

PRESS RELEASE



16/04/2018

NOT FOR BROADCAST OR PUBLICATION BEFORE 00.01 HRS ON MONDAY 16 APRIL 2018

ARE YOU CELEBRATING MORTGAGE FREEDOM DAY?

- UK homeowners reach Mortgage Freedom Day three days earlier in 2018
- Renters will need to work an extra 17 days to pay off their annual costs

New borrowers¹ can celebrate UK Mortgage Freedom Day today (16 April) as it marks the day they will have earned enough to pay off the annual cost of their mortgage².

Halifax research reveals that today homeowners have earned sufficient, on average, to cover their mortgage payment for the rest of 2018. This is based on the average annual mortgage repayment cost of £8,039 and the average net annual income of £27,724³.

North-South mortgage divide

There is a wide variation in 'Mortgage Freedom' Days across the country with a gap of two months between when homeowners in Northern Ireland 'celebrate' on 10 March compared to those in England on 9 May.

The research highlighted another divide across the regions, with those in the North, Yorkshire and Humber and the North West all reaching Mortgage Freedom Day in March, while Londoners have to wait until 13 June. **(Tables 1 and 2)**

Andy Bickers, Mortgages Director, Halifax, said:

"Despite only a small shift, borrowers this year have on average earned enough to meet their mortgage payments for the rest of the year three days earlier in 2017 – a positive step considering a mortgage is often the greatest financial commitment we make in a lifetime.

"Homeowners are overall better off than renters, with 'Rental Freedom' Day falling more than two weeks later for the second year running. First-time buyers in particular are saving £900 a year buying a home than renting."

"The North-South divide remains when it comes to Mortgage Freedom Day, with homeowners in the North reaching mortgage freedom up to three months earlier than their southern counterparts."

HALIFAX PRESS TEAM:

Alison Wearden: 07700 825 034 alison.wearden@lloydsbanking.com

Kimberley Hamilton 07557 257 298 kimberley.hamilton@lloydsbanking.com

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Local 'Mortgage Freedom' Days

At local authority district level, new borrowers in Copeland, in the North West, reached 'mortgage freedom' first (24 February 2018).

There is an even split this year between the North West and Scotland in the 10 LADs having the earliest 'Mortgage Freedom' Day. Following Copeland the next five are all in Scotland – Inverclyde and North Ayrshire (27 February), West Dunbartonshire and Renfrewshire (1 March) and East Ayrshire (2 March).

The remaining four local authority areas are Pendle, Burnley and Hyndburn (2 March) and Barrow-in-Furness (3 March) **(Table 4)**

Unsurprisingly, homeowners in London and the South East have the longest to wait. Brent homeowners don't reach 'Mortgage Freedom' until 11 August, preceded by those in Haringey (9 August) and Harrow (30 July). **(Table 5)**

Rental Freedom Day

As with 'Mortgage Freedom' Day, 'Rental Freedom' Day follows a similar pattern across the country. Those in Northern Ireland were the first to achieve 'rental freedom' this year (22 March), followed by the North (3 April) and Yorkshire and Humber (4 April). **(Table 3)**

Tenants in London have to wait nearly four months longer than those in Northern Ireland, not achieving 'rental freedom' until 18 July.

Table 1: National 'Mortgage Freedom' Days – 2018

Nation	'Mortgage Freedom' Day
Northern Ireland	10 March 2018
Scotland	15 March 2018
Wales	1 April 2018
England	9 May 2018
UK	16 April 2018

Source: Halifax

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Table 2: 'Mortgage Freedom' Days by region - 2018

Region	'Mortgage Freedom' Day
North	17 March 2018
Yorkshire & the Humber	25 March 2018
North West	26 March 2018
East Midlands	9 April 2018
West Midlands	16 April 2018
East Anglia	14 April 2018
South West	4 May 2018
South East	27 May 2018
London	13 June 2018

Source: Halifax

Table 3: 'Rental Freedom' Days – 2018

Region	Rent Free Day 2018
Northern Ireland	22 March 2018
North	3 April 2018
Yorkshire & the Humber	4 April 2018
Wales	11 April 2018
Scotland	12 April 2018
North West	12 April 2018
East Midlands	18 April 2018
East Anglia	20 April 2018
West Midlands	24 April 2018
South West	25 May 2018
South East	8 June 2018
Greater London	18 July 2018
UK	3 May 2018

Source: BM and Halifax

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Table 4: Earliest Mortgage Freedom Days by local authority – 2018

Local Authority	Region	'Mortgage Freedom' Day
Copeland	North West	24 February 2018
Inverclyde	Scotland	27 February 2018
North Ayrshire	Scotland	27 February 2018
West Dunbartonshire	Scotland	1 March 2018
Renfrewshire	Scotland	1 March 2018
East Ayrshire	Scotland	2 March 2018
Pendle	North West	2 March 2018
Burnley	North West	2 March 2018
Hyndburn	North West	2 March 2018
Barrow-in-Furness	North West	3 March 2018

Source: Halifax

Table 5: Latest Mortgage Freedom Days by local authority - 2018

Local Authority	Region	'Mortgage Freedom' Day
Brent	London	11 August 2018
Haringey	London	9 August 2018
Harrow	London	30 July 2018
Elmbridge	South East	25 July 2018
Hillingdon	London	25 July 2018
Ealing	London	23 July 2018
Islington	London	21 July 2018
Barnet	London	20 July 2018
Hackney	London	20 July 2018
Chichester	South East	17 July 2018

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 2017 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 2017), which, applied to 365 days, means that in theory after 106 days – 16th 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 2017 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 2017), which, applied to 365 days, means that in theory after 122 days – 3rd May – renters will have earned enough to pay off the annual rental costs. Average rental payments are based on rental data from Birmingham Midlands (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 2017.

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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