

## Renting now cheaper than owning a first home in nearly all UK regions

- South West, London and Scotland now the only regions where owning a first home is cheaper than renting
- Monthly home-owning costs for first-time buyers have risen 113% in the last decade and rental costs have gone up 82%
- East of England has widest gap, with renters £2,325 better off annually, compared to owning an equivalent home
- Schemes that support first-time buyers still critical, as monthly rental costs reach highest in 10 years

The monthly cost to first-time buyers of owning a home is now £1,231, -£27 lower than renting an equivalent property.

This is the smallest gap between home ownership and renting recorded since 2019, according to the latest Halifax Owning vs Renting Review.

The 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 24% to £1,258, while home-owning costs grew by 27% to £1,231.

There are many advantages to owning a home - as well as the annual savings of £319, compared to renting, it can offer long-term financial stability and remains an aspiration for many people.

**Table 1: UK 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	£578	£692	16%	£113	£1,361
2014	£605	£720	16%	£116	£1,388
2015	£612	£744	18%	£132	£1,581
2016	£629	£759	17%	£131	£1,570
2017	£627	£754	17%	£128	£1,533

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<b>2018</b>	£669	£759	12%	£90	£1,082
<b>2019</b>	£719	£747	4%	£28	£330
<b>2020</b>	£742	£821	10%	£80	£956
<b>2021</b>	£763	£874	13%	£111	£1,338
<b>2022</b>	£973	£1,013	4%	£40	£476
<b>2023</b>	£1,231	£1,258	2%	£27	£319

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

## Regional and national difference

However, the monthly cost of owning a first home compared to the equivalent rental cost, was higher in nine out of 12 UK regions or nations last year.

Renters are making the biggest savings compared to first-time buyers in the East of England, where they are an average £2,325 better off each year.

Renting in the South East (£1,859), East Midlands (£1,741) and Yorkshire & the Humber (£1,731) also saw significant yearly savings when compared to owning a first home.

The South West, London and Scotland are the only regions or nations where owning a first home is cheaper than renting. The largest annual savings are in the South West (owners £1,663 better off).

## Kim Kinnaird, Mortgages Director, Halifax said:

“Our latest analysis shows that, in nearly all regions across the UK, first-time buyers are better off renting than owning a similar home. In fact, the only regions where it’s cheaper to own rather than rent, are the South West, London and Scotland.

“We know home ownership can offer long term financial and living stability and that’s why we believe it’s an important step to take. Our customers want to create a secure future, so it’s a big priority for us to help people get there. However, elevated borrowing costs, alongside a lack of available homes to buy, is pushing ownership further out of reach for would-be first-time buyers in many parts of the country. This is why we’re major participants and big supporters of the Government’s affordable home ownership schemes, such as shared ownership and the mortgage guarantee scheme and we’re committed to helping first-time buyers fulfil their dreams of having a place to call their own.”



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

Region	Average monthly home-owning cost*	Average monthly rent payment	Monthly difference between home-owning and renting %	Monthly difference between home-owning and renting £	Annual difference between home-owning and renting £
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
Scotland	£953	£988	4%	£35	£424
<b>UK</b>	<b>£1,231</b>	<b>£1,258</b>	<b>2%</b>	<b>£27</b>	<b>£319</b>

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

**Table 3: First-time buyer average house price, mortgage advance and deposit, 2022, 2023**

Region	2022				2023			
	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	£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%

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<b>West Midlands</b>	£237,386	£185,081	£52,305	22%	£241,109	£186,435	£54,674	23%
<b>East of England</b>	£355,549	£268,840	£86,709	24%	£346,484	£256,745	£89,739	26%
<b>Wales</b>	£199,823	£164,090	£35,733	18%	£196,995	£158,973	£38,021	19%
<b>South West</b>	£300,571	£225,267	£75,304	25%	£288,935	£214,027	£74,908	26%
<b>South East</b>	£393,735	£296,394	£97,341	25%	£381,466	£283,485	£97,981	26%
<b>Greater London</b>	£586,756	£397,563	£189,193	32%	£559,263	£368,433	£190,830	34%
<b>Northern Ireland</b>	£163,955	£130,650	£33,304	20%	£166,394	£128,468	£37,926	23%
<b>Scotland</b>	£197,986	£163,863	£34,122	17%	£196,998	£158,599	£38,399	19%
<b>UK</b>	<b>£279,260</b>	<b>£214,405</b>	<b>£64,855</b>	<b>23%</b>	<b>£270,602</b>	<b>£204,573</b>	<b>£66,029</b>	<b>24%</b>

Sources: Halifax, 12 month rolling to December 2022, 2023, UK Finance

**ENDS**

## Notes to editors:

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

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 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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