UK Housing Prices: Boom or Bust?

Despite the rapidly increasing house prices that were noticeable in 2006, the threat of a UK housing price crash persists. It is reported that increased levels of personal debt, the chance for interest rate rises and fears concerning the stability of the sub-prime mortgage market can all lead to the crash of housing prices. It is noted that the UK mortgage market has increased almost 21 per cent from 2005 to 2006. This signifies a jump from £288.4 billion to £344.9 billion in one year. Moreover, the growth in the average unsecured debt has been an ever-increasing phenomenon in the UK. In fact, it has increased almost 21 per cent from 2005 to 2006.

Together with expectations of a hike in the interest rates, this could be the most important factor that may lead to a housing price crash in the UK. In fact, it has increased almost 21 per cent from 2005 to 2006. Therefore, it is not surprising to notice the number of repossessions also increasing from 10,310 to 17,000 in 2005 to 2006.

We can see that although the UK lenders need to practice a practical lending policy, we can see that there are always "players" in the housing market who are willing to take a risky approach to lending. This can be accomplished by relaxing their making their criteria more relaxed in order so as to attract more customers. Although there is a recent crisis among sub-prime mortgage lenders in the US also exists, and it echoes the situation in the UK.

Experts do not believe that the housing market is on the path to a house price crash, mainly because the economy remains
healthy. However, but the threat of a boom and bust cycle still remains. A number of factors such as high levels of personal debt, that, averaging £4,521 per person, may have a considerable effect on the future performance of the mortgage market.

Many experts claim that exuberant housing activity cannot be retained on a long-term basis and undoubtedly, housing prices cannot keep going up or increase forever or indefinitely. It is reported that the world’s biggest property agent, whose value is close to half the investment-grade commercial real estate in all of the UK, has requested that selected clients to mark down the value of their property by up to as much as 10 percent. This is a result of sheer concern, given the as there is a significant downturn in the market. Such is the condition of the UK real estate market in the UK. A boom and a bust cycle are just part and parcel of the real estate property cycle. In fact, this cycle does not differ much from the real estate scenario all over the world.