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## First-time buyers £27,000 better off than renters

- **Buying a home is £900 a year cheaper than renting**
- **First-time buyers saving £27,000 over mortgage term**
- **Gap between buying and renting up 44% from £623 last year**

First-time buyers are saving an average of £27,000\* buying a property over those renting – almost as much as the average deposit (£31,751), new research from Halifax has revealed.

The latest **Halifax Buying vs. Renting Review** found that the average cost including mortgage payments of buying a three-bed home in the UK was £679 a month in December 2017, compared to the average monthly rent of £754 for the same property type.

The gap between the cost of buying and renting is now at its highest in four years, up 44% from last year's £623 saving to £900 a year. (**Table 1**)

Buying is consistently more financially attractive than renting across the UK, with the greatest annual saving in London (£2191), and the smallest saving in Yorkshire & the Humber still standing at almost £600 a year (£589). (**Table 2**)

However, as a percentage, the biggest savings are made in Scotland and the South West of England, where the cost of buying is 17% lower than renting. The financial gain is most humble in the South East of England, where the cost of buying is 8% lower than renting.

The average monthly cost of buying has dropped 22% (£192) since 2008, while rental payments have jumped by the same amount (22% or £138).

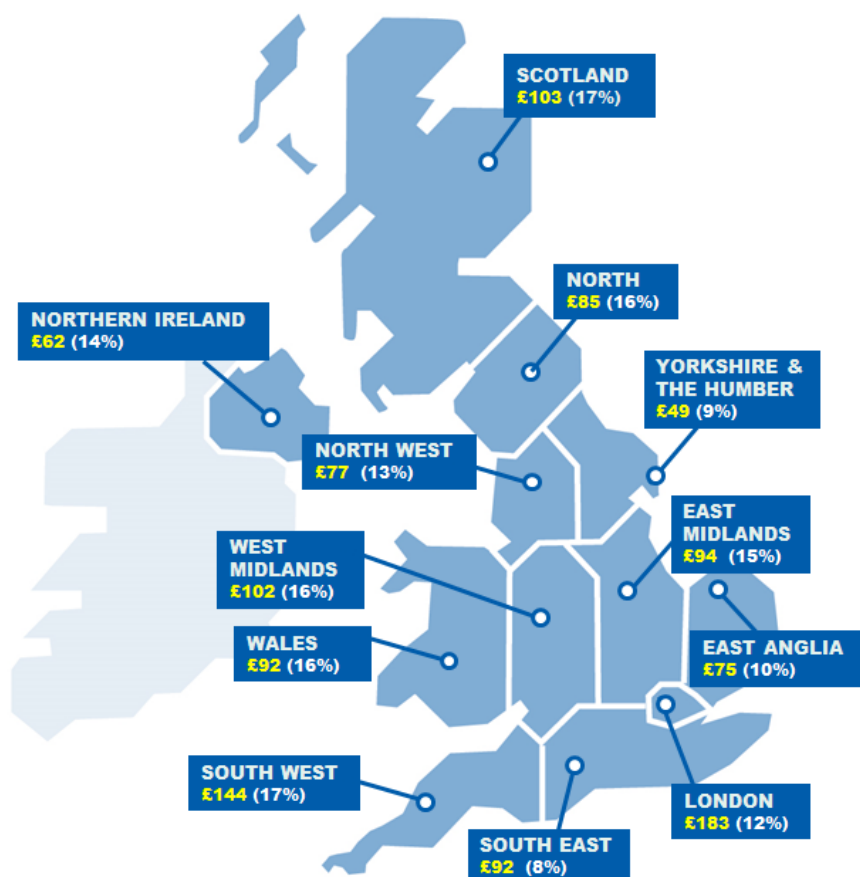
**Russell Galley, Managing Director, Halifax**, said: "The gap between buying and renting has widened significantly, primarily driven by a reduction in mortgage rates and a more competitive market pushing down monthly payments. Meanwhile, the cost of rent, household maintenance and average deposits have remained broadly flat.

"Despite having to put down a sizeable deposit up front, homeowners are overall better off than renters in all parts of the UK. But those who are unable to get onto the property ladder because they can't raise enough cash are paying more by renting.

"The good news is that record numbers of first-time buyers are still taking their first step on to the ladder and helping to bridge this gap thanks to a continued low-rate environment and government schemes including Help to Buy."

The number of first-time buyers fell from a high of 359,900 in 2007 to an all-time low of 192,300 in 2008, according to the Council of Mortgage Lenders (now UK Finance). The levels are back to the pre-crisis peak, having reached 365,000 in 2017 and exceeding 300,000 for the fourth consecutive year.

## Map of average monthly saving of buying over renting



Sources: Halifax, BM Solutions and ONS. Period covered is 12 months to December 2017

**Table 1: UK first-time buyer average monthly buying costs and rental payments**

Year	Average monthly buying costs	Average monthly rental payment	% difference	£ difference	£ Annual Savings
Dec-08	£871	£616	41%	£255	£3,063
Dec-09	£577	£561	3%	£17	£199
Dec-10	£575	£605	-5%	-£30	-£362
Dec-11	£572	£653	-12%	-£81	-£968
Dec-12	£588	£661	-11%	-£74	-£886

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Dec-13	£613	£692	-11%	-£79	-£942
Dec-14	£658	£720	-9%	-£62	-£741
Dec-15	£670	£744	-10%	-£74	-£886
Dec-16	£707	£759	-7%	-£52	-£623
<b>Dec-17</b>	<b>£679</b>	<b>£754</b>	<b>-10%</b>	<b>-£75</b>	<b>-£900</b>

Sources: Halifax, BM Solutions and ONS. 12 months to December 2017. Rental payments are a crude, or simple, average.

**Table 2: First-time buyer average monthly buying and rental costs by region, December 2017**

Region	Average monthly buying costs	Average monthly rental costs	% difference	£ difference	£ Annual Savings
North	£444	£529	-16%	-£85	-£1,018
North West	£518	£595	-13%	-£77	-£929
Yorkshire & the Humber	£488	£537	-9%	-£49	-£589
West Midlands	£552	£655	-16%	-£102	-£1,229
East Midlands	£542	£636	-15%	-£94	-£1,134
East Anglia	£709	£784	-10%	-£75	-£899
South East	£991	£1,083	-8%	-£92	-£1,098
Greater London	£1,363	£1,545	-12%	-£183	-£2,191
South West	£719	£862	-17%	-£144	-£1,722
Scotland	£503	£606	-17%	-£103	-£1,240
Wales	£470	£561	-16%	-£92	-£1,100
Northern Ireland	£389	£451	-14%	-£62	-£747
<b>UK</b>	<b>£679</b>	<b>£754</b>	<b>-10%</b>	<b>-£75</b>	<b>-£900</b>

Sources: Halifax, BM Solutions and ONS. Period covered is 12 months to December 2017

\*Over the lifetime of a 30-year mortgage term

**ENDS**

**Notes to editors:**

The **Halifax Buying vs. Renting Review** tracks the costs of buying and renting a three bedroom property faced by a typical first-time buyer (FTB) across the UK. **Average buying 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).

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**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 the Council of Mortgage Lenders. 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 buying costs:**

Average buying 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 average advances made to first-time buyers for each region and year published by the Council of Mortgage Lenders. The estimated average advance for 2017 varies from 73% in London to 85% in the northern regions; the UK average is 84%. 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 (£31,751) in the UK would generate an average monthly income of just over £15. 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, minor alterations and insurance costs:**

Estimated maintenance repair, minor alterations and insurance costs associated with owning a home have been sourced from the ONS Family Spending Survey for 2014. Estimates for 2008 to 2013 and 2017/2016 have been calculated using the 2014 survey data and adjusted using the CPI series on regular maintenance and repair of dwellings.

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