PRESS RELEASE

BUYING BEATS RENTING: FIRST-TIME BUYERS COULD BE £11,000 BETTER OFF AFTER FIVE YEARS

- **New analysis reveals the major UK cities where getting on the property ladder can pay off, even with just a 5% deposit**
- **Mortgage payments are already cheaper than rent in seven of 12 cities analysed**
- **Glasgow has the biggest monthly gap, with buyers paying around £288 less than renters**
- **Buying leaves first-time buyers financially ahead in eight cities over the first five years of a mortgage, even if house prices stay flat**
- **Bristol buyers build the most additional equity in that time – more than £21,000 over five years**

Buying a first home could leave a typical first-time buyer around £11,000 better off after five years, compared to renting, even with a deposit of just 5%, according to new analysis from Lloyds.

The UK's biggest mortgage lender compared the cost of buying and renting across 12 major cities outside London, based on data from the ONS. In seven cities, the estimated monthly mortgage payment is already cheaper than the average rent.

Glasgow offers the biggest saving, with mortgage repayments around £288 a month lower than rent, while Newcastle buyers could save £187 a month and Bristol buyers £139.

But the monthly bill only tells part of the story. With a repayment mortgage, buyers also gradually reduce the amount they owe and build up equity in their home.

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When that is taken into account, after deducting the initial deposit and any estimated Stamp Duty, buyers are better off after five years in eight of the 12 cities analysed, even if house prices do not rise.

How much better off could first-time buyers be by owning rather than renting?

At a UK level, a typical first-time buyer property costs £230,000, meaning a 5% deposit of £11,500. The average monthly mortgage payment is £1,285, which is £121 lower than the average monthly rent of £1,406.

Over a five-year fixed-rate period, a typical buyer would also add another £15,634 to the equity in their home. Combined with around £7,260 saved compared to renting over that period, this could leave them around £11,000 better off, once the cost of the initial deposit is deducted, alongside any property tax payable[1].

Where can first-time buyers save the most compared with renting?

Glasgow leads the way, with an estimated mortgage payment £288 a month lower than average rent – a saving of £3,456 a year. **Newcastle** comes next, where buying costs £187 less a month than renting, adding up to £2,244 a year. **Bristol** is third, with buyers potentially saving £139 a month, or £1,668 a year, compared with renting**.**

City	Average first-time buyer price	5% deposit amount	Monthly mortgage cost	Monthly rent cost	Monthly saving
Glasgow	£175,000	£8,750	£978	£1,266	£288
Newcastle	£185,000	£9,250	£1,033	£1,220	£187
Bristol	£314,000	£15,700	£1,754	£1,893	£139
Belfast	£185,000*	£9,250	£1,033	£1,138	£105
Nottingham	£174,000	£8,700	£972	£1,015	£43
Manchester	£241,000	£12,050	£1,346	£1,380	£34
Edinburgh	£252,000	£12,600	£1,408	£1,411	£3
Leeds	£215,000	£10,750	£1,201	£1,148	-£53

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Liverpool	£174,000	£8,700	£972	£916	-£56
Birmingham	£213,000	£10,650	£1,190	£1,106	-£84
Cardiff	£235,000	£11,750	£1,313	£1,179	-£134
Sheffield	£192,000	£9,600	£1,073	£936	-£137
UK average	£230,000	£11,500	£1,285	£1,406	£121

Source: Lloyds, ONS

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Andrew Asaam, Mortgages Director at Lloyds, said:

“For anyone weighing up whether to carry on renting or take the plunge and buy, the monthly costs really matter. Higher mortgage rates have seen the cost of borrowing increase this year, making that affordability calculation even more important.

“But in many cities across the UK, buyers could still pay less for their mortgage than they would typically be charged in rent – giving them an immediate saving as well as a place of their own.

“Even where the mortgage costs a little more, every repayment chips away at the amount owed and builds up the owner’s stake in their home. For those planning to stay put for several years, that can make a real difference over time.”

How much better off are first-time buyers after five years?

Beyond potential monthly savings, owning a home can also offer greater security and help people build financial stability over time.

Over five years, a buyer starting with a 5% deposit could reduce their mortgage from 95% to around 88% of the property's value, assuming house prices stay flat.

That means a bigger equity cushion and could also give borrowers access to a wider choice of mortgage deals when they next come to remortgage.

In **Glasgow,** first-time buyers could save around £17,280 compared with renting over the five-year fixed-rate period, while also building up an additional £11,895 of equity in their property. After deducting the cost of the initial 5% deposit, they could be around £20,425 better off.

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Even in cities where renting works out slightly cheaper than mortgage payments on a monthly basis, the longer-term benefit of building up equity in the property can outweigh the difference.

This is seen in **Leeds** where average monthly rental payments would be £53 cheaper than a mortgage on average, but the additional equity in the property leaves a first-time buyer better off overall after five years.

City	Average first-time buyer price	5% deposit amount	Mortgage vs rent saving over 5 years	Additional equity built after 5 years	Five-year financial advantage (after deduction of initial deposit cost and property tax[1])
Glasgow	£175,000	£8,750	£17,280	£11,895	£20,425
Newcastle	£185,000	£9,250	£11,220	£12,575	£14,545
Bristol[1]	£314,000	£15,700	£8,340	£21,344	£13,284
Belfast	£185,000*	£9,250	£6,300	£12,575	£9,625
Manchester	£241,000	£12,050	£2,040	£16,382	£6,372
Nottingham	£174,000	£8,700	£2,580	£11,827	£5,707
Edinburgh[1]	£252,000	£12,600	£180	£17,129	£3,109
Leeds	£215,000	£10,750	-£3,180	£14,614	£684
Liverpool	£174,000	£8,700	-£3,360	£11,827	-£233
Birmingham	£213,000	£10,650	-£5,040	£14,478	-£1,212
Cardiff[1]	£235,000	£11,750	-£8,040	£15,974	-£4,416
Sheffield	£192,000	£9,600	-£8,220	£13,051	-£4,769
UK average	£230,000	£11,500	£7,260	£15,634	£11,394

Source: Lloyds, ONS

Andrew continues:

“Saving for a deposit remains one of the biggest hurdles, but first-time buyers shouldn’t assume they need a huge amount saved before buying becomes an option. Low-deposit mortgages – including the government’s new My First Home scheme – mean there are now more routes onto the property ladder than many people might realise.

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“Buying won’t be right for everyone, so it’s important to look at the full picture rather than just the headline monthly cost. A mortgage adviser or broker can help you understand what you can afford, the options available and whether buying is right for you.”

Support for first-time buyers

Lloyds is Britain’s number one direct lender for first-time buyers.** Here are some of the ways it can help.

- **£5k Deposit mortgage:** If you have £5,000 saved up, you can use this as your mortgage deposit and borrow more than the typical 95% of your home’s value (on homes worth up to £300,000). This could help you get on the property ladder sooner.

- **First Time Buyer Boost:** You could borrow up to 5.5x your yearly household income with a 10% deposit or more. It’s designed to help eligible first-time buyers access a larger loan than a standard mortgage.

- **5% deposit mortgage:** With this mortgage, you could borrow up to 95% of your home’s value. This means you’ll just need to pay a 5% deposit, reducing the time needed to save.

- **Government schemes:** Lloyds supports a range of government-backed schemes that could help you to buy a home. This will soon include the new Your First Home scheme, among others.

- **Lend a Hand mortgage:** With a Lend a Hand mortgage, instead of a deposit, your family's savings act as security, earning them interest for three years.

- **First Home Deposit Gift:** Your family member can borrow more on their Lloyds mortgage and gift it towards your deposit. It can cover all or part of your deposit and they could receive £500 cashback.

*** Based on monthly completion values from July to December 2025. Source: CACI Ltd's mortgage database.*

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Notes to editors

The information in this release is not intended to constitute financial advice. Mortgage customers or applicants should refer to the Lloyds website for full details, including terms and conditions, eligibility criteria, and how to obtain regulated advice. You could lose your home if you don't keep up your mortgage repayments. For full details visit: https://www.lloydsbank.com/mortgages.html. Information correct as at 19th November 2026 and subject to change thereafter.

Mortgage scenario:

The first-time buyer mortgage scenarios referenced above are illustrative examples of the monthly repayment amount only. They do not include additional costs such as legal fees.

Estimated property transaction taxes are deducted where applicable, including SDLT in England and Northern Ireland, LBTT in Scotland and LTT in Wales, as part of the five-year financial advantage calculation (see below).

Mortgage calculations are based on a five-year fixed-rate mortgage at 5.82%, with a 5% deposit and 30-year repayment term. The product was available to Club Lloyds current account holders on 23 October 2026 and is subject to change. Monthly mortgage payments are rounded to the nearest whole pound for the purposes of this analysis, with subsequent savings calculations based on these rounded amounts.

Actual borrowing amounts, interest rates, and monthly repayments will depend on individual circumstances, including credit history, income, and affordability assessments.

Source: https://www.lloydsbank.com/mortgages/first-time-buyers.html

Five-year comparison:

The five-year financial advantage combines the difference between mortgage and rental payments over five years with the additional equity built up through mortgage repayments, minus the cost of the original deposit.

1) Property transaction taxes are also deducted where applicable. Based on the average property prices used in the analysis and current tax rules, property tax payable would be £700 in Bristol, £1,600 in Edinburgh and £600 in Cardiff, and would not apply in the other locations listed.

The comparison assumes property prices and rents remain unchanged throughout the five-year period. It does not include other potential costs of homeownership such as maintenance, insurance or service charges.

First-time buyer city property prices and rental data:

Average first-time buyer property prices and average rent figures for each city were taken from data published by the ONS, updated on 21st October 2026. The comparison between rental and mortgage costs is illustrative and is not intended to be a like-for-like comparison of the same properties.

House price figures are provisional and subject to revision. ONS advises caution when comparing Scottish and Northern Irish rental estimates with those elsewhere in the UK because of differences in data collection.

London has been excluded from this analysis due to its significantly higher property prices and different affordability dynamics.

* The Belfast property price used is the average price for all buyers, rather than specifically first-time buyers, as an equivalent first-time buyer figure was not available from the ONS data used for this analysis.

Source: https://www.ons.gov.uk/economy/inflationandpriceindices/articles/housingpricesinyourarea/2024-03-20 (21st October 2026)

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National averages:

UK average property price and rent figures cover all locations, rather than only the cities included in the analysis.

Source: UK House Price Index for August 2026 - GOV.UK

Source: Private rent and house prices, UK - Office for National Statistics

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