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The **Mortgage Freedom Day** is calculated as the date when the average new borrower – covering both first-time buyers and home movers – 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. A detailed explanation behind this calculation is in Editors' Notes.

SCOTLAND'S MORTGAGE FREEDOM DATE SLIPS TWO DAYS

By today, 14 March, new borrowers¹ will have earned enough to cover the annual cost of their mortgage repayments², Bank of Scotland has calculated. Based on the average Scottish annual mortgage repayment cost of £5,134 and the average net annual income of £25,925³, this potential 'Mortgage Freedom Day' is only two days later than last year, thanks to average mortgage rates continuing to fall.

Scotland is the first UK region to reach its Mortgage Freedom Day, with Northern Ireland following on the day after.

For Local Authority Districts (LADs), home owners in West Dunbartonshire and North Lanarkshire are the first to reach their potential Mortgage Freedom Day in Scotland - 26 February - due to lower mortgage repayments to net earnings. They are closely followed by East Ayrshire (28 February). (See table 1)

Those LADs where house prices, and therefore mortgage payments, are highest have to wait the longest to reach their potential Mortgage Freedom Day. Wednesday 29 March will be the last Mortgage Freedom Day in Scotland, this time for the City of Edinburgh. Last year East Lothian was the last LAD to reach their Mortgage Freedom Day, and on the very same date, however they now achieve this on 28 March. (See table 2)

Graham Blair, Mortgage Director at Bank of Scotland said: "Not many of us probably think about how many months' salary we would need to earn before we covered our mortgage payments for the whole year, but calculating the potential Mortgage Freedom Day gives a good indication of the current housing market and employment.

"In 2016, the falling cost of mortgage repayments meant Scotland's Mortgage Freedom Day was ten days earlier than in 2015, which was good news for new borrowers. This year it is virtually unchanged from 2016, occurring just two days later. Although average house price grew by just under 9% during the year, mortgage rates have fallen to record lows whilst rising net earnings has helped mortgage affordability."

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Table 1.../

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Table 1: Earliest Mortgage Freedom Days by Local Authority 2017

Local Authority	Mortgage Freedom Day
West Dunbartonshire	26 February 2017
North Lanarkshire	26 February 2017
East Ayrshire	28 February 2017
Renfrewshire	2 March 2017
Inverclyde	3 March 2017
Stirling	4 March 2017
Falkirk	4 March 2017
North Ayrshire	4 March 2017
Dumfries & Galloway	5 March 2017
Clackmannanshire	6 March 2017

Source: Bank of Scotland

Table 2: Latest Mortgage Freedom Days by Local Authority 2017

Local Authority	Mortgage Freedom Day
City of Edinburgh	29 March 2017
East Lothian	28 March 2017
Midlothian	24 March 2017
Aberdeenshire	23 March 2017
Perth & Kinross	23 March 2017
Aberdeen City	23 March 2017
East Dunbartonshire	23 March 2017
Argyll & Bute	22 March 2017
Angus	20 March 2017
Moray	19 March 2017

Source: Bank of Scotland

Editors' notes:

¹ Refers to homeowners with new mortgages.

² Average mortgage payments for a new borrower - including both first time buyers and home movers - 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 1984 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.

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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 Scotland, this figure is 19.8% (quarter 4 2016), which applied to 365 days means that in theory after 72 days (14 March) homeowners will have earned enough to pay off the annual cost of their mortgage.

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

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