

Chapter 2: Housing Expenditure

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Abstract

This chapter presents housing-related costs such as rent, mortgage payments, repairs and maintenance, and home improvements. The first section outlines the definitions of housing expenditure: the Classification Of Individual CONsumption by Purpose (COICOP) definition, followed by the definition used in the analysis of this chapter, which includes expenditure not present in COICOP. This chapter also examines housing expenditure over time and by income, region, and household characteristics. The final section explores housing costs for renters, and for mortgage holders in more depth.

Definitions of housing expenditure

The COICOP system has been used to classify expenditure on the Living Costs and Food Survey (LCF) and previously the Expenditure and Food Survey (EFS) since 2001/02. COICOP is an internationally agreed system of classification for reporting consumption expenditure within National Accounts and is used by other household budget surveys across the European Union.

Further information on COICOP can be found on the [United Nations Statistics Division](#) website.

Under COICOP, household consumption expenditure is categorised into the following 12 headings:

1. Food & non-alcoholic drinks
2. Alcoholic drinks, tobacco & narcotics
3. Clothing & footwear
4. Housing (net), fuel & power
5. Household goods & services
6. Health
7. Transport
8. Communication
9. Recreation & culture
10. Education
11. Restaurants & hotels
12. Miscellaneous goods & services

It is important to note that COICOP classified housing costs do not include what is considered to be non-consumption expenditure, for example, mortgage interest payments, mortgage capital repayments, mortgage protection premiums, council tax and domestic rates.

In addition to the 12 COICOP expenditure categories, the tables contained in Appendix A include a category called 'other expenditure items' under which certain non-consumption expenditures can be found. This category includes the following housing-related costs: mortgage interest payments, mortgage protection premiums, council tax, and domestic rates. Housing costs that are not included in either the COICOP definition of housing or the 'other expenditure items' category are captured within the 'other items recorded' category that can be viewed in [Table A1 \(186 Kb Excel sheet\)](#) in [Appendix A](#).

For the purpose of this chapter all data relating to housing expenditure have been combined to facilitate an understanding of total housing costs. This comprehensive definition of housing expenditure is made up from three types of expenditure detailed in Table 2.1: expenditure included in COICOP, housing costs included in the 'other expenditure items' and 'other items recorded' categories of Family Spending.

It should also be noted that throughout Family Spending, including this chapter, rent excluding service charges and benefit receipts associated with housing (net rent) has been used when calculating total expenditure. This convention ensures that expenditure recovered via rebates, benefits and allowances are excluded from the calculation of total household expenditure on rent.

Table 2.1 - Definition of total housing expenditure

Costs which are included in the COICOP	Housing costs which are included as 'other expenditure
classification of housing expenditure:	items' but excluded from COICOP classification:
<ul style="list-style-type: none"> • Actual rentals for housing <ul style="list-style-type: none"> – net rent (gross rent <i>less</i> housing benefit, rebates and allowances received) – second dwelling rent • Maintenance and repair of dwelling <ul style="list-style-type: none"> – central heating maintenance and repair – house maintenance and repair – paint, wallpaper, timber – equipment hire, small materials • Water supply and miscellaneous services <ul style="list-style-type: none"> relating to dwelling <ul style="list-style-type: none"> – water charges – other regular housing payments including <ul style="list-style-type: none"> service charge for rent – refuse collection, including skip hire. 	<ul style="list-style-type: none"> • Housing: mortgage interest payments etc <ul style="list-style-type: none"> – mortgage interest payments – mortgage protection premiums – council tax, domestic rates – council tax, mortgage, insurance (second dwelling).
	<p>Housing costs which are included as 'other items recorded' and are excluded from COICOP classification:</p>
	<ul style="list-style-type: none"> • Purchase or alteration of dwellings (contracted out), <ul style="list-style-type: none"> mortgages <ul style="list-style-type: none"> – outright purchase of houses, flats etc. including <ul style="list-style-type: none"> deposits – capital repayment of mortgage – central heating installation – DIY improvements: double glazing, kitchen units,

Housing costs which are included elsewhere

in the COICOP classification:

- Household Insurances

- structural insurance

- contents insurance

- insurance for household appliances.

sheds etc.

- home improvements (contracted out)

- bathroom fittings

- purchase of materials for capital improvements

- purchase of second dwelling.

Table source: Office for National Statistics

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(36 Kb)

Housing expenditure

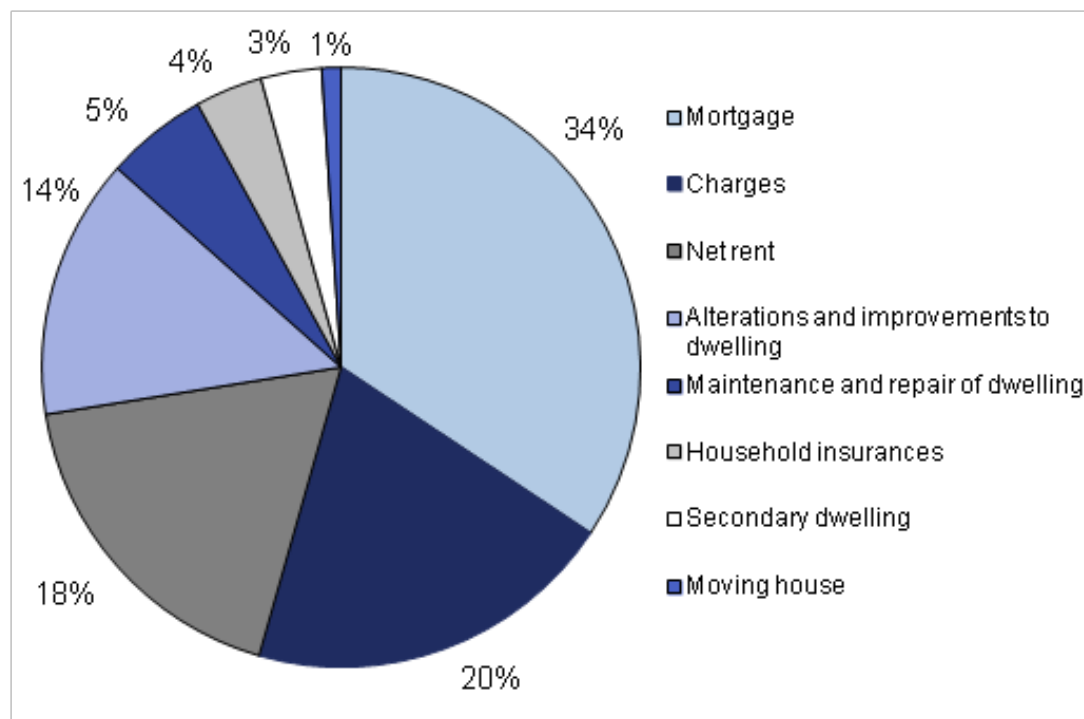
[Table 2.2 \(82.5 Kb Excel sheet\)](#) shows expenditure on the items included in the comprehensive definition of housing expenditure. It also displays total household expenditure, which includes all expenditure items covered by the survey. The total expenditure figure reported here is therefore greater than the expenditure totals shown in the tables in [Appendix A](#), as these exclude certain non-consumption costs.

Under the comprehensive definition of housing expenditure, UK households spent on average £139.80 a week on housing in 2011, which equates to about a fifth (21 per cent) of total weekly expenditure. The COICOP definition of housing expenditure (with fuel and power removed) on the other hand, gave an average of £41.10 per week for each household (see [Table A1 \(186 Kb Excel sheet\)](#)).

In 2011 spending was highest on mortgages (interest payments, protection premiums and capital repayments) at £47.90 per week. The next highest expenditure was on charges (council tax or domestic rates, water charges, refuse collection and other regular services) at £28.00 per week. This was followed by net rent at £25.20 per week and household alterations and improvements at £19.60 per week. Figure 2.1 provides a breakdown of housing expenditure items as a proportion of housing expenditure.

Figure 2.1 Housing expenditure items as a percentage of total housing expenditure, 2011

United Kingdom



Source: Living Costs and Food Survey - Office for National Statistics

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(51 Kb)

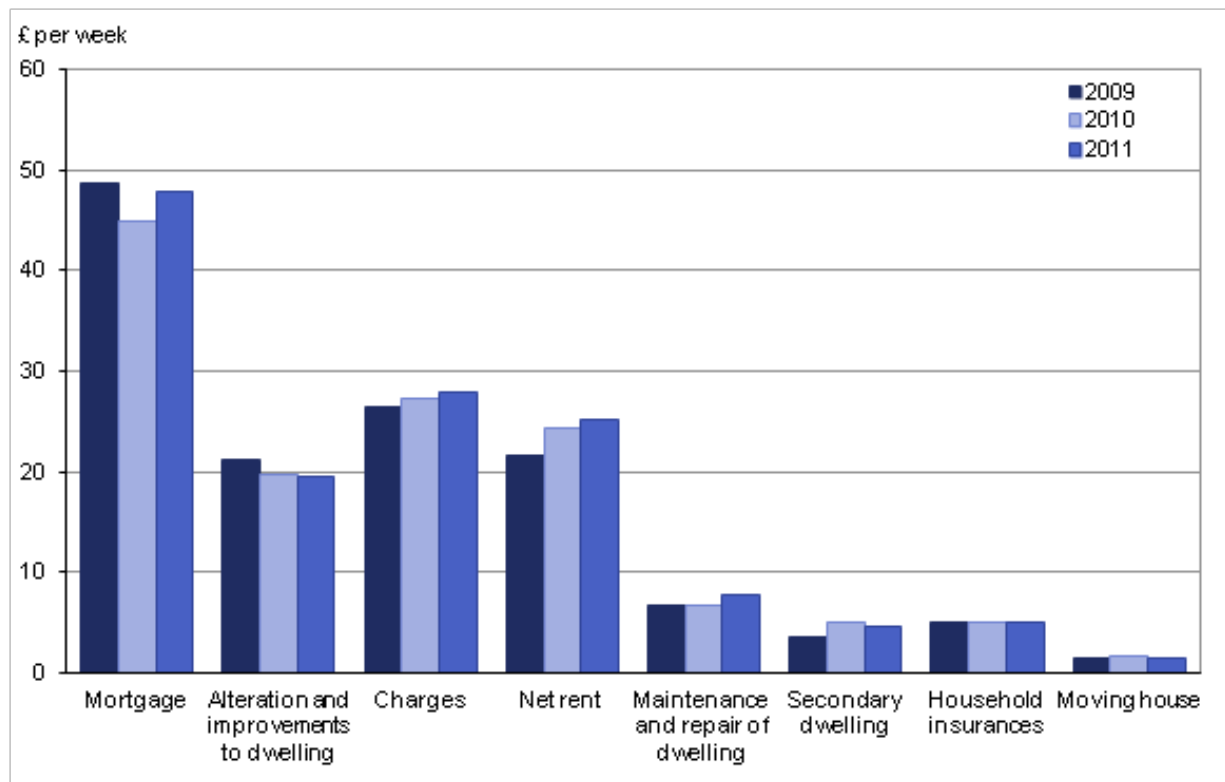
Housing expenditure over time

Overall, expenditure on housing has increased very slightly over the last three years, first decreasing from £139.30 in 2009, to £134.70 per week in 2010 before increasing to £139.80 in 2011. Housing expenditure as a percentage of total expenditure has also remained stable, decreasing by only 1 percentage point from 2009 (21 per cent) to 2010 (20 per cent), before increasing again in 2011 (21 per cent). See [Table 2.2 \(82.5 Kb Excel sheet\)](#) for a comparison of housing expenditure from 2009 to 2011.

Figure 2.2 presents the average weekly spend on each category of housing expenditure from 2009 to 2011. The largest decrease was seen in the alterations and improvements to dwelling category, which has decreased from £21.10 in 2009 to £19.60 in 2011. Net rent showed the largest increase in weekly expenditure from £21.70 in 2009 to £25.20 in 2011. Spending has remained relatively consistent for most other categories.

Figure 2.2 Housing expenditure, 2009 to 2011

United Kingdom



Source: Living Costs and Food Survey - Office for National Statistics

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(49.5 Kb)

Expenditure by gross income

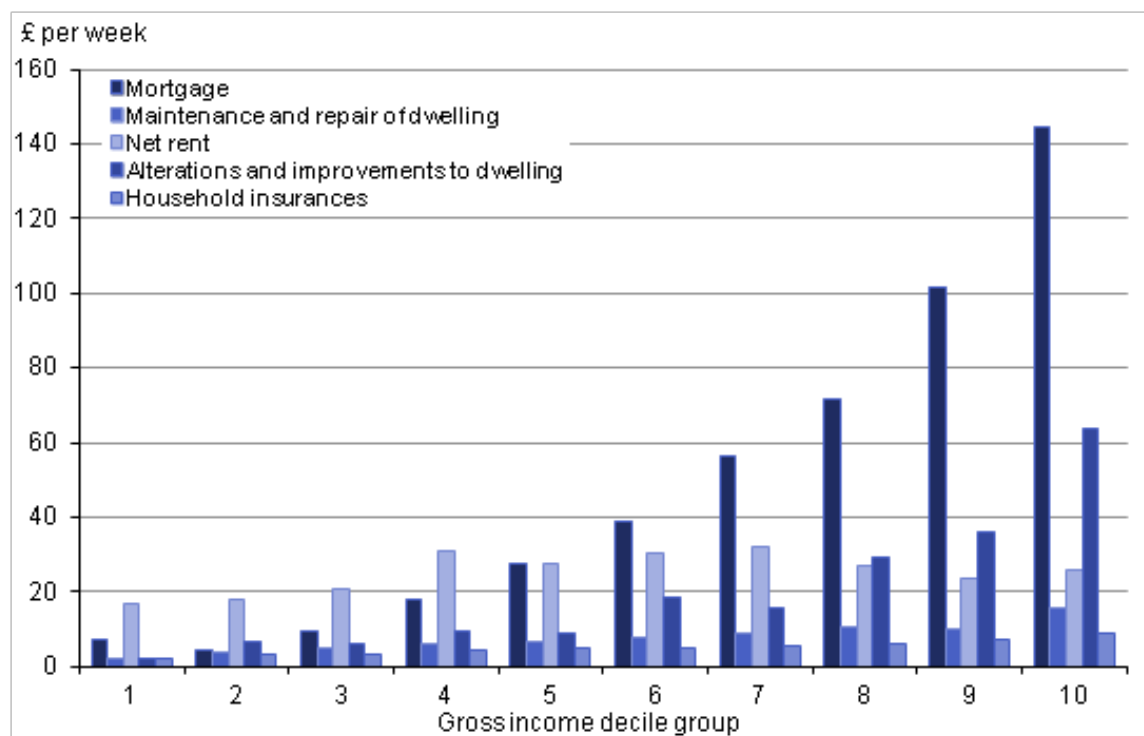
[Table 2.3 \(114 Kb Excel sheet\)](#) presents average weekly housing expenditure by gross income decile group (a decile is one-tenth of the distribution). Note that these figures are averaged across all households, not just those with mortgages or that pay rent. Expenditure on rent by renting households only, and on mortgages only by households with mortgages, is presented in a separate section, below. Overall, spending on housing increased with income. The highest income group spent £323.10 per week, more than twice the average for all income groups (£139.80) and more than seven times that of the lowest income group (£44.50).

The categories that showed the greatest variation in weekly expenditure by income are mortgages, and alterations and improvements to dwellings. Figure 2.3 shows expenditure on mortgages to be higher through income deciles, up to a weekly average of £144.30 in the highest income decile. The only exception to this is the first income decile (£7.00) which was higher than the second decile (£4.50), these low expenditure figures reflecting the relatively low number of mortgage-paying households in these categories. Expenditure on alterations and improvements to dwellings increased overall with income, and displayed a sharp increase in the sixth decile group to £18.30

per week, more than double that of the fifth decile group (£8.90). The increase between the ninth and tenth decile groups was also large (£28.10). Expenditure on household insurances and on maintenance and repairs of dwellings increased with income.

Figure 2.3 Expenditure on selected items by gross income decile group, 2011

United Kingdom



Source: Living Costs and Food Survey - Office for National Statistics

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(51 Kb)

A different pattern can be seen when looking at net rent by income decile group. Households in the first decile group spent the least on net rent, an average of £17.00 per week, but it was the seventh decile which spent the most at £31.90. Generally expenditure on rent was lowest for the lower income deciles, highest for the middle income deciles with the higher income deciles in-between.

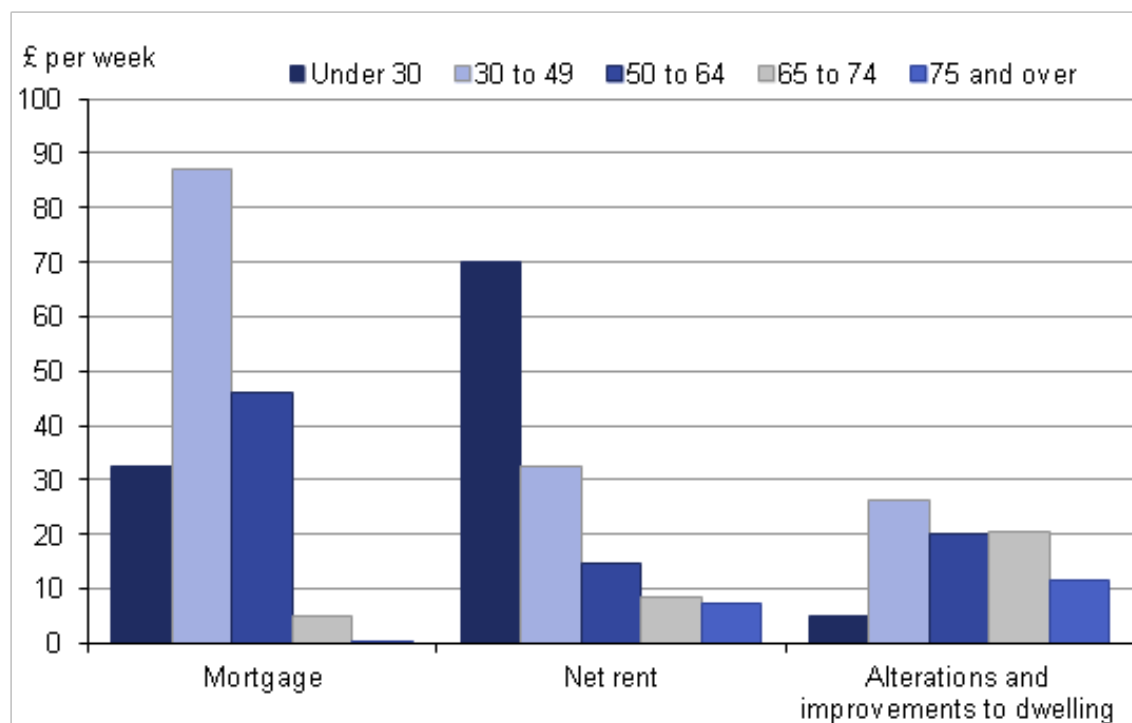
Expenditure by age of the household reference person

[Table 2.4 \(85.5 Kb Excel sheet\)](#) presents average weekly expenditure by age of household reference person (HRP, defined in Appendix B). Figure 2.4 presents spending on three key housing expenditure categories by age of HRP. Average weekly expenditure on mortgages peaked at £86.90 for households with an HRP aged 30 to 49. Average weekly expenditure for households with an HRP within the age range 50 to 64 was lower at £46.10, and for households with an HRP under 30 even lower at £32.60. The average weekly spend for household alterations and improvements was highest for households with an HRP aged 30 to 49 at £26.30. Net rent expenditure decreased as the

age of the HRP increased. The average weekly expenditure for households with an HRP under the age of 30 was £70.10, compared with £32.40 for households with an HRP aged between 30 and 49, and £7.30 for households with an HRP aged over 75.

Figure 2.4 Expenditure on selected items by age of household reference person, 2011

United Kingdom



Source: Living Costs and Food Survey - Office for National Statistics

Download chart

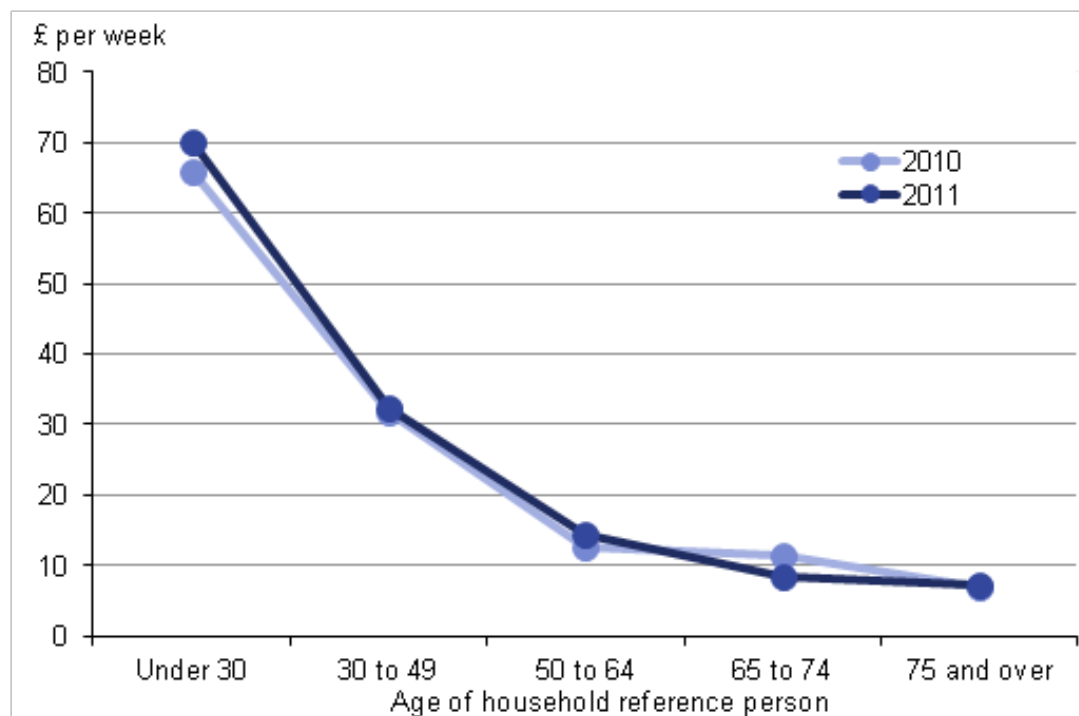
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Figure 2.5 shows that expenditure on net rent for households with an HRP aged under 30 has increased from £65.90 in 2010 to £70.10 in 2011. Net rent for the 65 to 74 age group decreased from £11.40 in 2010 to £8.40 in 2011. There were slight increases for all other age groups.

Figure 2.5 Expenditure on net rent by age of household reference person, 2010 and 2011

United Kingdom



Source: Living Costs and Food Survey - Office for National Statistics

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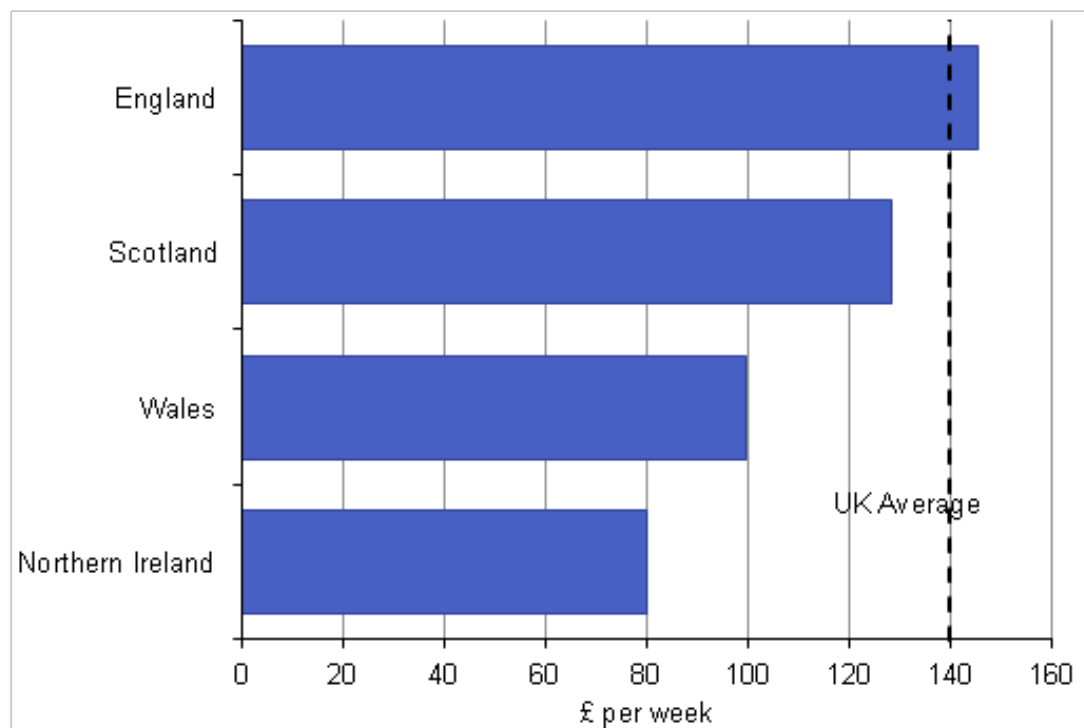
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Expenditure by region

[Table 2.5 \(79.5 Kb Excel sheet\)](#), Figure 2.6, and Figure 2.7 show average weekly housing expenditure by UK country and region. Looking first at expenditure by country (Figure 2.6), households in England spent the most on housing at £145.40 a week, followed by Scotland (£128.10), Wales (£99.40) and Northern Ireland (£79.80).

Figure 2.6 Housing expenditure by Country, 2011

United Kingdom

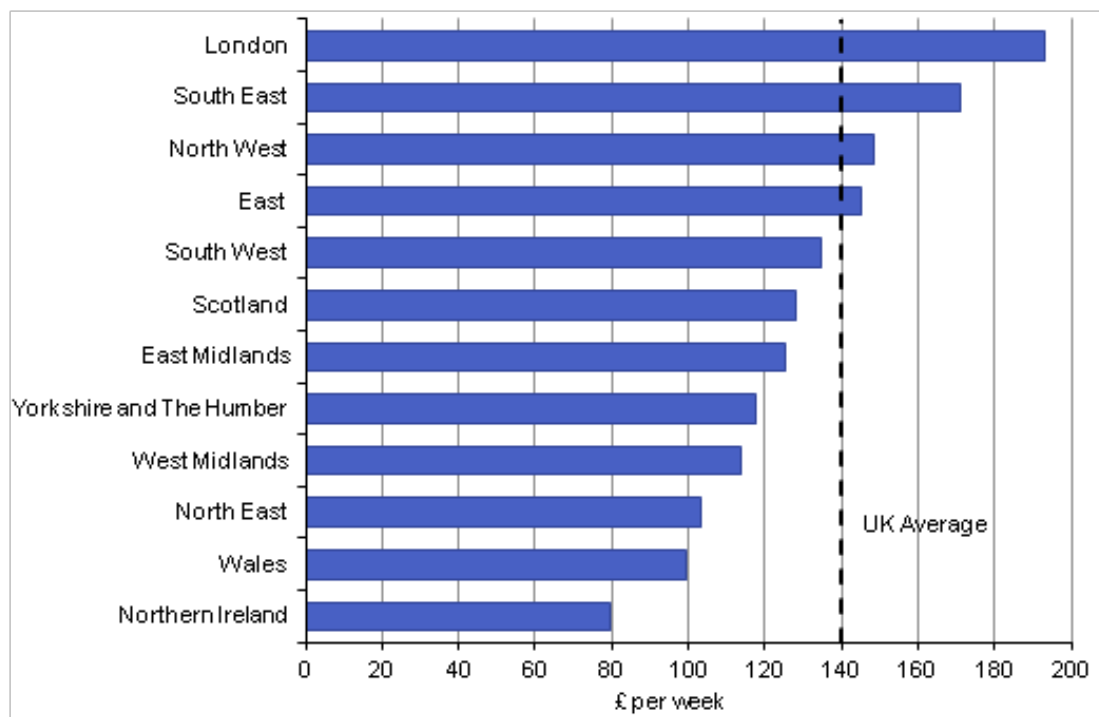


Source: Living Costs and Food Survey - Office for National Statistics

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(51 Kb)

Figure 2.7 shows average housing expenditure by region and country (excluding England). Four English regions had average weekly household spends that were greater than the UK average. Housing expenditure was greatest in London at £193.00 a week, followed by the South East (£171.10) North West (£148.50) and East (£145.10). Expenditure was lowest in Northern Ireland with an average spend of £79.80. The lowest spending in England was in the North East, where average weekly housing costs were £103.20.

Figure 2.7 Housing expenditure by UK Countries and regions, 2011

Source: Living Costs and Food Survey - Office for National Statistics

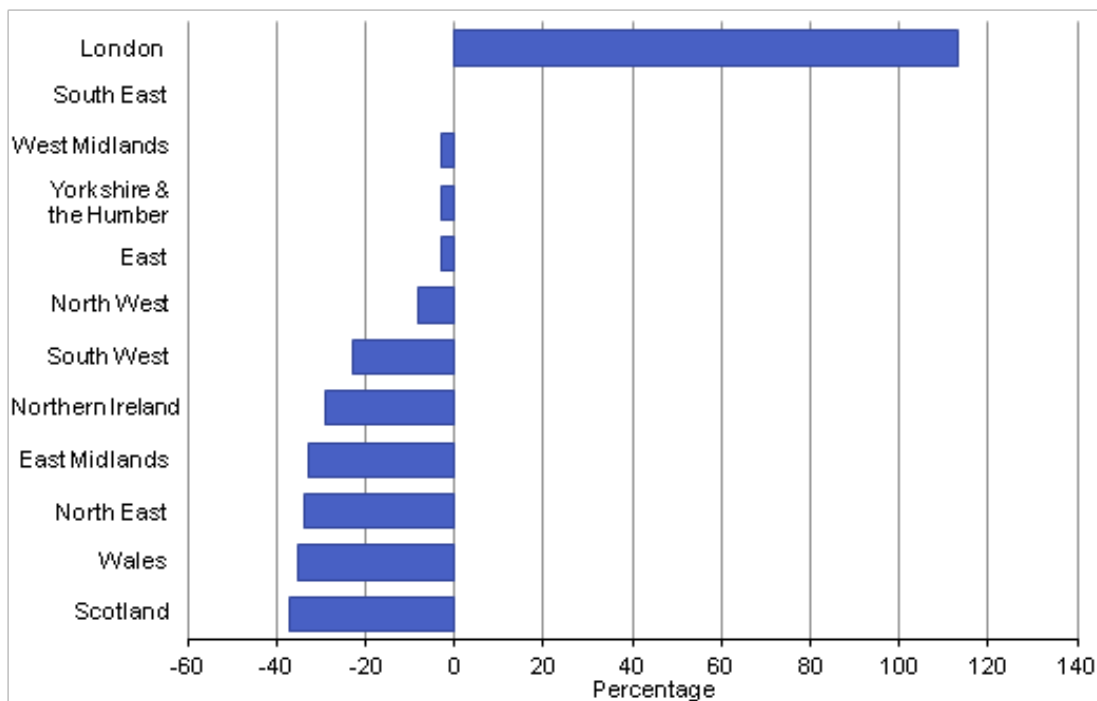
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Variations in the total spending on housing are largely due to differences between regions in the average amount spent on rent and mortgages. [Table 2.5 \(79.5 Kb Excel sheet\)](#) presents housing expenditure by country and region, while Figures 2.8 and 2.9 present the percentage difference in each region from the UK average for net rent and mortgages, respectively. It is important to note that these figures include all households. Average expenditure on rent only by renters, and mortgages only by mortgage holders is examined later in the chapter.

Average weekly expenditure on net rent in the UK was £25.20 ([Table 2.5 \(79.5 Kb Excel sheet\)](#)). Figure 2.8 shows that expenditure was more than twice the average in London (£53.60); this was the only region to exceed the UK average. Spending on net rent was lowest in Scotland with an average weekly expenditure of £15.90, followed by Wales where the average weekly net rent was £16.40. Expenditure on net rent in England was lowest in the North East (£16.60).

Figure 2.8 Percentage difference compared with UK average for net rent by UK Countries and regions, 2011



Source: Living Costs and Food Survey - Office for National Statistics

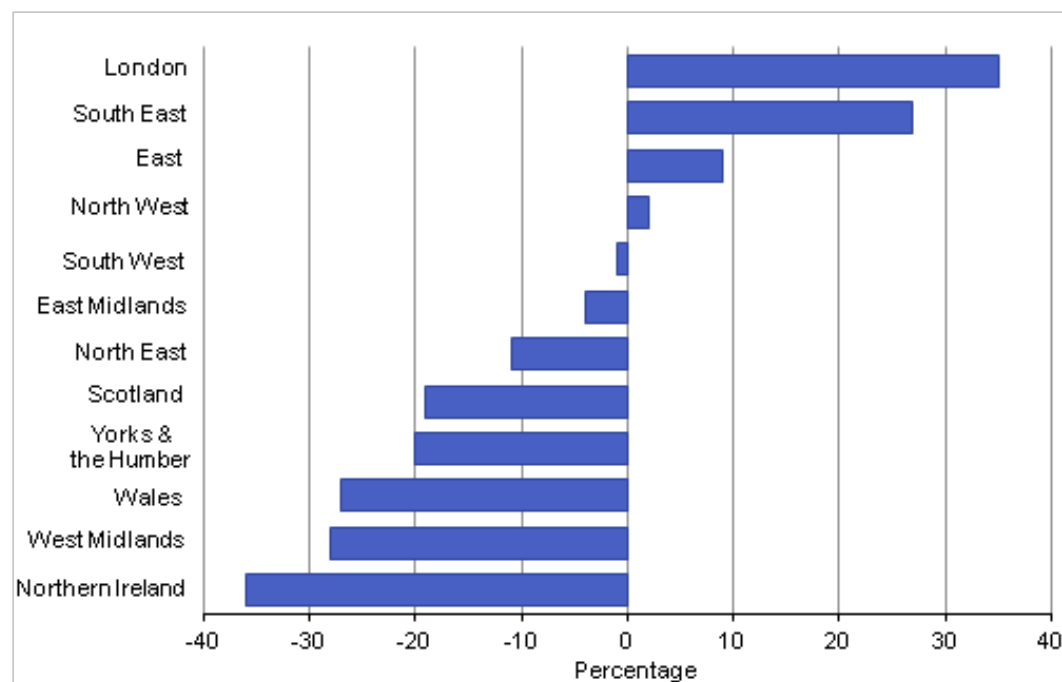
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(53 Kb)

Figure 2.9 shows that London, the South East, the East of England and the North West had average mortgage payments above the UK average of £47.90; all other regions spent less on mortgages than the UK average. Expenditure on mortgages was lowest in Northern Ireland with average weekly mortgage payments of £30.60.

Figure 2.9 Percentage difference compared with UK average for mortgage payments by UK Countries and regions, 2011



Source: Living Costs and Food Survey - Office for National Statistics

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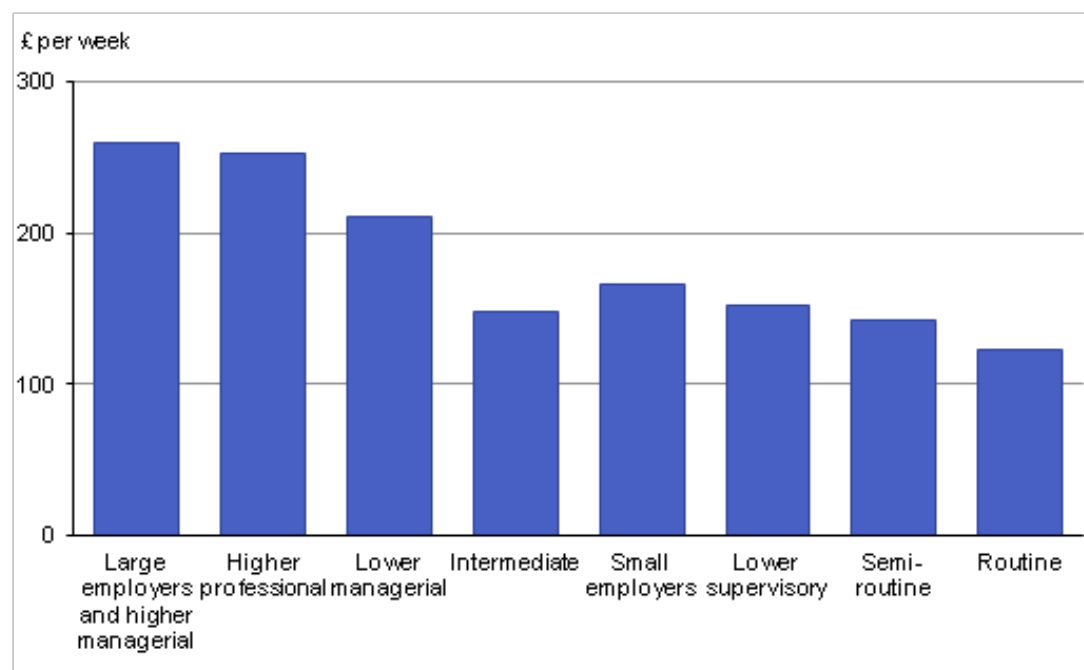
(59 Kb)

Expenditure by socio-economic classification

Figure 2.10 and [Table 2.6 \(92.5 Kb Excel sheet\)](#) present average weekly housing expenditure by socio-economic classification of the household reference person (HRP). Households with an HRP in the 'large employer and higher managerial' occupation group spent the most, at £259.30 per week: more than twice that of households with an HRP in the 'routine' occupation group, where the average weekly spend was £122.40.

Figure 2.10 Housing expenditure by socio-economic classification of household reference person, 2011

United Kingdom



Source: Living Costs and Food Survey - Office for National Statistics

Download chart

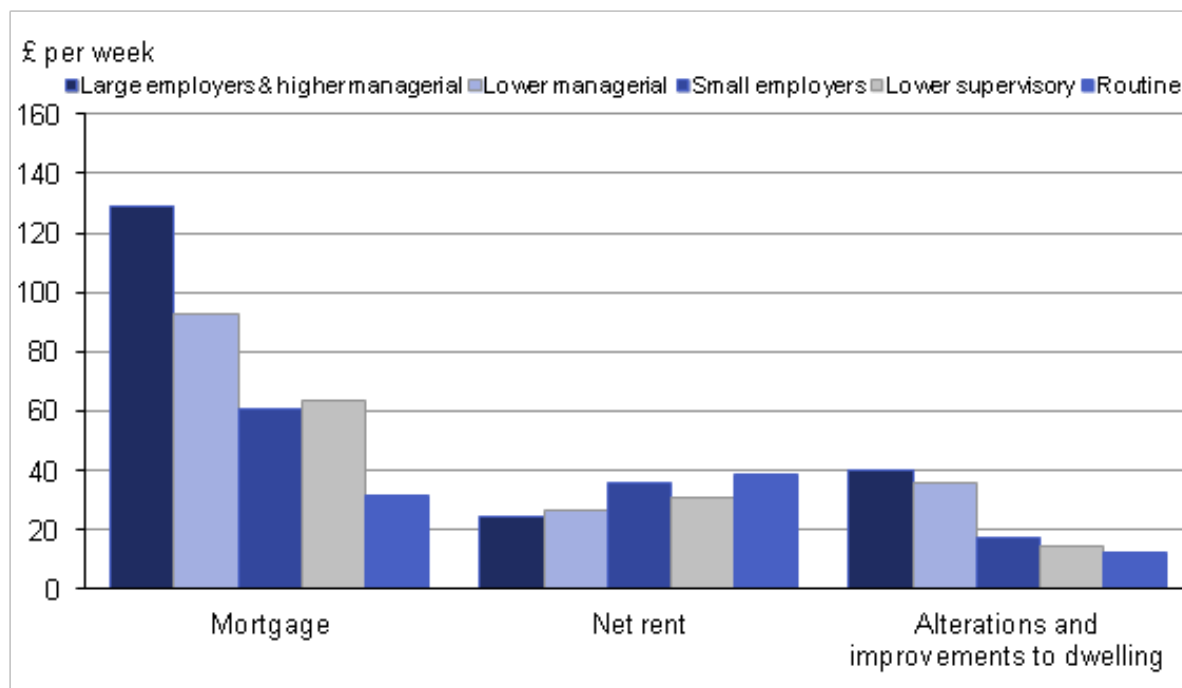
[XLS](#) [XLS format](#)

(47 Kb)

Figure 2.11 presents average weekly expenditure on selected items by socio-economic classification of the HRP. Overall, expenditure followed a similar pattern as described above, with those with an HRP classified as 'large employer and higher managerial' spending more than those in 'routine' occupations. The exception to this was net rent where the opposite pattern is observed and the highest expenditure was for the 'routine' occupation group, reflecting the high number of renters in this group.

Figure 2.11 Expenditure on selected items by socio-economic classification of household reference person, 2011

United Kingdom



Source: Living Costs and Food Survey - Office for National Statistics

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(49 Kb)

Analysis of housing costs for renters and mortgage holders

The following analysis looks at average expenditure on net rent for households that report spending on net rent and average expenditure on mortgages for mortgage holders. This is the only place in Family Spending where averages are not across all households. Excluding households with nil expenditure for net rent and mortgages provides a more informative picture of expenditure on these items.

[Table 2.8 \(35 Kb Excel sheet\)](#) provides weekly expenditure on rent over the last three years. In 2011 renters spent on average £77.00 per week on net rent. [Table 2.9 \(34.5 Kb Excel sheet\)](#) provides expenditure on mortgages over the last three years. In 2011 the average weekly expenditure on mortgages by mortgage holders was £139.30.

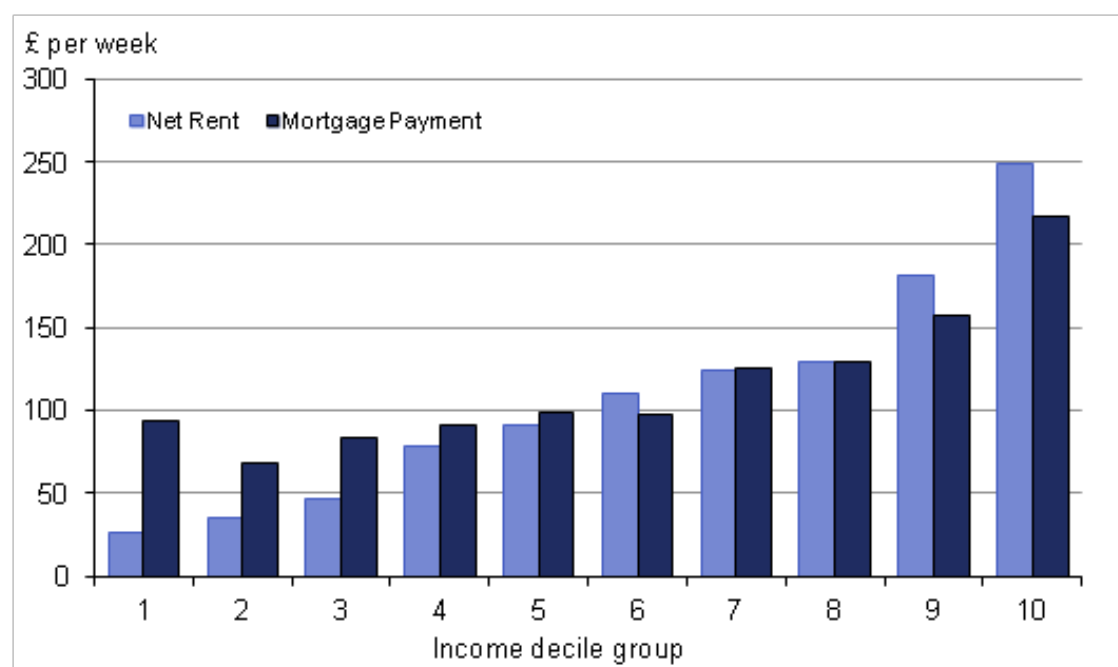
[Table 2.10 \(96.5 Kb Excel sheet\)](#) and Figure 2.12 present average weekly expenditure for the relevant households by income decile group for mortgage holders and renters.

Figure 2.12 shows an overall increase in net rent as the income decile increases. Households in the first income decile spent £26.30 on net rent, compared with £181.60 in the ninth income decile and

£249.20 in the tenth income decile. It should be noted, however, that a relatively small number of households in the highest income group paid rent. The estimate of net costs for this income group should therefore be viewed with caution. Average expenditure for mortgages followed a roughly similar pattern to net rent, increasing towards the higher income deciles. The fluctuations between lower decile groups may be due to a low number of mortgage holders in this decile group, and should be viewed with caution.

Figure 2.12 Expenditure on net rent by renters, and mortgages by mortgage holders, by gross income decile group, 2011

United Kingdom



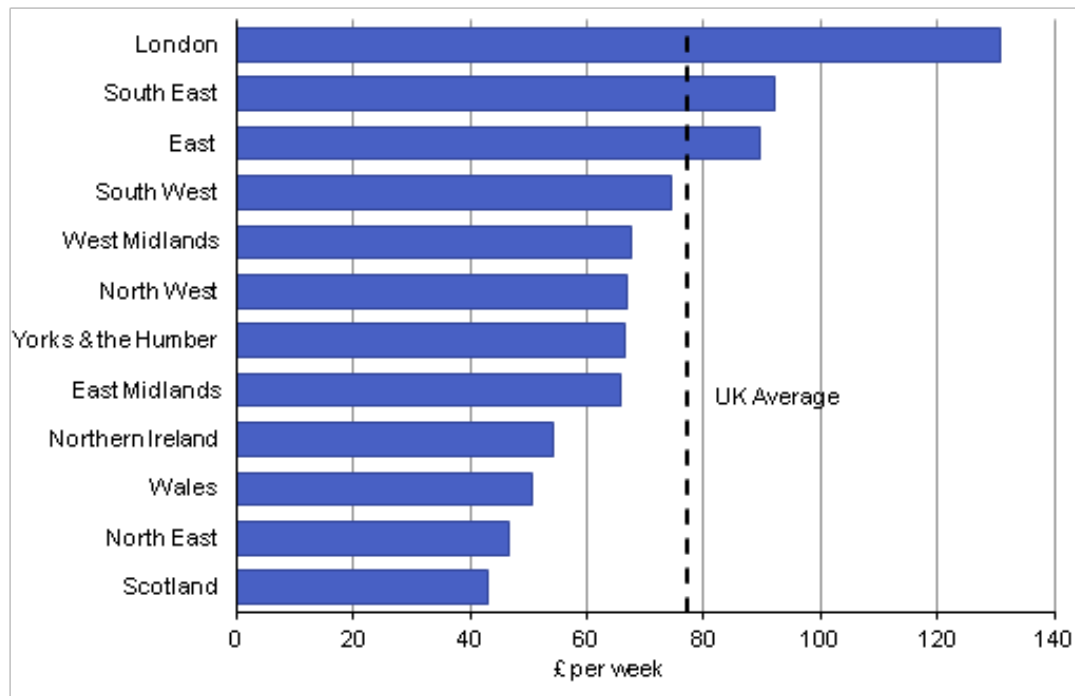
Source: Living Costs and Food Survey - Office for National Statistics

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(48.5 Kb)

Figure 2.13 and Figure 2.14 show net rent and mortgage expenditure, averaged across renters and mortgage holders, respectively, by country and region. The figures are presented in [Table 2.11 \(91.5 Kb Excel sheet\)](#).

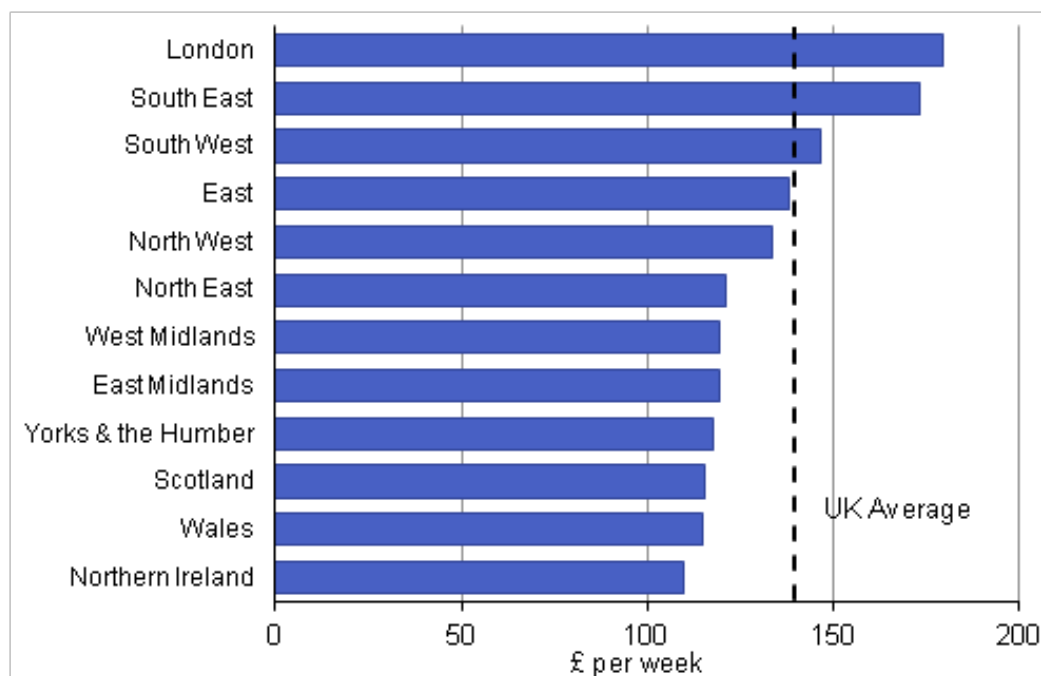
Figure 2.13 Expenditure on net rent by renters, by UK Countries and regions, 2011

Source: Living Costs and Food Survey - Office for National Statistics

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(50 Kb)

Figure 2.14 Expenditure on mortgages by mortgage holders, by UK Countries and regions, 2011

Source: Living Costs and Food Survey - Office for National Statistics

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(50 Kb)

[Table 2.11 \(91.5 Kb Excel sheet\)](#) shows that the country with the highest average spend on net rent was England, which at £83.50 a week, was above the UK average of £77.00. Northern Ireland had the next highest average weekly expenditure among UK countries on net rent at £54.10, followed by Wales (£50.80) and Scotland with the lowest average weekly spend (£43.00).

There were three regions that had average weekly expenditures on net rent greater than the UK average of £77.00. London spent the most on net rent by a substantial margin (£130.90), followed by the South East (£92.20) and East of England (£89.70). All the other regions had average weekly spends lower than the UK average. Within England the lowest weekly spend was in the North East (£46.70).

Looking at expenditure on mortgages by country ([Table 2.11 \(91.5 Kb Excel sheet\)](#)), England at £143.80 was the only country that had an average weekly expenditure on mortgages greater than the UK average of £139.30 per week. Following England was Scotland (£115.40), Wales (£114.90) and finally Northern Ireland (£109.60). The differences between average weekly expenditure by country are much smaller for mortgages than for net rent.

Three regions had a greater average weekly spend on mortgage payments than the UK average (Figure 2.14). London had the highest average spend at £179.20 per week, although the difference was less pronounced than for net rent. The next highest regions were the South East (£173.10) and the South West (£146.80). The region with the lowest weekly spend was Northern Ireland at £109.60 per week; just under £30 a week lower than the UK average. The region of England with the lowest weekly spend was Yorkshire & The Humber at £117.40.

Table 2.2 to Table 2.11

Table 2.2 to 2.11 can be accessed using the links on this page.

[Table 2.2 Housing expenditure, 2009 to 2011 United Kingdom \(82.5 Kb Excel sheet\)](#)

[Table 2.3 Housing expenditure by gross income decile group, 2011 United Kingdom \(114 Kb Excel sheet\)](#)

[Table 2.4 Housing expenditure by age of household reference person, 2011 United Kingdom \(85.5 Kb Excel sheet\)](#)

[Table 2.5 Household expenditure by UK Countries and regions, 2011 \(79.5 Kb Excel sheet\)](#)

[Table 2.6 Housing expenditure by socio-economic classification of household reference person, 2011 United Kingdom \(92.5 Kb Excel sheet\)](#)

[Table 2.7 Housing expenditure by household composition, 2011 United Kingdom \(122 Kb Excel sheet\)](#)

[Table 2.8 Expenditure on rent by renters, 2009 to 2011 United Kingdom \(35 Kb Excel sheet\)](#)

[Table 2.9 Expenditure on mortgages by mortgage holders, 2009 to 2011 United Kingdom \(34.5 Kb Excel sheet\)](#)

[Table 2.10 Expenditure on rent and mortgages by renters and mortgage holders by gross income decile group, 2011 United Kingdom \(96.5 Kb Excel sheet\)](#)

[Table 2.11 Expenditure on rent and mortgages by renters and mortgage holders by UK Countries and region, 2011 \(91.5 Kb Excel sheet\)](#)

Background notes

1. Symbols and conventions used in Family Spending 2012 edition

[] Figures should be used with extra caution because they are based on fewer than 20 reporting households.

.. The data is suppressed if the unweighted sample counts are less than 10 reporting households.

- No figures are available because there are no reporting households.

Rounding: Individual figures have been rounded independently. The sum of component items does not therefore necessarily add to the totals shown.

Averages: These are averages (means) for all households included in the column or row, and unless specified, are not restricted to those households reporting expenditure on a particular item or income of a particular type.

Period covered: Calendar year 2011 (1 January 2011 to 31 December 2011).

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