



MASTER'S THESIS
**“DEVELOPMENT OF MORTGAGE LENDING IN THE MODERN ECONOMY:
CHALLENGES AND PROSPECTS”**

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*Analysis and ways of mortgage loans development using
the example of a housing construction facility*

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Annotation: The article analyzes the current state and ways of developing mortgage lending with an emphasis on the example of a specific housing construction facility. The article examines the historical aspects of mortgage lending, its importance for the economy, as well as current trends and problems faced by the market. Special attention is paid to the analysis of a specific housing construction facility to illustrate the practical aspects of using mortgage loans. The article concludes with recommendations for improving mortgage lending mechanisms and identifies promising areas for further research in this area.

Key words: Mortgage lending, Housing construction, Economics, Financial instruments, Housing affordability, Credit market, Mortgage loan development, Mortgage lending problems, Improvement of lending mechanisms, Government support, Development barriers, Historical overview, Market analysis, Innovations in lending.

Itroduction

Mortgage lending is one of the most important elements of the modern economy, providing broad access to housing for various segments of the population. This mechanism promotes the development of the construction sector, improves living standards, and stimulates economic growth. The introduction of mortgage loans has become one of the key factors enabling a large number of families to acquire their own housing, which in turn has a positive impact on the social and economic stability of society.

Mortgage loans play a crucial role in the economy, as they not only contribute to solving housing issues but also have a significant influence on various economic sectors. They stimulate demand for construction materials and services, create jobs, and contribute to GDP. Assessing the impact of mortgage lending on the economy highlights its importance and the need for its continued development and improvement.

The purpose of this study is to analyze the current state of mortgage lending and to identify ways of developing it using a specific residential construction project as an example. The objectives of

- the study include:
- Analyzing the current state of the mortgage lending market.
 - Identifying key problems and barriers to the development of mortgage loans.
 - Studying a specific residential construction project.
 - Developing proposals for improving mortgage lending mechanisms.

The object of the study is the mortgage lending market, and the subject is the development paths based on the example of a specific residential construction project.

To achieve the set goals and objectives, the study employed various methods, including analysis of scientific literature, statistical data analysis, expert assessments, and empirical research. A comprehensive approach makes it possible to assess the state and development prospects of mortgage lending in the most complete and objective manner.

Main

Body

The modern mortgage lending market offers various types of mortgage loans, such as annuity loans, differentiated loans, fixed-rate and floating-rate loans, as well as targeted and non-targeted loans. Annuity loans, being the most popular, provide fixed monthly payments throughout the loan term, allowing borrowers to plan their expenses. Differentiated loans involve a gradual decrease in monthly payments as the principal debt is repaid.

Economic factors have a significant impact on the mortgage lending market. One of the key factors is the level of interest rates, which directly affects the affordability of mortgage loans for borrowers. High interest rates can make mortgages less accessible for broad segments of the population, which in turn affects housing demand and slows down construction rates.

Economic crises also have a significant impact on the mortgage lending market. During periods of economic instability, household incomes decrease, unemployment rises, and the risks of mortgage defaults increase. Regulation and legislation in the field of mortgage lending play a crucial role in ensuring market stability and protecting borrowers' rights.

Problems and Barriers to the Development of Mortgage Lending:

1. High Interest Rates and Credit Accessibility

One of the main problems faced by borrowers is the high interest rates on mortgage loans. High rates make mortgages less accessible, especially for young families and low-income citizens. This leads to a decrease in demand for mortgage loans and slows down housing construction. An analysis of interest rate levels shows that they depend on many factors, including the inflation rate, the central bank's monetary policy, the country's economic situation, and the level of competition in the lending market. To improve the accessibility of mortgage loans, it is necessary to develop measures to reduce interest rates, including government subsidy programs and preferential lending schemes.

2. Bureaucratic Barriers and Complex Approval Procedures

To reduce bureaucratic barriers and simplify approval procedures, it is necessary to implement automation and digitalization of processes, improve communication between borrowers and financial institutions, and reduce documentation requirements.

3. Lack of Affordable Housing

The shortage of affordable housing also negatively affects the development of mortgage lending. New housing construction often lags behind the growing demand, leading to increased real estate prices and reduced housing affordability. To address this issue, it is essential to stimulate the construction of new housing, develop support

programs for developers, improve conditions for investment in the construction sector, and implement policies to regulate housing prices.

Case Study: A Specific Residential Construction Project

A residential construction project located in the central part of the city serves as a case for analysis. This project is a multi-story residential complex, including several buildings, underground parking, playgrounds, and recreational areas. The importance of this project lies in its contribution to solving the city's housing problems and improving the quality of life for its residents.

The project is financed through private investors, bank loans, and mortgage loans for homebuyers. Mortgage loans play a key role in financing the project, as they make housing more accessible for buyers and contribute to the successful implementation of the project.

During the project implementation phase, several challenges arose, including bureaucratic procedures, a high level of market competition, and a shortage of affordable housing. However, thanks to effective project management, these barriers were overcome, and significant success was achieved. The project was completed on schedule, and buyers gained access to high-quality and affordable housing.

Results and Conclusions

To improve the situation in the mortgage lending market and enhance housing affordability, the following recommendations are proposed:

- Develop new financial instruments that address the needs of both borrowers and financial institutions.
- Simplify mortgage loan approval procedures, automate and digitalize processes, and reduce documentation requirements.
- Implement government support programs for mortgage lending, including interest rate subsidies and preferential loan terms for certain categories of citizens.
- Stimulate new housing construction by supporting developers, improving investment conditions in the construction sector, and regulating housing prices.

Improving the mortgage lending market requires measures to reduce interest rates, simplify loan approval procedures, and stimulate new housing construction. Government support programs play a crucial role in this process by lowering interest rates, improving lending conditions, and supporting the construction of affordable housing.

Conclusion

Further research may focus on the development of new financial instruments, methods for reducing interest rates, improving interaction between borrowers and financial institutions, and analyzing the experiences of other countries in solving similar issues. It is important to continue monitoring the mortgage lending market and adapt development strategies and measures to evolving conditions and societal needs.

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