

Irish Mortgage Market Slows, But US And UK See Growth

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The mortgage market is one of the most unstable markets that frequently faces sharp volume swings, increased regulatory scrutiny, volatility and constant change. A study on the mortgage market revealed the uncontrolled lending practices by the banks and increased pricing of the real estate led to more number of foreclosures in the mortgage markets around the world. The developed economies of UK and US showed marked improvement while Ireland recorded a negative swing, struggling to make its mark in the overall market segment. Besides these countries, Australia remained resilient during the economic crisis of 2007-2008, even when it caused severe hardships for others. Most of the countries were unaffected due to its inherent consumer protection regulation and strong banking capabilities.

This report: Insight Report: Mortgage Market Trends in the US, UK, Ireland and Australia provides a comparative analysis and outlines the key trends and insights in the mortgage markets in the US, UK, Ireland and Australia after the financial crisis of 2007.

Mortgage market of US grows

The housing mortgage market of US is expected to grow at a CAGR of 14.69%. The growth is attributed to the improving demand for home loans besides a strong GDP growth, falling unemployment as well as increased consumer spending. Valued at USD 13.2 trillion in 2013, the US mortgage industry outlook indicates that the country has also been witnessing a rapid decline in rate of foreclosures for home loans with mortgage companies. Despite the shrinking lending capacities of mortgage companies, the market currently does not face any challenge towards its growth. Furthermore, the improved regulatory measures are expected to propel the market towards growth.

UK market cools down

An analysis of the UK mortgage market research revealed that housing market activity is cooling as the rate of mortgage approvals slipped to a nine month low. To ward off the property bubble and cool the soaring prices of the properties, Bank of England is expected to step in. Market analysts however predicts that house prices will increase as mortgage approvals dips as lenders adjust to the new stringent regulations.

Australian banking system protected its mortgage sector

The Basel II framework of Australia's banking system protected the country from the worst during the economic meltdown. Furthermore, the countries, timely implementation of policies and consumer protection guidelines proved to benefit the sector as mortgages undertaken grew while both unemployment and interest rates fell.

Market overview

Various key operational and regulatory factors affect the overall mortgage market and therefore while some markets enjoyed growth, others were slow especially since the financial crisis, when global mortgage markets displayed different trends. While US, UK and Ireland were negatively affected, Australia maintained stability backed by stringent regulations. The mortgage industry analysis revealed US to be at the forefront of subprime crisis, wherein it integrated various regulatory procedures that ensured consistent and responsible lending practices. These practices and strict regulations created a positive trend in the US mortgage market. Furthermore, following the European debt crisis, the overall value of mortgages in 2013 stood at USD 1.98 trillion. Still reeling and recovering from this are countries like Ireland that has recorded a negative trend. It currently has the second largest credit bubble after US, with its total mortgage higher than the country's GDP.

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