by lack of data availability. These factors have been sought to be controlled for via regression analysis of lagged time series of energy efficiency and house prices.

## **About the consumer research**

All figures, unless otherwise stated, are from YouGov Plc. The total sample size was 4,364 adults. Fieldwork was undertaken between 3rd - 5th August 2021. The survey was carried out online. The figures have been weighted and are representative of all UK Adults who either own or rent a property.

## **About Lloyds Banking Group**

Lloyds Banking Group is committed to supporting the UK transition to a low-carbon future as it recovers from the coronavirus lockdown. As the UK's largest financial services group, we know we have a responsibility to play a key role helping our customers to invest in tackling climate change, alongside supporting businesses by financing their investments in the green economy.

## **About Halifax**

At the Halifax, it always has been and always will be, all about people. We know that a mortgage isn't just a mortgage, it's about you and your family living in your dream house. We know that savings are for the good things like your daughter's wedding, and the unpredictable things like a new boiler. And we know that a bank account is just a way to make living everyday life a little easier. We know, because we're people just like you. We've failed driving tests, changed careers, had twins (unexpectedly) and lived with our parents for a few years longer than we planned. We know about the ups and downs of life, so we know what a bank needs to do to help and support you through all of them. We know, because at the Halifax, it's a people thing.