

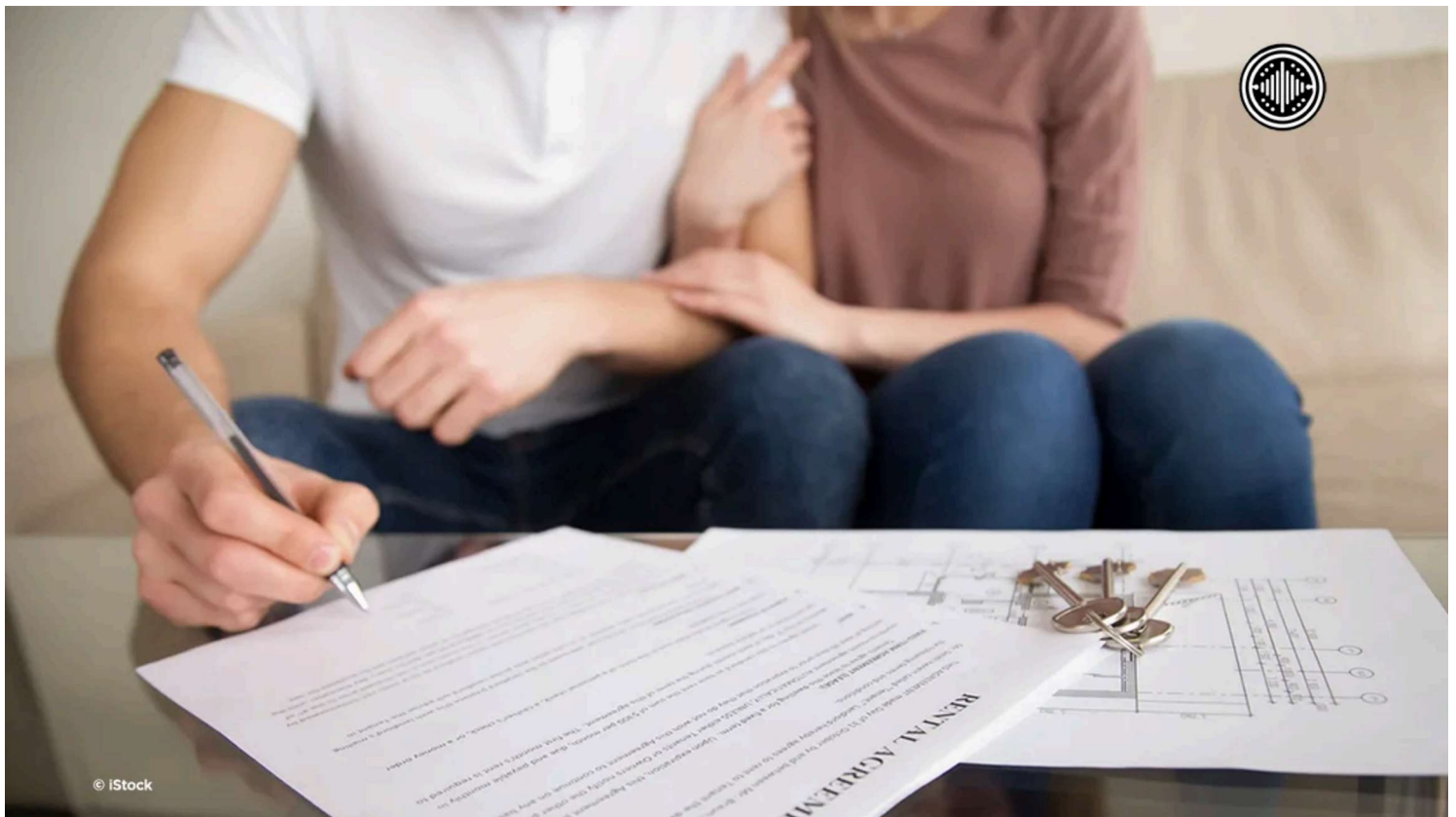
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Renters Hit Hard as Housing and Utility Costs Climb, Saving for Deposits Slumps

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The rising cost of living in the UK is weighing heavily on renters, with new data showing that fewer people are managing to put money aside for a house deposit. As rents continue to climb and bills remain stubbornly high, many tenants are feeling squeezed financially, casting doubt on their chances of stepping onto the property ladder.

Figures from Barclays Property Insights revealed that rent and mortgage payments increased by 5.2% year-on-year in July, with utility bills also rising by 2.7%. This has had a noticeable impact on renters' ability to save, as their disposable income shrinks more

rapidly than that of homeowners. In July, just 17% of renters were saving for a deposit, a significant drop from 31% in January and the lowest level seen in the past six months.

The shift marks a turning point, with more renters now identifying soaring house prices, rather than deposit costs, as the main hurdle to buying a home. Some 38% cited property prices as their biggest concern, compared to 35% who pointed to the challenge of saving enough for a deposit.

Barclays' findings show that 62% of renters have either experienced or expect rent hikes this year, adding further pressure. Only 12% believe they will be in a position to buy a property within the next year, while confidence in achieving that goal within five years has also dipped from 19% in June to 16% in July.

Affordability remains a key issue. Over one-third (37%) of renters said they couldn't afford to purchase a home in their current or preferred location. In addition, 28% said they weren't interested in buying at all, the highest level recorded this year. Many renters are adapting their lifestyles in an effort to save, with 14% cutting back on non-essential spending, 11% reducing holiday plans, and 8% taking on side jobs to earn extra income.

Although interest rates were lowered earlier this year, the perception that renting is more expensive than paying a mortgage has become widespread. More than half (55%) of consumers believe this to be true, with the view held by 61% of homeowners and 42% of renters.

On average, renters spend 30.8% of their take-home pay on housing, compared to 26.6% for homeowners. The gap in income is also stark, with homeowners reporting an average gross income of £37,775, while renters earn an average of £23,562.

The financial pressure is reflected in household budgets, as 26% of renters said they struggled to meet their monthly payments, compared to 15% of homeowners. Almost half (45%) of renters reported changing their spending habits to keep up with rising housing costs.

Among renters who hope to buy, 45% aim to save for a larger deposit to reduce monthly repayments once they get on the ladder. Another 12% are prepared to buy with a smaller deposit, even if it means higher long-term borrowing costs. A third (34%) said they would consider downsizing to a smaller property to reduce borrowing, while 16% would be willing

to use all of their savings to secure a home. That figure rises to 20% among millennial renters.

For mortgage advisers and lenders, the behaviour shift presents challenges and opportunities. While fewer first-time buyers may enter the market in the short term, there is greater demand for advice around affordability, saving strategies, and navigating loan options.

Jatin Patel, head of mortgages, savings, and insurance at Barclays, said: “Many people dream of one day owning a home, but our latest findings highlight how renters are finding it ever harder to save for a deposit while keeping up with rising costs. More positively though, we’re still seeing savers create strong habits, and consider carefully the balance between getting into the market quickly with a lower deposit or trying to minimise monthly repayments in the longer term.”

Megan Eighan, president of the Association of Residential Letting Agents (ARLA) Propertymark, added that long-term solutions are needed: “Additional support needs to be provided to first-time buyers in order to help them step onto the housing ladder, and the major concern in the private rented sector, which is causing rent levels to rise, is the ever-widening gap between supply and demand levels.”

She also warned that landlords are under increasing strain. “Continued regulatory and financial pressure placed on landlords is pushing some out of the market completely at a time when homes are desperately needed. Investment from reputable and professional landlords is crucial as the private rented sector plays a key role in housing the nation, and this can only be done with the understanding and support of all governments across the UK.”