

13/04/2013

UNDER EMBARGO UNTIL 00:01 ON 12th May 2013

The **UK's Rental Free Day** is calculated as the date when the average tenant will have paid off their annual rental payments. It is calculated on the basis that all their earnings from the 1st January are devoted to rental payments until these annual payments have been paid in full. A detailed explanation behind this calculation is in Editors' Notes.

UK RENTAL FREEDOM DAY

Tenants spend an extra month at work paying off their housing costs compared to homeowners

Halifax research shows that today, the 12th May, is this year's Rental Freedom Day; as it is the 132nd day of the year which is how long UK tenants will have to work to earn enough to pay off the annual cost of their rent¹. The equivalent date for homeowners paying off their mortgage arrived a month earlier, on the 13th April².

Halifax has calculated that those who pay rent on their homes will have today earned enough on average to cover their rental payments for the year 2013.

Craig McKinlay, Mortgage Director, Halifax, commented:

"Housing costs are usually people's biggest outgoing every month, and our calculations show there is a significant difference between buying and renting. If you rent your home, then you will need to do about a month's extra work to cover the cost of renting compared to a mortgage.

"Halifax understands that for those who do pay rent saving for a deposit on a home is never easy. But we are committed to reducing the borrowing costs for first-time buyers and have recently announced we will cover the cost of Stamp Duty for first-time buyers on purchases up to £250,000. Stamp Duty is an often overlooked, additional burden for first-time buyers and by eliminating this cost it will help more people to get onto the housing ladder³."

Waiting for Rental Freedom Day...

Regionally, the North West was the first to achieve Rental Freedom (5th April) this year, just ahead of the North (8th April), the East Midlands (13th April), and Yorkshire & the Humber (15th April). The first southern region to achieve Rental Freedom Day will be the South East (17th May), but those in London will have to wait more than half a year and more than two whole months after the first region for Rental Freedom Day (25th June).

Nationally, the earliest Rental Freedom Day occurs in Northern Ireland (27th March 2013) and was the only area to achieve this in March. For all the other home nations Rental

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Press Release



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Freedom Day doesn't occur until the second quarter of the year. In Wales the date is 11th April, just ahead of Scotland, where the date is 15th April.

Editors' Notes:

¹ Average Rent freedom day is calculated 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 starting from New Year's day – 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.

² http://www.lloydsbankinggroup.com/media/pdfs/halifax/2013/1304_Mortgage_Freedom_Day.pdf

³ The offer will see borrowers reimbursed for the Stamp Duty paid on purchases between £125,000 and £250,000 and will be available exclusively to first time buyers across Halifax's mortgage range*, including:

- 75% -80% LTV 2 year fixed rate mortgage 3.24% with no fee
- 80%-85% LTV 2 year fixed rate mortgage 3.79% with no fee

Designed to ease the burden for first time buyers making their way onto the property ladder, 1% of the property price will be paid to solicitor on completion.

This means that if a customer is buying a house for £150,000, Halifax will pay £1,500 towards their Stamp Duty bill, up to a maximum of £2,500 for those purchasing a £250,000 home.

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