



Lloyds TSB

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This is the first annual **Lloyds TSB review of the cost of moving home**. The review tracks the main costs associated with moving home as paid by the average homemover and is compiled using a range of statistics including from Halifax, Moneyfacts and the Office for National Statistics (ONS). Home moving costs covered in the report are stamp duty, mortgage arrangement fees, estate agency fees, surveyors' fees, conveyancing and removal costs. The costs of decorating and improvement prior to sale, local searches and land registration fees are excluded. See Editors' Notes for full details.

Cost of moving rises faster than house prices over the past decade

****Moving home costs nearly £9,000****

The cost of moving house in the UK has risen at a faster rate than house prices over the past decade, according to new research by Lloyds TSB. Since 2001, the average cost associated with moving home for someone who already owns a home rose by 69% (£3,632) from £5,290 in 2001 to £8,922 in 2011. This is greater than the 64% rise in house prices over the same period. The expense of moving home is now at its highest level since the peak of the housing market in 2007.

House moving costs are currently equivalent to 27% of average UK gross full-time earnings¹, up from 22% in 2001.

The increase in the costs of moving home over the past decade has been driven by rises in the cost of all six of the house moving expenditure categories tracked. In monetary terms, estate agency fees (up £1,318), mortgage fees (up £770) and stamp duty (up £732) were the biggest contributors to the overall rise in moving home expenses. The increases in these three components combined accounted for more than three-quarters of the overall rise in moving costs.

Estate agents' fees account for the largest share of the home moving bill

Estate agents' fees remain the largest single component of the cost of moving home, accounting for 38% of total costs, followed by stamp duty (21%). Mortgage arrangement fees have more than trebled over the past decade, reflecting the changing structure of mortgage products over the period. Despite this increase, mortgage arrangement fees currently account for just 12% of the typical home moving bill.

House-buying costs are 63% lower for first-time buyers

The cost of moving home for a first-time buyer (FTB) stood at an average of £3,334 in 2011; 63% lower than the total for home movers (£8,922). This is because the typical first-time buyer does not pay estate agents' fees and stamp duty. Indeed, the overwhelming majority of FTBs did not pay stamp duty in 2011, partly as a consequence of the temporary increase in the starting threshold for FTBs from £125,000 to £250,000. The removal of this concession in March will result in a significant increase in house buying costs for many FTBs.

More expect to rely on savings than equity to cover home moving costs

Recent research commissioned by Lloyds TSB² indicates that half (51%) of consumers would expect to use their savings to cover these additional costs, compared to only a quarter (24%) who are relying on the equity in their current property to cover moving costs.

In addition, only a quarter (24%) of those that have moved recently budgeted for all these additional expenses. Of people who have moved in the last three years and hadn't budgeted, almost two thirds (61%) relied on savings to cover the cost of moving home, one in five (18%) turned to friends and family, 16% used their credit card and just 14% were able to use existing equity.

Suren Thiru, housing economist at Lloyds TSB, commented:

"With the costs associated with completing a home move in the UK rising substantially over the past decade, the task for those looking to move home has undoubtedly become more challenging. The significant rise in home moving costs is particularly concerning at a time when demand in the UK housing market is weak."

Lloyds TSB continues to respond to the difficulties facing homebuyers...

Lloyds TSB currently offers a range of two and three year fixed rate mortgages with no fees, for customers looking to move house. In addition, Lloyds TSB current account holders who have £1,000 or more a month paid into their account will be offered preferential mortgage rates.

Stephen Noakes, director of mortgages at Lloyds TSB commented:

"With the cost of moving at its highest level since 2007, consumers struggling to cover the costs should look to make savings wherever they can. With mortgage fees making up around 12% of the overall outlay, considerable savings could be made by looking for a fee free mortgage option."

ADDITIONAL KEY FINDINGS

Home moving costs by region, 2001-2011

- The cost of moving home in the South East has more than doubled (132%) over the past decade; the largest of any UK region. London (127%) recorded the second biggest increase, followed by the North East (91%). Those living in Northern Ireland saw the smallest rise in home moving costs (24%).
- London had the highest average annual home moving costs in 2011 (£19,544), with higher house prices in the capital pushing up the cost of many of the house moving expenditure categories such as stamp duty and estate agents fees. Annual moving costs are lowest in Northern Ireland (£5,527).
- Home moving expenses as a percentage of average gross annual full-time earnings are highest in the South East (49%); more than double the lowest – Northern Ireland (20%).

Home moving costs, 2010- 2011

- House moving expenses have risen by 1.5% (£131) over the past year, from £8,791 in 2010 to £8,922 in 2011. London recorded the biggest increase (6.3%). Northern Ireland recorded the largest fall (-27%), reflecting the significant decline in house prices there.

Table 1 – Cost of moving home by category, 2001-2011

Fees	Estimated costs £s 2001	Estimated costs £s 2011	10 year % change	10 year £ change
Estate agency	2,059	3,377	64%	1,318
Mortgage arrangement	306	1,076	252%	770
Stamp duty	1,144	1,876	64%	732
Conveyancing	572	938	64%	366
Home removal	805	1,110	38%	305
Surveyors	405	545	35%	140
Total cost of moving home	5,290	8,922	69%	3,632

Sources: Lloyds TSB, Halifax, Moneyfacts, Which?, Pickfords

Table 2 – Share of total moving costs by category, 2001 – 2011

Fees	% Share of total housing costs, 2001	% Share of total housing costs, 2011
Estate agency	39%	38%
Stamp duty	22%	21%
Home removal	15%	12%
Mortgage arrangement	6%	12%
Conveyancing	11%	11%
Surveyors	8%	6%
Total cost of moving home	100%	100%

Sources: Lloyds TSB, Halifax, Moneyfacts, Which?, Pickfords

Table 3: Cost of moving home by region, 2001 - 2011

	Estimated costs £s 2001	Estimated costs £s 2010	Estimated costs £s 2011	1 year % change	10 year % change
South East	7,185	16,243	16,637	2.4%	132%
London	8,615	18,381	19,544	6.3%	127%
North East	3,906	7,335	7,443	1.5%	91%
Wales	4,290	7,616	7,721	1.4%	80%
North West	4,175	7,442	7,376	-0.9%	77%
East Midlands	4,532	7,607	7,888	3.7%	74%
Yorkshire and Humber	4,020	7,139	6,994	-2.0%	74%
West Midlands	5,048	8,298	8,539	2.9%	69%
Scotland	4,125	6,814	6,972	2.3%	69%
South West	5,757	9,547	9,341	-2.2%	62%
East Anglia	5,522	8,636	8,822	2.2%	60%
Northern Ireland	4,444	7,558	5,527	-27%	24%
UK	5,290	8,791	8,922	1.5%	69%

Sources: Lloyds TSB, Halifax, Moneyfacts, Which?, Pickfords

Notes to Editors:

¹ Average earnings are based on ASHE survey for full time workers published by the ONS.

² ICM interviewed a random sample of 2029 adults aged 18+ via online between 16th - 18th December 2011. Surveys were conducted across the country and the results have been weighted to the profile of all adults. ICM is a member of the British Polling Council and abides by its rules. Further information at www.icmresearch.co.uk

The figures used in the release refers to the moving cost of a home mover not a first time buyer unless stated otherwise and uses the averaged price property for a homemover by region.

The house price data used in this report refers to Quarter 4 (homemovers) of the relevant year and has been sourced from the Halifax House Price Index, the UK's longest running monthly house price series.

Data on home moving costs has been drawn from a range of statistics including from Halifax, Moneyfacts and the Office for National Statistics (ONS). Home moving costs covered in the report are stamp duty, mortgage arrangement fees, estate agency fees, surveyor's fees, conveyancing and removal costs.

Lloyds TSB fee free homemover mortgage rates:

Product Type	Rate(%)	Fee	Min LTV (%)	Max LTV (%)
2 year fixed	3.54	£0	0	60
	3.79	£0	60	75
3 year fixed	3.99	£0	0	60

Stamp duty:

The average stamp duty bill has been calculated using the average house price for each year and the stamp duty band it falls in.

Mortgage arrangement fees:

Data between March 2008 and December 2011 has been sourced from Moneyfacts. Data prior to this period has been estimated using data for 2001 from Moneyfacts and Which? for November 2005 (<http://www.which.co.uk/money/mortgages-and-property/guides/how-to-get-the-best-mortgage-deal/mortgage-fees-and-other-costs/>) and reflects the average growth rate between the available data points.

Estate agency fees:

The average estate agency bill has been estimated as a fee of 1.8% of the average house price for each year. This estimate has been sourced from research by Which? (<http://www.which.co.uk/news/2011/03/estate-agents-fees-exposed-248666/>) and is assumed to be fixed through the time period and by region.

Conveyancing fees:

The conveyancing fee has been estimated as 0.5% of the average house price for each year. For the purpose of this analysis stamp duty has been estimated as a separate cost and land registration fees are excluded to lack of reliable historic data for some regions. This estimate has been based on a range of market intelligence including: http://www.home.co.uk/guides/buying/one_off_costs.htm.

Surveyor's fees:

Based on Lloyds Banking Group data on survey and valuation fees (level 2) data including administration fee.

Home removal costs:

Average removal costs for 2011 have been sourced from Pickfords and relate to a 26-75 mile house move (rather than location), from a three bed house (small) with the removal date on 27th January 2012. (<http://www.pickfords.co.uk/home-moving>). Recent research suggests that the average home move is 68.9 miles (source: www.reallymoving.com Quarterly Migration Monitor Jan 2011). Historical data on removal costs has been estimated using the relevant consumer price index (CPI).

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