

PRESS RELEASE



19/04/2017

NOT FOR BROADCAST OR PUBLICATION BEFORE 00.01 HRS ON WEDNESDAY 19 APRIL 2017

TODAY IS UK 'MORTGAGE FREEDOM' DAY

Renters will spend an extra 17 days at work paying off annual costs

Today (19 April) is UK 'Mortgage Freedom' Day, when new borrowers¹ will have earned enough to pay off the annual cost of their mortgage².

Based on the average annual mortgage repayment cost of £7,968 and the average net annual income of £26,810, Halifax has calculated that today homeowners will have earned enough, on average, to cover their mortgage payments for the rest of 2017.

North-South mortgage divide

Unsurprisingly, there is a wide variation in 'Mortgage Freedom' Days across the country. Homeowners in Scotland can 'celebrate' theirs on 14 March. This is followed by Northern Ireland on 15 March and then the North and Yorkshire and Humber on 25 March.

There is a long wait for Londoners, with 'Mortgage Freedom' Day falling on 27 June. **(See Tables 1 and 2)**

Chris Gowland, Mortgages Director, Halifax, said:

"Our research is a simple way of comparing mortgage and rent payments, quite often the largest financial commitment people make, across the UK using average regional earnings.

"Whilst it excludes other living costs, the research highlights a divide between the North and the South, with those in the South having to wait longer to reach 'mortgage freedom' than their counterparts in the North."

'Mortgage Freedom' across LADs

At local authority district level, new borrowers in West Dunbartonshire, Scotland, reached 'mortgage freedom' first (26 February 2017).

Seven of the 10 earliest 'Mortgage Freedom' Days this year took place in Scotland, including North Lanarkshire (26 February) and East Ayrshire (28 February) and Renfrewshire (2 March).

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The remaining three local authority areas are Copeland in Cumbria (27 February), Blaenau Gwent (2 March) and Merthyr Tydfil (4 March) in Wales. **(See Table 4)**

On the other side of the border, homeowners in London have the longest to wait. Haringey homeowners don't reach 'Mortgage Freedom' until 6 September, preceded by those in Brent (30 August) and Camden (26 August). **(See Table 5)**

Rental Freedom Day

As with 'Mortgage Freedom' Day, 'Rental Freedom' Day varies across the country. Those in the North achieved 'rental freedom' the first this year (6 April), swiftly followed by their counterparts in Yorkshire and the Humber (7 April) and Scotland (13 April). Once again, Londoners have the longest to wait with tenants not achieving 'rental freedom' until 29 July.

Chris Gowland, Mortgages Director, Halifax, added: "As our research confirms, homeownership is still cheaper than renting. 'Rental Freedom' Day falls 17 days after 'Mortgage Freedom' Day, showing that, despite barriers to property ownership, homeowners are still better off than renters."

Table 1: National 'Mortgage Freedom' Days – 2017

Nation	'Mortgage Freedom' Day
Scotland	14 March 2017
Northern Ireland	15 March 2017
Wales	23 March 2017
England	27th April 2017
UK	19 April 2017

Source: Halifax

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Table 2: 'Mortgage Freedom' Days by region - 2017

Region	Mortgage Freedom Day
Yorkshire and the Humber	25 March 2017
North West	29 March 2017
North	25 March 2017
East Midlands	26 March 2017
West Midlands	14 April 2017
East Anglia	13 April 2017
South West	6 May 2017
South East	31 May 2017
London	27 June 2017

Source: Halifax

Table 3: 'Rental Freedom' Days - 2017

Region	'Rent Freedom' Day
North	06 April 2017
Yorkshire and the Humber	07 April 2017
North West	14 April 2017
East Midlands	19 April 2017
West Midlands	26 April 2017
East Anglia	22 April 2017
South West	27 May 2017
South East	13 June 2017
London	29 July 2017
UK	6 May 2017

Source: BM and Halifax

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Table 4: Earliest Mortgage Freedom Days by local authority - 2017

Local Authority	Region	'Mortgage Freedom' Day
West Dunbartonshire	Scotland	26 February 2017
North Lanarkshire	Scotland	26 February 2017
Copeland	North West	27 February 2017
East Ayrshire	Scotland	28 February 2017
Blaenau Gwent	Wales	2 March 2017
Renfrewshire	Scotland	2 March 2017
Inverclyde	Scotland	3 March 2017
Merthyr Tydfil	Wales	4 March 2017
Stirling	Scotland	4 March 2017
Falkirk	Scotland	4 March 2017

Source: Halifax

Table 5: Latest Mortgage Freedom Days by local authority - 2017

Local Authority	Region	'Mortgage Freedom' Day
Haringey	London	6 September 2017
Brent	London	30 August 2017
Mole Valley	South East	27 August 2017
Camden	London	26 August 2017
Harrow	London	18 August 2017
Ealing	London	15 August 2017
Lambeth	London	10 August 2017
Hackney	London	4 August 2017
Hammersmith and Fulham	London	31 July 2017
Barnet	London	30 July 2017

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 2016 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 29.7% (Quarter 4 2016), which, applied to 365 days, means that in theory after 108 days – 19th April- homeowners 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 2016 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. For UK this figure is 34% (12 months to December 2016), which, applied to 365 days, means that in theory after 125 days – 4th May – renters will have earned enough to pay off the annual rental costs. Average rental payments are based on rental data from Birmingham Midshires (BM).

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 2016.

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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