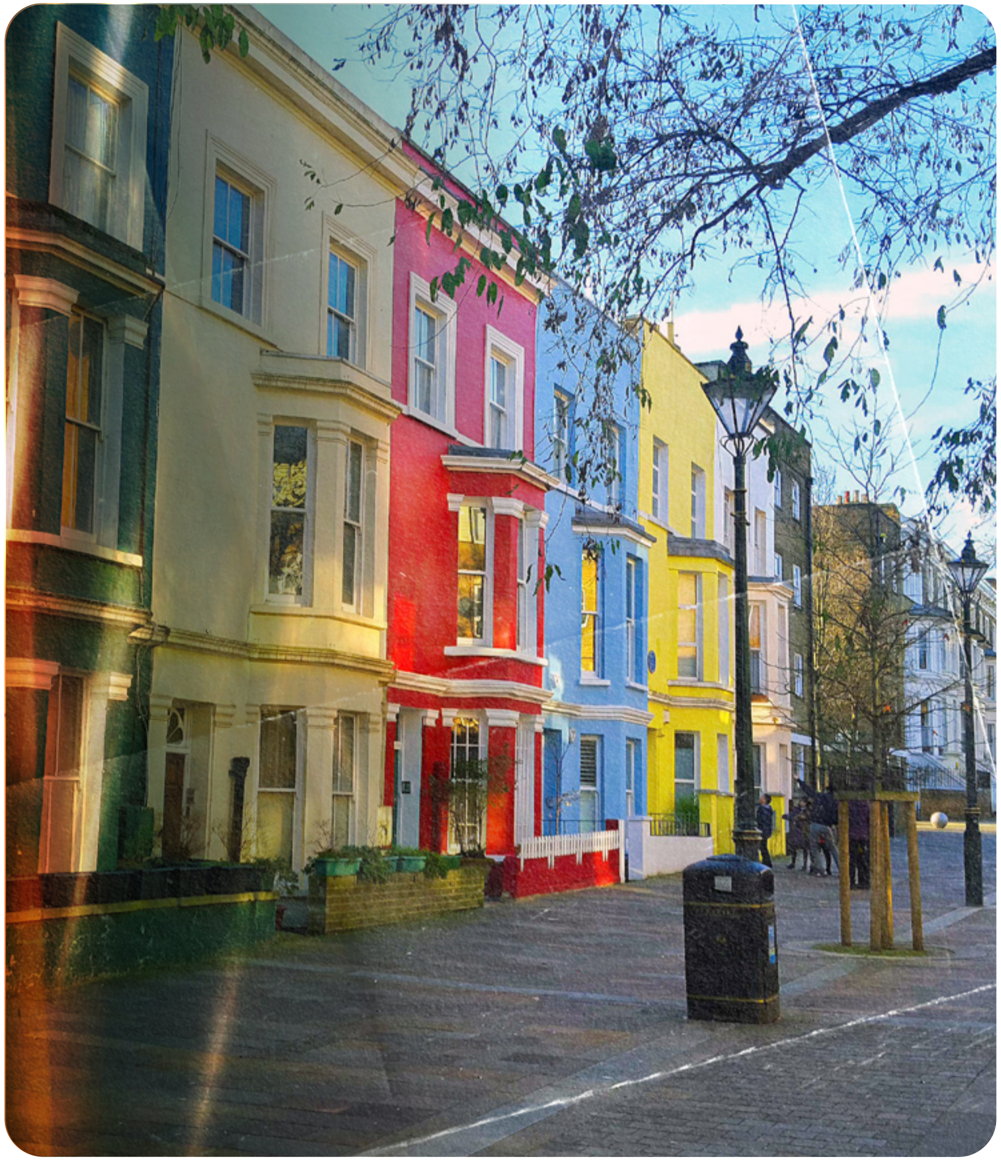

TOMORROW'S HOMES REPORT

May 2026

It starts here

Santander

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BACKGROUND

Britain has around 28 million homes. With almost four in 10 built before 1946, much of the housing stock is old and inefficient to heat.

Only around 60% of homes currently have an Energy Performance Certificate (EPC), and only around half of UK households have an EPC rating of C or above. This is an important benchmark, as it represents the point at which a home can be considered to make efficient use of the energy require for heating.

In practice, this means more than 15 million residential properties need to be retrofitted, or otherwise made more efficient, to protect UK citizens from volatile energy prices and extreme weather. Figures show that 29% of adults are unable to keep their home at the recommended minimum temperature of 18°C, while energy bills remain 69% higher than in winter 2020.

Our inefficient housing stock is also a major obstacle to the UK meeting its decarbonisation targets. The Climate Change Committee has repeatedly noted that decarbonising the housing stock is a precondition for achieving long-term carbon reduction goals. Heating emissions from UK homes are comparable to the carbon footprint of all petrol and diesel cars in the country.

The Government has set a target to upgrade 5 million homes by the end of this Parliament and lift 1 million homes out of fuel poverty by 2030 through its Warm Homes Plan.

Key measures include £5 billion for low-income households for insulation and heat pumps, low- or zero-interest loans for other homeowners, and new energy efficiency standards for private renters.

Following the publication of this plan in January 2026, we have refreshed the research in our Tomorrow's Homes report to understand how consumers feel about energy efficiency.

Headlines

To inform the debate on what it will take for the UK to achieve meaningful progress, we repeated our large national survey from 2023 and 2025. This allows us to track how attitudes to retrofitting and energy efficiency are evolving over time.

Among both homeowners and renters, attitudes remain positive. However, this has levelled off rather than continuing to grow. In 2023, 48% of UK adults said improving their home's energy efficiency would have a significant impact on their lives. This rose to 53% in 2025, before settling at 52% in 2026. While most people recognise the value, views are no longer strengthening, suggesting a limit to how far general awareness alone can drive change.

A similar trend is seen in prioritisation. In 2023, 37% said energy efficiency was a major priority. This increased to 52% in 2025, before slipping slightly to 49% in 2026. The initial rise likely reflects the impact of rising energy bills, while the more recent dip suggests that as cost pressures stabilise, energy efficiency is becoming less urgent for households.

Saving money on energy bills remains the primary motivation. This indicates that financial benefits continue to drive engagement, with environmental concerns playing a secondary role.

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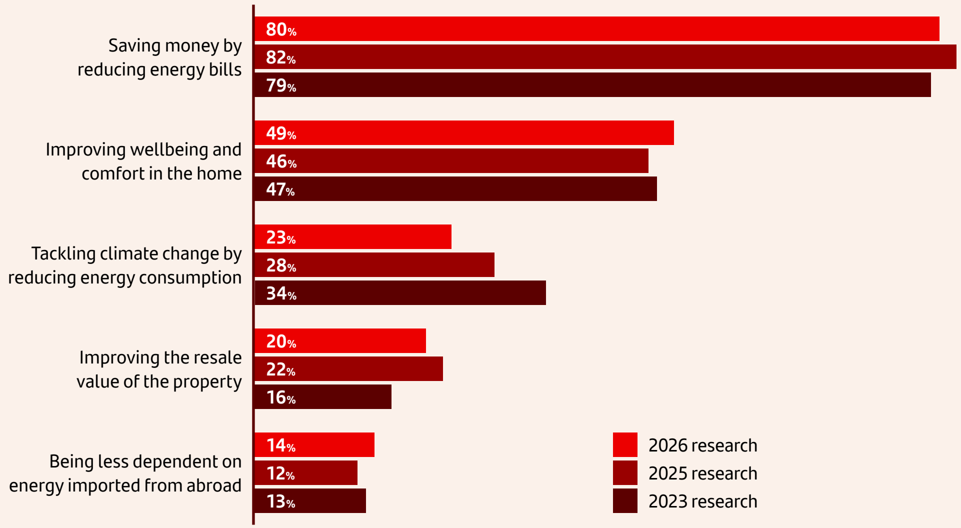
Greatest benefits of having an energy efficient home



Q: What do you consider to be the main benefit of having a more energy efficient home? (pick 2)

Base: All respondents (1,990)

Headlines *continued*

However, this positive sentiment does not consistently translate into action. For example, 33% of people say they are likely to replace an old gas boiler with a new gas boiler, but only 13% would consider installing a heat pump. This suggests that when faced with real decisions, consumers tend to default to familiar, lower-risk options rather than newer, lower-carbon technologies. We have also seen a continued decline in the number of people likely to upgrade from single to double glazing.

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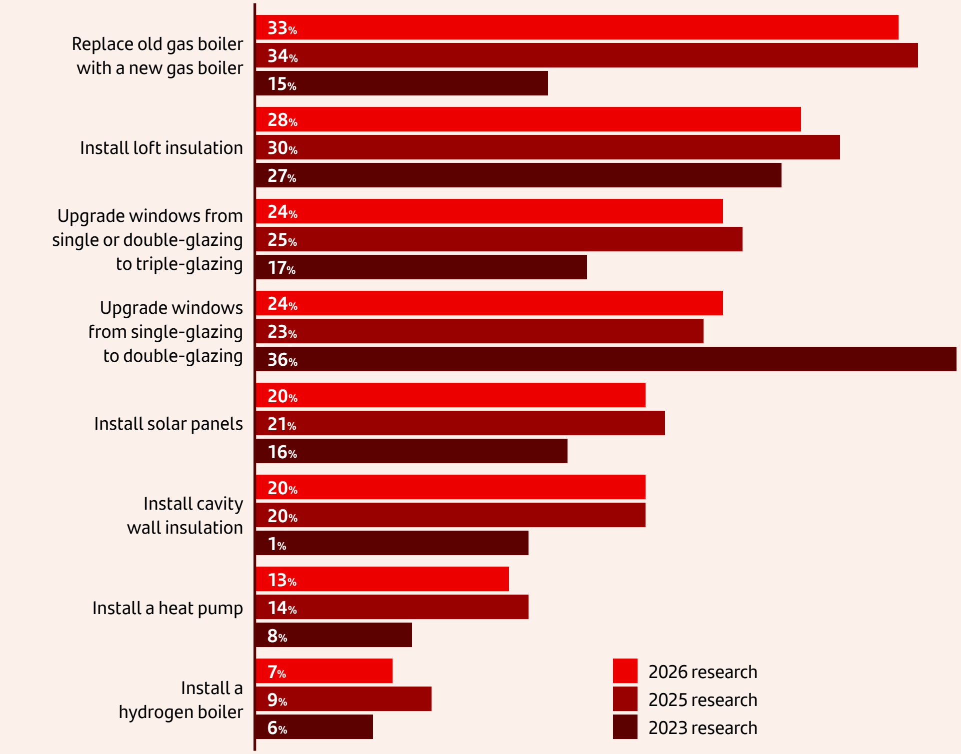
NET: Definitely will/likely to



Q: How likely or unlikely are you to do each of the following in relation to your current property in the next two years?

Base: All adults who are a homeowner (1,239)

2023 Base: All those who had not had item done

Headlines *continued*

Energy efficiency also remains a low priority in key decisions such as moving home. When buying a property, only 15% of people say EPC ratings are important, slightly down from 16% in 2025. More broadly, energy efficiency is still seen as less valuable than more visible upgrades such as kitchens, bathrooms or extensions. This suggests it is not yet embedded in how people assess property value or make investment decisions.

Taken together, this points to a persistent gap between positive attitudes and real-world behaviour.

Most important factor when buying a property

	2026 research	2025 research	2023 research
Location	56%	57%	59%
Cost	49%	54%	56%
Size	39%	38%	39%
Condition and extent to which updating	28%	26%	28%
Garden/outside space	26%	24%	27%
Garage/parking	22%	23%	23%
Energy efficiency rating	15%	16%	15%
Ownership options	14%	16%	15%
Interior layout	13%	13%	13%
Exterior appearance	6%	7%	7%
Potential to extend the property	4%	5%	5%

Q. Imagine you were looking to purchase a new home in the next two years. If you had to choose, which of the following factors would be most important to you when deciding which property to buy?

Base: All respondents (1,990)

Top three mention

	2026 research	2025 research	2023 research
Kitchen/ bathroom renovation	58%	59%	66%
Extension/ conversion	45%	48%	52%
Energy efficiency improvements	44%	45%	46%
Outdoor landscaping	27%	27%	28%
Roof repair/ replacement	24%	24%	23%
Flooring upgrades	18%	18%	19%
Painting/ wallpaper	17%	17%	16%
Smart home technology	14%	15%	13%
Security system installation	13%	12%	11%
New furniture or appliances	13%	14%	13%

Q. In general, which of the following home improvements from this list do you think would add the most value to a home?

Base: All respondents (1,990)

Barriers

As highlighted in previous Tomorrow's Homes reports, three key barriers continue to limit action:

- **Awareness**
- **Upfront cost and**
- **Access to skills**

These barriers are interconnected. Limited awareness makes it harder for consumers to understand benefits, which increases perceived financial risk, while gaps in the supply chain reduce confidence in delivery.

Awareness

A key barrier is a lack of awareness and understanding at the household level. While most people recognise that energy efficiency is beneficial, this is not matched by knowledge about their own home or the steps they could take.

Many consumers do not know their EPC rating, struggle to estimate the cost of improvements, and feel poorly informed about where to get trusted advice or what government support is available. This makes it difficult to move from general interest to action, as people cannot assess what improvements mean for their own home, costs and outcomes.

Awareness of EPC ratings has remained unchanged since 2023. At that time, 64% of people said they were unfamiliar with their rating; this was 63% in 2025 and 64% again in 2026. This suggests that existing communication approaches are not effectively reaching consumers.

There are some signs of progress. Awareness of financial products for energy efficiency has increased by 11%, although from a low base.

More broadly, awareness of government action remains limited. Only around two-fifths of people are aware of plans to introduce minimum energy efficiency standards for new homes, and awareness of support schemes has not improved. For many consumers, the policy landscape remains unclear and difficult to navigate.

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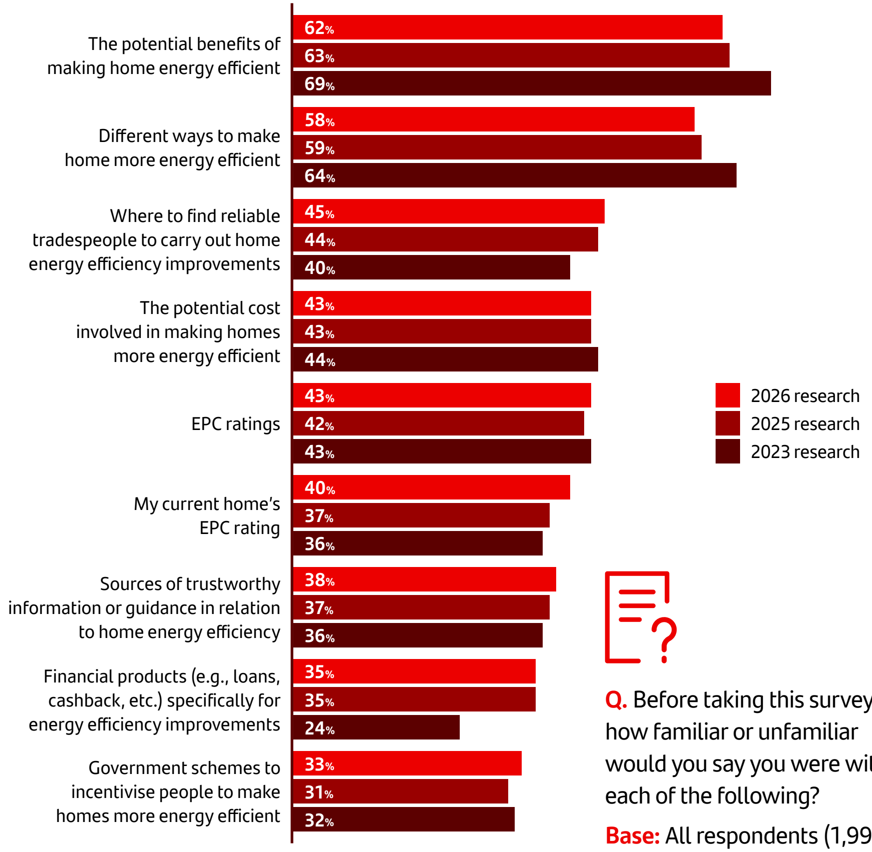
% NET familiar



Q. Before taking this survey, how familiar or unfamiliar would you say you were with each of the following?

Base: All respondents (1,990)

Barriers *continued*

Upfront costs
Upfront cost remains the single biggest barrier.

Even relatively low-cost measures such as loft insulation are often seen as unaffordable. For many households, a full retrofit would exceed available savings. When presented with typical costs, most people rule out measures above £3,000, and only a small minority say they could both afford and prioritise even lower-cost upgrades.

Affordability is only part of the issue. Even where improvements are seen as manageable, many consumers remain reluctant to act. This reflects concerns about whether costs will be recovered through lower energy bills or whether improvements will add enough value to the property.

As a result, energy efficiency upgrades are often deprioritised in favour of more immediate or visible spending, particularly where the financial return is uncertain or long-term.

Access to skills
Alongside consumer barriers, structural challenges, particularly access to skilled installers, also affect outcomes.

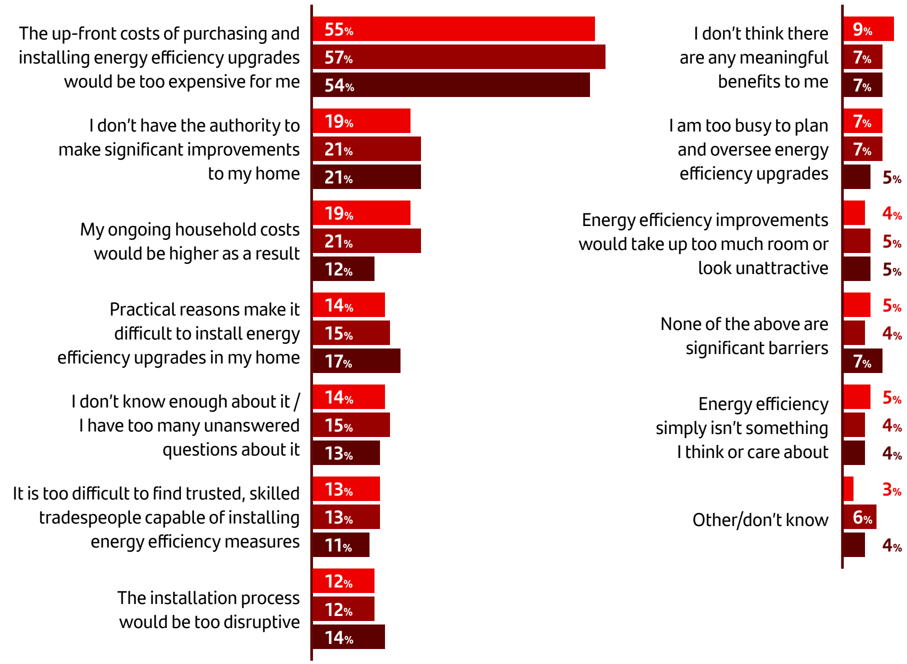
The scale of retrofit required is significant, especially for technologies such as heat pumps. Meeting national targets will require a rapid increase in installation rates and a much larger, better-trained workforce.

From a consumer perspective, this matters because availability and quality of installers directly affect confidence. Evidence of poor workmanship, particularly in insulation, has been linked to gaps in workforce skills. Experiences like this can reduce trust and discourage households from investing.

A constrained supply chain can also keep costs higher, reinforcing affordability concerns and limiting demand.

Taken together, these barriers help explain why positive attitudes have not translated into widespread action.

Barriers to making your home more energy efficient



Q: What do you consider to be the main barrier(s) to making your home more energy efficient? (pick 2)
Base: All respondents (1,990)

2026 research
2025 research
2023 research

What should the Warm Homes Plan do?

The UK public see Government as central to improving the nation's housing efficiency, with 77% believing it should be responsible for funding energy efficiency measures in homes.

The Warm Homes Plan reflects this expectation. It is not a single scheme, but a £15 billion programme that brings together grants, loans and existing initiatives into a single framework, with the aim of supporting households across all tenures to improve the energy performance of their homes. Alongside funding for insulation, the Plan also places increasing emphasis on the adoption of clean technologies such as heat pumps, solar panels and battery storage.

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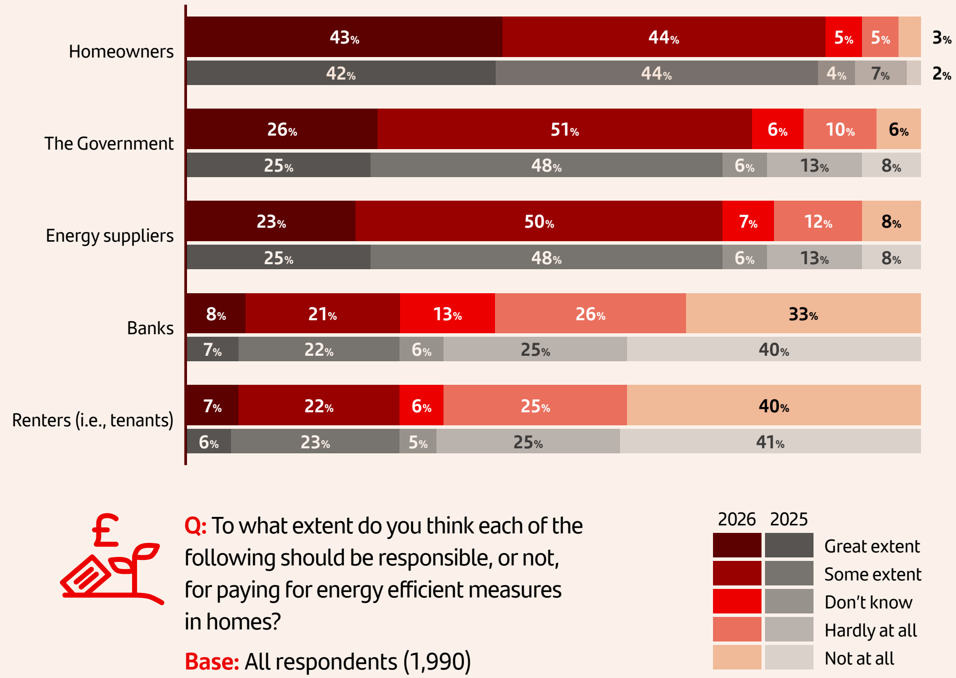
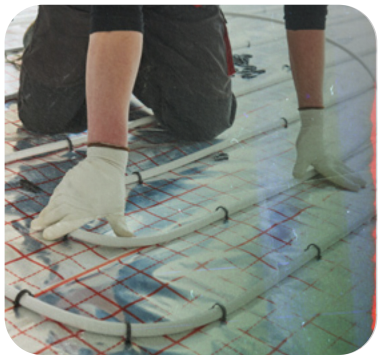
Responsible for paying for energy efficient measures in homes



Q: To what extent do you think each of the following should be responsible, or not, for paying for energy efficient measures in homes?

Base: All respondents (1,990)



What should the Warm Homes Plan do? *continued*

Our research shows that financial support is critical to unlocking demand. When tested, the most effective interventions were subsidies to reduce upfront costs and tax incentives linked to making improvements. This reinforces the finding that, for most households, the decision to act is primarily driven by affordability rather than environmental considerations.

However, financial incentives alone are unlikely to drive sustained change. The Plan largely takes an incentive-led approach, relying on financial support rather than mandates to encourage adoption. While this may increase public acceptability, it also places greater importance on consumer confidence, perceived value and ease of delivery.

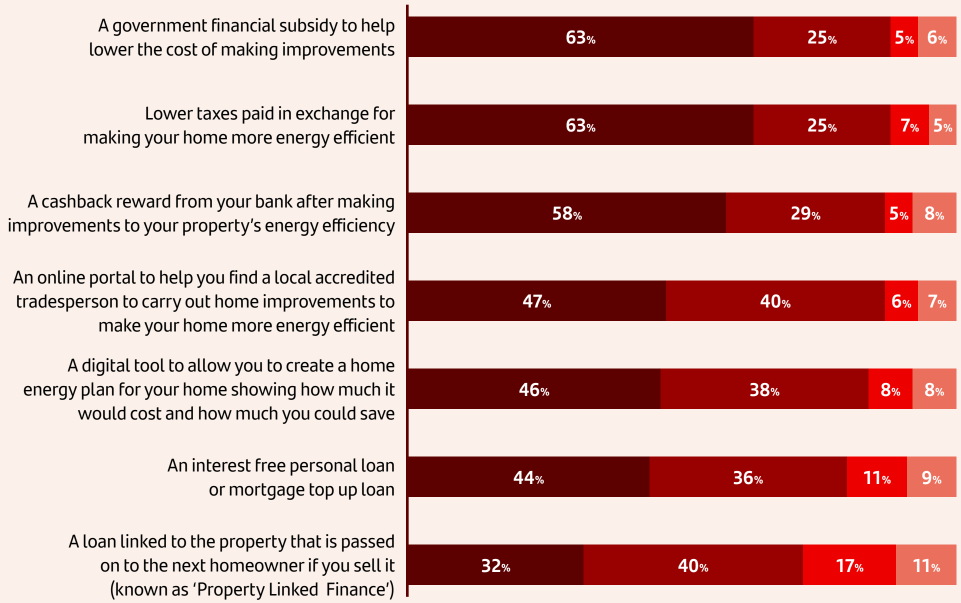
From a consumer perspective, this means that policy needs to do more than reduce cost. It must also reduce complexity, improve access to trusted information and ensure that delivery is simple and reliable. Without this, there is a risk that funding will not translate into widespread uptake.

Long-term policy certainty and a clear delivery framework will also be essential. The development of skills, supply chains and innovative financing models depends on sustained demand. Institutions that sit close to customers and financial decision-making, including lenders, have an important role to play in supporting this transition.

The Warm Homes Plan is an important step forward and could help stimulate demand, particularly where it reduces upfront costs and strengthens standards. However, long-term change will depend on more than subsidies alone. As the plan develops, it should aim to:

- Close the gap between general awareness and what energy efficiency means for an individual home
- Address upfront cost as the primary barrier, particularly where payback is uncertain
- Strengthen the supply chain to improve availability, reduce costs and build trust.

What initiatives would make respondents have a more energy efficient home



Q: For each initiative, please indicate to what extent, if at all, it would make you more or less likely to have a more energy efficient home, or would it make no difference?

Base: All respondents (1,990)

- A lot/little more likely
- Makes no difference
- A lot/little less likely
- Don't know

How can Santander help ?

Our research suggests that households do not need more abstract encouragement on energy efficiency; they need practical support to take action. Santander's role is therefore not only to provide finance, but to reduce complexity, improve access to trusted information and connect customers to credible delivery partners. That means making home energy upgrades more understandable, more affordable and easier to navigate.

The focus of our home energy roadmap is on exploring and testing the latest innovation and technology, whilst developing partnerships that provide customers with clear guidance and improved access to trusted supply chains. It is important that we respond directly to the barriers consumers have identified; the high upfront costs and lengthy payback periods faced when decarbonising homes. We've also challenged ourselves to find a more compelling financial business case to make retrofitting appeal to a bigger audience, by looking beyond the current practice of single-measure installations.

Partnerships remain central to this approach. Our work with Octopus Energy began as a proof of concept and continues to evolve as we test ways to make lower-carbon home upgrades more accessible for customers. The partnership already offers access to discounted technologies such as solar and heat pumps, and also helps us explore more integrated, whole-home solutions rather than isolated single measures.

We also continue to invest in advice and education. Through our free online Energy Saving Trust Home Plan, homeowners, landlords and mortgage brokers can access tailored recommendations based on property characteristics, customer goals and budget. The tool helps users understand which measures are likely to have the greatest impact, what they may cost, and how improvements can be sequenced over time.

Emerging models such as Octopus' Zero Bills Retrofit package may also help demonstrate the value of whole-home upgrades in a more tangible way. Real customer case studies can make the benefits of retrofit more visible by showing what improved performance means in practice, not just in theory. That kind of lived evidence can help inform future proposition design and strengthen how we communicate value to customers.

The case for improving the UK's housing stock is now well established. The challenge is no longer proving that more efficient homes are beneficial, but making action easier, more trusted and more economically realistic for households. Policy has an important role to play, but so do institutions that sit close to customers and key financial decisions. At Santander, we believe that progress will depend on combining clearer incentives, practical guidance, trusted delivery and financing solutions that reflect how households actually make home-improvement decisions.

Bridging the gap between intention and action will be critical, and will require coordinated effort across policy, finance and delivery.