KENSINGTON AFFORDABILITY TRACKER (K.A.T)

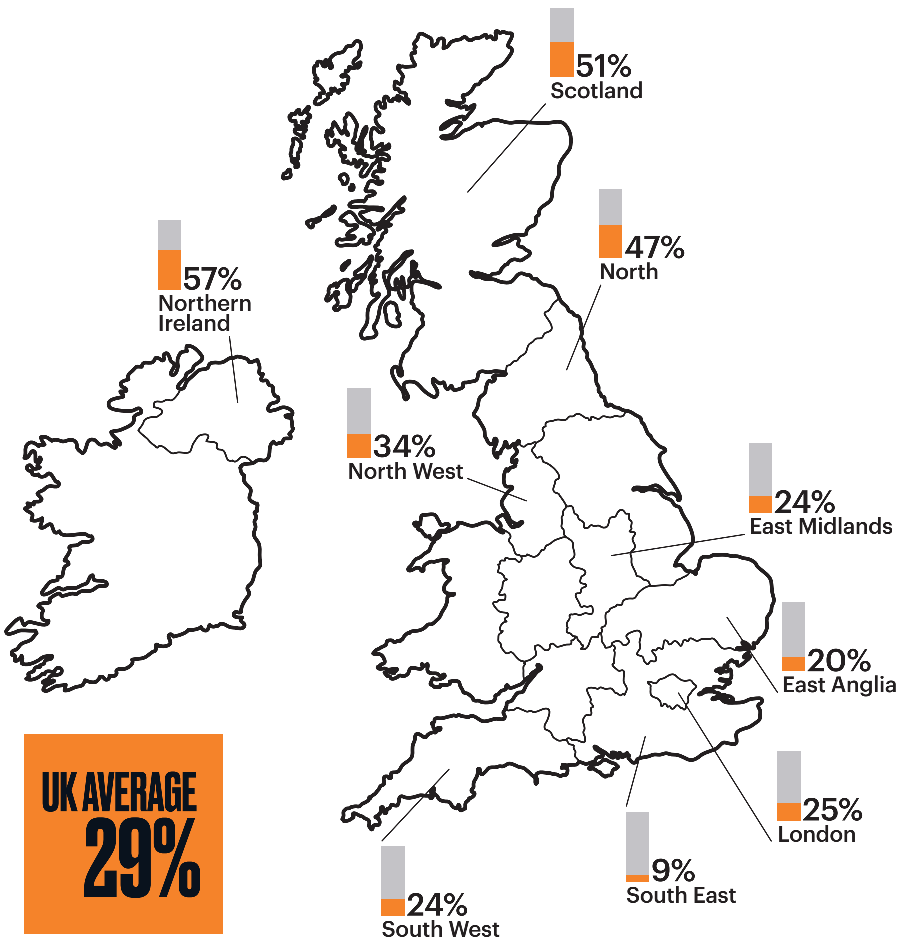
Q2 2019

Kensington

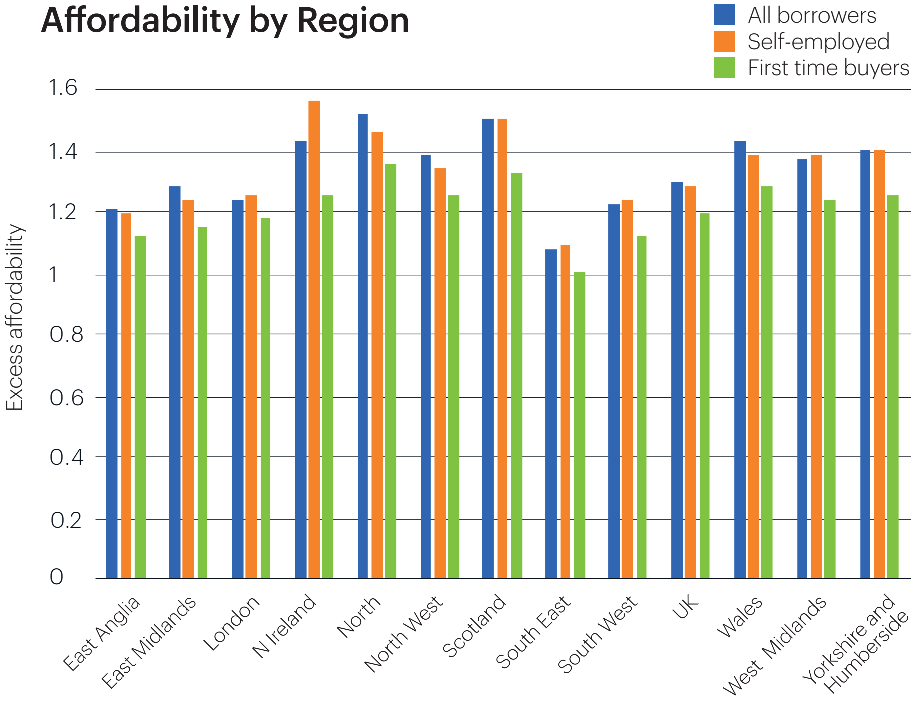
The Kensington Affordability Tracker, calculates the borrowing power of a family, after taking account of bills, transport costs and other household living expenses. It tracks the difference between the amount a homeowner could have borrowed after applying standard stress modelling to ensure customer affordability, compared to the amount that was loaned. The percentages shown represent the relative difference between those two numbers, which represents a view of true disposable income and borrowing power.

- The Kensington Mortgages Affordability Tracker recorded a drop of 1.5% in Q2, indicating that the average UK homeowner is borrowing more compared to households who took out a mortgage in the previous quarter.
- The average homeowner who took out a mortgage between March and June could have borrowed 30.3% more than the original loan taken out.
- First-time buyers in the south-east are borrowing the maximum sums permitted by lenders, as house prices remain high relative to incomes.
- Self-employed borrowers are behaving conservatively, leaving substantial headroom to borrow more. The average self-employed mortgage customer in the UK could have borrowed 29% more.
- The average first-time buyer, meanwhile, could have borrowed 19% more than the original sum loaned.

Self-employed Excess Affordability by Region



Affordability by Region



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