



## THE IMPACT OF HOUSEHOLD INCOME LEVELS ON THE DEMAND FOR MORTGAGE LOANS

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**Annotation:** *This article examines the impact of household income levels on the demand for mortgage loans. The study analyzes the relationship between citizens' income and the availability of mortgage programs, including interest rates, loan amounts, and regional characteristics. It also highlights the social and economic factors that influence public preferences in the field of mortgage lending. The primary goal of the research is to identify key patterns and provide recommendations for improving mortgage accessibility for various population groups. The results may be useful for developing effective policies in the areas of housing and lending.*

**Keywords:** *mortgage lending, household income level, mortgage demand, housing affordability, economic factors, regional differences, financial literacy, Uzbekistan, interest rates, housing construction.*

**Introduction** .Mortgage lending plays a key role in providing the population with affordable housing, serving as an important tool of social and economic policy. However, the income levels of citizens directly affect their ability to take advantage of this financial opportunity. In high-income countries, mortgage loans become an accessible instrument for improving housing conditions, whereas in lower-income regions, citizens face significant difficulties in obtaining a mortgage. Contemporary economic challenges, such as inflation, labor market instability, and fluctuations in interest rates, exert additional influence on the availability of mortgage programs. Moreover, regional and social disparities further exacerbate the imbalance between supply and demand in the mortgage lending market. The relevance of this topic stems from the need for an in-depth analysis of how population income levels impact mortgage loan demand. The study aims to identify key factors that hinder the

accessibility of mortgage financing and develop recommendations for creating an efficient and equitable mortgage lending system.

The objective of this research is to examine the relationship between population income levels and mortgage loan demand, as well as to formulate proposals for improving mechanisms that enhance mortgage accessibility. The methodological foundation of the study includes statistical data analysis, comparison of regional characteristics, and assessment of macroeconomic influences.

**Main Section** .The impact of population income levels on the demand for mortgage lending in Uzbekistan is a key factor determining housing accessibility through financial mechanisms. Significant differences in income levels exist across various regions and social groups. Low-income families face restrictions in accessing mortgage programs, as their financial stability is insufficient to meet bank requirements.

The middle class, on the other hand, demonstrates a moderately high demand for mortgage loans. Individuals with above-average incomes often opt for flexible loan conditions, enabling them to purchase real estate with minimal financial risk to their household budgets. This is confirmed by data from major banks offering mortgage programs in Uzbekistan.

### **Economic Factors and Their Influence on Demand**

Economic conditions have a substantial impact on mortgage demand. Inflation and rising real estate prices, for instance, reduce credit accessibility, particularly for low- and middle-income groups. Conversely, GDP growth contributes to higher income levels, creating opportunities for an increase in mortgage transactions. The role of the national currency—the Uzbek sum—is also crucial, as its stability directly affects loan interest rates and mortgage financing terms. During periods of economic instability, banks tighten lending requirements, limiting borrowers' ability to obtain mortgage loans.

### **Regional Characteristics**

Mortgage loan demand in Uzbekistan varies significantly by region. In large cities such as Tashkent, Samarkand, and Bukhara, higher income levels encourage active participation in mortgage programs. These regions host well-developed banking institutions that offer flexible lending conditions. In contrast, rural and less developed regions of Uzbekistan present a vastly different scenario. Low income levels, insufficient financial literacy, and limited banking infrastructure result in minimal demand for mortgages. Data indicates that rural residents often rely on alternative forms of financing, such as personal savings or family assistance, rather than banking products.

### **Social Aspects .**

Among the socially significant factors influencing mortgage demand, education level and family status are notable. Young families with children tend to seek homeownership through mortgage loans, as they prioritize stability and comfort in their living conditions.

Additionally, financial literacy plays a crucial role. Citizens who understand the structure of mortgage programs and can assess their financial capabilities exhibit higher engagement in credit-based home purchases. This trend is especially evident in urban areas, where financial education is more accessible.

### **The Impact of Population Income on Mortgage Loan Demand**

The analysis reveals that income levels are a fundamental factor affecting mortgage loan demand in Uzbekistan. Households with high and middle incomes show greater engagement in mortgage programs, whereas low-income families face restrictions due to insufficient solvency and stringent banking requirements.

A comparison of data across different regions of the country highlights that demand is higher in major cities like Tashkent and Samarkand, where economic conditions and income levels are more favorable. In contrast, rural areas demonstrate lower demand due to financial inaccessibility and weaker infrastructure.

The study also finds that inflation, currency fluctuations, and rising real estate prices significantly influence mortgage affordability. During periods of economic instability, declining income levels and stricter lending conditions lead to a drop in demand.

Among social factors, education and financial literacy stand out. Individuals with foundational knowledge of mortgage mechanisms are more likely to participate in mortgage programs, particularly in cities where access to financial information is greater.

## **Conclusions and Recommendations**

### **Conclusions**

Based on the conducted research, the following conclusions can be drawn:

1. The income level of the population in Uzbekistan directly determines the accessibility and demand for mortgage loans.
2. Economic instability and inflation act as restraining factors in the development of mortgage lending.
3. Significant regional differences exist in the utilization of mortgage programs.
4. A low level of financial literacy among the population also limits mortgage demand.

### **Recommendations**

To enhance the accessibility of mortgage programs and stimulate demand for mortgage loans in Uzbekistan, the following measures are proposed:

1. Development of government programs aimed at supporting low-income families, including interest rate subsidies.
2. Improvement of financial literacy among the population through educational campaigns and informational resources.
3. Stabilization of economic indicators such as inflation and currency fluctuations to create favorable lending conditions.

4. Expansion of banking infrastructure in rural areas to increase access to financial services.

### **Conclusion**

The conducted research has revealed that population income levels are the primary factor determining mortgage lending demand in Uzbekistan. High-income families adapt more easily to bank requirements and actively use mortgage loans to improve their housing conditions. Conversely, low-income groups face restrictions driven by both economic and social circumstances.

Economic factors such as inflation, currency fluctuations, and national currency instability significantly influence mortgage loan demand. Additionally, regional disparities exacerbate the imbalance in mortgage accessibility, particularly between major cities and rural areas.

To improve the accessibility of mortgage lending and meet the housing needs of Uzbekistan's population, a comprehensive approach is necessary, including:

1. Implementing reforms to increase population income levels.
2. Stabilizing the economic situation and reducing inflation.
3. Developing financial infrastructure in low-income regions.
4. Introducing educational initiatives aimed at enhancing financial literacy among the population.

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