

12/05/2014

The **UK's Rental Free Day** is calculated as the date when the average tenant will have earned enough to pay off their annual rental payments. It is calculated on the basis that all their earnings from the 1<sup>st</sup> 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 a month longer at work than homeowners to cover their annual housing costs

Halifax research shows that today, Monday 12<sup>th</sup> May, is this year's Rental Freedom Day. It is the 132<sup>nd</sup> day of the year, which is how long UK tenants have to work to earn enough to pay off the annual cost of their rent<sup>1</sup>. The equivalent date for homeowners paying off their mortgage arrived just over a month earlier, on the 10<sup>th</sup> April<sup>2</sup>.

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 2014, the same date Rental Freedom Day fell in 2013.

**Craig McKinlay, Mortgage Director, Halifax, commented:** "Our research shows that today, if people had put everything they'd earned since the start of the year towards their rent, the average tenant would be rent free for the remainder of the year.

"Rental Freedom Day falls over a month after the equivalent day for homeowners due to the higher monthly costs of renting compared to the monthly cost of a mortgage. Once renting, it becomes even harder to save a deposit to buy a property but for those tenants who do want to own their own home, there are an increasing number of mortgages that require lower deposits now available to help support this."

#### Waiting for Rental Freedom Day...

Regionally, the North East was the first to achieve Rental Freedom (8<sup>th</sup> April) this year, just ahead of Yorkshire (9<sup>th</sup> April), the East Midlands (10<sup>th</sup> April), and the North West (11<sup>th</sup> April). The first southern region to achieve Rental Freedom Day will be the South East (16<sup>th</sup> 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 (5<sup>th</sup> July).

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**Table 1: Rent Freedom Days 2014**

Region	Rent Freedom Day
North East	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

**Table 2: National Rental Free Day**

Nation	Rental Freedom Day
Northern Ireland	25 March 2014
Scotland	12 April 2014
Wales	12 April 2014
England	02 May 2014
<b>UK</b>	<b>12 May 2014</b>

## Editors' Notes:

<sup>1</sup> The Rental Freedom Day is calculated 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 Midlands. 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>2</sup> <http://www.lloydsbankinggroup.com/media/press-releases/2014/halifax/10-april-2014-is-uk-mortgage-freedom-day/>

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