Renters and low-income households suffer most from inflation
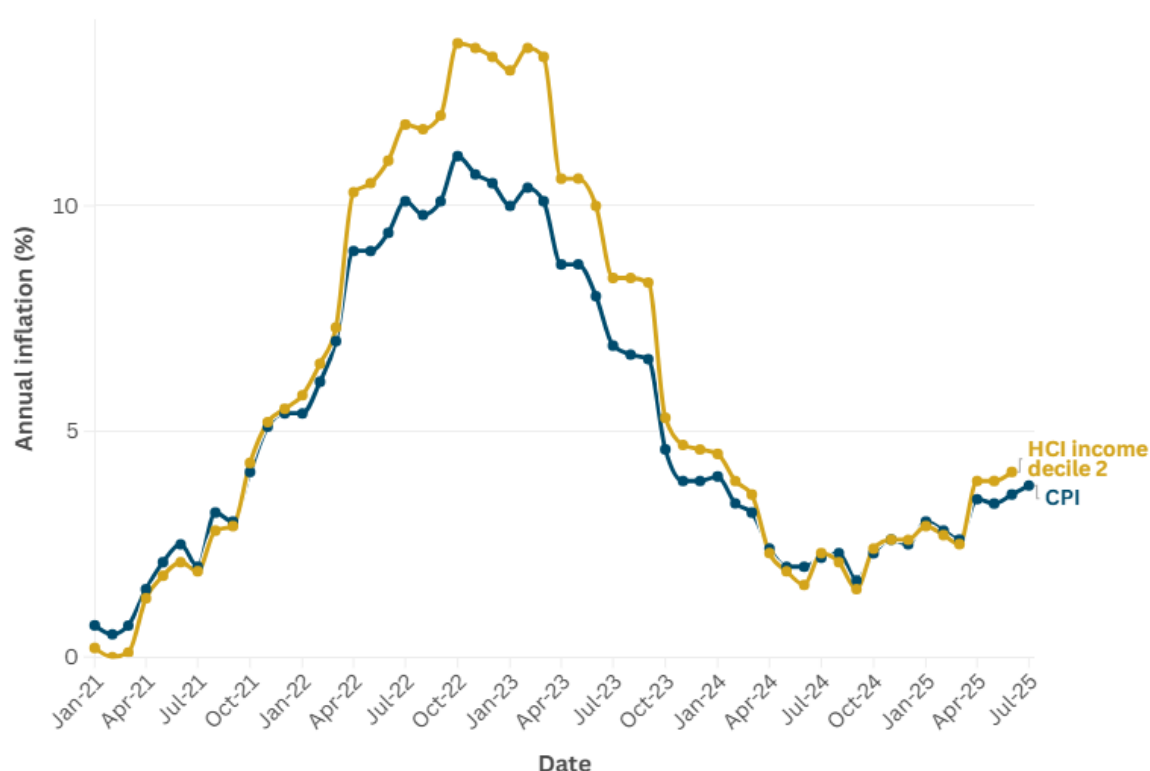
The latest HCIs highlight the range of inflation experiences for different household types

The latest Household Costs Indices (HCIs) published today by the ONS show that once again low-income households are suffering more from inflation than the Consumer Price Index (CPI) suggests.

In June 2025 low-income households experienced prices 4.1% higher than a year earlier – 0.5% higher than captured by CPI, which measures it at 3.6%. This follows a period, from March 2024 to April 2025, when low-income household inflation and CPI inflation closely tracked each other following the wide divergence during the cost of living crisis. As inflation starts to increase again, the two indices may continue to diverge – it is important that policy-makers are aware of the HCIs and what they reveal about the experience of low-income households.

Comparison of inflation as measured by HCIs and CPI

Low-income households have experienced a higher inflation than measured by CPI

Higher energy prices and the uptick in food prices contributed to this divergence since low-income households typically spend a higher percentage of their budgets on these basic items than higher-income households. However, surging rents, both for private and social rentals, also played a major role. Private renters were the household group with the highest inflation rate at 4.5% closely followed by social renters at 4.4%. In

contrast, outright owner occupiers experienced inflation of just 3.4% and were the only household group of those published to experience lower inflation than CPI suggested. The overall HCI inflation rate was 3.9%.

Between June 2021, just before the cost of living crisis, and June 2025 low-income households experienced cumulative inflation of 29.2% compared to CPI inflation of 24.8%. Inflation shown by CPIH inflation, ONS's preferred indicator, was 24.2% over this period despite relatively high inflation in the last 12 months.

HCIs are currently produced once per quarter and are not yet accredited as official statistics. This is in contrast to CPI, which is published monthly and is an accredited official statistic. Given the importance of understanding the impact of inflation on households, we urge the ONS to move towards accreditation for HCIs and to produce them monthly – so that they are equivalent in status to CPI and are more likely to be used to inform policy decisions.

Sarah Cumbers, chief executive of the Royal Statistical Society, said:

"Once again the Household Costs Indices illustrate that CPI and CPIH do not fully capture how households experience inflation. It is important that MPs and policy-makers make use of HCIs to better understand the impact of inflation – especially on low-income households."

Note to editors

- The latest Household Costs Indices figures, April to June, can be found here: https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/household costsindicesforukhouseholdgroups/apriltojune2025
- The RSS has long been campaigning for the Household Costs Indices as a better measure of household inflation, and a replacement for the now discredited Retail Price Index. We are urging the government to provide ONS with adequate support to accelerate their development to accredited statistic status.
- Key differences between HCIs and CPI include:
    - HCIs weight households equally whereas weights for CPI and CPIH reflect overall household spending so give more weight to higher spending (normally richer) households.
    - HCIs include mortgage interest and other owner occupier costs HCIs include insurance premiums at full weight.
- The Royal Statistical Society (RSS), founded in 1834 is a charity which promotes statistics, data and evidence for the public good. We are one of the world's leading learned societies and the only UK professional body for all statisticians and other data professionals.