

Changes in prices of second-hand homes in towns, 2001–2008

Contents

- 1 Introduction
- 1 Number and structure of transactions in the housing market
- 2 The average price of homes
- 3 Changes in home prices, home price index

Introduction

The HCSO home price survey is based on sales data of second hand homes of stamp duty offices¹, which are taken from the Hungarian Tax and Financial Control Administration (APEH). An ongoing improvement in the quality of available data has been made possible to describe statistical changes in home prices in towns². In our compilation the following housing market information will be highlighted:

- Number and composition of transactions
- Level of prices
- Changes in prices

Our analysis covers the years from 2001 to 2008. We note that the results of those calculations which refer to 2008 may be regarded as preliminary data, since we have information on around half of all transactions.

Number and structure of transactions in the housing market

In the years following 2001, there was a gradual expansion in that database, which is recorded by the stamp duty offices and transferred to HCSO. Up to 2006, out of 270 towns in Hungary 85 had no data; there has been a comprehensive data base since 2007. Those housing transactions were among the data from the beginning to the end that took place in the districts of Budapest and in the county seats.

Those housing market calculations that are to be shown below are based on 110–160 thousand transactions in towns. All of these were property transfers between private individuals. The place of property (settlement), the price paid, the value stated (property appraisal), the type of home and in around 70% of cases the floor area of homes were known from data transfers.

In the period between 2001 and 2008, the number of home transactions in towns, which amounted to 110–160 thousand a year, corresponded with the expert estimations on the number of sales of second-hand homes or exceeded that. (Based on the results of a HCSO analysis from 2003, titled "Housing situation", we estimated an annual total of 120–150 thousand housing transactions that involved a move. Nevertheless, there is a reason to be cautious because in the period before 2005 the number of known transactions was not always the same as the number of total sales of second-hand homes.³)

¹ OSAP 1712 data collection

² Between 1997 and 2007, on a yearly basis, HCSO published, as a CD Rom, average prices per square meter on homes in towns broken down by street and by type of home, in an informative manner.

³ Up to 1998 the Ministry of Finance, between 1998 and 2007 the county local governments, since then the APEH has supervised the stamp duty offices. The decentralized supervision system that was operated between 1998 and 2007 exerted a negative influence on the quality and coverage of those data that were provided for the statistics.

There was a considerable volatility in the composition of sales over time, both according to type of home as well as area and settlement. Within all sales in towns, in the first three years of the analyzed period there were large differences in the share of Budapest in total home sales in towns and cities, then it came to a standstill in a range of 36 to 38 per cent.

Table 1

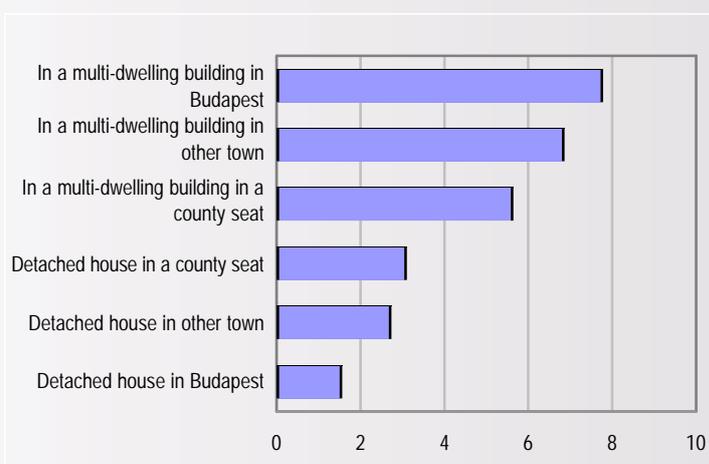
Distribution of sales that were taken into account in home price calculation by type of home and by settlement

Year	Building Type, %			Distribution by type of settlement, %			Total
	detached house	condo-minium	housing estate	Budapest	county seat	town	
2001	32.7	58.0	9.2	50.8	23.4	25.8	76 028
2002	37.3	49.5	13.3	29.2	33.6	37.2	137 547
2003	33.0	57.5	9.5	43.9	25.6	30.5	152 390
2004	36.9	52.7	10.4	38.5	25.3	36.2	109 230
2005	35.3	48.9	15.9	36.2	26.2	37.6	120 551
2006	35.8	54.1	10.1	36.9	28.1	35.0	156 300
2007	32.5	57.9	9.6	36.8	26.6	36.5	125 132
2008*	31.3	54.3	14.3	27.4	31.6	41.0	68 868

* Preliminary data (aggregating around half of the annual sales).

Figure 1

Proportion of homes sold by type of settlement and by type of home



Those homes that were in multi-dwelling buildings in cities (Budapest, county seats) accounted for a relative majority of home sales – similarly to the trend of home building. If we project the number of those second-hand homes that were sold to the total number of homes we may say that those homes that are in condominiums and in prefabricated buildings account for the most sales, in 2008 nearly 8 per cent of them were sold. At the same time only around 3 per cent of the detached houses were in the market, while in Budapest only 1.5 per cent. Those homes that get into the housing market, on average, have a higher proportion in the larger cities: in 2007 it was 5.3 per cent in Budapest, 4.4 in the county seats, while in the other towns 3.5.

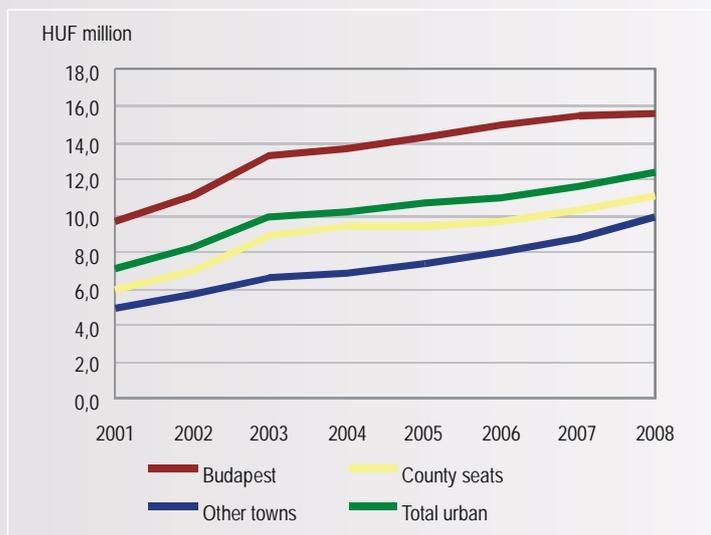
The average price of homes

As a result of a fluctuation in the composition of home transactions home prices and their indices are quite sensitive to the selection of the base year of the calculation. Therefore, until 2003, prices and their changes were calculated by projecting the average composition of the three years between 2001 and 2003, then we work with a so called moving average which was calculated from sales in the reference year and in the prior two years. (The preliminary data of 2008 were calculated based on the composition of 2005–2007; see further information on the stages of this in the methodology.)

Between 2001 and 2008, the average price of homes increased from HUF 7.1 million to HUF 12.4 million. A faster increase was seen between 2001 and 2003, then, up to 2008, there was a slower rate in the following five years. Up to 2003, an above average increase was seen in prices in big cities, then in smaller towns the price level came somewhat closer to those in the cities. Up to 2004, in the non-county seat towns, home prices amounted to the half of the price level in Budapest, in 2007 to 57, in 2008 to already 64 per cent.

Figure 2

Changes in the prices of homes in towns



An average price of HUF 15.5 million was seen at those homes in Budapest that were sold in 2007, in the county seats HUF 10.3 million, in the other towns HUF 8.8 million. In 2008, according to preliminary data, essentially there was no year-on-year change in the average price in Budapest (HUF 15.6 million), while there was an ongoing increase in the other settlements (11.2 and 10 million respectively). In Budapest, there were opposing movements in the prices by type of home: in 2008 a decrease in prices was seen in case of homes in multi-

dwelling buildings, while the detached houses showed a considerable increase. In the housing market of the county seats homes in multi-dwelling buildings also showed a small increase in prices, but there was a stronger increase in the prices of detached houses too.

Figure 3

Average price of homes in towns and cities by type of building, 2001–2008

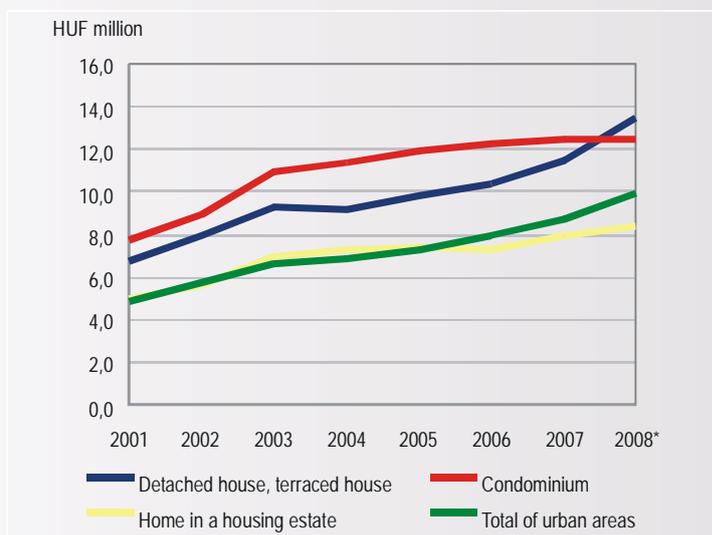
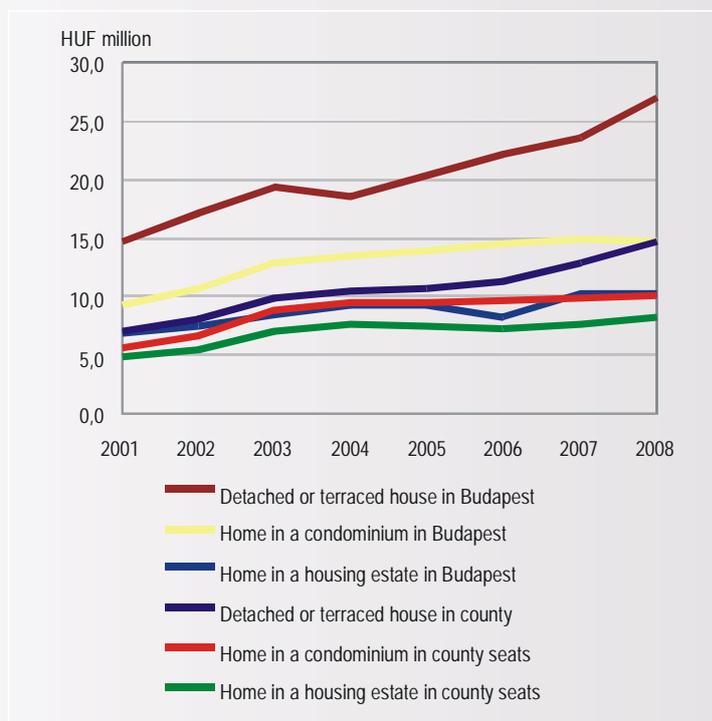


Figure 4

Changes in the prices of city homes by type of settlement and by type of building



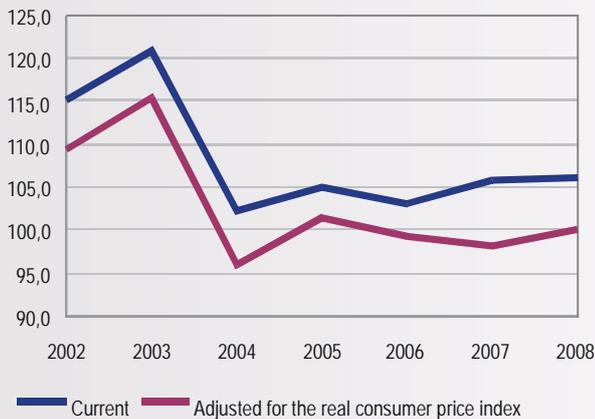
After 2003, a slowdown was seen in the increase of current prices, then there was an increase again after 2006. In 2008, the increase in the price level essentially results from an increase in the prices of detached houses. These showed an average increase of HUF 2 million on 2007 (their average price increased from HUF 11.5 to 13.5 million), while housing estate prices increased from HUF 8 to 8.4 million along with no changes in the average price of the other condominium flats (HUF 12.5 million).

Changes in home prices, home price index

In 2002 and 2003, there were year-on-year increases of 15 and 21 per cent respectively in average home prices. After this a significant fall was seen in the rate of increase (to an annual 2.4–5.1%).

Figure 5

Changes in the prices of city homes by type of settlement and by type of building



In 2007 and – according to preliminary data – in 2008, there were increases of 5.9 and 6.2% respectively. Because in these two years the consumer prices also increased faster this increase may not be regarded as an increase in real value.

After adjusting for the harmonized consumer price index changes in prices of 9 and 15 per cent were seen in 2002 and 2005 respectively, in 2004 there was a decrease in the real value of homes. A flat growth was seen in the following four years, while the real home price index fluctuated between 98 and 101 per cent.

Further information, data (links):

[Tables](#)
[stADAT-tables](#)
[Methodology](#)

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