

# Press Release



10/04/2014

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 1<sup>st</sup> 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.

## 10 APRIL 2014 IS UK MORTGAGE FREEDOM DAY

*Renters will spend an extra four weeks at work paying off annual cost*

**New Halifax research shows that today, the 10<sup>th</sup> April, is this year's UK Mortgage Freedom Day. On the 100th day of the year new UK homeowners<sup>1</sup> will have finally earned enough to pay off the annual cost of their mortgage<sup>2</sup>. The equivalent date for renters arrives 32 days later, on the 12<sup>th</sup> May<sup>3</sup>.**

Based on the average annual mortgage repayment cost of £6,954 and the net annual income of £25,603<sup>4</sup>, Halifax has calculated that those with a mortgage will have today earned enough on average to cover their mortgage payments for the rest of 2014.

Mortgage Freedom Day this year occurs three days earlier than in 2013 (13<sup>th</sup> April) and almost a month earlier than five years ago (8<sup>th</sup> May 2009). The earlier date is the result of net annual income increasing by £2,153 since last year, while the average annual mortgage repayment has increased by £357 over the same period.

**Craig McKinlay, Mortgage Director, Halifax, commented:** "While monthly mortgage and rental costs account for the majority of many people's household budgets, Mortgage Freedom Day provides a different perspective on how much we spend on these costs over the course of a year.

"Our research shows that today, if people had put everything they'd earned since the start of the year towards their mortgage, the average homeowner would be mortgage free for the remainder of the year, which is a reassuring thought."

### **Mortgage Freedom Day comes early in Northern Ireland...**

Unfortunately for some homeowners the wait is a bit longer; in four local authorities, this year's Mortgage Freedom Day doesn't arrive until after half of the year has passed. In Haringey (1<sup>st</sup> July), Kensington and Chelsea (13<sup>th</sup> July), Camden (24<sup>th</sup> July) and Hammersmith and Fulham (30<sup>th</sup> July).

At the other end of the scale, Armagh had the earliest Mortgage Freedom Day, which occurred on 13<sup>th</sup> February – five and a half months earlier than Hammersmith and Fulham. Six of the ten earliest Mortgage Freedom Days this year take place in Northern Ireland, such as in Ballymoney (15<sup>th</sup> February) and Craigavon (18<sup>th</sup> February). The remaining four are in Scotland; including East Ayrshire (19<sup>th</sup> February) and West Dunbartonshire (21<sup>st</sup> February).

### **For further information please contact:**

#### **Halifax Press Team:**

Lauren Jones: 0207 4404 579 / 07825 584900 [lauren.jones@halifax.co.uk](mailto:lauren.jones@halifax.co.uk)

Shella Ali: 0207 356 2017 / 07795 611154 [shella.ali@lloydsbanking.com](mailto:shella.ali@lloydsbanking.com)

Clare Mortimer: 0207 574 8648 / 7768541555 [claremortimer@halifax.co.uk](mailto:claremortimer@halifax.co.uk)

Ben Marquand: 020 7356 1838 / 07881311199 [ben.marquand@halifax.co.uk](mailto:ben.marquand@halifax.co.uk)

Michael O'Toole: 0207 574 8659 / 07867814168 [michael.o'toole@lloydsbanking.com](mailto:michael.o'toole@lloydsbanking.com)

# Press Release



10/04/2014

Only one local area in the earliest 150 Mortgage Freedom Days is in southern England; Fenland in Cambridgeshire (23<sup>rd</sup> March).

## Mortgage Freedom Day around the country...

Nationally, there is a one month difference between the earliest Mortgage Freedom Day in Northern Ireland (10<sup>th</sup> March) and England and Wales (both 10<sup>th</sup> April). For homeowners in the South East (2<sup>nd</sup> May) and London (20<sup>th</sup> May) Mortgage Freedom Day occurs around six to eight weeks after northern England.

## Renters have a longer wait....

Renters will have to wait until 12<sup>th</sup> May to have earned enough to pay off the annual rental costs. In all regions of England, Rent Freedom Day comes after Mortgage Freedom Day. The shortest difference is one week in the West Midlands (15<sup>th</sup> April against 8<sup>th</sup> April) with the longest being 46 days in London (5<sup>th</sup> July against 20<sup>th</sup> May).

ENDS

**Table 1: Earliest Mortgage Freedom Days by Local Authority 2014**

Local Authority	Region	Mortgage Freedom Day
Armagh	Northern Ireland	13 February 2014
Ballymoney	Northern Ireland	15 February 2014
Craigavon	Northern Ireland	18 February 2014
East Ayrshire	Scotland	19 February 2014
Limavady	Northern Ireland	20 February 2014
West Dunbartonshire	Scotland	21 February 2014
Carrickfergus	Northern Ireland	21 February 2014
Larne	Northern Ireland	22 February 2014
Inverclyde	Scotland	22 February 2014
Renfrewshire	Scotland	22 February 2014

Source: Halifax

## For further information please contact:

### Halifax Press Team:

Lauren Jones: 0207 4404 579 / 07825 584900 [lauren.jones@halifax.co.uk](mailto:lauren.jones@halifax.co.uk)

Shella Ali: 0207 356 2017 / 07795 611154 [shella.ali@lloydsbanking.com](mailto:shella.ali@lloydsbanking.com)

Clare Mortimer: 0207 574 8648 / 7768541555 [claremortimer@halifax.co.uk](mailto:claremortimer@halifax.co.uk)

Ben Marquand: 020 7356 1838 / 07881311199 [ben.marquand@halifax.co.uk](mailto:ben.marquand@halifax.co.uk)

Michael O'Toole: 0207 574 8659 / 07867814168 [michael.o'toole@lloydsbanking.com](mailto:michael.o'toole@lloydsbanking.com)

# Press Release



10/04/2014

**Table 2: Latest Mortgage Freedom Days by Local Authority 2014**

Local Authority	Region	Mortgage Freedom Day
Hammersmith and Fulham	London	30 July 2014
Camden	London	24 July 2014
Kensington and Chelsea	London	13 July 2014
Haringey	London	01 July 2014
Oxford	South East	29 June 2014
Brent	London	23 June 2014
Cotswold	South West	21 June 2014
Islington	London	21 June 2014
Purbeck	South West	18 June 2014
Lambeth	London	17 June 2014

Source: Halifax

**Table 3: Mortgage Freedom Days by Region 2014**

Region	Mortgage Freedom Day
North	22 March 2014
Yorkshire and the Humber	23 March 2014
North West	25 March 2014
East Midlands	01 April 2014
East Anglia	01 April 2014
West Midlands	08 April 2014
South West	28 April 2014
South East	02 May 2014
London	20 May 2014

Source: Halifax

**Table 4: National Mortgage Freedom Days 2014**

Nation	Mortgage Freedom Day
Northern Ireland	10 March 2014
Scotland	11 March 2014
Wales	10 April 2014
England	10 April 2014
<b>UK</b>	<b>10 April 2014</b>

**For further information please contact:**

**Halifax Press Team:**

Lauren Jones: 0207 4404 579 / 07825 584900 [lauren.jones@halifax.co.uk](mailto:lauren.jones@halifax.co.uk)

Shella Ali: 0207 356 2017 / 07795 611154 [shella.ali@lloydsbanking.com](mailto:shella.ali@lloydsbanking.com)

Clare Mortimer: 0207 574 8648 / 7768541555 [claremortimer@halifax.co.uk](mailto:claremortimer@halifax.co.uk)

Ben Marquand: 020 7356 1838 / 07881311199 [ben.marquand@halifax.co.uk](mailto:ben.marquand@halifax.co.uk)

Michael O'Toole: 0207 574 8659 / 07867814168 [michael.o'toole@lloydsbanking.com](mailto:michael.o'toole@lloydsbanking.com)

# Press Release



10/04/2014

**Table 5: Rent Freedom Days 2014**

Region	Rent Freedom Day
North	08 April 2014
Yorkshire and the Humber	09 April 2014
East Midlands	10 April 2014
North West	11 April 2014
West Midlands	15 April 2014
East Anglia	15 April 2014
South West	16 May 2014
South East	19 May 2014
London	05 July 2014
<b>UK</b>	<b>12 May 2014</b>

Source: Halifax

## Editors' Notes:

<sup>1</sup> Refers to homeowners with new mortgages

<sup>2</sup> 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 27.1% (quarter 4 2014), which applied to 365 days means that in theory after 100 days – 10<sup>th</sup> April- homeowners will have earned enough to pay off the annual cost of their mortgage.

<sup>3</sup> 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 2013), which applied to 365 days means that in theory after 132 days – 12<sup>th</sup> 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 2013.

<sup>4</sup> All workers full time average earnings less income tax and NICs – Office of National Statistics and Halifax estimates.

"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. "© Bank of Scotland plc all rights reserved 2014.

## For further information please contact:

### Halifax Press Team:

Lauren Jones: 0207 4404 579 / 07825 584900 [lauren.jones@halifax.co.uk](mailto:lauren.jones@halifax.co.uk)  
 Shella Ali: 0207 356 2017 / 07795 611154 [shella.ali@lloydsbanking.com](mailto:shella.ali@lloydsbanking.com)  
 Clare Mortimer: 0207 574 8648 / 7768541555 [claremortimer@halifax.co.uk](mailto:claremortimer@halifax.co.uk)  
 Ben Marquand: 020 7356 1838 / 07881311199 [ben.marquand@halifax.co.uk](mailto:ben.marquand@halifax.co.uk)  
 Michael O'Toole: 0207 574 8659 / 07867814168 [michael.o'toole@lloydsbanking.com](mailto:michael.o'toole@lloydsbanking.com)