

## MORE TH>N REVEALS ALMOST HALF OF HOUSEHOLD INCOME IS SPENT ON COST OF RUNNING A HOME

- **Owners of three bedroom homes spend an average of nearly £20000 a year on household bills and the mortgage – nearly half of household income**
- **Cost of running a home cheaper for two thirds of Britons who own rather than rent**
- **There are no three or four bedroom homes in any region which could be rented for less than half of the average monthly wage**
- **Only two towns in UK where cost of running a home is less than £650 per month**
- **In majority of UK towns and cities mortgaged one and two bedroom flats cheaper to run than rented properties**

The real cost of running the average-sized UK home<sup>1</sup> has been revealed today by leading home insurers [MORE TH>N](#). Owning a three bedroom home in the UK comes with average annual running costs of almost **£20,000**<sup>2</sup> (£1,634 per month), with rented three bedroom homes only slightly less expensive at just shy of £19,000<sup>3</sup> per year (£1,576 per month). For a household with two working adults each earning the average yearly salary<sup>4</sup> that means between **43%** (rented) and **45%** (owned) of post-tax earnings are being spent purely on household bills and the rent or mortgage.

The MORE TH>N Cost of Running a Home Report (CORAH) also found significant variation in the costs of running the same sized homes in 72 towns across the UK<sup>5</sup>. Most stretched are households in the highest region of Greater London where 72% of properties cost **more than** £1,827.90 per month which contrasted sharply with only 3% of properties in Northern Ireland – the lowest region. These figures reveal that families today either need the head of household to be earning significantly more than the average salary or for both parents to be working just to make ends meet.

The research revealed that there are challenges at both ends of the property spectrum. Renters living in one or two bedroom flats across the UK paid more for their accommodation and household bills compared to those who had a mortgage – with just a handful of exceptions from the 720 properties analysed. While for adults living on the average salary take home pay of £1,827.90 per

<sup>1</sup> ONS: The average UK home has 2.8 bedrooms

<sup>2</sup> The average yearly cost of running an owned 3 bedroom property is £19,608.25 / £1,634.02 per month.

<sup>3</sup> The average yearly cost of running a rented 3 bedroom property is £18,913.31 / £1,576.11 per month.

<sup>4</sup> ONS: Average UK Salary is £27,600, post tax - £21,935 or £1827.91 per month.

<sup>5</sup> The MORE TH>N CORAH report looks at the cost of running average homes across the UK based on national averages for either mortgage or rent payments plus the following bills: utility bills, water bills, council tax, TV/phone/broadband, contents and buildings insurance, garden maintenance (including plants and tools), household furnishings (including textiles and appliances plus general house maintenance. Flat service charges were not included in this report due to their wide variation with no national averages available for comparison.

The MORE TH>N CORAH report looked at the average cost of running five different sized properties from a one bedroom flat to a four bedroom detached house for both homeowners and renters in 72 towns across 12 regions. This housing stock represents typical homes for single, couple, retired, and families.

month, there are no three or four bedroom houses in any region where the cost of the household bills and rent or mortgage was not almost half of their monthly take home pay.

Graham Nicholls, Head of Home insurance, MORE TH>N; “Our Cost of Running A Home Report shows just how financially stretched most people are to put a roof over their heads and pay their bills. – spending almost half their income before buying other necessities such as food, commuting, petrol or other insurances such as motor.

“It confirms the importance of having insurance in place to protect against unexpected bills. Home insurance cover can offer peace of mind and could help save money and it is worth checking to ensure you have the right cover to meet your personal needs. We would also encourage everyone to keep up the maintenance on their home and not be tempted to cut corners as insurers will not cover damage from wear and tear.”

### **Nearly always cheaper for homeowners**

While the national average running costs for a three bed home are slightly higher for owners, CORAH found that in more than half (38) of the towns surveyed the cost of living in a three bedroom home is actually less for those with a mortgage than those renting.

Taking London’s Westminster out of the picture - where savings were made by renters in all properties - renters only experience cheaper running costs in larger homes: savings of more than £350 in 12 of the towns surveyed ranged from £374.45 in Enfield to £919.44 in Cambridge for four bed detached homes.

This contrasted sharply with smaller properties where in less than one percent of smaller housing stock renters were financially better off than homeowners. For one bedroom flats only in five towns - Cambridge, Norwich, Croydon, Richmond and Westminster - were the cost of bills and rent cheaper than bills and a mortgage. And for two bedroom flats, there are only six towns: Cambridge, Cromer, Croydon, Richmond, Westminster and St Austell.

### **Household bills cost as much – or more - as rent or mortgage**

The cost of the regular bills associated with running a family three bedroom home cost more than the average mortgage or rent payment. Household bills cost more than rent in three towns: Carlisle, Blackpool and Neath Port Talbot and were 90+% of rent payments in Richmond, Scarborough, Paisley, Perth, Burnley, Penrith, Sunderland, Middlesbrough, Glossop and Lowestoft.

For three bedroom homes bills are cheapest in Telford, Stoke-on-Trent, Stratford-Upon-Avon, Hereford, Omagh, Derry, Lisburn, Bangor and Antrim. The lowest bills in the country are to be found in Telford (£480 rented/£495 owned). The most expensive household bills were reported at properties in Harrow, Redbridge, Richmond, Eastbourne and Oxford. Three bedroom properties located in Harrow have the highest bills (£780 rented/£745 owned) of any region – between £300 and £350 higher than Telford in the West Midlands.

In the East Midlands and the North one bedroom flat owners pay the most with their bills costing more than their monthly mortgage payments. Due to lower property prices for those owning a one bedroom flat in Omagh, Northern Ireland the cost of their bills were eight times more than their

mortgage payments – across all of Northern Ireland 54% of homeowners and renters had bills in excess of 90% of their accommodation costs.

Elsewhere homeowners in Burnley, Neath Port Talbot and Paisley saw their total bills cost twice their mortgage payment. This contrasted sharply with Greater London – high property prices meant the percentage cost of the bills were in single digits compared to the total cost of rent or mortgage payments.

### **Extremes at either end of property market**

The cheapest monthly running costs for a one bedroom flat were £313.27 in Northern Ireland's Omagh contrasting sharply with £4,080.89 for a one bedroom flat in London's Westminster. Conversely the running costs for a four bedroom detached house across the UK for homeowners varied from £1,380.30 in Northern Ireland's Omagh, £1,874.41 for Paisley, Scotland; £1,934.38 for Wrexham in Wales and £2,154.55 for Colchester, Essex.

### **Living for under £650 per month**

There were only two towns where you could rent and live for under £650 per month (35% of average monthly wage) – both in Northern Ireland: Omagh (£580.59) and Antrim (£617.18). However, for those with mortgages there were 17 towns where monthly outgoings are under £650: Omagh, Antrim, Bangor, Burnley, Derry, Lisburn, Neath Port Talbot, Paisley, Bradford, Barrow-in-Furness, Lowestoft, Stoke on Trent, Sunderland, Belfast, Welton and Blackpool.

## **ENDS**

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### **NOTES TO EDITOR**

#### **1. ABOUT CORAH**

THE MORE TH>N COST OF RUNNING A HOME REPORT was independently compiled by freelance personal finance journalist Rosanna Spero on behalf of MORE TH>N home insurance between January – March 2016.

### **The 12 regions and their six towns featured in the report are:**

**East Anglia:** Cambridge, Cromer, Ipswich, Lowestoft, Norwich and Peterborough

**East Midlands:** Boston, Glossop, Leicester, Northampton, Nottingham, Welton

**West Midlands:** Birmingham, Hereford, Stoke on Trent, Stratford upon Avon, Telford and Worcester

**North West:** Blackpool, Burnley, Chester, Liverpool, Manchester and Warrington

**North:** Barrow in Furness, Carlisle, Middlesbrough, Newcastle, Penrith, Sunderland

**Yorkshire & Humberside:** Bradford, Leeds, Richmond, Scarborough, Sheffield and York

**South East:** Ashford, Basingstoke, Colchester, Eastbourne, Oxford and Worthing

**South West:** Bournemouth, Bristol, Exeter, Plymouth, St Austell and Taunton

**Greater London:** Croydon, Enfield, Harrow, Redbridge, Richmond and Westminster

**Wales:** Aberystwyth, Bangor, Cardiff, Neath Port Talbot, Swansea and Wrexham

**Scotland:** Aberdeen, Edinburgh, Glasgow, Inverness, Paisley and Perth

**Northern Ireland:** Antrim, Bangor, Belfast, Derry/Londonderry, Lisburn and Omagh

MORE THAN COST OF RUNNING A HOME REPORT looks at the cost of running average homes across the UK based on national averages for either mortgage or rent payments, utility bills, water bills, council tax, TV/phone/broadband, contents and buildings insurance, garden maintenance (including plants and tools), household furnishings (including textiles and appliances plus general house maintenance all from the following sources:

- House Maintenance / Water Bill / Household Furnishings / Garden Equipment - ONS Family Spending Survey
- Utility Bills - England and Scotland - Uswitch.
- Utility Bills - Ireland - PowerNI (electricity) The Sutherland Tables [www.sutherlandtables.co.uk](http://www.sutherlandtables.co.uk)
- TV / Phone / Broadband – Uswitch
- Mortgage costs - Nationwide Building Society
- Buildings and contents insurance – MORE THAN
- House Prices / Rental costs - Right Move / Zoopla / PropertyPal (Northern Ireland)

2. Key regional differences:

1. **Northern Ireland:**

Cheaper to own than rent in every town across the region for all property sizes bar the 4 bedroom detached homes.

2. **Scotland**

Bills for Edinburgh and Aberdeen homes are roughly half the cost of mortgage or rent payments across all property sizes.

3. **Wales**

38% had total cost of household bills in excess of 90% of their mortgage or rent payment

4. **West Midlands:**

Cheaper for 60% residents across the region to pay mortgage and bills rather than rent and bills.

5. **East Midlands:**

42% had total cost of household bills in excess of 90% of their mortgage or rent payment

6. **East Anglia**

Only one of two regions in UK where it is still cheaper to pay rent and bills for flats in Cambridge, Cromer and Norwich than a mortgage.

7. **Yorkshire and Humberside**

Cheaper to pay mortgage and bills than rent in any sized property in Sheffield

8. **Greater London:**

72% of family homes cost more than the total average monthly wage – the highest region in the UK.

9. **South East**

Compared to other regions, almost no homes – owned or rented – that cost half of the national monthly wage to run – there were just three exceptions for one bedroom flats in Ashford, Colchester and Eastbourne.

10. **South West**

In every town from one bed flat – three bed semi it was cheaper to have a mortgage and bills rather than rent – just 4 exceptions with marginal savings in St Austell (up to £15) and Taunton (up to £43).

11. **North West:**

Homeowners across all property sizes in Manchester and Blackpool lived cheaper than renters.

12. **North**

Cheapest options for Northern families in a 3 bed semi are either Middlesbrough at £1131.01 per month for rent and bills, or £1181.86 in Sunderland for bills and mortgage.

**About MORE TH>N**

MORE TH>N is the direct financial services arm of RSA. Established in 2001, the brand offers car, home, pet, business and travel insurance.