

Downsizing – could less be more?

- **1 in 5 have considered downsizing to meet cost of living rises**
- **Moving to a home 1 bedroom smaller could save up to £935 monthly**
- **Scotland's downsizers are freeing up over £132,000**

New research from Bank of Scotland suggests that three out of 10 homeowners across the UK have already considered changing their living arrangements to help meet rising costs.

Already feeling the financial effects

While increased costs are affecting people differently, the research shows that rises to basic household bills are having the greatest impact. Rising energy costs (82%) and grocery bills (82%) were called out as having the greatest effect, closely followed by rising fuel prices (72%). For those with a mortgage, only one in three (34%) suggested it rising had been the biggest cost of living impact they faced.

Moving out or moving on

With mortgages or rent often being the largest single household expense, finding ways to reduce them could help those feeling the financial squeeze. The research shows three out of 10 (30%) have already considered options like downsizing, relocating or cohabiting, with almost one in five (17%) saying 'downsizing' was something they had considered.

Though just four in 100 (4%) had gone as far as actually moving to a smaller home to help meet their increasing costs, the idea was not ruled out by many of the respondents. Of those surveyed, nearly two thirds (60%) said moving to a smaller home to help with the cost of living would be something they might consider.

Realising the benefits

When thinking about moving to a smaller home, the reduced cost of living (72%) was most commonly named as a benefit of downsizing, with a third (33%) placing it as the number one benefit.

The financial benefits of downsizing can be realised through releasing equity by selling a larger home, moving to lower monthly mortgage payments, or a combination of both. However, the amount of equity that those surveyed said they might expect to realise, £105,000, could be an underestimate. Based on the Bank's analysis of house prices of different sized homes, moving to a home one bedroom smaller would, on average, raise over £132,000 from the sale of larger Scottish properties.



The potential savings from downsizing by a single bedroom are present across all regions of the UK, with the greatest being between 5 and 4 and 4 and 3-bedroom homes. On average the monthly mortgage saving in Scotland could be £651 or £598, respectively. (See Editors' Notes for regional tables)

Scottish Average House Prices and potential savings

# Beds	Ave. House Price*	Price Difference	Mortgage payment*	1 fewer beds difference
5	£472,763		£2,323	
4	£340,266	£132,497	£1,672	£651
3	£218,543	£121,722	£1,074	£598
2	£165,867	£52,676	£830	£244
1	£137,850	£28,017	£677	£153
	Average per room	£83,728		

Considerations

On the other side, moving costs were most often cited as one of the main drawbacks of downsizing (39% of people put this in their top 3), along with the lack of space for personal belongings (38%). The distance from family and friends (29%) and being in an unfamiliar area (28%) were also high-ranking concerns about downsizing.

Expectations of how close a smaller home might be also looked to be somewhat ambitious. The average distance people expected to move to find their smaller home was 29 miles. However, any concerns about the remoteness of family and friends might be stretched by the 54-mile average distance moved by those who have already downsized.



Graham Blair, head of mortgages, Bank of Scotland said:

“With many people looking at the options to make their money go further and get the most out of the assets they have, moving to a smaller home is something that many people might consider.



“Downsizing can lower mortgage costs that could help with the cost of living or release significant equity for a financial buffer but is not without its own challenges. The time it takes to move home, the distance from friends and family, and the lack of space can all put a question mark over whether the move to a smaller home could work.”

ENDS

EDITORS' NOTES

Tables:

East Midlands

# Beds	Ave. House Price*	Price Difference	Mortgage payment*	1 fewer beds difference
5	£538,561		£2,646	
4	£386,121	£152,439	£1,897	£749
3	£240,604	£145,518	£1,182	£715
2	£180,930	£59,674	£889	£293
1	£122,575	£58,355	£602	£287
	Average per room	£103,996		

East of England

# Beds	Ave. House Price*	Price Difference	Mortgage payment*	1 fewer beds difference
5	£825,643		£4,056	
4	£574,702	£250,941	£2,823	£1,233
3	£374,925	£199,777	£1,842	£981
2	£282,357	£92,568	£1,387	£455
1	£207,810	£74,547	£1,021	£366
	Average per room	£154,458		

London

# Beds	Ave. House Price*	Price Difference	Mortgage payment*	1 fewer beds difference
5	£1,271,587		£6,247	



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4	£901,748	£369,839	£4,430	£1,817
3	£615,133	£286,614	£3,022	£1,408
2	£489,320	£125,814	£2,404	£618
1	£353,005	£136,315	£1,734	£670
	Average per room	£229,646		

North East

# Beds	Ave. House Price*	Price Difference	Mortgage payment*	1 fewer beds difference
5	£446,707		£2,195	
4	£298,507	£148,200	£1,466	£729
3	£178,015	£120,492	£875	£591
2	£129,023	£48,992	£634	£241
1	£92,732	£36,291	£456	£178
	Average per room	£88,494		

Northern Ireland

# Beds	Ave. House Price*	Price Difference	Mortgage payment*	1 fewer beds difference
5	£344,510		£1,692	
4	£267,411	£77,099	£1,314	£378
3	£165,537	£101,874	£813	£501
2	£126,059	£39,479	£619	£194
1	£97,488	£28,570	£479	£140
	Average per room	£61,755		

North West

# Beds	Ave. House Price*	Price Difference	Mortgage payment*	1 fewer beds difference
5	£553,359		£2,718	
4	£379,293	£174,066	£1,863	£855
3	£230,506	£148,787	£1,132	£731



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2	£165,249	£65,257	£812	£320
1	£135,840	£29,409	£667	£145
	Average per room	£104,380		

Scotland

# Beds	Ave. House Price*	Price Difference	Mortgage payment*	1 fewer beds difference
5	£472,763		£2,323	
4	£340,266	£132,497	£1,672	£651
3	£218,543	£121,722	£1,074	£598
2	£165,867	£52,676	£830	£244
1	£137,850	£28,017	£677	£153
	Average per room	£83,728		

South East

# Beds	Ave. House Price*	Price Difference	Mortgage payment*	1 fewer beds difference
5	£949,221		£4,663	
4	£649,868	£299,353	£3,193	£1,470
3	£419,620	£230,248	£2,061	£1,132
2	£298,749	£120,871	£1,468	£593
1	£208,223	£90,527	£1,023	£445
	Average per room	£185,250		

South West

# Beds	Ave. House Price*	Price Difference	Mortgage payment*	1 fewer beds difference
5	£718,923		£3,532	
4	£496,090	£222,833	£2,437	£1,095
3	£325,509	£170,581	£1,599	£838
2	£246,008	£79,500	£1,209	£390
1	£179,220	£66,788	£880	£329



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	Average per room	£134,926		
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Wales

# Beds	Ave. House Price*	Price Difference	Mortgage payment*	1 fewer beds difference
5	£482,947		£2,373	
4	£359,080	£123,867	£1,764	£609
3	£222,174	£136,906	£1,090	£674
2	£169,807	£52,367	£834	£256
1	£137,032	£32,775	£673	£161
	Average per room	£86,478.91		

West Midlands

# Beds	Ave. House Price*	Price Difference	Mortgage payment*	1 fewer beds difference
5	£600,070		£2,948	
4	£415,066	£185,004	£2,039	£909
3	£250,497	£164,569	£1,231	£808
2	£185,086	£65,411	£909	£322
1	£128,059	£57,027	£629	£280
	Average per room	£118,002.74		

Yorkshire and The Humber

# Beds	Ave. House Price*	Price Difference	Mortgage payment*	1 fewer beds difference
5	£508,714		£2,499	
4	£360,798	£147,916	£1,772	£727
3	£211,100	£149,698	£1,037	£735
2	£159,794	£51,306	£785	£252
1	£113,823	£45,972	£559	£226
	Average per room	£98,722.94		



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UK

# Beds	Ave. House Price*	Price Difference 1 less bedroom	Mortgage payment*	1 less bedroom difference
5	£642,750		£3,158	
4	£452,413	£190,338	£2,223	£935
3	£287,680	£164,732	£1,413	£810
2	£216,521	£71,159	£1,064	£349
1	£159,471	£57,049	£783	£281
	Average per room	£120,820		

*Rolling 12 Months To 202207

**80% LTV, 5.5%, 25yr Term

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