



Housing prices, housing price index, Quarter 4 2018

Contents

Summary	1
8.0% more homes were sold.....	1
Price of second-hand homes has increased by 8.3 percent since 2017	1
Rise in second-hand housing prices slowed down in the fourth quarter of 2018	2
High territorial concentration prevailed in the market for new homes	2
Share of Budapest continued to decline in the second-hand housing market.....	3
Housing prices have continued to rise in most European countries.....	3
Methodological notes.....	3

As a result of this, the share of the new home market increased, approaching 5% of the total market.

Table 1

Number of home sales and homes built for sale

(Thousand units)

Year, quarter	Home sales total	Of which:		New homes built for sale
		second-hand homes	new homes	
2007	191.2	17.9
2008	154.1	140.0	14.1	17.4
2009	91.1	82.9	8.3	16.9
2010	90.3	85.5	4.8	10.7
2011	87.7	83.9	3.9	4.8
2012	86.0	83.3	2.6	3.5
2013	88.7	86.4	2.3	3.2
2014	113.8	110.5	3.3	3.4
2015	134.1	130.7	3.4	3.1
2016	146.3	141.4	4.9	5.2
2017	153.8	147.7	6.1	7.3
2018 (preliminary)	145.0	138.0	7.0	9.5

Price of second-hand homes has increased by 8.3 percent since 2017

In 2018, house prices year-on-year rose by 8.3% in the **second-hand housing market** and by 5.1% in the new home market (pure price change adjusted for composition effect).

Since 2015, the annual rise in the price of used homes has basically exceeded that of new dwellings: house prices were up by 30% in the second-hand home market and by 23% in the new home market compared to 2015.

The recent years' rise in house prices has been significant in real terms, too. Since 2015, adjusted for changes in consumer prices, house prices have risen by 23% in the second hand housing market and by 16% in the new housing market.

Summary

In 2018, housing market turnover continued to grow, and the impact of booming housing construction became more and more apparent. According to preliminary data, the number of homes sold increased one and a half times in the new home market and rose by 6.4% in the second-hand housing market.¹ Almost 5% of all homes sold were newly built.

Housing prices continued to rise. In the fourth quarter of 2018, home prices rose by 9.5% in the second-hand housing market and by 3.6% in the new home market compared to the same period last year.

The annual real housing price index was 23% higher for used homes and 16% higher for new homes than in 2015.

In the small settlements of the country, new homes are usually built for own use, so they do not appear on the housing market. In 2018, average prices for second-hand homes amounted to HUF 13.9 million in agglomeration settlements with less than 5,000 inhabitants and HUF 5.5 million in similar size non-agglomeration settlements.

8.0% more homes were sold

Preliminary data show 145 thousand home-purchase contracts concluded in 2018, an 8.0% growth compared to data of similar processing levels aggregated a year earlier.

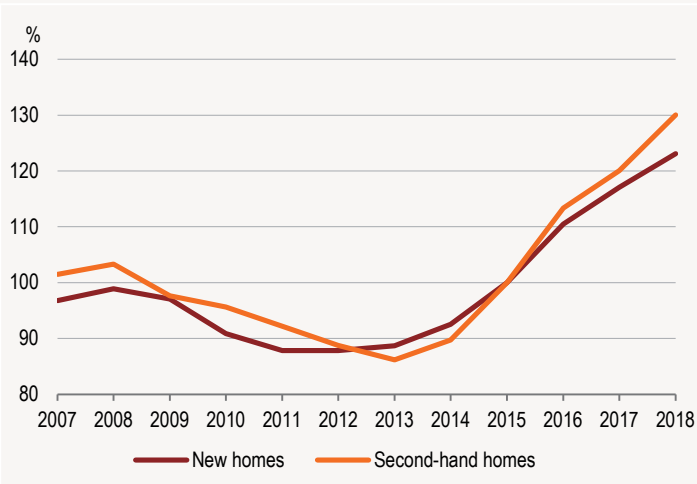
The market for new homes increased by more than 1.5 times. In 2018, 9,537 homes were built for sale, and the number of new home sales recorded so far has reached 7,000.

The number of used homes sold also increased. For the whole year, an increase of 6.4% is estimated. Similarly, sales in the fourth quarter increased by 6.3% year-on-year.

¹ Receipt of transaction data for 2018 will end in July 2019. By this date, all data for the year are preliminary. Thousands of sales and purchase data are expected to arrive until the end of 2018 data reception.

Figure 1

Annual change in home prices (pure price change) (2015=100)



Rise in second-hand housing prices slowed down in the fourth quarter of 2018

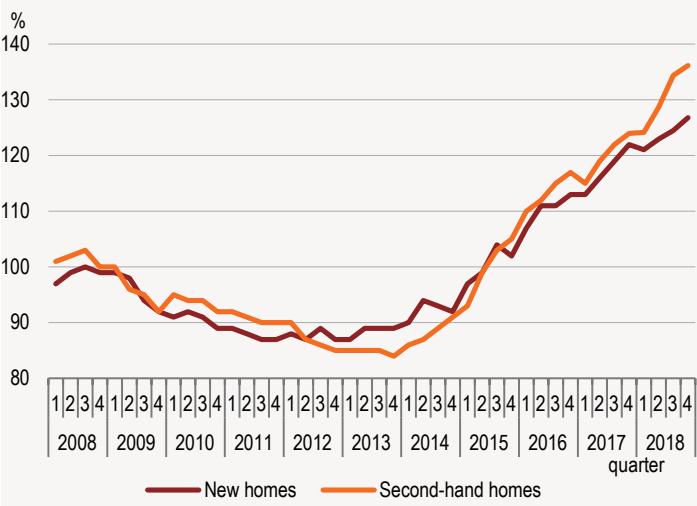
In quarter 4 2018, the level of **second-hand housing prices** grew year-on-year by 9.5% and quarter-on-quarter by 1.3%. In this market, intensive growth in the second and third quarters (3.6% and 4.5%, respectively) was followed by a more moderate increase in the last period.

New housing was characterized by a somewhat steady price increase of 1.3-1.8% after a slight decline in the first quarter. In the fourth quarter of 2018, the price of new homes was 3.6% higher than a year earlier.

The rise in second-hand home prices accelerated in the second quarter of 2018 and moved away from the trend of new home prices.

Figure 2

Quarterly change in home prices (pure price change) (2015=100)

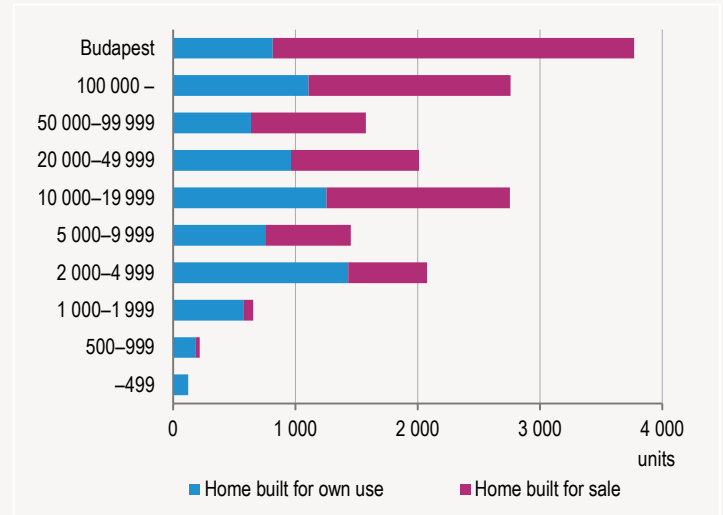


High territorial concentration prevailed in the market for new homes

More than half of the dwellings built in 2018 were built for sale (54%). The proportion of dwellings built for own use is more dominant in smaller settlements. The share of homes built for market sales was three quarters in Budapest and six tenths in county seats.

Figure 3

Number of dwellings built for own use and for sale by population of settlements, 2018



The spatial concentration of the new home market is indicated by the fact that half of all new homes for sale were built in just six districts of Budapest and ten other towns. The number of homes built for sale was the highest in districts IX, XI and XIII of Budapest and in Győr.

In 2018, the average price per square meter of new homes sold was HUF 591 thousand in Budapest and HUF 359 thousand in county seats and other towns. It should be emphasized that the prices currently observed are usually based on preliminary contracts concluded months or even years earlier, so their prices are lower than the sales prices observed for new home construction projects. The construction of a large majority of homes built for sale was started in 2016-2017 (42% and 41% respectively), and the price of many dwellings was probably fixed by the agreements then created.

Table 2

Ranking of settlements and districts of Budapest by number of dwellings built in 2018

Settlement, district	Number of dwellings built in 2018	Average price of new homes sold, HUF/m ²
Győr	653	405
Budapest IX. district	652	642
Budapest XI. district	639	635
Budapest XIII. district	441	611
Balatonlelle	278	496
Biatorbágy	233	415
Miskolc	229	319
Kecskemét	227	395
Szombathely	212	343
Debrecen	205	415
Szeged	190	357
Budapest VIII. district	179	667
Erd	166	346
Budapest XVI. district	165	475
Budapest IV. district	164	511
Göd	159	364

The average price of new dwellings in those Budapest districts where an outstanding number of dwellings are built has reached or exceeded 650 thousand forints per square meter. The prices of new dwellings in towns were even one-half to one third lower than in the capital. There were also significant price differences in the Budapest agglomeration²: the average price of new homes per square meter was 362 thousand forints, but in the western and north-western part of the agglomeration, prices even reached 440 thousand forints per square meter.

Share of Budapest continued to decline in the second-hand housing market

In 2018, 42% of total sales occurred in Budapest and county seats, while the share of smaller settlements increased to 58%.

Since 2015, Budapest's share has been steadily declining within the second hand home market. In 2018, 22% of all known sales were realized in the capital, compared to 30% three years earlier. The total share of county seats changed only slightly during this period, being usually around 21%. After experiencing increases in previous years, the share of smaller towns in 2018 was the same as in the previous year, while the share of villages still increased: in 2018, every fourth transaction was made in villages. Since the beginning of the observation of data (2007), the share of villages within the second hand home market was only higher in 2009.

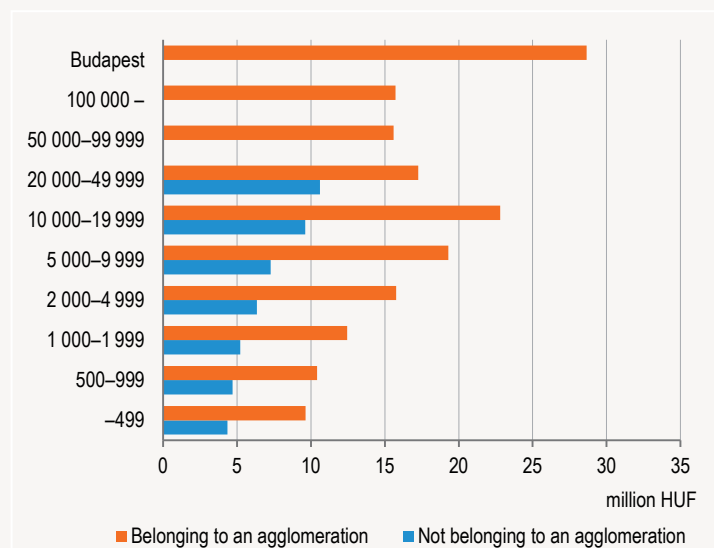
In 2018, half of the homes sold were in detached houses and 35% in multi-apartment, non-housing estate buildings. The second hand housing market share of housing estate prefab homes has been declining for four years, reaching just over 15% in 2018.

In 2018, the average price of used homes in Budapest was HUF 28.7 million, HUF 4.3 million more than in 2017. Meanwhile, the average housing price increased by HUF 2.1 million to HUF 15.1 million in county seats. The average price per square meter of used dwellings was HUF 504 thousand in Budapest and HUF 243 thousand in county seats, 20% and 18% higher than a year earlier.

The average housing price was 12.3 million forints in other towns and 7.7 million forints in villages. Average prices per square meter in towns increased from 151 thousand in 2017 to 163 thousand forints, with the lowest price increases in villages (from 79 thousand to 83 thousand forints).

Figure 4

Second-hand home prices by population of settlement and by belonging to any agglomeration, 2018



² The data of the Budapest agglomeration do not include the data of the capital.

³ Agglomerations, agglomerating regions as well as centres, co-centres and other settlements of metropolitan conurbations are listed here.

For more information on the classification of settlements, see: http://www.ksh.hu/teruleti_szamjel_menu

⁴ http://ec.europa.eu/eurostat/statistics-explained/index.php/Housing_price_statistics_-_house_price_index

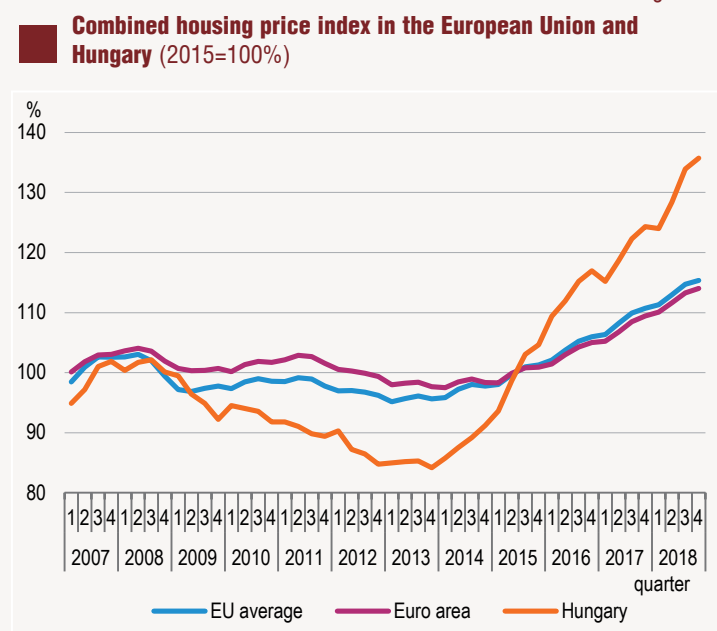
⁵ <https://ec.europa.eu/eurostat/web/housing-price-statistics/methodology>

In smaller settlements, housing market prices are declining as the size of the settlement decreases. However, from the housing market point of view, the effect of being in agglomeration areas is more significant.³ The price level of small settlements in the agglomeration of larger cities is generally more than twice as high as the price level of more distant settlements of similar size. In 2018, the average housing price was 13.9 million forints in agglomeration settlements of less than 5 thousand people and 5.5 million forints in non-agglomeration settlements of similar size.

Housing prices have continued to rise in most European countries

The housing market index of Eurostat shows the aggregated price trends of second hand and new flats. In the fourth quarter of 2018, the overall housing market index of the EU Member States accounted for 115.4% of the 2015 base value. Within the Eurozone, the housing price index was slightly below the EU average with a value of 114.0%. The lower price rise of the euro area is also reflected in deflated housing price indices. According to Eurostat's aggregate, the real housing price index calculated for the EU as a whole has exceeded the corresponding euro area value since 2015.⁴

Figure 5



In the fourth quarter of 2018, according to Eurostat methodology, the consolidated housing price index calculated on 2015 basis was 135.7% in Hungary. The rise in housing prices in Hungary is among the highest in Europe. The base index remained the highest in Iceland (145.2%), followed by Slovenia (137.2%) and Hungary. In most European countries, housing prices rose in the last quarter of 2018 compared to the previous quarter, with only Denmark reporting a significant 1.7% price drop.

Methodological notes

The cumulative values of the published housing market indices are also included in the housing price indices of Eurostat.⁵ Due to the harmonised methodology, these data are fully comparable across the European countries as well as with the aggregated indices of the EU member states.

The source of price observations is the stamp duty database of the National Tax and Customs Administration of Hungary (NAV), from where the anonymized stamp duty data are taken over on a monthly basis directly

after their receipt. All home sales concluded by private individuals are subject to this data transfer including home sale prices and the most important characteristics. Through the development, information on housing market transactions was supplemented with information available in the statistical registers of HCSO and relevant for the housing market processes. This gives us more accurate information on the type of dwellings sold on the market and their immediate environment. At present, there are data series of uniform structure comparable in every respect from 2007, which make it possible to analyse changes in home prices in a more detailed and exact way. From 2016 onwards, data received include the nationality and birth year of the given home buyer. The gradually completed data base still allows only preliminary information on the processes of 2018. Our compilation's data for the period prior to 2018 are final.

As a result of missing data, 1 per cent of all cases were excluded from calculations. In those cases, where there were no data on the floor area of the given dwelling, but all other data were available, the floor area was estimated using the home price and its other characteristics, then we used this estimated value to further calculate. Following this, a log linear regression model was used to analyse the data. Major data used in this model: floor area of the given dwelling, character of the building, specific geographical, administrative and income indicators of the given settlement (or district in Budapest) and the characteristics of the immediate

neighborhood zone and the residential building. New dwellings were separated by NAV based on benefits used to buy a new dwelling. **From 2018, data collection OSAP (National Statistical Data Collection Programme) 1078 is also used to identify new dwellings by using its data on buildings constructed for sale and received a put to use permit.**

Based on the findings of the first model estimation a further 5 per cent of dwellings were filtered out as outliers from further index calculations. After the exclusion of outliers, based on repeated model estimations, changes in prices were broken down by the composition effect and pure changes in prices. As a result of the log linear method the released price indices resulted from the geometrical average of the given prices in all cases. However, the average prices of this publication are always arithmetical averages, which were calculated after the completion of the outlier filtering.

The nominal index is adjusted by the value of the consumer price index to deflate housing market price indices.

The Eurostat's aggregated housing price index is the weighted average of the price indices of second hand homes and new homes presented in our publication. The weights are the aggregate values of home sales realized in the previous year. The most recent Hungarian data published by Eurostat are always preliminary results based on the data recorded by the end of the second month following the reference period, while to this present publication we have used data received for the complete quarter following the reference period.

Table 4

Quarterly aggregate housing market price index in some European countries (2015=100.0)

(%)

Country	2017				2018			
	1	2	3	4	1	2	3	4
	quarter							
Austria	111.5	114.2	114.8	116.5	117.5	118.5	120.4	122.2
Belgium	105.0	104.7	108.2	107.8	107.7	108.7	110.9	110.3
Bulgaria	112.7	115.4	117.6	119.5	120.7	124.0	125.0	126.2
Croatia	100.9	104.6	105.1	108.5	109.4	109.3	112.3	113.5
Cyprus	99.6	102.7	102.5	105.2	103.3	104.0	103.3	107.0
Czech Republic	116.2	119.1	121.2	122.3	125.0	128.7	131.9	134.4
Denmark	106.6	110.5	111.0	109.1	114.0	115.6	116.1	114.1
Estonia	108.1	108.4	112.1	113.5	115.2	116.4	116.7	120.0
Finland	101.6	102.7	102.2	101.8	101.7	103.5	103.0	103.3
France	102.4	103.4	105.7	105.8	105.4	106.3	108.7	108.5
Germany	107.4	109.5	111.0	112.8	113.6	115.3	117.4	119.0
Hungary	117.1	120.7	124.3	125.0	124.0	128.4	133.9	135.7
Iceland	122.1	130.1	135.7	136.9	138.8	140.5	143.5	145.2
Ireland	113.4	115.9	122.2	125.3	127.3	130.4	133.3	134.3
Italy	98.9	99.1	98.6	98.7	98.6	99.2	98.4	98.2
Latvia	113.1	119.5	119.7	119.9	126.0	129.9	128.3	133.9
Lithuania	111.1	114.5	116.7	116.9	119.8	123.0	124.4	125.6
Luxembourg	109.8	112.2	112.3	113.6	116.8	117.9	120.8	124.0
Malta	105.2	108.7	112.8	115.7	111.1	115.4	119.3	123.8
Netherlands	109.7	111.7	115.7	117.9	119.9	121.7	125.6	127.5
Norway	114.9	115.5	112.4	112.2	113.6	116.1	116.3	116.2
Poland	103.3	105.4	106.5	107.9	109.5	112.0	113.4	116.1
Portugal	111.9	115.5	119.6	121.1	125.6	128.5	129.7	132.3
Romania	109.0	114.3	112.4	113.8	116.1	119.7	118.9	119.8
Slovakia	107.1	113.1	115.6	116.2	119.6	121.0	120.7	124.1
Slovenia	106.9	111.4	111.9	116.1	121.2	126.3	128.8	137.2
Spain	108.2	110.4	112.4	113.4	115.0	117.9	120.5	121.0
Sweden	114.0	116.2	117.8	114.4	113.5	114.1	115.3	115.1
United Kingdom	108.8	111.3	113.8	114.2	113.3	114.7	117.1	116.6
Euro area	105.3	106.8	108.5	109.4	110.1	111.6	113.3	114.0
EU average	106.4	108.2	109.9	110.7	111.3	113.0	114.7	115.4

Legend:

- X = The indicator cannot be interpreted.
 — = The observed statistical phenomenon does not occur.
 .. = Unknown data.

Further information, data (links):

[Tables](#)

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