



NOT FOR BROADCAST OR PUBLICATION BEFORE 00.01 HRS ON TUESDAY 16 APRIL 2019

WHEN IS YOUR MORTGAGE FREEDOM DAY?

- **Today, 16th April, is the day borrowers have earned enough money to cover their mortgage payments for the rest of the year.**
- **Copeland in the North West celebrated in February, London's Brent residents have to wait until September.**
- **Calculate your own 'Mortgage Freedom' day**

Today home owners have reached 'Mortgage Freedom' day 2019, the date when new borrowers¹ have earned enough money to cover their mortgage payments, for the rest of the year. The research, conducted annually by Halifax, is based on the current average annual mortgage repayment cost of £8729 and the average net annual income of £28,752².

'Mortgage Freedom' day also fell on the 16th of April in 2018 suggesting little change in affordability for home owners across the year. Indeed, since 2014, the date has moved back by just six days as wage growth and house prices remained relatively stable across the period.

Andy Bickers, Mortgages Director, Halifax, said:

"If every penny earned this year went towards their mortgage today would be the day that the average UK borrower could celebrate paying off their mortgage for the year.

"While on its own the significance of this date is hard to comprehend, comparing 'Mortgage Freedom' days year-to-year, allows for quick comparisons on affordability. Specifically - how much people are earning against how much they are spending on their mortgage.

"Therefore, with both house prices and UK average earnings continuing to rise, it makes sense that 'Mortgage Freedom' day this year remains unchanged from 2018."

The North-South divide

However there is a wide variation in 'Mortgage Freedom' days across the country, particularly when comparing the North to the South. While all home owners in the North reached their 'Mortgage Freedom' day in March, those in the Midlands and East Anglia will have to

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wait until the end of the this month, and Southerners will not ‘celebrate’ until May at the earliest. In fact, while the North and Scotland have seen their ‘Mortgage Freedom’ days move earlier in the year over the past five years, the rest of the UK have slowly seen theirs push further out (**Table 1**).

Local ‘Mortgage Freedom’ days

At local authority level, new borrowers in Copeland in the North West were the first to ‘celebrate’ again this year, having been the earliest in 2018. It took just 49 days (18 February) for local residents to reach the milestone (**Table 2**).

In fact, four of the top five earliest ‘Mortgage Freedom’ days fell in the North West. Barrow-in-Furness and Burnley celebrated on 27 February alongside Scotland’s West Dunbartonshire. Hyndburn rounded off the top five - reaching the mark a day later.

Unsurprisingly, home owners in London and the South East have the longest to wait. Brent home owners were last to reach the milestone in 2018 (August 11) and will be again in 2019, having to wait until almost autumn (September 5). Harringey (24 August) and Hackney (12 August) residents follow in second and third (Table 3).

Andy Bickers said:

“As reported last year, the North-South divide remains. The difference between the earliest and latest “Mortgage Freedom” day, Copeland in the North West against Brent in London, is over seven months.”

When is your ‘Mortgage Freedom’ day?

Home owners can work out their own mortgage freedom day, and compare themselves to their local authority, by using the below calculation:

$$[\text{Monthly mortgage payment}] / [\text{take home pay}] * 365 = X$$

X will give you the number of days into the year you will reach your ‘Mortgage Freedom’ day.

Rental Freedom Day

As with ‘Mortgage Freedom’ day, ‘Rental Freedom’ day, which falls 10 days later on 26 April, follows a similar pattern across the regions. Those in Northern Ireland were the first to achieve ‘rental freedom’ this year, albeit two days later (24 March), followed by the North (1 April) and Yorkshire and Humber (5 April). (**Table 4**).

Tenants in London have to wait nearly four months longer than those in Northern Ireland, not achieving ‘rental freedom’ until 30 July, 12 days later than last year, and 40 days after London’s average ‘Mortgage Freedom’ day

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Table 1: Regional 'Mortgage Freedom' Days – 2018

Region	2014 Mortgages Freedom Day	2018 Mortgages Freedom Day	2019 Mortgage Freedom Day
North	23/03/2014	17/03/2018	17/03/2019
Yorkshire and the Humber	24/03/2014	25/03/2018	24/03/2019
North West	26/03/2014	26/03/2018	22/03/2019
East Midlands	01/04/2014	09/04/2018	07/04/2019
West Midlands	09/04/2014	16/04/2018	14/04/2019
East Anglia	01/04/2014	14/04/2018	18/04/2019
South West	29/04/2014	04/05/2018	05/05/2019
South East	03/05/2014	27/05/2018	22/05/2019
London	21/05/2014	13/06/2018	20/06/2019
Wales	10/04/2014	01/04/2018	01/04/2019
Scotland	12/03/2014	15/03/2018	08/03/2019
Northern Ireland	10/03/2014	10/03/2018	12/03/2019
UK	10/04/2009	16/04/2009	16/04/2009

Table 2: Earliest Mortgage Freedom Days by local authority – 2019

Local Authority	Region	'Mortgage Freedom' Day
Copeland (LA)	GOR North West	18/02/2019
West Dunbartonshire (LA)	GOR Scotland	27/02/2019
Barrow-in-Furness (LA)	GOR North West	27/02/2019
Burnley (LA)	GOR North West	27/02/2019
Hyndburn (LA)	GOR North West	28/02/2019
North Ayrshire (LA)	GOR Scotland	01/03/2019
Inverclyde (LA)	GOR Scotland	01/03/2019
Pendle (LA)	GOR North West	01/03/2019
East Ayrshire (LA)	GOR Scotland	03/03/2019
North Lanarkshire (LA)	GOR Scotland	03/03/2019

Source: Halifax

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Table 3: Latest Mortgage Freedom Days by local authority - 2019

Local Authority	Region	'Mortgage Freedom' Day
Brent (LA)	GOR London	05/09/2019
Haringey (LA)	GOR London	24/08/2019
Hackney (LA)	GOR London	12/08/2019
South Bucks (LA)	GOR South East	09/08/2019
Oxford (LA)	GOR South East	07/08/2019
Chichester (LA)	GOR South East	06/08/2019
Barnet (LA)	GOR London	29/07/2019
Hillingdon (LA)	GOR London	28/07/2019
Harrow (LA)	GOR London	26/07/2019
Windsor and Maidenhead (LA)	GOR South East	25/07/2019

Source: Halifax

Table 4: 'Rental Freedom' Days – 2019

Region	Rent Free Day 2018
North	01/04/2019
Yorkshire & the Humber	05/04/2019
North West	25/04/2019
East Midlands	24/04/2019
West Midlands	02/05/2019
East Anglia	27/04/2019
Wales	20/04/2019
South West	25/05/2019
South East	15/06/2019
Greater London	30/07/2019
Northern Ireland	24/03/2019
Scotland	13/04/2019
UK	26/04/2019

Source: BM and Halifax

ENDS

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Editors' Notes:

¹ Refers to home owners 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 2018 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 29.0% (Quarter 4 2018), which, applied to 365 days, means that in theory after 106 days – 16th April- home owners will have earned enough to pay off the annual cost of their mortgage.

According to Halifax research, Mortgage Freedom Day is calculated as the date when the average new borrower taking out a mortgage in Q4 2018 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

³ All workers' full time average earnings less income tax and NICs – Office of National Statistics and Halifax estimates.

⁴ According to Halifax research, Rental Freedom Day is calculated using annual rental payments as a percentage of average disposable earnings.

UK figures are an average of the regional rental data and are based on new loans only. Rental payments refer to the average for a three bedroom house over 12 months to December 2018.

This report is prepared from information that we believe is collated with care, however, it is only intended to highlight issues and it is not intended to be comprehensive. We reserve the right to vary our methodology and to edit or discontinue/withdraw this, or any other report. Any use of this report for an individual's own or third party commercial purposes is done entirely at the risk of the person making such use and solely the responsibility of the person or persons making such reliance.

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