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DEVELOPMENT OF MORTGAGE LENDING IN UKRAINE

Mortgage lending plays an important role in housing construction funding. Mortgage lending for housing construction includes the following three types: commercial housing loans, individual housing construction loans, and loans for share participation in housing construction.

Mortgage lending for commercial housing construction is characterized by the following features:

Borrowers are developers, i.e. business entities are involved in the implementation of construction projects and management thereof rather than individuals who want to improve their living conditions;

A residential building is constructed for its further sale, i.e. generation of profit rather than residence;

Loan term in mortgage lending for commercial housing construction is usually 1-3 years, which is less than the loan term in classical mortgage.

In Ukraine, the condition of mortgage lending in the years 2013-2016 is characterized by reduced growth of loans granted, rising interest rates, reduction in loan term, and reduction in the number of banks offering mortgage lending. Key macroeconomic factors of the demoralized mortgage lending market was a sharp deterioration of the banking system, in particular the fall in the loans to the economy, rising cost of deposits, reduction of bank capitals, income, and GDP. If in 2006 in Ukraine the share of mortgage loans to GDP amounted to 1.9%, in 2012 – 7.9%, and at the end of 2015 – 6.1%,

thus characterizing the Ukrainian mortgage market as undeveloped. To compare, the volume of mortgage loans in the US and the EU is equal to almost 50.0% of GDP, in the UK – 60.0%, in the Netherlands and Denmark – 70.0%.

The mortgage market research in Ukraine shows that its volume, dynamics, and development trends have not recently met the needs of either people or developers. At a time when the dynamics of macroeconomic indicators does not give hope for a quick exit from the crisis and high political risks increase the uncertainty of social development, long-term mortgage lending is risky for both the banking sector and the borrowers.

The development of mortgage lending for housing construction needs government assistance through the development of preferential programs with partial compensation of property value, stability of the hryvnia rate, and reduced cost of deposits, on which the value of bank resources depends. First of all, its risks should be reduced through the development and adoption of statutory lending rules and toughening the requirements both for the borrowers and the banks refinanced by a state mortgage institution. We should consider the introduction and legislative adoption of such type of mortgage loan as mortgage construction loan with the characteristics maximally adapted for developers. Such a standard loan product offered by banks will simplify and accelerate the developers' obtainment of mortgage construction loans.