

UK Housing Prices: Boom or Bust?

Despite the rapidly increasing house prices that were noticed during 2006, the threat of a UK housing price crash persists. It is reported that increased levels of personal debt, the chance for interest rate ~~increases~~~~rises~~ and fears over the stability of the sub-prime mortgage market can lead to the crash of housing prices. It is noted that the UK mortgage market hiked almost 21 per cent from 2005 to 2006. This signifies a jump from £288.4 billion to £344.9 billion. Moreover, the growth in the average unsecured debt has been an ever-~~increasing~~ phenomenon in the UK. It has grown 5.4% per year since 2002, ~~going~~ from £3,670 to £4,522. ~~So~~, it is not surpr~~i~~sing to see the number of repossessions going from 10,310 to 17,000 from 2005 to 2006.

Comment [T1]: You should replace this with another word; sentences should never begin with "so"

Together with expectations of a hike in the interest rates, this could be the most impor~~at~~ant factor that could lead to a house price crash. Higher levels of personal debt could also lead to the role of the sub-prime mortgage sector (mortgages for high-risk borrowers) becoming more sign~~i~~ficant in the housing market. In particular, it is pointed out by experts that there is a recent crisis among sub-prime mortgage lenders in the US as well, echoing the situation in the UK.

We can see that while the UK lenders need to practice a practical lending policy, there are players in the housing market who are willing to take a risky approach to lending. This can be done by making their criteria more relaxed so as to attract more customers. ~~Alt~~Though there is an argument that ~~they have sophisticated underwriting models which are practiced~~, UK sub-prime lenders should learn to take the US sub-prime mortgage crisis as a warning. They should make sure that they are not opening themselves to ~~more-risky~~~~riskier~~ loans. Otherwise, this could have ~~had some a~~ serious impact on the UK mortgage market.

Comment [T2]: Suggest rewording

~~But-However~~, the organization has keenly pointed out that ~~al~~though the risk should be taken seriously, the housing market ~~was-is~~ not likely to go bust. 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~~~~stays~~. A number of factors such as high levels of personal debt~~;~~, averaging £4,521 per person, may have a considerable effect on the future performance of the mortgage market.

- SAMPLE ONLY -

It is said that such exuberant housing activity cannot be retained on a long term basis, and undoubtedly, house prices cannot keep going up forever. It is reported that ~~t~~. The world's biggest property agent, whose value is close to half the investment-grade commercial real estate in the UK, has requested selected ~~ed~~ clients to mark down their property by up to 10 percent. This ~~has been is~~ due to sheer concern, as there is a major downturn in the market. Such is the condition of the real estate market in the UK. A boom and a bust are just part and parcel of the real estate property cycle, not differing much from the real estate scenario all over the world.