

Homeowners nearly £500 better off annually than renters

- **Monthly cost of owning a home £42 cheaper than renting the equivalent**
- **Difference greatest in London, where homeowners are paying nearly £3,000 less each year than those renting similar homes**
- **East of England only region where it is cheaper to rent**

The monthly cost of owning a home for first-time buyers is now £971 - £42 (4%) lower than the cost of renting the equivalent property, according to the latest Halifax Owning vs Renting Review.

The analysis, which is based on housing costs for first-time buyers with a mortgage on a three-bed home compared to the average monthly rent of the same property type, found that the £971 owners are now paying, compares to £1,013 for renters, each month.

While still equating to an almost £500 saving per year for owners, the gap is down from its peak in 2016, when owners were saving £1,567 annually.

Table 1: UK average monthly homeownership costs and rent payments

Year	Average monthly homeownership cost *	Average monthly rent payment	Monthly savings for owners	Monthly savings for owners	Annual savings for owners
2012	£614	£661	7%	£48	£572
2013	£581	£692	16%	£111	£1,327
2014	£607	£720	16%	£113	£1,361
2015	£616	£744	17%	£128	£1,539
2016	£629	£759	17%	£131	£1,567
2017	£629	£754	17%	£125	£1,501
2018	£669	£759	12%	£90	£1,084
2019	£727	£747	3%	£20	£238
2020	£744	£821	9%	£77	£923
2021	£766	£874	12%	£108	£1,300
2022	£971	£1,013	4%	£42	£498

Sources: Halifax, Birmingham Midshires and ONS. *Mortgage prices based on Halifax 12mth rolling data calculated to January 2023, January 2022 etc

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Regional gap

The UK's greatest gap between owners and renters, in percentage terms, can be found in Scotland. Those renting in the nation pay an average £918 per month, compared to £727 for home-owners – a saving of 21% for those on the property ladder.

It is a different story in the East of England, the only region or nation in the UK where it is more expensive to own a property than rent the equivalent. Homeowners there now pay £90 more each month, on average, than those renting.

Table 2: UK average monthly home-owning and rent costs by region

Region	Average monthly homeowning cost*	Average monthly rent payment	Monthly savings for owners	Monthly savings for owners	Annual savings for owners
Scotland	£727	£918	21%	£191	£2,295
South West	£1,029	£1,237	17%	£208	£2,492
North West	£778	£922	16%	£145	£1,737
Wales	£735	£872	16%	£137	£1,647
Greater London	£1,828	£2,074	12%	£246	£2,950
West Midlands	£839	£951	12%	£112	£1,342
Yorkshire & the Humber	£720	£802	10%	£82	£980
South East	£1,345	£1,474	9%	£129	£1,550
East Midlands	£843	£931	9%	£88	£1,059
North East	£628	£685	8%	£57	£686
Northern Ireland	£596	£620	4%	£24	£288
East of England	£1,212	£1,122	-8%	-£90	-£1,078
UK	£971	£1,013	4%	£42	£498

Sources: Halifax, Birmingham Midshires and ONS. *Mortgage prices based on Halifax 12mth rolling data calculated to January 2023

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Kim Kinnaird, Mortgages Director, Halifax said:

“Our latest analysis shows that becoming a homeowner can bring significant savings for people. Nationally, homeowners are almost £500 better off than renters each year. These benefits are felt most keenly in London, where homeowners are saving nearly £3,000 annually compared to those renting similar properties – a significant figure. In fact, the only region where it is cheaper to rent than own is the East of England, where renters are holding onto £90 each month, compared to owners.

“Of course, making the move from renting to home ownership can be difficult for many, as raising a sufficient deposit and then finding the right property can be challenging. While a predicted fall in house prices this year will be welcome news for those looking to buy their first home, it doesn’t change the fact that getting on the property ladder remains expensive – a problem that is compounded when rents are high, impacting the ability to save.”



Go North (East)

The latest first-time buyer data from Halifax shows that, in cash terms, deposits being raised in the North East are the lowest in the UK - at £32,920, around 19% of average property prices in the area. Outside of London - where those buying a first home are raising a huge £188,663 on average - properties in the South East and East of England also require hefty deposits from new home owners, at £97,320 and £87,157 respectively.

Table 3: First-time buyer average house price, mortgage advance and deposit (2021/22, 2022/23)

Region	Year		2021/22			2022/23		
	Average house price	Average mortgage	Average deposit	Average deposit (% of house price)	Average house price	Average mortgage	Average deposit	Average deposit (% of house price)
North East	£157,481	£125,549	£31,932	20%	£172,780	£139,860	£32,920	19%
Yorkshire & Humberside	£180,916	£142,054	£38,861	21%	£201,283	£160,090	£41,193	20%
North West	£194,966	£153,442	£41,523	21%	£215,236	£171,463	£43,772	20%
East Midlands	£215,714	£165,423	£50,291	23%	£237,262	£185,571	£51,691	22%
West Midlands	£216,880	£166,093	£50,787	23%	£236,837	£184,568	£52,269	22%
East of England	£324,189	£240,307	£83,882	26%	£355,770	£268,613	£87,157	24%

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Wales	£185,292	£149,367	£35,924	19%	£198,710	£163,187	£35,523	18%
South West	£271,906	£200,855	£71,051	26%	£298,937	£223,899	£75,038	25%
South East	£354,764	£260,974	£93,790	26%	£393,259	£295,938	£97,320	25%
Greater London	£525,134	£350,548	£174,586	33%	£587,733	£399,070	£188,663	32%
Northern Ireland	£150,096	£116,296	£33,800	23%	£164,660	£131,526	£33,135	20%
Scotland	£179,821	£144,309	£35,512	20%	£195,449	£162,161	£33,288	17%
UK	252,254	190,570	61,684	24%	278,958	214,360	64,598	23%

Sources: Halifax, February 2021 – January 2022 vs February 2022 – January 2023, UK Finance

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Notes to Editors:

The **Halifax Owning vs. Renting Review** tracks the costs of owning and renting a three-bedroom property faced by a typical **first-time buyer** (FTB) across the UK. **Average owning costs include mortgage payments, income lost by funding a deposit rather than saving, spending on household maintenance and repair and insurance costs.** They do not include one-off costs, such as stamp duty, valuation, and legal fees. The review is based on data from the Halifax housing statistics database, BM Solutions, the Bank of England, and the Office for National Statistics (ONS).

Mortgage payments:

Mortgage payments are the weighted average of repayment (capital and interest) and interest-only mortgage payments. They refer to the average first-time buyer with average advance data from UK Finance. Weights have been constructed using FCA regulated mortgage statistics on advances by mortgage type. Average mortgage payments (both repayment and interest-only) have been calculated using house price data from the Halifax housing statistics database and Bank of England series on the average of UK resident banks' sterling weighted average interest rate loans secured on dwellings to households for new borrowers only.

Mortgage payments refer to the average for a three-bedroom house over 12 months to January for each year. Halifax research shows that three-bedroom homes are the most popular property types for first-time buyers getting on the housing ladder.

Average owning costs:

Average owning costs include mortgage payments (weighted average of repayment and interest-only mortgage payments), household maintenance, repair, minor alterations and insurance costs and income lost by funding a deposit rather than saving.

Mortgage payments have been calculated from the average advances made to first-time buyers for each region and year published by UK Finance. The estimated average advance for 2022 varies from 68% in London to 83% in Scotland; the UK average is 77%. Figures relate to the first year of purchase.

Rental payments

Average rental payments are from rental data from BM Solutions. Monthly rents (both regions and UK) are crude, or simple, averages based on the buy to let mortgage new transactions.

Income lost by funding a deposit rather than saving:

It is assumed that there is a cost involved in funding a deposit which for this analysis is the monthly interest income lost from paying a deposit instead of saving it in an interest-bearing account. This has been calculated using house price data from the Halifax's housing statistics database and the interest gained from an average of Bank of England quoted savings rates on instant access, notice, ISA and fixed rate bond accounts. For example, the average deposit required to buy a three-bed home (£64,598) in the UK would generate an average monthly income of just under £70. If used to fund a deposit, the income from the interest would be lost and is therefore included as a cost within the average monthly buying costs measure.

Household maintenance, repair, and insurance costs:

Estimated maintenance, repair, and insurance costs associated with owning a home have been sourced from ONS data - Table A35 Detailed household expenditure by countries and regions 2021. Estimates for 2022 have been calculated using the 2021 data and adjusted using the CPI series on regular maintenance and repair of dwellings.

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