

Scottish homeowners £424 better off annually than renters

- Home-owning monthly costs £953, compared to £988 for renters
- In Scotland, monthly home-owning costs have risen 93%, compared to 74% for renting, over the last decade
- Scotland is one of only three UK nations or regions where owning a first home is cheaper than renting

The monthly cost of owning a home in Scotland for first-time buyers is now £953, saving owners £424 annually, compared to those renting an equivalent home, according to the latest Bank of Scotland Owning vs Renting Review.

The latest analysis, based on the housing costs associated with a mortgage on a three-bed home compared to the average monthly rent of the same property type, found that monthly rental costs in 2023 grew by 8% to £988, while homeownership costs grew by 29% to £953.

Since 2013, the monthly home-owning costs have risen 93% with the comparable renting costs up 74%.

Table 1: Scottish average monthly home-owning costs and rent payments

Year	Average monthly home-owning cost*	Average monthly rent payment	Monthly savings for owners	Monthly savings for owners	Annual difference between home-owning and renting £
2013	£494	£568	13%	£75	£896
2014	£526	£599	12%	£73	£878
2015	£515	£645	20%	£130	£1,560
2016	£493	£593	17%	£100	£1,202
2017	£501	£606	17%	£105	£1,265
2018	£550	£640	14%	£91	£1,086



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2019	£575	£647	11%	£72	£870
2020	£541	£683	21%	£142	£1,698
2021	£584	£699	17%	£116	£1,387
2022	£740	£918	19%	£178	£2,141
2023	£953	£988	4%	£35	£424

Sources: Bank of Scotland, Birmingham Midshires and ONS. *Mortgage prices based on Bank of Scotland 12mth rolling data calculated to December 2023, December 2022 etc, Annual figures are subject to slight differences due to rounding.

Table 2: Average monthly home-owning and rental costs by region

Region/nation	Average monthly home-owning* cost	Average monthly rent payment	Monthly savings for owners	Monthly savings for owners	Annual difference between home-owning and renting £
Scotland	£953	£988	4%	£35	£424
North East	£827	£801	-3%	-£26	-£312
Yorkshire & the Humber	£954	£809	-18%	-£144	-£1,731
North West	£1,030	£907	-14%	-£123	-£1,475
East Midlands	£1,081	£936	-15%	-£145	-£1,741
West Midlands	£1,118	£1,056	-6%	-£62	-£744
East of England	£1,546	£1,353	-14%	-£194	-£2,325
Wales	£953	£864	-10%	-£89	-£1,069
South West	£1,298	£1,437	10%	£139	£1,663
South East	£1,705	£1,551	-10%	-£155	-£1,859
Greater London	£2,241	£2,253	1%	£12	£148
Northern Ireland	£779	£692	-13%	-£88	-£1,051
UK	£1,231	£1,258	2%	£27	£319

Sources: Bank of Scotland, Birmingham Midshires and ONS. *Mortgage prices based on Bank of Scotland 12mth rolling data calculated to December 2023. Annual figures are subject to slight differences due to rounding.



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Graham Blair, Mortgages Director, Bank of Scotland, said:

“First-time homeowners in Scotland are savings hundreds of pounds every year - £424 to be precise - compared to those renting in the country.

“Getting on the property ladder is a major life goal for so many people and it's a big priority for us to help them get there. However, there are quite a few barriers to making the long-term investment in a property, including higher borrowing costs, alongside less homes available to buy. We're big supporters and participants in the Scottish Government's affordable home ownership schemes, including shared ownership and the mortgage guarantee scheme, as we want as many first-time buyers as possible to secure a place to call their own.”



First-time buyer costs

In 2023, the average costs of a home for Scottish first-time buyers was £196,998, with average deposits around 19% of the purchase price, one of the lowest of all UK nations or regions.

Table 3: First-time buyer average house price, mortgage advance and deposit

	2022				2023			
Region / nation	Average house price	Average mortgage	Average deposit	Average deposit (% of house price)	Average house price	Average mortgage	Average deposit	Average deposit (% of house price)
Scotland	£197,986	£163,863	£34,122	17%	£196,998	£158,599	£38,399	19%
North East	£174,862	£141,275	£33,587	19%	£173,824	£138,959	£34,865	20%
Yorkshire & Humberside	£201,249	£159,826	£41,423	21%	£202,820	£158,999	£43,821	22%
North West	£217,938	£173,585	£44,353	20%	£217,831	£170,610	£47,222	22%
East Midlands	£237,980	£186,098	£51,882	22%	£233,890	£180,433	£53,457	23%
West Midlands	£237,386	£185,081	£52,305	22%	£241,109	£186,435	£54,674	23%



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East of England	£355,549	£268,840	£86,709	24%	£346,484	£256,745	£89,739	26%
Wales	£199,823	£164,090	£35,733	18%	£196,995	£158,973	£38,021	19%
South West	£300,571	£225,267	£75,304	25%	£288,935	£214,027	£74,908	26%
South East	£393,735	£296,394	£97,341	25%	£381,466	£283,485	£97,981	26%
Greater London	£586,756	£397,563	£189,193	32%	£559,263	£368,433	£190,830	34%
Northern Ireland	£163,955	£130,650	£33,304	20%	£166,394	£128,468	£37,926	23%
UK	£279,260	£214,405	£64,855	23%	£270,602	£204,573	£66,029	24%

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Notes to Editor:

This information is intended for the sole use of journalists and media professionals.

The **Bank of Scotland 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 December 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 2023 varies from 66% in London to 81% in Scotland and Wales; the UK average is 76%. 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.



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**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 (£66,029) in the UK would generate an average monthly income of £71. 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 owning 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 2022. Estimates for 2023 have been calculated using the 2022 data and adjusted using the CPI series on regular maintenance and repair of dwellings.

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