MORE TH>N REVEALS THE FINANCIAL REALITIES OF RUNNING A HOME

- The average home (three bedroom) costs homeowners £18,197 a year to run versus £17,657 for renters
- Single average wage earner\(^2\) in average home spends 83% of salary on running costs
- Insurance a smart buy as homeowners and renters have little flex for unexpected expenses

The real cost of running the average-sized UK home\(^1\) has been revealed today by leading home insurers MORE TH>N which for the second year has published its Cost of Running a Home report\(^3\).

Running a home sucks up a whopping 83% of total monthly income for earning the national average wage homeowners (81% for renters), leaving just £347 spare each month for every other living expense.

The running costs for an average three bedroom home remain unaffordable for national average wage earners as they exceed 100% of total earnings for 29% of homeowners and 25% renters.

Taking expensive central London\(^3\) out of the data, the report reveals the stark contrast in the monthly costs to live in a three bedroom home in different parts of the country:

<table>
<thead>
<tr>
<th>Monthly Costs</th>
<th>First</th>
<th>Second</th>
<th>Third</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheapest – home owners</td>
<td>£813.51 Neath Port Talbot</td>
<td>£856.27 Antrim, Derry/Londonderry</td>
<td>£861.48 Derry/Londonderry</td>
</tr>
<tr>
<td>Most expensive – home owners</td>
<td>£2236.18 Cambridge</td>
<td>£2082.68 Stratford-Upon-Avon</td>
<td>£2059.99 Worthing</td>
</tr>
<tr>
<td>Cheapest – renters</td>
<td>£841.18 Omagh, NI</td>
<td>£880.36 Derry/Londonderry</td>
<td>£890.10 Antrim, NI</td>
</tr>
<tr>
<td>Most expensive – renters</td>
<td>£2157.93 Oxford, Croydon</td>
<td>£2141.20 Croydon</td>
<td>£1924.82 Cambridge</td>
</tr>
</tbody>
</table>

So whilst an average wage earner living in Neath Port Talbot would have just over £1,000 disposable income each month (£1005.14) this contrasts sharply with someone trying to rent the same size home but falling short in Oxford (£339.28), Croydon (£322.55) and Cambridge (£106.17).

Graham Nicholls, head of home insurance, MORE TH>N comments; “The report looks at average homes and average costs. Just as last year, it’s clear that most people are financially stretched putting a roof over their heads and paying their bills – spending most of their income before buying other regular necessities such as food, commuting, petrol or insurance.

\(^1\) ONS: The average UK home has 2.8 bedrooms
\(^2\) After assessing the earnings of 21,563,000 people, the ONS revealed that the average UK salary is £27,271 – take home this is £21823.90 per annum
\(^3\) Greater London – Cheapest three bed home cost was to own in Croydon at £1.855.36 per month contrasted with most expensive at £11,887.84 a month to own in Westminster.
“With so little slack in the budget, it’s easy to imagine how one unplanned expense could prove to be unaffordable and we would encourage homeowners and renters to protect their home and possessions to guard against unexpected bills. Having the right insurance in place, as well as keeping up with the wear and tear on your home, offer peace of mind and prevent bigger bills down the road.”

The Association of British Insurers reports that one third of UK households do not have buildings insurance and one quarter do not have contents insurance – putting millions of households at risk for a large unexpected bill.

Nicholls: “The insurance industry pays out over £8m a day for household claims but the cost of protection in terms of buildings and contents insurance is affordable – we offer a combined five star product from an annual cost of £834.

The MORE TH>N Cost of Running a Home Report (CORAH) was compiled independently and the results show significant variations in the costs of running the same sized homes in 72 towns across the UK2, contrasting the cost of average household bills plus payments for rent or a mortgage.

The report reveals an average fall in costs of 7% for those who own and 6% for those who rent when contrasted with 2016, but this statistical average masks strong regional differences. Greater London, the South East and most of the South West and Scotland all cost above the national average wage to run a three bedroom home:

**Examples of monthly costs above national average:**
- Greater London - Croydon: £1,855.36 (own); Croydon £2,141.20 (rent)
- South East – Eastbourne £1,836.13 (own); Basingstoke £1,714.32 (rent)
- South West – Bristol £1,604.50 (own); Exeter £1,764.24 (rent)
- Scotland – Aberdeen £1,744.25 (own); Edinburgh £2,507.37 (rent)

**Nearly always cheaper for homeowners**

The 2017 report shows for 71% of people in the UK it’s cheaper to run a home if you own the property, rather than rent. The East Midlands is the only region in the UK where it is always cheaper to own than to rent any sized property, whereas in Greater London it’s only cheaper to own for 23% of homeowners.

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3. 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.

There are 29 towns across the UK where, irrespective of property size, owners spend less on their total bills than renters: Aberdeen, Antrim, Belfast, Birmingham, Boston, Bradford, Burnley, Carlisle, Exeter, Glasgow, Glossop, Leeds, Leicester, Liverpool, Manchester, Neath Port Talbot, Newcastle, Northampton, Nottingham, Paisley, Perth, Peterborough, Plymouth, Richmond, Scarborough, Sheffield, Stoke-on-Trent, Taunton and Welton.

Overall 89% of all homes, regardless of size, generate bills that are in excess of half of the mortgage or rent payment.

**Extremes at either end of property market**
The cheapest monthly running costs for a one bedroom flat are £330.61 (owned) in Northern Ireland’s Omagh. This contrasts sharply with £4,299.50 for a one bedroom owned flat in London’s Westminster. Conversely the running costs for a four bedroom detached house across the UK varies from £968.53 (rented) in Northern Ireland’s Omagh, £1,517.39 (rented) for Inverness, Scotland; £1,325.83 (rented) for Swansea in Wales and £1,940.15 (rented) for Leeds, West Yorkshire.

**Living for under £650 per month**
In 2017, there are just two towns where you can rent and live for under £650 a month – a one bedroom flat and monthly bills in Omagh, Northern Ireland costs £592.04, and in Antrim £625.45.

For those with mortgages there were 15 towns where monthly outgoings were under £650 which has now fallen to 15: Aberdeen, Antrim, Barrow-in-Furness, Belfast, Bradford, Derry, Lisburn, Lowestoft, Neath Port Talbot, Omagh, Paisley, Scarborough, Stoke on Trent, Sunderland, Telford. This is down from 17 in 2016.

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NOTES TO EDITOR

**2017 MORE TH>N COST OF RUNNING A HOME REPORT**

**Own vs rent:**
- Across UK, it’s cheaper to own and run a one bedroom property than rent, with six exceptions: Cambridge, Norwich, Croydon, Richmond, Westminster and Blackpool
- Regional variations stark – over one quarter of average wage earners cannot afford average home across UK - (29% owners, 25% renters)

**Compared to 2016:**
- Cost of running a home - irrespective of size - has risen in seven regions: East Anglia, East Midlands, Greater London, North, North West, South West and West Midlands.
• Renters living in one or two bedroom flats across the UK pay more for their accommodation and household bills compared with those who have a mortgage – with just a handful of exceptions from the 720 properties analysed – this has not changed since 2016.

• Two adults on the national average salary living in a three or four bedroom house in any region will pay almost half their monthly take home pay on household bills, rent or mortgage which is the same as 2016.

• In 2016 for those with mortgages there were 17 towns where monthly outgoings were under £650 which has now fallen to 15.

• Rising rent and falling mortgage repayments in the last 12 months were revealed in the data. Thanks to falling mortgage costs, 28% of people pay less on their mortgage than their monthly bills. In comparison, 3% of renters spend more on their bills than their rent each month.

Key regional differences:

1. **Northern Ireland:**

   Cheaper to own than rent in every town across the region for all property sizes bar the four bedroom detached homes in Bangor, Derry, Lisburn and Omagh. However overall more than a third of all homes in the Northern Ireland (34% all sizes) are more expensive to run in 2017 vs 2016.

2. **Scotland**

   For properties with one or two bedrooms costs have risen across the board in Edinburgh regardless if you own or rent and overall a third of all homes in Scotland (all sizes) are more expensive to run in 2017 vs 2016.

3. **Wales**

   Cost of running a two bedroom flat has risen for renters everywhere in Wales bar Cardiff (down 26.12%) - biggest increase was in Bangor up 38.83%. Overall 48% of homes in Wales (all sizes) are more expensive to run in 2017 vs 2016.

4. **West Midlands:**

   For one-two bedroom properties it’s always cheaper to rent than own anywhere in West Midlands. However, overall nearly two thirds of all homes in West-Midlands (65% - all sizes) are more expensive to run in 2017 vs 2016.

5. **East Midlands:**

   The only region in the UK where it was always cheaper to own and run ANY size property rather than rent. 62% of homes in the East Midlands (all sizes) are more expensive to run in 2017 vs 2016.

6. **East Anglia**

   Cambridge and Norwich are just two of six towns in the UK where it is still cheaper to pay rent and bills for a one bedroom flat than have a mortgage. 55% of homes in East Anglia (all sizes) are more expensive to run in 2017 vs 2016.
7. **Yorkshire and Humberside**
   Cheaper to pay mortgage and bills than rent in any sized property across the region bar York. However, overall 47% of homes in Yorkshire (all sizes) are more expensive to run in 2017 vs 2016.

8. **Greater London**:
   Croydon, Richmond and Westminster are just three of six towns in the UK where it is still cheaper to pay rent and bills for one bedroom flat rather than have a mortgage. More than half of all homes in Greater London (54% - all sizes) are more expensive to run in 2017 vs 2016.

9. **South East**
   Cost of renting and running a four bedroom detached home have fallen everywhere across South East however, overall more than a third of all homes in the South East (35% - all sizes) are more expensive to run in 2017 vs 2016.

10. **South West**
   For those starting on the property ladder, cost changes were some of the lowest in this region for one-bedroom flats – all single digits rises or falls regardless if owning or renting. However, overall more than half of homes in the South West (52% - all sizes) are more expensive to run in 2017 vs 2016.

11. **North West**:
    90% of all homes in the North West were cheaper to run for homeowners rather than renters, however overall more than half of homes in the North West (58% - all sizes) are more expensive to run in 2017 vs 2016.

12. **North**
    Cheapest property to run was a one bedroom flat in Sunderland – costs for owners were £606.20 contrasting with costs of £728.17 for those who rent. More than half of all homes in the North (52% - all sizes) are more expensive to run in 2017 vs 2016.

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 2017.

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, Middlesborough, 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)

**About MORE THAN**
MORE THAN is the direct financial services arm of RSA Insurance Group. Established in 2001, the company offers car, home, pet, business and travel insurance.