

**Press Release – The Money Charity – For Immediate Release**

(BEGINS)

**Alarming Changes Faced By Millions**  
**With UK Housing Market Upheaval**  
**The Money Statistics January 2023**

**Following years of unbridled growth, average UK house prices are finally falling but this is doing little to offset soaring interest rates being faced by homeowners, according to the January 2023 Money Statistics, produced by The Money Charity.**

The UK housing market has been on a continuous, steep upward curve for a number of years, but as 2022 came to an end, average prices were unusually seen to be falling with further drops forecast. In the three months to November 2022, Halifax reported the average house price as **£281,272<sup>1</sup>**, a fall of **2.5%**, while Nationwide estimated that house prices fell by **0.1%<sup>2</sup>** in December 2022, leaving them **2.8%** higher than 12 months before. Prices may be starting to fall, however, this is doing little to offset soaring interest rates paid by homeowners. In fact, the falls are in part being caused by the rising rates, meaning the prospect of house buying, particularly a first-time buyer purchase, may not be an attractive one. At the end of November 2022, the average mortgage interest rate was **2.39%<sup>3</sup>**, meaning households would pay an average of **£3,540** interest in a year. For new loans, the average rate was **3.36%<sup>4</sup>**. Based on this, first-time buyers would pay an average of **£6,348** in yearly interest repayments.

The sharp rise in interest repayments largely came about following the mini-budget announcement in October 2022. Although many people are currently shielded from this by existing fixed-rate mortgages, more than **1.4 million<sup>5</sup>** UK households are facing increases when these run out during 2023. As a result, around **4 in 10 (45%)<sup>6</sup>** UK adults with mortgages, surveyed in December 2022, reported being very or somewhat worried about the upcoming changes.

Many people may therefore be considering that renting is a better option than paying a mortgage, while of course for many it remains the only possibility. In the year to March 2021, UK renters spent an average total of **£106.50** per week on rent once housing benefit, rebates and other allowances received were accounted for, equivalent to **24%** of their median weekly expenditure. Meanwhile mortgage holders spent a total of **£140.80** per week on repayments, equal to **16%** of their median weekly expenditure. While these most recently available figures aren't fully reflective of the current situation, falling house prices indicate that the trend above could be reversed. As more expensive mortgage repayments cause demand to fall and house prices to drop, renting may become a cheaper, more attractive option. Equally, if existing costs rise for landlords and/or it becomes more expensive to be a landlord, rental rates may rise in turn.

**Michelle Highman, Chief Executive of The Money Charity says:**

“In our Financial Wellbeing sessions for adults, we help people across the UK to engage with how they can see their money as a force for good in their lives, one that will help them achieve their

<sup>1</sup> (The Money Statistics January 2023 Full Report, P10)

<sup>2</sup> (The Money Statistics January 2023 Full Report, P10)

<sup>3</sup> (The Money Statistics January 2023 Full Report, P9)

<sup>4</sup> (The Money Statistics January 2023 Full Report, P9)

<sup>5</sup> (The Money Statistics January 2023 Full Report, P4.1)

<sup>6</sup> (The Money Statistics January 2023 Full Report, P4.1)

goals in life. One of the most common goals for many people is to own their home, but sadly we often find, for various reasons, it can be a daunting one.

“These recent figures show concerning trends, both for those who are currently working towards homeownership, while also moving this goal further and further away from too many, leading to greater inequality and exclusion. Decision makers need to quickly, but prudently, find ways to address these twin challenges, supporting those already in the market while enabling access for those who are currently unable to pursue this goal.”

### **Other Striking Numbers from the January Money Statistics:**

- At least **10.83 million** workers had joined a pension scheme under auto-enrolment by the end of December 2022. (P16.)
- The UK economy grew by **0.1%** in November 2022 and is now estimated to be the same as its pre-pandemic level. (P19.)
- **1,361,000 (11.0%)** people aged 65 and over were *in work* in September to November 2022 (P20.)

**Get the full picture and many more fascinating facts about money in the UK in our monthly Money Statistics.**

#### Notes to Editors

- For over 25 years, The Money Charity has been the UK’s Financial Capability charity. We proactively provide education, information, advice and guidance to people of all ages, to reach our vision of seeing everyone achieving Financial Wellbeing by managing their money well. We empower people across the UK to develop the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives. Find out more at <https://themoneycharity.org.uk/>
- All statistics are from the latest available data at the time of writing/release.
- You may use any of the statistics quoted in this release, or within The Money Statistics, as long as:
  - You don’t make any commercial or financial gain from their use;
  - You clearly acknowledge The Money Charity as the providers of the information and point your audience towards signing up themselves for the monthly report; and
  - You do not make substantive adjustments to the presentation of the statistics, such as amending the statistic phrasing, or for example, repurposing the statistics into a format they are not appropriate for, such as an editorial/’opinion piece’ from the charity.
- If you’d like The Money Statistics emailed to you every month as soon as they’re published, please sign up at: <https://themoneycharity.org.uk/money-statistics/>
- If you’ve any questions, comments, or want any information about the source of these statistics, please contact us through [hello@themoneycharity.org.uk](mailto:hello@themoneycharity.org.uk)
- Any media or press enquiries should be directed to our Communications & Marketing Manager, James Yelland, on [james@themoneycharity.org.uk](mailto:james@themoneycharity.org.uk)

(ENDS)