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The hidden costs for first-time buyers

First-year home ownership costs are more than just mortgage payments

After years of diligently saving for a deposit, the moment first-time buyers receive the keys to their property often brings a sigh of relief. While the focus has been on achieving this dream, it's crucial not to lose sight of the additional financial responsibilities accompanying home ownership. As such, budgeting for these extra expenses is of utmost importance.

Additional expenses add up alongside mortgage payments

New research underscores how swiftly additional costs, including home insurance, home improvements and unexpected repairs, can accumulate alongside mortgage payments. A survey involving prospective and recent first-time buyers sheds light on the typical expenses they can anticipate during their first year of home ownership.

Average monthly mortgage payments and costs need to be considered

Excluding mortgage repayments, the research highlights that first-time buyers will pay an

average of £2,170 in additional expenses, which include unexpected repair costs, such as fixing a boiler or any work performed on their property^[1]. When average monthly mortgage payments are considered, the first-year ownership cost is a substantial £9,434.22.

A worthwhile investment despite additional costs

Nevertheless, these costs haven't discouraged first-time buyers. A significant majority (77%) are content to cover these additional expenses in exchange for escaping escalating rents (62%) and securing their property's stability.

Breaking down the additional expenses

The research indicates that additional expenses can encompass ground rent (£291), repair work (£474), home insurance (£422), annual building maintenance – for communal areas of a flat, for example (£300), annual service charges (£335) and, naturally, unexpected repairs like washing machines or boilers breaking down (£348). ■

Planning to buy your first property and want to discuss your mortgage options?

If you're a first-time buyer and need help navigating the home-buying process and accounting for these costs, please get in touch. Seeking professional advice when planning to buy a property is invaluable, and we're here to guide you every step of the way. To learn more about how we could help, please contact us.

Source data:

[1] Research data from Aldermore's First Time Buyer Index – 2,000 prospective first-time buyers surveyed – 06 October 2023.

