

### *What is the book all about - Synopsis*

Asia as the largest continent accommodates 61% of the world's population according to the 2005 World Development Indicators database, World Bank. The East Asia and Pacific (including China, Indonesia, Malaysia, Thailand) is the largest of the World Bank's six developing regions and the fastest growing region in the world. However, the rapid economic growth does not see a commensurate development in infrastructure. South Asia (including Bangladesh, India, Pakistan and Sri Lanka) has the lowest GNI per capita (US\$ 510) and economic growth in recent years is underpinned by growth in India.

It is widely recognized that the Asian region has made significant economic progress over the past decades (e.g. the four Asian tigers in the 1980s; China and India in the 1990s). However, the transformation of a predominantly rural region into an urbanized dwelling form is equally remarkable. It is estimated that 31% of the population in Asian countries currently resides in urban regions. This percentage is estimated to increase to more than 50% by 2030 (CIA World Factbook 2003-4). This transition brings into sharp focus the issue of housing finance for low and middle-income families. The Asian Development Bank (ADB) fully recognizes the issues surrounding housing finance. In fact, one of the key ADB initiatives is to promote affordable housing for low and middle-income families.

Real estate financing in these Asian countries is largely dominated by bank loans mainly due to lack of non banking financial companies operating in the real estate sector and less developed secondary markets for debt instruments. The size and infrastructure of the secondary debt markets in Asia is far below the benchmark set by the developed economies around the world. Though Asian markets are now catching up with the issuance of innovative securitized debt financing instruments. China took initiative by formulating guidelines for securitization process in form of pilot measure in 2005 and its 2<sup>nd</sup> phase in 2007, minimizing the complexity in the structure of the deal.

In this book, you will find what mortgages are and how do mortgage markets work with focus on Asian mortgage markets. The unique features of mortgage markets in Asia like how is the mortgage insurance program helping in the growth of mortgage markets in Hong Kong, the Chonsei system in Korea and so on. I have also discussed about various parameters that indicate the penetration level and affordability of housing loans by the citizens of the country. You will also be introduced to securitized markets. The process of securitization and the players involved in the process, like the originator, the SPV, the credit rating agencies, the Investment banks and the investors.

In this book, we would also look at various securitized structured products like MBS, CDO and CDS available and are used in real estate financing with the help of examples and case studies. A new alternative investment vehicle REIT which is emerging in Asian markets are also discussed in detail with the help of case studies.