

# IS PROPERTY ENERGY EFFICIENCY IMPORTANT FOR EUROPEAN HOUSEHOLDS?

- Just over half of households consider energy efficiency very important when buying a house.
- Most households believe that energy efficiency reduces their individual environmental impact, improves property comfort and improves property value.
- Expanding the current energy label for properties to include cost information appears to be more welcome in Slovenia than Ireland.

## Are consumers concerned about energy?

The European Union has set itself a 20% energy savings target by 2020, and at least 27% by 2030. This can help consumers lower their energy bills and reduce climate change. Still, consumers do not always choose the products that would give them the largest energy savings over time. This gap between the energy savings potential and actual consumer decisions is called the “energy efficiency gap”.

To bridge this gap, we need to understand the wide range of factors that potentially influence investments into energy efficiency. So far, we know relatively little about the perceived costs and benefits of energy efficiency, and the effect of energy labels.

## The CONSEED project

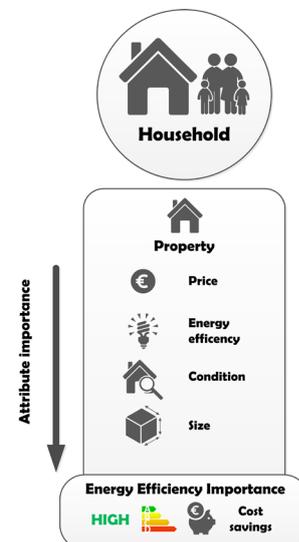
The CONSEED project is examining the importance of energy efficiency and the role of energy consumption information. Five European countries are involved - Greece, Ireland, Norway, Slovenia and Spain. Data is being compiled through a range of focus groups, surveys, field experiments and discrete choice experiments with households and professional consumers from the services, agricultural and industrial sectors. This factsheet describes survey results from the residential property sector in Ireland and Slovenia.

## What matters when investing in property<sup>1</sup>?

Different property attributes play slightly different roles in Ireland and Slovenia. While price is the most important factor in both countries, property condition seems to be more important in Slovenia, and area crime rate is among the most important factors in Ireland. The share of respondents who consider energy efficiency as “very important” is, however, the same in both countries (57% in Ireland and 54% in Slovenia).

We find that those who are “very concerned” about climate change are more likely to value energy efficiency, particularly so in Ireland. A common gender effect is also observed across both countries – females are significantly more likely to value energy efficiency when buying a property. We also observe a counterintuitive house size effect – in both countries, those living in larger households (with higher energy bills) value energy efficiency less.

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Summary of survey findings from the residential property sector.

## The costs and benefits of energy efficiency

In both countries, most households believe that energy efficiency reduces their individual environmental impact, improves property comfort and improves property value, particularly so in Ireland (high shares of 'strongly agree'). In terms of financing, about a quarter of households in each country believe that credit constraints limit their investment in higher energy efficiency ('strongly agree'). However, fewer households in Slovenia believe that they cannot afford to upgrade the energy of their home (18% compared to 36% in Ireland).

We also find that only a third of households are very knowledgeable about property energy consumption and the savings associated with energy upgrades ('strongly agree' shares).

## Attitudes toward existing and monetary label

About two-thirds of households in both countries are aware of existing energy efficiency labels. However, only about a third have been influenced by such labels when buying their current property. We also observe very high shares of households who are unaware of their current energy efficiency grade, particularly so in Slovenia. However, this is likely driven by the recent roll-out of the schemes and current exemptions.

We compare existing energy labels with a proposed monetary cost label (designed by CONSEED). Slovenian households appeared to be largely in favour of the latter, where more households find that monetary labels are understandable, influential and helpful for understanding/calculating household energy consumption and costs. However, in Ireland, monetary labels only perform better for helping households to calculate energy costs. In both countries, there appears to be a high level of distrust in labels – most households think that labels (existing and monetary) are open to manipulation.

## Insights from the survey

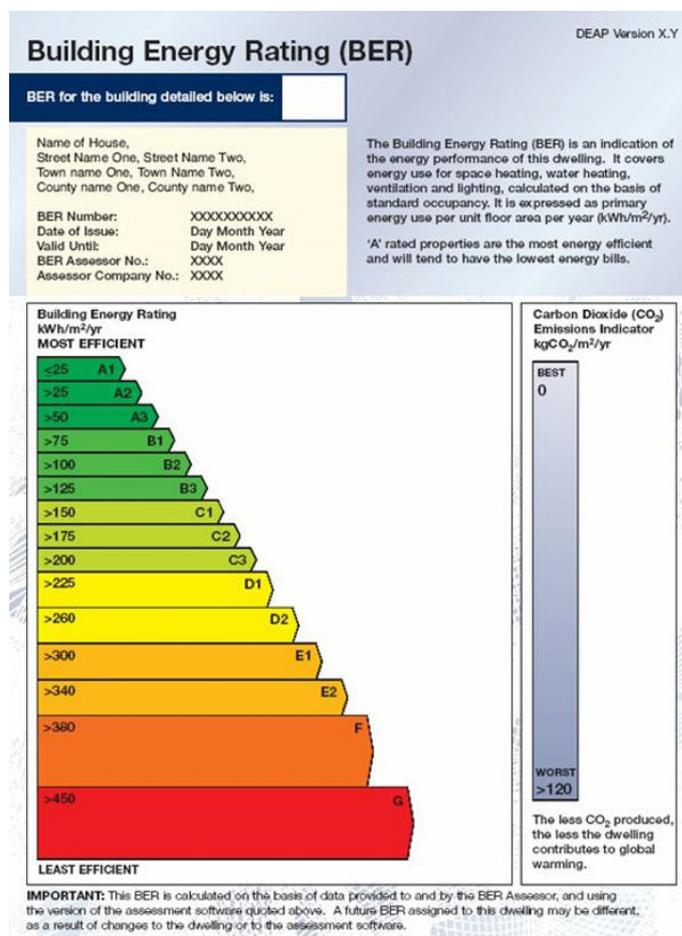
Energy efficiency is very important for over half of buyers. However, few say that they were influenced by the

The CONSUMER Energy Efficiency Decision making project (CONSEED) does research to understand better how European consumers make energy efficiency decisions.

Do households and professional consumers pay attention to energy labels? What information are they looking for? We focus on three products: cars, appliances/machinery and buildings.

This project has received funding from the European Union's Framework Programme for research and innovation Horizon 2020 under grant agreement number 723741.

CONSEED is led by Trinity College Dublin (Ireland), and includes four other research institutions: CICERO Center for International Climate Research (Norway), Basque Centre for Climate Change BC3 (Spain), University of Ljubljana (Slovenia) and Agricultural University of Athens (Greece).



Example of energy label – Building Energy Rating (the BER)

energy label when buying their current property and few are also aware of their current energy rating. Furthermore, knowledge of property consumption and savings is low for a sizable share of households.

Policymakers should be aware of the benefits and impediments of energy efficiency. For example, most believe that upgrades improve property value and comfort. We also see that some households cannot upgrade due to credit and finance constraints.

Existing labels are generally considered understandable and well received in both countries (although open to manipulation). Monetary labels appear to be more valued in Slovenia only.