

## Spanish homeowners improve energy efficiency as bills rise

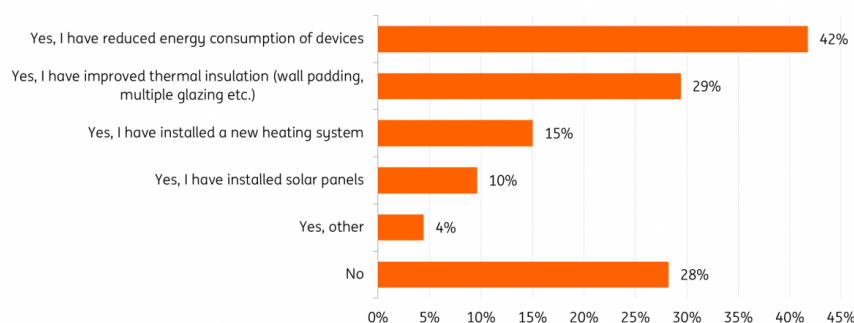
Our latest consumer survey reveals that 72% of Spanish homeowners have improved the energy efficiency of their homes over the past three years. Among rental properties, however, this number drops to 37%. The survey also reveals that barely 26% of Spaniards know that their property must have the energy label A by 2050



### High energy prices prompt Spaniards to improve energy efficiency

Our latest consumer survey reveals that 72% of Spaniards have improved the energy efficiency of their homes over the past three years. The ING consumer survey was commissioned by ING and conducted in early November by Ipsos among a representative panel of 1,000 Spaniards. The same survey was also conducted in Romania, Turkey, Belgium, the Netherlands, Poland and Germany. The most popular measures to achieve this included reducing the energy consumption of appliances (42%) and improving thermal insulation (29%), followed by installing new heating systems (15%) and installing solar panels (10%). The survey also highlights that 44% of Spanish homeowners who have invested in efficiency measures say they would be willing to invest more if the energy savings were large enough to recoup the investment costs.

## Homeowners: Have you taken measures to improve your home's energy efficiency during the past three years?



Source: ING Consumer survey

High and volatile energy prices proved to be a particularly strong incentive to take action. Of those who took steps in the past three years, 72% said saving on their energy bills was the main motivation. However, the high price of building materials did slow down the number of energy renovations. Among owners who have not implemented measures in the last three years, more than half (55%) said that they had not done so because they considered the cost of renovation to be too high, and 30% admit that they would do so if there were public subsidies that covered the entire investment.

### The rental market, a different reality

In the rental market, the dynamics are completely different. While, as described above, 72% of homeowners have taken measures in the past three years to improve the energy efficiency of the property, only 37% of renters report that the owner has taken action. Landlords generally have less incentive to take measures because they cannot always fully pass on these extra costs in the rent, thus weighing on their rental yield. Nevertheless, many tenants (18%) would be willing to pay a higher rent if their rental property were made more energy efficient, especially if the savings on their energy bills outweighed the rent increase (56%).

### Only 26% aware that total building stock needs energy score A by 2050

In addition, the survey found that only 26% are aware of the European Union's target for all buildings to have an A energy score by 2050. However, although this figure is in line with other European countries, there is a big potential risk here. In the future, the trajectory of house prices will increasingly be determined by the energy efficiency of the home. It is therefore important that buyers are aware of this ambitious objective of the European Union. In the coming years, all European countries will have to impose measures to improve the energy efficiency of the building stock, which will lead to growing price differences between energy-efficient and energy-guzzling houses. In our survey, 46% of Spaniards said they thought the government should make it mandatory to renovate homes to improve energy efficiency, although there is also a lot of scepticism as to whether this target is feasible. Among those who are aware of this target, almost 30% do not believe it is feasible, mainly because of the high costs owners would have to incur to carry out the necessary renovations.

## Spaniards believe in a further rise in house prices

Spanish house prices have continued to rise, unlike in many other eurozone countries. In our previous update on the Spanish property market, we elaborated on the various elements supporting house prices, such as resilient property demand thanks to strong household growth and strong foreign demand, especially in tourist areas. In addition, house supply growth is insufficient to meet growing demand, creating scarcity, and putting upward pressure on house prices. Spaniards are also optimistic about the property market in 2024. In our survey, seven out of 10 respondents in Spain expect prices to rise in the next 12 months.

Yet 60% believe that housing in Spain is not affordable for most citizens. Moreover, 80% of the Spanish population fears that buying a house in Spain will become much more difficult for young people in the next three years. With increased interest rates and continued growth in house prices, it is currently not feasible for many families to buy a house, forcing them to rent for longer. Of those who rent, 46% admit they do so because they cannot afford a house. Other reasons are less decisive. 17% rent to be able to move and not be tied to one place (17%), followed by 12% who want to avoid long-term financial obligations and 11% who are uncertain about their future plans.