

# Legal & General research shows an acceleration in consumer demand for low carbon, energy efficient homes



These findings could have significant valuation implications and indicate a need to review both Energy Performance Certificates (EPCs) and wider fiscal measures which can help support the climate transition.

When asked why they would buy or rent a low-carbon home:

## 62%

of UK households see more investment in energy efficient homes as an attractive or very attractive option to address the cost-of-living crisis<sup>1</sup>

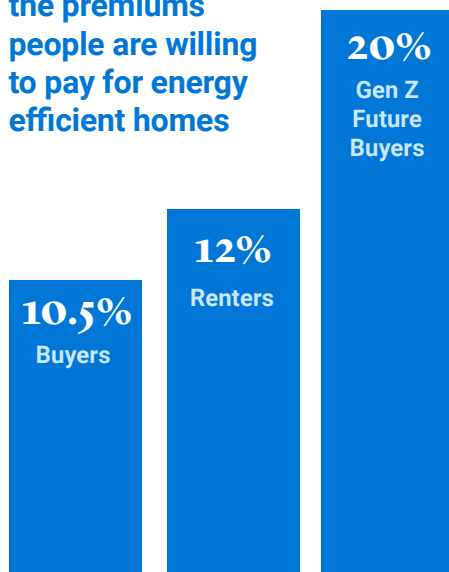
## 65%

of adults chose environmental factors e.g. reducing carbon footprint or helping to prevent climate change

## 37%

of adults prioritise the cost savings from cheaper energy bills<sup>2</sup>

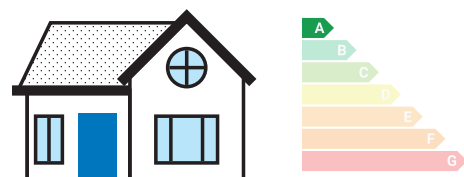
The study revealed the premiums people are willing to pay for energy efficient homes



Top 3 criteria when selecting a property



Consumers are now rating homes with energy efficient, sustainable features as more important than the size of the property<sup>3</sup>



This research provides useful guidance for government, developers, Local Authorities, and Registered Providers seeking or providing funding for environmentally friendly developments in future.



# Key findings

## Energy Performance Certificates (EPCs)

EPCs are the most readily used metric in determining the efficiency of a house, yet only 1/3 of respondents claim to understand them clearly, suggesting a review of metrics is needed.



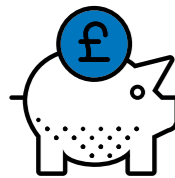
## Tax incentives

Our study revealed lower council tax or stamp duty land tax (SDLT) would have a significant positive impact on demand, representing the second most influential factor in the decision to buy or rent a low carbon home.



## Financial incentives

Perceived affordability is the biggest concern amongst those unwilling to consider a low carbon home, impacting 47% of 'renter' respondents and 32% of 'buyer' respondents.



Can't afford to, although I'm concerned about climate change, for some ordinary working-class people they have a lot more on their minds just surviving day to day, so I'd be looking for the cheapest property not the most environmentally friendly.

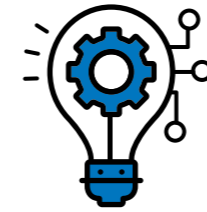
Male, Gen X,  
Future Renter



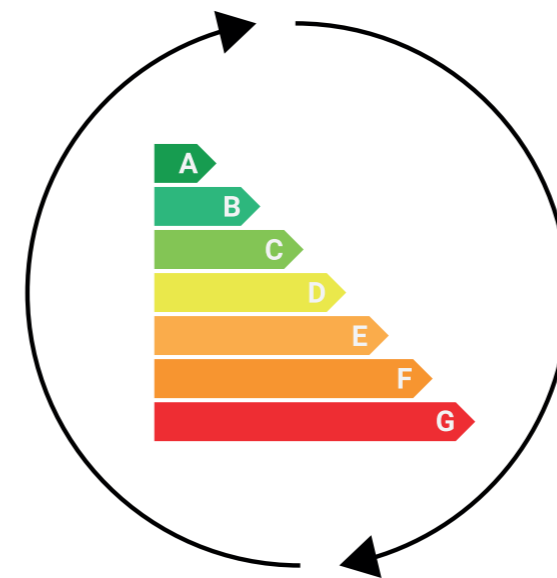
Many households across the UK are currently facing very tough financial choices in the face of the cost-of-living crisis, widening existing demographic and geographic inequalities. There are clearly many households in need of immediate financial support. However, our research shows longer-term strategic action needs to remain a key focus, including attracting investment into energy efficient homes and green energy solutions. It is essential that the new government – working alongside the industry – makes this central to its policy work and core focus of its delivery.



Nigel Wilson, Group Chief Executive  
Legal & General Group

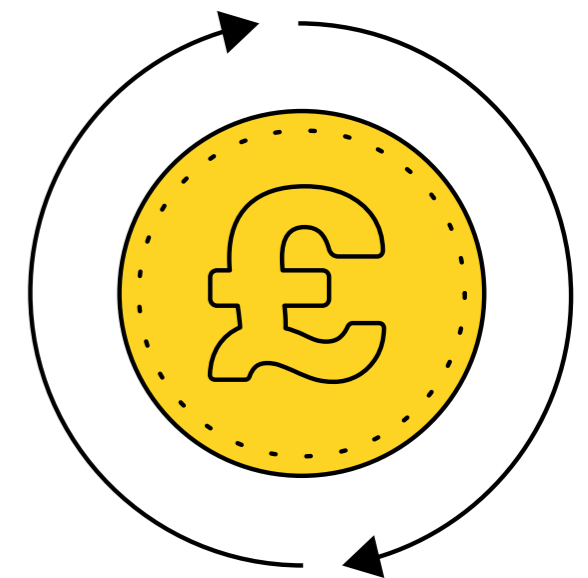


# Key outcomes for government consideration



## Reform EPCs

These findings demonstrate that EPCs need reforming to better reflect real world energy consumption and to help incentivise adoption of low-carbon technology. Legal & General hopes that this will inform the Royal Institution of Chartered Surveyors (RICS) Red Book consultation and be reflected in the value of homes in the future.



## Review and consider fiscal measures

These findings demonstrate that tax incentives, such as council tax savings for low carbon homes, could increase levels of demand, supporting the wider climate transition.



Today, approximately one fifth of the UK's carbon emissions come from homes<sup>4</sup>. To achieve net zero by 2050, emissions from residential property must be reduced. We have to continue to Build Back Better to turbo-charge UK economic growth without stoking up the climate crisis at the same time. Every pound invested delivers an economic multiplier effect as the housebuilding and retrofitting sectors provide jobs and vital economic resilience<sup>5+</sup>



Simon Century, Director of Housing  
at Legal & General Capital

Find out more

[legalandgeneral.com/ETT-energy-efficient-homes](https://legalandgeneral.com/ETT-energy-efficient-homes)

1. Legal & General Rebuilding Britain Index Report, 2022
2. All figures, unless otherwise stated, are from L&G / YouGov research amongst a UK representative sample of 2,405 adults (18-74) open to buying or renting a new-build property, Jul-Aug 2022
3. L&G / YouGov research, Jul-Aug 2022
4. What's the link between net zero and homes? – Energy Saving Trust

