

13/04/2013

UNDER EMBARGO UNTIL 00:01 ON 13th APRIL 2013

The **UK's Mortgage Free Day** is calculated as the date when the average new borrower – covering both first-time buyers and homemovers – will have paid off their annual mortgage payments. It is calculated on the basis that all their earnings from the 1st January are devoted to mortgage payments until these annual payments have been paid in full. A detailed explanation behind this calculation is in Editors' Notes.

UK MORTGAGE FREEDOM DAY

Renters spend an extra four weeks at work paying off their home

New Halifax research shows that today, the 13th April, is this year's Mortgage Freedom Day in the UK; as on the 103rd day of the year new UK homeowners¹ will have finally earned enough to pay off the annual cost of their mortgage². The equivalent date for home-renters arrives nearly a month later, on the 12th May³.

Halifax has calculated⁴ that those with a mortgage will have today earned enough on average to cover their mortgage payments for the year 2013.

Craig McKinlay, Mortgage Director, Halifax, commented:

"For most homeowners, mortgage payments are the biggest outgoing every month; knowing they've earned enough to pay off their mortgage for another year should be a reassuring thought.

"These calculations also highlight the significant difference between buying and renting. If you rent your home, then every year, on average, you will need to do about a month's extra work to cover the cost of renting compared to a mortgage."

Waiting for Mortgage Freedom Day...

In four local authorities, 2013's Mortgage Freedom Day doesn't arrive until after half of the year has passed. In Mole Valley (2nd July), Hammersmith and Fulham (3rd July), and Cambridge (4th July) the date occurs nearly three months after; with the last of the lot, Camden (26th July), arriving at the end of July – over five months later than the earliest Mortgage Freedom Day (Copeland, 24th February).

Of the UK's 394 Local Authorities, none of the earliest 100 Mortgage Freedom Days take place in the South. At 142, Swindon's Mortgage Freedom Day of 7th April means it is the only southern Local Authority Mortgage Freedom Day among the earliest 150.

At the other end of the scale, seven of the earliest 10 Mortgage Freedom Days take place in Scotland, as the earliest occurred in Copeland, in the North West, on the 24th February.

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West Dunbartonshire in Scotland arrived second (6th March), and Hyndburn in the North West occurred in third (7th March).

Nationally, there is only a few days difference between the earliest dates, as this year's Mortgage Freedom day occurred in Northern Ireland on the 16th March and in Scotland on the 21st March. England's is the last to take place on 16th April.

Table 1: Earliest Mortgage Freedom Days by Local Authority

Local Authority	Region	Mortgage Freedom Day
Copeland	North West	24 February 2013
West Dunbartonshire	Scotland	6 March 2013
Hyndburn	North West	7 March 2013
Renfrewshire	Scotland	7 March 2013
North Ayrshire	Scotland	7 March 2013
Kingston upon Hull	Yorkshire and Humber	7 March 2013
South Ayrshire	Scotland	7 March 2013
North Lanarkshire	Scotland	8 March 2013
Glasgow City	Scotland	8 March 2013
South Lanarkshire	Scotland	8 March 2013

Source: Halifax

Table 2: Latest Mortgage Freedom Days by Local Authority

Local Authority	Region	Mortgage Freedom Day
Camden	London	26 July 2013
Cambridge	East	4 July 2013
Hammersmith and Fulham	London	3 July 2013
Mole Valley	South East	2 July 2013
Brent	London	1 July 2013
Oxford	South East	30 June 2013
Richmond upon Thames	London	23 June 2013
Harrow	London	22 June 2013
Chiltern	South East	20 June 2013
Haringey	London	18 June 2013

Source: Halifax

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Table 3: Mortgage Freedom Days by Region

Region	Mortgage Freedom Day
Yorkshire & the Humber	24 March 2013
North West	26 March 2013
North	28 March 2013
East Midlands	7 April 2013
East Anglia	8 April 2013
West Midlands	15 April 2013
South East	6 May 2013
South West	8 May 2013
London	11 May 2013

Source: Halifax

Table 4: National Mortgage Freedom Days

Nation	Mortgage Freedom Day
Northern Ireland	16 March 2013
Scotland	21 March 2013
Wales	9 April 2013
UK	13 April 2013
England	16 April 2013

Table 5: Rent Freedom Days

Region	Rent Freedom Day
North West	5 April 2013
North	8 April 2013
East Midlands	13 April 2013
Yorkshire & the Humber	15 April 2013
East Anglia	18 April 2013
West Midlands	21 April 2013
South East	17 May 2013
South West	21 May 2013
London	25 June 2013
UK	12 May 2013

Source: Halifax

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Editors' Notes:

¹ Refers to homeowners with new mortgages

² Average mortgage payments for a new borrower – including both first time buyers and homemovers – are calculated based on average house prices and mortgage rates applicable to the period of calculation. The national average loan to value over the period from 1983 to 2012 of 70% has been applied to the average house price to calculate the average new mortgage in all cases. The mortgage payments include both capital and interest payments.

Mortgage payments are then calculated as a percentage of average disposable earnings (i.e. after deduction of income tax and employee's national insurance contributions). For UK this figure is 28.1% (quarter 4 2012), which applied to 365 days means that in theory after 103 days – 13th April – homeowners will have earned enough to pay off the annual cost of their mortgage.

³ The Rent freedom day is calculated in a similar way; but using annual rental payments as a percentage of average disposable For UK this figure is 36% (12 months to December 2012), which applied to 365 days means that in theory after 131 days – 12th May – renters will have earned enough to pay off the annual rental costs. Average rental payments are based on rental data from Birmingham Midshires. UK figures are a weighted average of the regional rental data and are based on new loans only. Weights have been calculated using regional housing tenure data from the CLG. Rental payments refer to the average for a three bedroom house over 12 months to December 2012.

⁴ Based on the average annual mortgage repayment cost of £6,597 and net annual income of £23,450. Net income is based on all workers full time average earnings less income tax and NICs – Office of National Statistics and Halifax estimates. Net income is mean average annual income rather than median income – which tends to be lower.

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