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Energy efficiency ratings have limited impact on owner-occupied house prices, despite increased interest in 'going green'

- 1.6% house price premium for an owner-occupied property rated A or B compared to a D-rated home
- Around three quarters (78%) of homeowners would expect buyers to pay more for an energy efficient home
- 49% of younger buyers (those aged 25-34) said energy efficiency 'very important' in choosing a property to buy
- Property rated A, B or C could save around £400 per year on energy costs versus a D-rated property
- Adding solar panels most popular measure amongst homeowners who have made green improvements
- Upfront cost biggest barrier for those who have not made any green improvements
- Nationwide offers 0% Green Additional Borrowing to help existing customers finance improvements

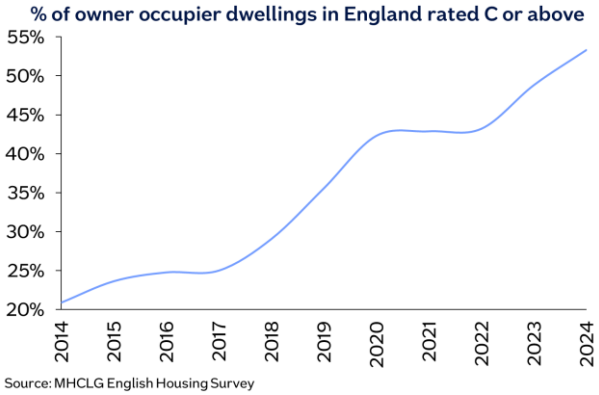
Commenting on the figures, Andrew Harvey, Nationwide's Senior Economist, said:

"Decarbonising and adapting the UK's housing stock remains critical if the UK is to meet its net zero target by 2050, especially given that emissions from residential buildings account for 15% of the country's greenhouse gas emissions.

"In this report, we analyse the latest data on the energy efficiency of the housing stock, the progress made and the motivation for and barriers to making 'green' home improvements. We've also used our house price data to explore the extent to which owner occupiers pay a premium or discount for a home due to its energy performance rating (after controlling for other factors, such as the type of neighbourhood it's located in and whether the property is new or not).

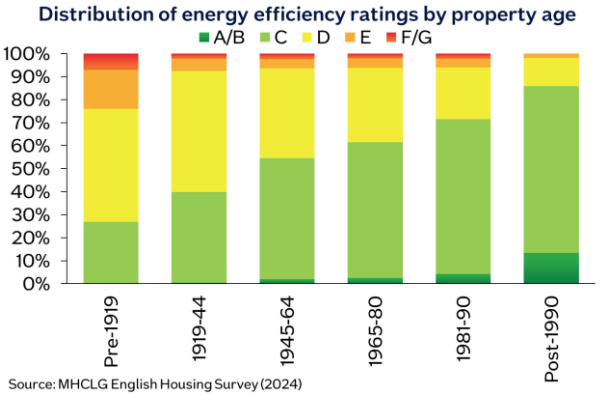
Over half of owner-occupied housing is rated A to C

"The latest data from the English Housing Survey shows that 53% of the owner-occupied housing stock is currently rated A to C, up from 21% ten years ago[1]. Part of the improvement is due to newly built properties, which tend to have a much higher energy efficiency rating (around 97% are rated C or above).



Source: MHCLG English Housing Survey

"Older properties, particularly those built before 1919, tend to have much poorer energy efficiency ratings. For example, around 24% of dwellings in England built before 1919 have an EPC rating of E to G, compared to just 2% of those built after 1990.



Source: MHCLG English Housing Survey (2024)

"English Housing Survey data for 2024 suggests 42% of dwellings have the potential to be improved to an EPC 'C' rating or higher, with around 2% unable to reach band C, and the remainder already EPC C or higher. In 2024, the average cost to improve homes to EPC C was around £7,500. This implies an overall estimated total cost for upgrading the entire English housing stock of around £81bn. Unsurprisingly, homes rated EPC F or G have considerably higher average costs to reach EPC C compared with EPC D homes (around £17,000 and £6,000 respectively).

"As part of its 2026 Warm Homes Plan, the Government's current aspiration is to upgrade five million homes by 2030. However, the current pace of improvements is slow, given the scale of the challenge. This suggests a need for further incentives to help decarbonise homes.

Understanding the value homeowners place on energy efficiency

"Using data for homes in England, we examined the extent to which those buying properties pay a premium (or discount) due to EPC rating. Our research also included other property characteristics (such as bedrooms, location and whether it is newly built) to estimate the impact on prices[2].

"Our analysis suggests that a more energy-efficient property rated A or B attracts a modest premium of 1.6% compared to a similar property rated D. This is equivalent to around £4,500 based on the average house price in England. There is little difference for properties rated C or E, compared with D, as shown in the chart below. We do see a small discount for the least energy efficient properties however, with an F or G rated home valued 1.4% lower than a similar D rated property. This equates to around £4,000 in cash terms.

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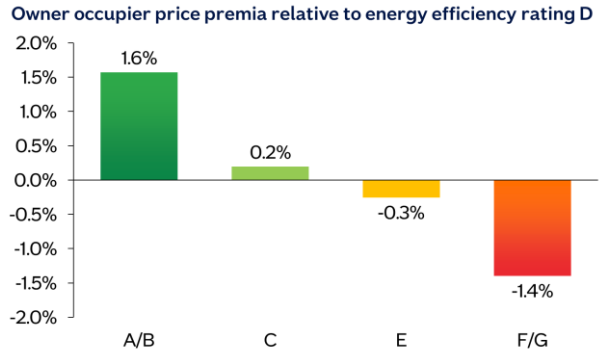


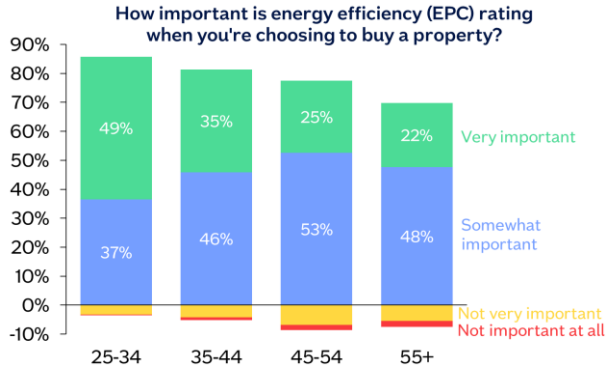
Source: Nationwide analysis based on data for England (2025)
Note: Controls for other factors, such as new build

"It is interesting to note however, that energy efficiency continues to have a much greater impact on buy-to-let purchases, where an A or B rated property attracts a 12.2% premium. For further details see our Private Rented Energy Performance Report.

What green improvements are homeowners making?

"Our recent market research suggests around three quarters (78%) of homeowners expect buyers to pay more for an energy efficient home[3]. This was particularly evident amongst younger buyers, where nearly a third (32%) of those aged 25-34 expected buyers to pay significantly more for an energy efficient home, compared to just 5% of those aged 55+. Additionally, 69% of respondents believed that EPC ratings/energy efficiency matters more now than when they bought their home.

"Over half (54%) of those surveyed were not aware of their current property's energy efficiency rating. Despite this, 77% said that EPC rating would be an important factor when choosing a property to buy in the future. Again, this appears particularly significant for younger buyers (i.e. those aged 25-34), where nearly half (49%) stated this would be 'very important'.

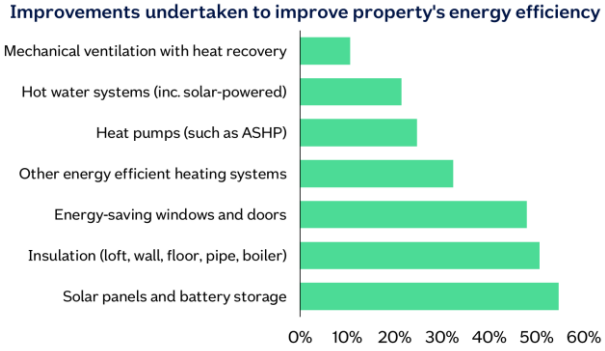


Source: Censuswide survey on behalf of Nationwide (May-26)

"Of homeowners who had undertaken measures to improve their property's energy efficiency in the last ten years, the most popular were: adding solar panels, improving insulation and upgrading to energy-saving windows and doors.

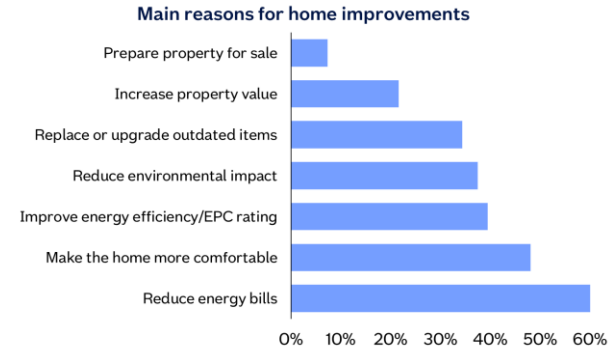
"Just over half (55%) of those making energy efficiency improvements had added solar panels and had done so within the last two years. This also tended to be the most expensive work undertaken, with an average spend of around £11,000, compared to around £4,000 for those improving insulation.

"Meanwhile, a quarter (25%) had added a heat pump (either air source or ground source). Over two thirds (68%) of these were installed within the last two years, perhaps reflecting increased public awareness and government incentives. Newer properties, particularly those built from 2011 onwards, were more likely to have had a heat pump installed.



Source: Censuswide survey on behalf of Nationwide (May-26)
Based on homemovers who who have made green improvements to their home in last 10 years

"The main reasons cited for making green improvements were to reduce energy bills (60%) and to make their home more comfortable (48%). Nearly three quarters (73%) said they had seen energy bills fall as a result of the improvements they made. This chimes with data from the Department for Energy Security and Net Zero, which suggest median equivalised fuel costs for a property rated A, B or C are around £400 per year lower versus a D-rated property and £1,200 per year lower than an E-rated property[4].



Source: Censuswide survey on behalf of Nationwide (May-26)
Based on homemovers who who have made green improvements to their home in last 10 years

"Only around one in five (22%) said the main reason for the improvements was to 'increase the property's value', with less than one in ten (7%) doing so as part of preparations for a sale. This suggests that most homeowners are mainly focused on their own benefit from the work. Indeed, 77% said they were more likely to remain in their current property longer as a result of the improvements they had made.

"Of those who have not made green improvements, the most commonly cited reason is they cannot afford the upfront cost (54%). To assist with dealing with those costs, Nationwide offers a 0% Green Additional Borrowing mortgage[5], which enables existing

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customers to borrow between £5,000 and £20,000 up to a maximum of 90% LTV across a two or five-year term.

"A quarter (25%) said such improvements were not a priority, with 19% stating they wouldn't reduce bills by much. 21% said they were unsure which improvements would be most effective, whilst 17% pointed to a lack of information or understanding of what to do."

Case Study

Ian, from West Sussex, used Nationwide's 0% Green Additional Borrowing to take out a loan of around £17,000 to install solar panels and battery storage on his property.

Ian said:

"We wanted a smart home that effectively runs itself while significantly reducing our electricity bills, and solar was the key to achieving true energy independence. Rather than just using solar power when the sun shines, we wanted to capture and store it.

"By combining solar panels with battery storage and a smart AI inverter, the system tracks weather patterns and automatically decides when to store energy and when to download cheaper, off-peak electricity overnight. This keeps our home running efficiently with zero effort from us - the technology does all the hard work for us.

"We're looking forward to free electricity over the summer and much lower bills in winter, as the system optimises battery use during cheaper tariff periods.

"We chose Green Additional Borrowing because it simply made financial sense. With Nationwide offering 0% interest over several years, the savings on our energy bills effectively offset the repayments. In essence, we're benefiting from free electricity now, and the system should pay for itself in around five years.

"Securing the loan was quick and straightforward. We met with a Nationwide mortgage adviser, reviewed the total cost and repayments, and it was seamlessly added to our existing mortgage."

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Notes

1. Based on data from Ministry of Housing, Communities & Local Government (MHCLG) English Housing Survey: Headline findings on housing quality and energy efficiency.

2. The methodology correlates the price paid for a property against the set of property characteristics (including the property type, age, number of bedrooms, locality (local neighbourhood as described by ACORN) and its energy efficiency rating. Only properties where an Energy Performance Certificate (EPC) was available were included.

   The data was drawn from Nationwide's house purchase mortgage lending at the post survey approval stage in England in the period January 2025 to December 2025.

   Energy Performance Certificate data sourced from the Energy Performance of Builders Register published by the Ministry of Housing, Communities & Local Government.

3. The research was conducted by Censuswide, among a sample of 2,003 homeowners. The data was collected between 27.05.2026 - 29.05.2026. Censuswide is a member of the Market Research Society (MRS) and the British Polling Council (BPC), and a signatory of the Global Data Quality Pledge. We adhere to the MRS Code of Conduct and ESOMAR principles.

4. Based on data from Department for Energy and Net Zero: Fuel Poverty Supplementary Tables, England (2025 data).

5. The 0% Green Additional Borrowing home loan is available via Nationwide's mortgage advisers as well as brokers. All of the loan must be used to fund non-structural, energy-efficient home improvements, such as solar panels, air source heat pump, window upgrades, electric boiler upgrades, cavity wall insulation, loft insulation or an electric car charging point. Members can use any local or national contractor or supplier for the work.

More information on the house price index methodology along with time series data and archives of housing research can be found at **https://www.nationwide.co.uk/media/hpi/.**

Legal Information

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