



PRESS RELEASE

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REVEALED: The cities where buying beats renting – with just a 5% deposit

- **British first-time buyer mortgage payments are typically 17% cheaper than renting, even with a low 5% deposit**
- **The average 5% deposit is £11,412 based on a typical first-time buyer property price of £228,233**
- **Among major cities outside London, the biggest gap between owning and renting is in Glasgow, where buyers could save more than £4,750 a year**
- **Those stepping on the ladder in Bristol can build up almost £25,000 in additional equity over just five years**

Getting on the property ladder might be closer than many first-time buyers think. New research from Lloyds reveals that, in most major UK cities outside London, buying a home with a low-deposit mortgage is cheaper than renting – potentially saving buyers thousands each year.

The analysis compares average monthly rental costs with typical first-time buyer mortgage payments in 11 cities across the country. In nine of those cities, owning a home works out cheaper than renting on a monthly basis.

With 67% of first-time buyers saying that saving for a deposit is the biggest hurdle to owning a home¹, the research focuses on affordability with a 5% deposit, based on average first-time buyer property prices in each city. Calculations use a 4.78% interest rate fixed for five years, with a 30-year repayment term.

Encouragingly, a recent Lloyds survey found that 45% of prospective first-time buyers who've started saving already have £10,000 or more set aside² – putting them well on the way to a 5% deposit in many cities.

While buying is often cheaper than renting, it's not the right choice for everyone. Flexibility, job mobility, and lifestyle preferences mean renting still suits many. But for those ready to settle, the financial case for buying is increasingly compelling.

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Where can first-time buyers save?

- **Glasgow** leads the way, with mortgage payments around 32% cheaper than rent – saving buyers £396 a month, or £4,752 a year. With an average first-time buyer property price of £172,000 a deposit of just £8,600 could be enough to get on the ladder.
- **Newcastle** ranks second for savings, with first-time buyers paying 20% less on average for a mortgage than they would in rent. That's a monthly saving of £217, or £2,604 a year. With an average first-time buyer property price of £180,000, a deposit of just £9,000 might be enough to get started.
- **Nottingham** is a little further down the list, while still offering savings for first-time buyers. Owning a first property in the East Midlands city could save buyers £86 a month, or £1,032 each year, compared to renting. With the average first-time buyer property priced at £183,000, a 5% deposit of £9,150 would be needed.

City	Average first-time buyer price	5% deposit amount	Monthly mortgage cost	Monthly rent cost	Mortgage vs rent saving	Monthly saving	Annual saving
Glasgow	£172,000	£8,600	£855	£1,251	31.7%	£396	£4,752
Newcastle	£180,000	£9,000	£895	£1,112	19.5%	£217	£2,604
Edinburgh	£243,000	£12,150	£1,208	£1,392	13.2%	£184	£2,208
Bristol	£311,000	£15,550	£1,547	£1,778	13.0%	£231	£2,772
Manchester	£234,000	£11,700	£1,164	£1,317	11.6%	£153	£1,836
Nottingham	£183,000	£9,150	£910	£996	8.6%	£86	£1,032
Leeds	£209,000	£10,450	£1,039	£1,098	5.4%	£59	£708
Liverpool	£167,000	£8,350	£830	£864	3.9%	£34	£408
Birmingham	£208,000	£10,400	£1,034	£1,068	3.2%	£34	£408
Cardiff	£231,000	£11,550	£1,149	£1,138	-1.0%	-£11	-£132
Sheffield	£190,000	£9,500	£945	£893	-5.8%	-£52	-£624
GB average	£228,233	£11,412	£1,135	£1,360	16.5%	£225	£2,700

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Amanda Bryden, Head of Mortgages at Lloyds, said:

"We know that saving for a deposit is one of the biggest hurdles for first-time buyers.

"With rents having risen sharply over the last two years, many are already managing monthly payments that are higher than a typical mortgage.

"That's why low-deposit mortgages could be the right solution for many – helping people move from renting to owning sooner than they thought possible.

"It's also important to consider other upfront costs like legal fees and moving expenses – but for most, the long-term savings will outweigh these."

Why buying builds long-term security

Beyond the monthly savings, buying a home offers more security, and helps build financial stability.

Over five years, a buyer with a 5% deposit could reduce their loan-to-value ratio from 95% to 87% – even if property prices stay flat.

This means more equity in the home, lower risk of negative equity (a concern often associated with low-deposit mortgages), and better access to future mortgage deals.

Combined with the savings from cheaper mortgage payments compared to renting, this could make a first-time buyer around £32,000 better off after five years – or around £20,500 taking into account the cost of the initial deposit.

Glasgow also tops the city charts on this measure, with monthly savings building up to £23,760 over five years, and additional equity of £13,818, totalling £37,578 or £28,978 on a net basis when the original deposit amount is deducted.

Next comes Bristol, where the monthly savings over five years total £13,860 and additional equity grows to £24,985 to total £38,845, and £23,295 on a net basis.

Even in cities such as Cardiff and Sheffield, where renting can work out slightly cheaper in the short-term, the longer-term benefit of building up equity in the property usually outweighs the difference.

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City	Average first-time buyer price	5% deposit amount	Added equity after 5 years	5-year savings (mortgage vs rent)	Added equity plus savings	Net 'Better off' (added equity plus savings, minus deposit)
Glasgow	£172,000	£8,600	£13,818	£23,760	£37,578	£28,978
Bristol	£311,000	£15,550	£24,985	£13,860	£38,845	£23,295
Newcastle	£180,000	£9,000	£14,461	£13,020	£27,481	£18,481
Edinburgh	£243,000	£12,150	£19,522	£11,040	£30,562	£18,412
Manchester	£234,000	£11,700	£18,799	£9,180	£27,979	£16,279
Nottingham	£183,000	£9,150	£14,702	£5,160	£19,862	£10,712
Leeds	£209,000	£10,450	£16,791	£3,540	£20,331	£9,881
Birmingham	£208,000	£10,400	£16,710	£2,040	£18,750	£8,350
Liverpool	£167,000	£8,350	£13,416	£2,040	£15,456	£7,106
Cardiff	£231,000	£11,550	£18,558	-£660	£17,898	£6,348
Sheffield	£190,000	£9,500	£15,264	-£3,120	£12,144	£2,644
GB average	£228,233	£11,412	£18,336	£13,500	£31,836	£20,425

Amanda continues:

“There’s no doubt it’s a challenging landscape for first-time buyers, with both property prices and interest rates higher than they were just a few years ago.

“But buying a home remains one of the best long-term financial decisions most people will ever make. It’s not just cheaper than renting in the short-term, as the impact of growing equity in your own home – money that would otherwise have been lost in rent – means a more secure financial future.

“For anyone thinking about buying, speaking to a mortgage adviser or broker is a great first step. They can help you understand what’s affordable based on your budget and guide you through all the options.”

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Where to start?

1. Speak to an expert

Before you dive in, talk to a mortgage adviser or broker to get a clear picture of what's affordable for you. They'll walk you through everything from deposits to legal fees, and help you understand your options. With Lloyds, you can book a video appointment at a time that suits you.

2. Make your savings work harder

Set up a direct debit into a dedicated savings account to build your deposit steadily. And don't forget to check out government schemes like the Lifetime ISA – it gives you a 25% bonus on your savings (up to £1,000 a year), helping you reach your goal faster.

3. Explore low-deposit options

You don't always need a huge deposit to get started. Many lenders, including Lloyds, offer mortgages with just a 5% deposit – making home ownership more achievable. Use a mortgage calculator to see how much you could borrow and what your monthly payments might look like.

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Notes to editors

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, nor other ongoing costs associated with homeownership.

Mortgage calculations are based on a five-year fixed-rate mortgage at 4.78% with a 5% deposit and a 30-year repayment term. This product was available via the Lloyds website to Club Lloyds current account holders on 1st October 2025 and is subject to change. 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>

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, last updated on 17th September 2025. These reflect the average across all property types and tenures. The comparison between rent and mortgage costs for first-time buyers is illustrative only and not intended to be like-for-like.

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

Source: <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/housingpricesinyourarea/2024-03-20> (17th September 2025)

National averages:

GB first-time buyer figures are the average for all locations, not just cities. Note Northern Ireland has not been included in analysis as equivalent ONS data is not available across all measures

Source: [UK House Price Index summary: July 2025 - GOV.UK](#)

Source: [Price Index of Private Rents, UK: monthly price statistics - Office for National Statistics](#)

References:

- 1) Statistic taken from BSA research: [Generation Stuck: Majority of 25-44 year old renters thought they would own a home by now](#)
- 2) Figure based on research carried out by OnePoll on behalf of Lloyds, which surveyed 2,000 UK Adults who are prospective first-time buyers. Survey conducted from 17th to 21st July 2025.

Previous research by Halifax, part of Lloyds Banking Group, found that more than 60% of first-time buyer mortgage completions last year were in two or more names, further supporting affordability calculations: [First-time buyer market rebounds - Lloyds Banking Group plc](#)

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